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# SOCIAL ECONOMIST

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GEORGE . . . . .ditor.

Vol. V

JULY, 1893.

No. 1

Our National Object Lesson . . . . .	EDITOR	1
The Economic Value of Altruism . . . . .	LEWIS G. JANES	11
Restriction of Immigration . . . . .	ELLEN BATTELLE DIETRICK	21
The End of War . . . . .	WILLIAM H. JEFFREY	32
Economic Direction of Thrift . . . . .	WILBUR ALDRICH	36
A Missing Link in Political Reform . . . . .	JOEL BENTON	42
Protection and the Empire . . . . .	NINETEENTH CENTURY	47
Among the Magazines . . . . .	FREE LANCE	51
Editorial Crucible . . . . .		55
Book Reviews . . . . .		61

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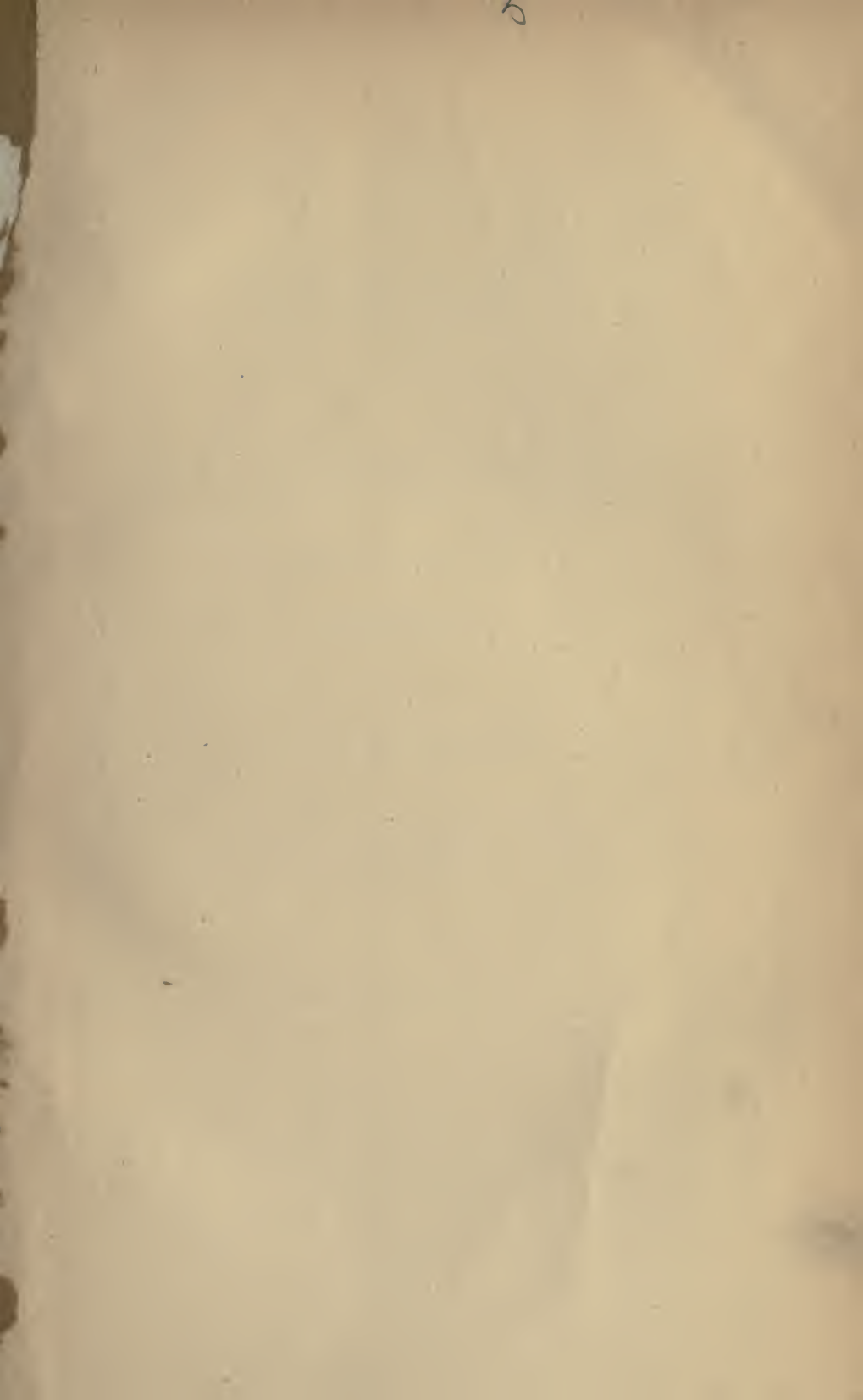
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# SOCIAL ECONOMIST

GEORGE GUNTON, Editor

VOLUME V

JULY TO DECEMBER

1893

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NEW YORK  
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# TABLE OF CONTENTS

Vol. V

JULY, 1893.

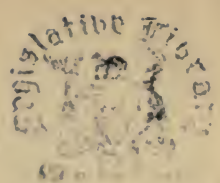
	PAGE.	
Our National Object Lesson. <i>Editor</i> .....	1	
The Economic Value of Altruism. <i>Lewis G. Janes</i> .....	11	
Restriction of Immigration. <i>Ellen Battelle Dietrick</i> .....	21	
The End of War. <i>William H. Jeffrey</i> .....	32	
Economic Direction of Thrift. <i>Wilbur Aldrich</i> .....	36	
A Missing Link in Political Reform. <i>Joel Benton</i> .....	42	
Protection and the Empire. <i>Nineteenth Century</i> .....	47	
Among the Magazines. <i>Free Lance</i> .....	51	
Editorial Crucible.....	55	
Book Reviews .....	61	
Giffen's The Case Against Bimetallism—Equitable Taxation: Six Prize Essays.		
What Shall Congress Do? <i>Editor</i> .....	65	
Practical Suggestions for the Extra Session.	I. <i>Hon. Joseph H. Walker</i> ..	75
	II. <i>Hon. Abram S. Hewitt</i> ..	78
	III. <i>Hon. William F. Draper</i> ..	78
	IV. <i>Judge John M. Thurston</i>	79
	V. <i>Mr. Henry Clews</i> .....	82
The First Bank of the United States. <i>Van Buren Denslow</i>	84	
Peonage in Mexico. <i>Walter L. Logan</i> .....	98	
A Shorter Working Year. <i>Matthew Middleton</i> .....	105	
Reform of the Caucus. <i>Joel Benton</i> .....	112	
Among the Magazines. <i>Free Lance</i> .....	115	

	PAGE.
Editorial Crucible.....	119
Book Reviews .....	124
Foote's Law of Incorporated Companies—Swift's League of Justice—Bigelow's German Emperor.	
The President's Message. <i>Editor</i> .....	129
The Second Bank of the United States. <i>Van Buren Denslow</i>	135
What Is He Going To Do About It? <i>Charles Barnard</i> ....	146
Our Working Women. <i>Alice L. Woodbridge</i> .....	154
Secretary Working Women's Society.	
Ethics of Journalism. <i>Channing M. Huntington</i> .....	163
Our Labor Outlook. <i>Edward Thimme</i> .....	171
Among the Magazines. <i>Free Lance</i> .....	177
Editorial Crucible.....	181
Book Review.....	189
Hertzka's Freeland.	
Path to Safe Banking and Currency. <i>Editor</i> .....	193
Is There a New South? <i>A. D. Mayo</i> .....	200
With and Without a Government Bank. <i>Van Buren Denslow</i>	209
Our Social Instincts. <i>E. P. Powell</i> .....	220
The Economic Woman. <i>Wilbur Aldrich</i> .....	227
Specialization of Labor Functions. <i>Kemper Boccock</i> .....	235
Among the Magazines. <i>Free Lance</i> .....	238
Our Labor Outlook. <i>Edward Thimme</i> .....	242
Editorial Crucible.....	248
Book Reviews.....	253
Roads's Christ Enthroned in the Industrial World— Juglar's History of Panics—Booth's Pauperism and the Endowment of Old Age.	
Book Notices .....	256
How Is Wealth Distributing Itself?.....	257
The Rights of the Senate.....	271
Silver and Gold Fallacies .....	273
Currency, Bank Credits and Values... ..	279

	PAGE.
Condition of Bakers, Waiters and Miners . . . . .	282
Woman and Child Labor in Germany . . . . .	287
Facts About Silver . . . . .	290
Editorial Crucible . . . . .	293
The Effects of Liberty . . . . .	301
The Quadrennial Raid for Office . . . . .	305
Among the Magazines . . . . .	309
Book Reviews . . . . .	313
MacDonald's Criminology—Frederic's The New Exodus: A Study of Israel in Russia—Cree's Direct Legislation by the People—Underwood's Quabbin: The Story of a New England Town, with Outlooks upon Puritan Life—Pollard's A Study in Municipal Government: The Corporation of Berlin.	
Book Notices . . . . .	319
The Meaning of the Election . . . . .	321
The Rebuilding of New York . . . . .	327
Economics of Dynamic Society . . . . .	335
The Incidence of Tariff Taxation . . . . .	343
The English Coal Miners' Strike . . . . .	350
Tobacco and Clothing Workers . . . . .	353
Is There a New South? Reply to Mr. Mayo . . . . .	358
A Reply to "Labor's Claims on Organized Christianity" . . . . .	365
Editorial Crucible . . . . .	370
Book Reviews . . . . .	377
Bates' American Marine: The Shipping Question in History and Politics—Black's References on the History of Labor, and Some Contemporary Labor Problems— Tuckley's Masses and Classes—Gould's The Gothen- burg System of Liquor Traffic—Brisbane's Albert Bris- bane.	
Book Notices . . . . .	384



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# SOCIAL ECONOMIST

*Prints.*

JULY, 1893

## Our National Object Lesson.

Mr. Cleveland's second term is destined to make 1893 famous in history as the year of object lessons in business disaster. That the people of the United States needed a little wholesome experience to teach them to distinguish between mere hypercritical negation and progressive statesmanship is now self-evident. The conversion of national prosperity into business depression and bankruptcy by a mere change of party administration only shows how much more reliable is the working of economic law than the fluctuation of public opinion. Of course, such calamitous industrial effects from merely prospective political causes could be possible only in a highly progressive country. Industrial progress consists in making inroads upon the new, taking the present and devoting it to the future, giving a certain inferior for a prospective superior. The creation and investment of capital, the invention of new devices, the building of factories, railways, steamships, telegraphs, and other agencies of civilization always rest upon the confidence that future results will justify the risks and reward the energy involved; moreover, nearly all productive improvements involve larger capital and more indirect and longer processes of production, and therefore require public confidence as the basis of their successful application. Without this principle of economic anticipation, no real industrial advance could be made; and the more complex and progressive the community, the greater will be the economic importance of confidence in future re-

sults. Anything which destroys this business confidence or credit can at a stroke wipe out the value of prospective investments and obliterate the unrealized results of progressive enterprise. Now, this is just what the present administration is doing. The fact that its avowed purpose in taking office is radically to change our industrial policy in the direction of substituting foreign for domestic products is destroying confidence in all unrealized enterprises. Of course, no such thing could occur in a static country, like China, where production is mostly of a direct, from-hand-to-mouth kind: since very little credit is required, public confidence has almost no influence upon values. The present marvelous change in the country's condition, however, cannot be wholly ascribed to Mr. Cleveland. Great as is his capacity for this sort of thing, he would be impotent to produce such a national change were it not that he embodies the historic characteristics of his party. It has furnished the country with several "object lessons" of a similar character, for the last of which it was retired from office a generation ago. During this long probation, to be sure, the party has undergone some change in external appearance, but in all essential characteristics it is the same.

Of course, the home of the Democratic party was always in the South, and for twenty years after the war it represented little else than Southern votes as well as Southern sentiment; consequently, its statesmanship was founded upon Southern ideas and Southern conditions. The essential characteristics of Southern industrial life were agriculture, slave labor, and a landed aristocracy. The inevitable result of these conditions was complete dependence upon a foreign market for raw products and upon importation for manufactured wares. England being the chief reliance of the South, both as consumer of their cotton and producer of their manufactures, they became more closely tied to England than to America, and naturally adopted English ideas of public policy. Cheap home



labor, foreign markets, and free trade, therefore, were fundamental characteristics of Democratic policy. Consequently, when the South endeavored by force of arms to establish a separate government to preserve its slave labor system, it made free trade the cornerstone of its constitution, which proclaimed that

no bounties shall be granted from the treasury, nor shall any duties or taxes upon importations from foreign nations be allowed, to promote or foster any branch of industry.

But although the South adopted England's policy, it was not for England's reasons. England wanted free trade because of the advanced state of her machine-using industries, which enabled her to undersell the world in manufactured products. The South wanted free trade because of her primitive methods of production (slave labor) and the utter absence of manufacturing industries and a home market, which made her dependent upon England. As the serf imbibes the views of his lord, so the South became more English than American in spirit and policy.

With the retirement of the Democratic party at the close of the war, Southern ideas ceased to exercise any appreciable influence upon the national policy. For a generation our public policy was dominated by the interests and ideas of the more advanced sections of the country, and a new differentiation in our national life and character began. Our statesmanship became distinctly American, and our national policy protection and development of a home market and manufacturing industries. And this has been a period of marvelous industrial development and political growth. Factories, railroads, and tributary industries have been multiplied, hamlets have been transformed into cities, and a profitable home market created, for the products of the South and West as well as of the North, such as no other country ever enjoyed. Indeed, our progress in wealth, power, and civilization under this régime has no parallel in the world's history.

Another important fact should be noted in this con-

nection, and one that has hitherto received too little attention. This generation of prosperity and progress, by which we have been transformed from a country of farmers into the foremost manufacturing nation in the world, has introduced radical changes in our economic conditions and social life, as progress always does.

As familiarity breeds contempt, so success often breeds conceit. It is a matter of history in both industry and statesmanship that, with a few exceptions, the successful of one period are the tories and often the obstructionists and failures of the next. In business it is a common occurrence to find that men who are very successful in their early experience become failures in their later years, mainly because they fail to keep in touch with the spirit and methods of growing society. Their early success produces an overweening confidence in their own personality and creates an indifference to the influence of new conditions, and as a consequence they are forced to either voluntary or involuntary retirement. In public life, this is still more common. Very few men or parties, except by the infusion of new life, are capable of sufficient expansion to adapt their policy to the growing needs of progressive society. Mr. Gladstone is a monumental exception in the history of European statesmanship. In England Earl Russell and John Bright are striking examples of this political fossilization. In 1832 Lord Russell was a radical, and frightened the English aristocracy by his extreme reform proclivities; but during the last twenty years of his public life, though nominally a Liberal, he was essentially a Tory and the enemy of all progressive legislation. John Bright, famous for his radicalism during the early years of his public life, became so stereotyped in the ideas of his successful period that in his later years he became a drag on the progressive spirit of English liberalism, joined the Chamberlains, Hartingtons, and Salisburys in opposing Irish home rule, and died only just in time to save himself from becoming thoroughly unpopular despite the brilliancy of his early career.

Bismarck is a victim of the same fossilizing process. If he had died with or immediately after his king, he would have been a universal hero; but in living on, he is fast becoming a mere hold-over into a generation with whose spirit and tendency he has little in common and over whose people he has practically no influence.

The Republican party is a striking illustration of this principle in America. Under its leadership our national prosperity made wonderful strides. In fact, our industrial methods and commercial facilities were practically revolutionized. The numerous phases of the wages question, hours of labor, employment of women and children, the immigration question, the tenement house question, and monetary problems, which developing factory methods and city life created, have gradually come to the front with steadily increasing force. But the very success of the Republican party appears to have stimulated the growth of an inordinate amount of self-approval and a disposition to ignore the claims of new and growing questions. In fact, it has gradually assumed an attitude of toriyism, insisting that because the nation had been prosperous under this tariff régime, only a continuation of it was necessary to secure the laborer the best results of national prosperity. This indifference to the demand for new industrial and social reforms gradually weaned the laboring classes from the Republican party; they came very generally to regard it as the party of the rich, and finally to believe that whatever benefit resulted from protection accrued to the capitalist. Other natural and very potent results of this period of marvelous prosperity were, first, the multiplication of our educational institutions and the development of an educated, quasi-professional class, and second the increase of our manufactures and foreign commerce, resulting in the creation of an importing class. Both these classes, the scholars because of their foreign economic training and the importers because of their foreign business interests, are the natural enemies of our home market

policy. To them the discontent of laborers, with the indifference of the Republican party to their demands for reform, was a harvest of opportunity. Although they are notoriously opposed to any species of labor reform, they have for a dozen years used their social and literary influence to stimulate the discontent among laborers, and specially among the ill-informed farmers, by denouncing protection as a fraudulent capitalistic scheme for robbing the poor. By persistently propagating this view in all the leading papers and magazines of the country, they have finally succeeded in making the masses believe that American manufacturers are the enemies of public welfare and that the policy under which they have grown up should be discontinued, and a free-trade, foreign-market policy substituted. To carry out this policy, Grover Cleveland and a Democratic Congress were elected. Thus, through a lack of knowledge of modern economics among our people, and the failure correctly to interpret the spirit and tendency of American industrial progress, together with the political and industrial fossilization of the Republican party, English economics and English policy, which were rejected in 1861, are re-enthroned in 1893. The only difference is that English policy came in 1861 by way of Southern planters through Jefferson Davis, and in 1893 by way of Eastern colleges and importers through Grover Cleveland, with the South as silent but solid partner. True, the setting is a little different, but the substance is the same. "The voice is Jacob's voice, but the hands are the hands of Esau."

It has been said that nothing is so timid as a million dollars except two millions. Capital will not be guided by the notions of ill-informed and easily misled voters; it is influenced only by known working economic conditions. With the guarantee of industrial safety and social activity, capital will assume the risk of opening up new countries, developing new industries, and extending the borders of civilization in every direction; and, on the other hand, at

the first sight of industrial uncertainty and financial danger it will desert society, break all its promises, and flee into hiding.

The very accession of Mr. Cleveland to the presidency, with House and Senate at his back, was a silent proclamation that capital was in danger, that the government would be used to the advantage of foreign producers and to the disadvantage of home producers, that protection and encouragement to prospective home industries would be withdrawn, and American productive values reduced to the level of European. The effect of this among bankers and business men was like a fire alarm. It made every one lose confidence in his own safety by mistrusting the safety of his neighbor, and by destroying credit actually produced insolvency. Strong banks began to restrict their loans and to insist upon the taking up of all notes, thus suddenly cramping business men beyond their power to meet immediate obligations and forcing concerns to make assignments whose assets were many times their liabilities. There is no more economic reason for assignments and bankruptcies to-day than there was a year ago, when the nation was at the height of prosperity. Nothing of an industrial character has occurred to produce the change. The industries of the country were in a wholesome, progressive, and confidence-inspiring condition. No symptoms of abnormal business inflation existed. To be sure, new industries were developing, but only in accordance with wholesome industrial progress. Their products found ready demand in our home market, as is shown by the fact that in no great lines of industry is there any glut of commodities. The only disturbance that has occurred is the destruction of credit by fear of the consequences of the new policy upon growing and prospective industries; in other words, business credit, which is an indispensable factor in progressive industry, has been fatally injured, and doubt, fear, consternation, assignments, bankruptcies, have taken its place.

All this disruption of business and annihilation of

hundreds of millions of value was a gratuitous infliction upon the nation, that it might have an "object lesson" in the ways of modern Democracy. Of course, sudden disaster was not expected by those who advocated the change, and they are now struggling to show that it is due to some other cause. In evidence of this we are told that the new administration has changed no laws and initiated no new policy, in seeming ignorance of the fact that in the business world knowledge of a coming change of policy has all the effect of the change itself. In further proof that the change is not due to the new administration we are reminded that no such result followed Mr. Cleveland's election in 1884. This is correct, and for good reason; Mr. Cleveland was then powerless to change the policy of the country, having a majority of Congress against him; moreover, neither he nor his party had then declared their intention to put our foreign commerce on a free-trade basis. It was not until December, 1887, that he announced his free-trade intentions, not until the national convention of 1892 that the party staked itself squarely upon that issue, and not until March, 1893, that they had the power to enforce their threatened change of policy. So long as the lions and tigers in Central Park are caged, women and children can contemplate their ferocity with unconcern; but if they were to be let loose, consternation would instantly permeate the whole community. So long as Mr. Cleveland was tethered by an opposition majority in Congress, his presence in the White House produced little effect upon industrial enterprise, because he was powerless to interfere; but just so soon as he entered there with a majority at his back, his very presence carried uncertainty and terror throughout the business world.

It is true he could not have been elected had not a majority of the people been made to believe in the policy he represents; but those who were converted to his side were not those whom his election frightened. The accessions to the ranks of his followers were mainly composed

of discontented farmers and laborers, misled by persistent attacks upon the integrity of American business men, whose success, they were made to believe, was due to unjust exactions upon workingmen and small farmers, through privileged legislation; while those whom his election has frightened are the well-informed business men of the country, whose wealth is invested in productive enterprises, the value of which they know will be largely destroyed by his proposed radical change of policy.

Some administration defenders would fain attribute present business conditions wholly to the silver question, especially the Sherman Act. This is evidently the attitude of Mr. Cleveland himself, but it is easy to see that it partakes more of the character of evasion than of explanation. The Sherman Act was unquestionably unsound legislation. There is no economic defence for using gold to buy silver to store away in government vaults. The law should be repealed at the earliest opportunity, and a rational currency law passed, by which silver, as well as gold, can be made to do full service as money. But although the Sherman Act contained an element of unsoundness, it was utterly incapable of creating the present industrial disturbance. To be sure, it added something to the doubt and uncertainty created by the threatened change in the national policy, but alone it could hardly have produced a ripple. Had this been the only element of disturbance, it could have been allayed by the administration without invoking Congress by the issue of new bonds until the Sherman Act was repealed. The co-operation of Republicans with the anti-inflation Democrats, backed by the sentiment of the community, could easily have effected this in spite of the free silver and fiat money elements in Congress.

With this guarantee against changing our currency to a silver basis, confidence could have been easily restored; but with the known determination of the administration and Congress to abolish our protective policy, and thereby reduce the value of all manufacturing capital, and probably

obliterate a large number of sound but immature enterprises, the evils of the Sherman law were easily exaggerated, just as, in the case of an alarm of fire, mere insignificant indications are converted into catastrophic conditions. In short, it is really the administration's free-trade policy, and not the unwisdom of the Sherman law, that is the cause of our present lamentable condition. If Mr. Cleveland would give the country an unqualified assurance that our tariff legislation should remain unchanged during his administration, industrial confidence would be restored in less than a week, and the silver question could be dealt with without menace to the country or truckling compromise with currency inflationists. He could call an extra session of Congress with the absolute certainty of being sustained, in pursuing any honest monetary policy, by the rational elements of both parties against the wild elements of his own. All signs point to the conclusion, however, that Mr. Cleveland and his immediate advisers are either strangely oblivious or utterly indifferent to this view of the situation. He seems to have become so infatuated with the idea of putting our industries on a free-trade basis that he looks with unconcern on the calamities necessarily consequent upon the process.

But what seems worse still, this egoistic indifference to the growing national disaster is actually sustained by such papers as the *Boston Herald*, which appears to enjoy the daily calendar of bankruptcies, treating them as purifying and actually beneficial to the country. It would be difficult to find a case where interest in the public welfare was so completely subordinated to a blind adherence to abstract notions and devotion to a personal administration, in the face of obviously calamitous results. Whatever may be the explanation of this marvelous phenomenon, certain it is that Mr. Cleveland and his followers are giving the country an effective "object lesson" in retrogressive statesmanship, which, unless human memory fails, will not need repeating during this generation.



## The Economic Value of Altruism.

Though essentially a closet-philosopher, mingling little with the active world of men or ideas in the later years of his life, Auguste Comte has enriched the language of modern scientific thought with some most useful and suggestive words. Those which I have in mind are "sociology," a word which has been generally accepted as a correctly descriptive designation of the science of social growth, and "altruism," which has also come into universal use as the antithesis of egoism, the former indicating the tendency to devote life and service to the welfare of others, as the latter indicates a like consecration of effort to the service and exaltation of self.

Around these two tendencies the battle for the formulation of a true sociology, a genuine science of social adjustments, yet wages without intermission. On the one hand we have the advocates of the old school of political economy, based on "enlightened self-interest," emphasizing rights rather than obligations, treating of the relations of individuals to each other rather than of the principles of associated effort, and logically regarding government as a temporary expedient for securing order, rightfully exercising only "police functions" in its interference with individual liberty. The consistent outcome of this egoistic attitude is philosophic anarchy. At the opposite extreme we have the apotheosis of altruism, demanding the constant sacrifice of the individual to society, the domination of government over all matters of social adjustment, state control over railroads, telegraphs, and all manner of business enterprises and interests, the emphasizing of obligations and the subordination of rights, the natural ultimate of which, in its political aspects, is some elaborate scheme of nationalism or state socialism.

Between these two extremes, which, in spite of all the

lessons of experience by means of which endeavor is being made, by *doctrinaire* methods, to deduce a quasi-scientific system by logical procedure from *a priori* assumptions concerning the nature of man and his relations to society, we have a patient band of thinkers, imbued by a genuine scientific spirit, who are carefully gathering the facts of the situation, studying man as he exists to-day in actual relations with his fellows, and thoughtfully tracing back the story of his historical development to that dim past where history merges into tradition, and facts give place to assumptions, scientifically basing their investigations upon what is known of man and his social relations. A new philosophy and a new political economy must be the outcome of this scientific procedure,—a philosophy which, on its ethical side, will give due weight to both altruism and egoism in the definition of the social obligations of the individual, and an economic system which, avoiding the extremes of anarchistic and socialistic speculation, in contradistinction from the egoistic methods of the Manchester school, based on human selfishness, has been well named social economics.

It is not my purpose, in the present article, to dwell upon this general philosophical situation, but rather to consider one of its phases which is continually presenting itself in connection with the practical problems of social adjustment. Every relation of man to his fellow men or to society has its economic and its ethical aspects, which hitherto have been regarded as separate, distinct, and usually as antagonistic, in so far as they are set up as motives for the guidance of conduct. Altruism has been advocated on ethical grounds exclusively, while it has been tacitly admitted that it would be indefensible on economic grounds. There is even a school of evolutionists which protests against all interferences with the rigid operation of the law of natural selection in human affairs, and which holds that all such interferences tend toward the perpetuation of social injustice and race deterioration.

Why care for the maimed, the blind, the incurably diseased, the mentally and physically defective, it is asked? Why not allow drunkenness and debauchery and dissipation to run their course without let or hindrance, and produce their legitimate results by the quick elimination of their victims from the social struggle for existence? Government, we admit, say these thinkers, has one duty to perform, which is to prohibit the marriage of weaklings, paupers, and those afflicted with incurable propensities to evil habits. By so doing it can aid nature in eliminating the unfit and help to create a better race of men and women upon the earth. As for hospitals, and reformatories and asylums for the afflicted, however, these are interferences with the efforts of nature to improve the race by getting rid of its defective members, and consequently they do more harm than good. They encourage the survival of the unfit, and afford opportunities for the propagation and perpetuation of tendencies to the physical, mental, and moral deterioration of the race.

To this argument, based avowedly on the observation of evolutionary processes in the lower orders of organic life, the scientific evolutionist has this to reply. The altruistic impulse finds its ultimate sanction in the facts of its own genesis, growth, and survival, and in the allied fact that those peoples in whom it has been most strongly developed have best endured the stress of conflict and have exercised the most lasting and beneficent influence in the upbuilding of a higher and more stable civilization. Every advance in social organization, from the primitive family, clan, and tribe, up to the most complex of our modern nationalities, has widened the boundaries of man's altruistic activities, and enforced the obligations of individual service to others. There are those who argue from this unquestionable fact that the nation, which now seems the ultimate form of social organization, is but a temporary expression of the innate demand for societary union, and that national boundaries will ultimately be obliterated in the

onward march of the race toward the ideal of a universal brotherhood. The facts of man's past history, however, do not justify this conclusion. The family, though the earliest social combination, was by no means superseded or obliterated by the subsequent enlargement of the political organism. It has preserved its autonomy through all the phases of social evolution, and was never so distinctly differentiated and individualized as it is at the present day in the most advanced nations of Europe and America.

Nor has that larger family, the clan, wholly lost its autonomy in the later development of our institutions. The indication of distinct lines of descent by a common surname is quite a modern institution, and has substituted the recognition of a real family relationship for the mere fiction of relationship which had largely taken its place under old-world customs. And the city, which antedated the nation and the state in the order of social evolution, was never so clearly recognized as now as a distinct and permanent factor and helper toward human progress. The demand for local autonomy has kept pace with national development, and is now recognized as an important element of safety and perpetuity in the further evolution of free popular government.

As far as nations are concerned, therefore, we have hardly yet reached the point which justifies the question whether an excess of altruism is a possible danger to civilization. This is a theoretical rather than a practical problem at the present day. As presented in the speculations of the socialist, who looks forward to an obliteration of national boundaries and the establishment of a great industrial republic of the world, it constitutes a picture attractive to many, but largely imaginative, and leaving out certain real elements in all past progress which must materially influence future social evolution. It seems probable that, as eras of peace succeed those of war, and militancy gives place to industrialism in the organization of the state, nationalities will become more distinctly

differentiated than ever before in the world's history. The militant system is a conservative inheritance from social conditions which mould men and nations after a common type, and forcibly prevent the free and normal expression of either individual or national life. Liberate the civilized world from the bondage of militantism, and we may expect a new and wonderful development and clarifying of national types.

Militantism, which is to the nation what an extreme and aggressive egoism is to the individual, is continually distorting the free expression of national characteristics. It is to-day forcing out of Germany, Italy, and Russia large numbers of their citizens, who flee to freer countries to escape its distressing burdens, and crowding our own shores with a host of immigrants, the adaptation and assimilation of whose racial and national peculiarities to our industrial and political institutions furnish a most serious problem for our statesmen.

Turning to the problems of our own citizenship, and to the relations of the individual thereto, let us put the question more definitely: What is the economic value of altruism? Are we in danger of altruistic excesses? Is the exercise of this tendency a help or a hindrance to individual development and national growth and survival? That altruism may be, and is in rare instances, carried to excess by the individual, cannot be denied. An extreme of self-sacrifice undermines health, shortens life, and thus prevents that very ability to serve others which is the source and motive of this sentiment. It is the first duty of every individual to become a self-supporting member of society. Unwise almsgiving helps to create a pauper and dependent class in the community, and extends the evil which it seeks to cure. The self-sacrificing woman who marries a drunkard to reform him, or a consumptive to take care of him, usually expends the best energies of her life in a thankless task, and sometimes helps to perpetuate the evils she would cure by transmitting them to other

generations. The sentimentalist who showers flowers and favors on the convicted criminal helps to obliterate the lines of moral distinction, and to encourage rather than to prevent the development of criminal instincts.

These, however, are the exceptions which illustrate the rule; and it may be said, notwithstanding, I think, that the rational exercise of the altruistic impulse possesses a positive economic value to the individual and the community. All success in life, in an industrial community, depends on the wise exercise and cultivation of the social sympathies. The man who wins is not the hard man, the cold man, the selfish schemer, but the man who can put himself in another's place, and render himself useful to others and to the community by offering such skilled service as is really needed. A sympathetic nature, a high sense of justice and equity in our dealings with others, these are prime prerequisites of true success in life in the industrial world to-day.

If we return to the consideration of some of the practical problems heretofore mentioned, we shall perceive the application of this principle. The savage, living under a régime wherein militancy is the supreme law, exposes the aged and incurably ill of his tribe to death by neglect and slow starvation, or hastens these natural processes. Superfluous female infants, by many savage tribes, are put to death from economic motives, lest they should become a burden upon the community. Success with the savage means physical conquest over his fellows,—the exercise of brute force on the one side, and of abject submission on the other. But manifestly such ideas are out of place in a civilized, industrial community. The care of the aged and infirm cultivates some of the noblest faculties in our nature,—faculties, too, which are absolutely essential to true success in life. The preservation of the female infant, and the place now occupied by woman in our society, manifestly furnish an economic motive of prime importance in the advancement of our civilization.

A late writer in the SOCIAL ECONOMIST argues that human life is held too sacred in some of our modern communities, and impliedly defends the capital punishment of criminals on scientific and evolutionary grounds. But a closer study of this problem would have shown him that the entire problem is rapidly changing in the light of scientific investigations. It is no longer a question as to the best use to be made of certain extreme offenders, though on economic grounds a life of enforced industry, the proceeds of which are devoted to relieving the state from the burden of supporting the criminal classes, with a surplus which may be appropriated to the sustenance of dependent relatives, is certainly economically preferable to capital punishment.

There is no principle of penological science better established than that the effectiveness of a penalty as a deterrent of crime depends mainly on the swiftness and certainty of its execution; but in our modern communities public sentiment will not permit the general or prompt execution of capital sentences. During the year 1892 there were 6,791 cases of homicide in the United States, and only 117 legal executions. There is no doubt that a large majority of the remaining 6,674 were equally deserving of the supreme penalty, but its wholesale enforcement would have caused such a thrill of horror to run through our community that the laws sustaining capital punishment would be swept from our statute-books within a year. The failure of the law in these cases is a triumph of ethical and economic principles, organized as instincts in society.

When we reflect upon the irrationality of endeavoring to enforce the sanctity of human life by legalizing the infliction of the death penalty, upon the brutalizing effects of the newspaper reports of executions upon the minds of the criminally disposed classes who gloat over the most sensational accounts and often regard the criminal as a hero and a martyr, upon the gross injustice which makes

all the relatives of the executed criminals the chief sufferers for his crime, and entails the suffering and disgrace on future generations, we shall begin to see why the scientific penologist of the present day regards capital punishment as a relic of barbarism, the retention of which upon our statute-books is a disgrace to our civilization.

In Italy, under the influence, not of false sentimentalism, but of Professor Cæsare Lombroso, the most eminent penologist of the day, and the advanced teachings of penological science, capital punishment has been practically abolished since 1875. Italy is a country where the stiletto flourishes and crimes of violence have been too frequent; but only good effects have thus far followed the abolition of the supreme penalty. In Portugal the death penalty was abolished in 1867; but public sentiment had condemned it a generation earlier, no execution having taken place since 1846. In Switzerland, except in the Catholic cantons, the penalty of death has been abolished since 1874. In Holland there has been no execution since 1861, and the law of 1870 rendered future legal executions impossible. In Finland there has been no application of the death penalty since 1826, in Wallachia none since 1828, and in Moldavia none since 1849. In 1866 the two latter states were united with Roumania, and capital punishment was abolished throughout the entire country. No criminal has been officially killed in Norway since 1875, though the law still permits the enforcement of the death penalty for murder. The German Reichstag voted to abolish capital punishment in 1870, and although it was finally retained through the influence of Bismarck, but few executions have taken place since that date. England, France, Spain, and Russia still maintain the penalty of death, but the ratio of executions to crimes is steadily diminishing. In this country theological prejudice is the chief support of the death penalty. With the spread of scientific knowledge we may hope for its ultimate abolition at no very distant day.



“The new prison science,” in the language of Superintendent Brockway, of the Elmira Reformatory, “has for its sole object the reformation of the prisoner for the protection of society.” Its methods involve such a course of discipline and training as will fit the subject for self-support in some useful occupation, thus demonstrating the economic utility of the system. “Every conceivable purpose of imprisonment for crimes,” Mr. Brockway adds, “whether it be protection, punishment, vindication of the majesty of the law, or the satisfying of clamorings for vengeance, is best accomplished by aiming solely at reformation.”

Without appealing to other illustrations of the principle, which might be indefinitely multiplied, these, I think, are sufficient to demonstrate the essential unity of ethical and economic principles in the wise adjustment of conduct in our modern industrial societies, and the economic value of altruistic motives in the direction of individual acts toward worthy and profitable ends. It is a wrong interpretation of the doctrine of evolution which regards it as the apotheosis of physical force. I do not agree with Professor Huxley that there is a necessary antagonism between those principles of evolution which, on the lower planes of life, have wrought “the survival of the fittest” out of the age-long struggle for existence, and those which, on the human plane, we call moral. That he has not, however, in his recent Oxford address, emphasized too strongly the essential difference between the cosmic and ethical processes, these sentences from his address will show:

Let us understand, once for all, that the ethical progress of society depends, not on imitating the cosmic process, still less in running away from it, but in combating it. In every family, in every polity that has been established, the cosmic process in man has been restrained and otherwise modified by law and custom; in surrounding nature it has been similarly influenced by the art of the shepherd, the agriculturist, the artisan. As civilization has advanced so has the extent of this interference increased, until the organized and highly developed sciences and arts of the present day have endowed man with a command over the course of non-human nature greater than that once

attributed to magicians. The most impressive, I might say startling, of these changes has been brought about in the course of the last two centuries, while a right comprehension of the process of life and of the means of influencing its manifestations is only just dawning upon us. . . . I see no limit to the extent to which intelligence and will, guided by sound principles of investigation, may modify the conditions of existence for a period longer than that now covered by history.

LEWIS G. JANES.

We entirely agree with Dr. Janes that altruism is a distinctly economic influence. Nothing is more economic than that which tends to make the interest and welfare of each include the interest and welfare of all. It is doubtful, however, whether Dr. Janes is right in his conclusion that capital punishment should be abolished. The strongest of all reasons for suppressing crime is, not to save the criminal, but to save society. The altruistic view is that the mass of mankind is more important than a few who would destroy their happiness and prevent their progress. Both the economics and the altruism of this problem seem to lie in the question, Which is the most effective way to rid society of the criminals, to preserve and pet them, or effectually to terminate their opportunities for evil? Are we justified in assuming that the diminution of crime in certain countries is due to a diminution of executions? Is it not rather the increase of general altruism and moral character that tends to diminish the crime and the necessity for the gallows? The doctor's reference to Italy is rather unfortunate, since this very year several Italian cities have been sacked by brigands.—ED.

## The Restriction of Immigration.

Carlyle has somewhere compared mankind to a vase of Egyptian vipers, each struggling to raise itself above its fellows, endeavoring to obtain its own freedom regardless of resulting discomfort to those below. As we look back along the track of social evolution, the justification for such parallel becomes manifest. From out the writhing mass of common humanity may be seen emerging monarch, priest, and noble, each using his elevated station as a vantage ground, not for the lifting up of the downtrodden, but to fasten them irrevocably down, impressing upon them, as heaven's cardinal doctrine, content with their lowly estate. Philosophers have gravely argued that freedom is a most dangerous possession, to be used with safety only by those at the top of the social heap, and even by them with many checks and limitations. Freedom to think, freedom to invent, even freedom to travel from point to point, was long denied alike to peer and peasant, with the difference that the peer could procure with comparative ease privileges difficult or impossible for the peasant. At one time all Europe was divided by lines which could be crossed only on the presentation of passports, a system which not only hindered and hampered the traveler, but kept alive in each community distrust of foreigners and a provincial self-satisfaction equally injurious to those fostering the sentiment and those against whom it was directed. These restrictions upon the upper and governing classes, caused by mutual distrust, became to the subjected poor severe and oppressive laws forbidding all freedom of movement. These unfortunates could neither buy nor sell, travel nor reside where they chose. The climax of governmental absurdity was finally seen in England, where, with harvests rotting on the ground in one parish for lack of laborers, able-bodied men were held

in idleness in an adjoining district because legislators had assumed the regulation of their place of abode. Naturally enough, every fresh attempt to control the journeying to and fro of man worked fresh mischief to the body social, just as binding the limbs of a growing child hinders the natural development of its body.

It was by no means with deliberate intent to rule despotically that those legislators of yore thus interfered with freedom of travel. On the contrary, they justified their undertaking to play the part of Providence to their fellows with reasoning as plausible as any brought forward in the United States to-day in excuse of similar policy. The gigantic evil of English pauperism grew out of an assumption by those well-meaning law-makers that the poor have a claim for support upon the parish wherein they are born; and their blunders were made in an honest though short-sighted endeavor to relieve one district from a burden erroneously assumed to belong to another. This policy inevitably tended to overcrowd population in one spot regardless of the room to spare in a neighboring location. It also increased the feeling of helpless dependency in those thus arbitrarily relegated to one place and arbitrarily denied access to another, and resulted in fastening upon the nation a rapidly-growing financial incubus. The earliest English legislation in favor of restricting immigration, dating as far back as 1647, commands that foreign beggars shall be returned to their native land. A few years later the voice of law is again heard, commanding that, to rid the country of wandering vagrants, all such shall be "grievously whipped, and burnt through the gristle of the right ear with a hot iron, of about the compass of an inch, manifesting his or her roguish kind of life, and his or her punishment received for the same." All poor persons found in other than their native parishes were also vigorously remanded thither, and upon a second attempt to leave were dealt with as above prescribed for foreign poor. Law after law was constructed to limit the freedom of ac-

tion of the poor, and the rich were constrained by statute to contribute of their goods for the maintenance of those whom the law had weakened into helplessness. A British citizen objecting to the tax laid upon him for this purpose was subject, not only to a heavy fine, but to imprisonment. So strong was the reliance of a crude civilization upon mere force, so faint its faith in voluntary goodness, that even charity was made compulsory!

The result of Great Britain's effort to keep out foreign beggars is an instructive lesson to us at this time. Under that carefully designed plan to keep paupers where they assumedly belonged, and to legally fasten their support upon the parish or the nation assumedly responsible for their keeping, the evil of British pauperism grew and flourished until there was imminent danger that it would absorb the revenue of the entire kingdom. The more vigorously it was restricted, the more it waxed apace. By 1850 there were 1,308,000 paupers on the public list,—nearly five per cent. of the population. As intelligence increased in the upper class in England, liberty has been increasingly given to the other class. It is true that neither there nor anywhere have men become sufficiently enlightened to make liberty untrammelled; but with even a partial abolition of the old laws of restriction, prohibition, and punishment, the situation has steadily improved, until now, with a population enlarged by seven millions, there has been a diminution of 326,000 in the pauper class. No stronger evidence could be desired that legal interference with the movement of the tide of human misery is not the best method to procure its abatement. Indeed, a study of the poor laws, from the days of the Roman Empire until now, suggests this very interference as generally the cause of the prolongation of that poverty which, with freedom and new opportunities in a new field of endeavor, would cease to exist.

It is objected that the United States is receiving the paupers of which Great Britain is becoming relieved; and

Ireland in particular, it is asserted, has dumped her paupers upon our shores. At first glance this might seem to be the case, for it is true that during the past forty years, in which pauperism in Ireland decreased by 90,000, nearly two millions of Irish have taken refuge in our land; but the facts show how little real foundation exists for such conclusion. The greatest number of paupers ever reported among our population was 73,000, of whom nearly two-thirds are native born, and though nearly six million immigrants arrived during the past ten years, a large proportion of them from Ireland, yet the last United States census shows a decided decrease of our almshouse paupers to population. Outdoor pauperism, being principally due to the ignorance and carelessness of politicians, need not be taken into account. Not only is there no increase of pauperism traceable to Irish immigration in itself, but these Irish settlers have added enormously to our national wealth, and at the same time have sent back to their relatives in Ireland \$140,000,000 of their earnings. Statisticians calculate that in a country whose territory and opportunities are great, every new adult settler, male or female, adds an increase of about \$800 to the public wealth. And this, as Mulhall points out, is a calculation exactly borne out by facts in the United States, the wealth of our country rising, between 1870 and 1880, twelve billions of dollars (about \$265 per capita); and as a colonist life may be set down at thirty years, it follows that each colonist adds about \$800 to the wealth of the republic.

It was during this decade in which our wealth increased so enormously that the pessimistic Dr. Strong, agitated by an arrival of nearly 800,000 immigrants within one year, uttered the doleful prophecy that this might safely be accepted as our average influx of dangerous acquisition for each year from 1880 to 1900. As a matter of fact, immigration fell to 600,000 the following year, to 500,000 in the next, and in 1889 to 444,000, averaging about 500,000 for the decade; and our population, which in the

previous ten years had increased 30.06 per cent, in the ten years just ended showed a decline in the rate of increase of about five per cent. Not only are exaggerations in the matter of numbers published in a manner to rouse the alarm of those already unkindly disposed toward foreigners, but most misleading statements are circulated regarding the character of new arrivals. For instance, a paragraph lately made the round of the newspapers to the effect that among about 50,000 incoming people nearly 23,000 were found to have no definite occupation. At once a vision of 23,000 paupers looms up in the public mind. Probably, however, women and children compose a large proportion of this number; and few children under fifteen years of age can be said to have a definite occupation, while women of the laboring class, though engaged in various domestic labors, are customarily set down by the labor bureau as without occupation. Investigation confirms this supposition, 5,000 of these 23,000 unoccupied being children under fifteen; and to the 15,000 vaguely reported as being over fifteen and under forty, sex not stated, we may safely apply the general rule, which is that over one-third of the immigrants are women.

The outcry in favor of restricting immigrants is loudest in the seaport cities, where the poor immigrant is seen in his most miserable estate. Worn out by a voyage taken under conditions which make it a foretaste of the Inferno, uncouthly clad, forlorn, bewildered, unable to make himself understood, he certainly does not have the appearance of a desirable addition to the ranks of citizenship. But instead of encouraging the immigrant to pass through the cities, everything possible is done to tempt him to stay there. If he be of the pauper brood, the freemasonry of pauperism has already acquainted him with the multiplicity of devices provided by the rich for making city life easy for non-self-supporting families. Day nurseries for the feeding and care of his babies; free hospitals for members of his family who need medical aid; free dispensaries if

they have a fancy for taking medicine; free concerts, free games, free warm rooms with books and papers; free almshouses for the old mother or grandmother—all invite the shiftless to stay and be cared for. If we scatter crumbs for the birds, we may be sure the birds will come; and so long as we offer inducements to paupers, it is absurd to find fault because the paupers flock toward them. The man "with no definite occupation" upon arrival finds himself very soon after at a premium in American cities in an exceedingly definite occupation, that of assisting in the conduct of American politics. Dirty, ragged, illiterate, stupid, lazy, immoral though he be, upon his brow is placed the crown of a sovereign, and while we are vaguely wondering how we can restrict immigration, we offer an additional lure to draw to our shores fresh relays of his old-world kindred. Thus for the worst evils flowing from a surplus of poor foreigners in our cities we may see that we ourselves are chiefly responsible. Our wealth and our free-handed extravagance are glittering baits, our rapidly multiplying "charities" a standing temptation, and our careless indifference to politics a virtual invitation to the foreigner to enter in and possess us. The management of a city or a nation is merely housekeeping on a large and public scale. For a ruined household, the master and the mistress, and not the servants, are responsible. In such a case the remedy would seem to be, not to turn out the inferiors, but to rouse the owners to the need of reconstructing their own character and habits.

When we investigate the charges of illiteracy and crime which are urged as further reasons for restricting immigration, we discover the full unreasonableness of this modern wave of Know-Nothingism. In what section of the country do we find our greatest percentage of illiteracy and crime? Where foreigners most largely congregate? Not at all; we find it in the Southern States, where 98 per cent of the inhabitants are native-born American citizens. Our large percentage of ignorance is an outcome



of the ignorance of our ancestors; it is the result of an evil condition deliberately established and most resolutely perpetuated by America—the evil condition of slavery. In the entire United States, among the nearly seven millions of foreign-born, there were in 1880 but 753,620 of all ages who could not write,—the maximum of illiteracy; but among the nearly seven millions of our American-born colored people, there were over four millions who could not write.

It is urged that our burden of crime is due to our supplying an asylum for European criminals. But what facts do we find in a study of our criminal situation to verify such claim? Our crime, like our illiteracy, is most largely a home-grown product. Viewing the nation as a whole, we find that crime most abounds where illiteracy is greatest, that is, in the South. Some years ago Redfern carefully collected the murder statistics of the United States, and published the appalling information that in three southern States, which altogether have a population half a million less than the New England States, the inhabitants were killing each other at a rate about 1800 per cent greater than in the entire North. Within one year, in the single State of Texas, there were more homicides than in the ten northern States of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania, Michigan, and Minnesota; yet at that time there were only one and a half million people in Texas against seventeen millions in the States just mentioned, only 10 per cent of foreigners in Texas against 12 per cent in Massachusetts, 20 per cent in New York, 40 per cent in Michigan, and 50 per cent in Minnesota. Indeed, the South as a whole has but 2 per cent of foreigners, a mere drop in the bucket of her population. Furthermore, from 1870 to the present time, the period of greatest foreign immigration to Massachusetts, although the population of the State has increased by 300,000, the number of convicts has decreased from 2,500 in 1870 to 1,500 in 1890, and the crime of murder has decreased year after year, until it has

now fallen to a lower figure than at any period during the past forty years.

It is true that we find a large percentage of foreign born among the criminals in our prisons, but into a judgment of this fact must enter a qualifying recollection that the foreigner suffers under two disadvantages which incline police, judge, and jury to deal hardly with him; first, that he is a foreigner, and second, that he is generally poor. A penniless stranger, of unprepossessing appearance and accused of crime, is about as helpless a creature as could be imagined, and furnishes an explanation of that exclamation of Montaigne, "How many condemnations have I seen that were more criminal than the crimes themselves!" Yet, notwithstanding the influx of foreigners during the last decade, the increase of crime in the country at large for that time was at the rate of only thirteen to each million of population, the greatest increase of crime in our nation being in the South, where the number of leased-out convicts has nearly doubled.

It is somewhat discouraging that the world has not yet learned how closely interwoven, how inseparable, are the interests of the whole human race. In their time Cicero and Seneca declared, "Man is a citizen of the world, we are all members of the same body;" yet still the narrow spirit of provincialism flourishes, seeking to bar out one people and wall in another as though there were inherent virtue in an inbreeding of national ideas. The cry of "America for the Americans" is an active remnant of the barbaric impulse animating those Celestials who hoot at "foreign devils" when the American enters China. It is true that intelligent Chinese citizens excuse such conduct by the affirmation that their national morals have been and are being contaminated by the advent of our countrymen on their shores. While we are slamming our doors in the face of China, urging in defence of this inhospitality the weakness of Chinese morals, the polished Chinese ambassador Kwoh, in London, has been weighing the Anglo-

Saxon race in the balance and finds us lamentably wanting in the possession of right principles. But whatever may be said for the superiority of morals engendered in China by restrictions upon the Anglo-Saxon emigrant, Chinese exclusiveness indisputably bred utter stagnation in physical science and gave fullest sway to the rule of superstition. Unfortunately, the attempt to shut out Anglo-Saxon evils excluded Anglo-Saxon virtues as well. And this would doubtless be the ultimate result of an American policy instituted to exclude even the disreputable members of nations foreign to us. Restriction of liberty as a mode of conserving morals and preserving communities is a case where the remedy has invariably proven itself worse than the disease. As we look back with the advantage of perspective which time has given us we see how English parish injured English parish, how French county crippled French county, by the barriers to free intercourse and travel which each placed against each. Nowhere in human precedent do we find any encouragement for adopting a policy of national exclusiveness. If we turn to our present condition and future prospects, still less reason do we discover that the United States should turn false to her own broadly proclaimed principles of giving every man a chance in this new world. For while Belgium lives comfortably with 530 and England thrives with 480 inhabitants to the square mile, the United States still has only 14 persons to each square mile of her territory, of our soil 1,635,000 acres are still uncultivated, and the average product of wheat per acre is but one fourth of that which, by better cultivation, an acre may be made to produce.

With a proportion of inhabitants to the square mile only one thirty-seventh that of Belgium, with manufactures continually opening new opportunities, with only one tenth of the supply of domestic laborers demanded by our needs, is it not the height of absurdity to fritter away time, money, and ingenuity in trying to shut out a few undesirable citizens?

There was some common sense in the laws of Greece which allowed a poor man to kill his newly-born infants if he had no prospect of being able to support and educate them. There is not one jot of excuse for the laws of Christendom which endeavor to fence round a roomy continent in order to force the poor and the weak to remain where the struggle for existence is fiercest. It is this perpetual interference of the strong and powerful with the liberty of the weak and helpless which is the real cause of much of the crime and misery in the world to-day. "This undertaking for another is the blunder which stands in colossal ugliness in the government of the world," says America's greatest philosopher. A new education is needed, the education which shall teach human beings the fine art of letting each other alone, of according each to each perfect liberty, save in such actions as may be directed against others' liberty. ELLEN BATTELLE DIETRICK.

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Like all writers of the let-alone school, our author thinks of liberty as the cause, instead of the consequence, of social improvement. Like the arch anarchist, Prudhon, she regards Liberty as the mother instead of the daughter of Order and Progress. This mistaken view is clearly shown by her statement that the restriction of the support of paupers in England to their native parishes increased pauperism, and that paupers began to diminish when this system was abolished. Unfortunately for the argument, it has never been abolished. It is still in force even in the writer's own State, Massachusetts. As a matter of fact, increased liberty in England did not abolish the vicious phases of poor-law legislation, but on the contrary the industrial improvement of the people forced the advance of liberty-increasing legislation. It was the repression of the growth of social life and economic demand among English laborers in the fourteenth and fifteenth centuries which created this great pauper problem in the sixteenth, seventeenth, and eighteenth centuries; and it was the growth

of the social life and industrial conditions of the nineteenth century under factory methods that reduced pauperism. Our author shoots equally wide of the mark in discussing immigration to America. Her shafts are mainly aimed at the claim that immigrants become paupers, which is not the point at all. Nobody acquainted with the economics or the history of the subject would take any such ground. It is not because foreigners become paupers that their immigration should be restricted, but that they have too low a standard of social life, habits, and ideas; and their influence, to the extent that they dominate, is to lower our social standard, and with it our wages, to their level. It is their economic influence, through their low social quality, and not their pauperism, that is the real objection to their incoming in too great numbers. Her citation of the Southern States to prove the larger proportion of illiteracy and crime among the natives than among immigrants only shows how blind one can become by devotion to false theory. Of course the South is illiterate and degraded, which is due to its poverty and low social status. It is the great drag-down power in our national life; and it is because immigrants of the lowest type approximate our Southern population in this respect that they endanger our civilization and the republic. We forced the ignorant population of the South into this country as a part of our slave trade, and we are now paying the penalty for it in its baneful influence upon our national character. The lesson of our mistake in kidnapping Africans into America should teach us to be cautious about importing that portion of European population which most nearly approximates them for barbarizing influence. The true defence for restricting immigration is protection of our civilization.—ED.

## The End of War.

Should war be abolished? This is a serious question, and one that should be answered with a serious affirmative. When this has been done the world will have made real advance and much will have been done for humanity.

That war is the premeditated murder of many under cover of patriotism or more shallow pretexts, and that the murder of multitudes is no more morally right than the murder of a single individual under any pretext, must be conceded. This is Lowell's view as expressed in his Biglow Papers:

Ez fer war, I call it murder,—  
There you have it, plain and flat ;  
I don't want to go no furder  
Than my Testament fer that.

Admiral Luce, of the United States Navy, in a recent number of the *North American Review* declares: "War is an ordinance of God," and makes free quotation to strengthen his argument. But the brief command "Thou shalt not kill" was not among the quotations of this distinguished officer, who has recently founded a naval war college at Newport. War among nations is conducted on precisely the same principle as a street brawl among individuals, each asserting his own right or using his superior force, strength, or position to force acquiescence of the weaker combatant; yet it is hardly probable that Admiral Luce would claim that a street brawl is "an ordinance of God."

Mob law is defended only as the expedient of an undeveloped civilization; it is acknowledged that it demoralizes society, robs its victim of a fair trial, and in not a few cases punishes the innocent for the guilty. Yet warfare is but a form of mob law. That it demoralizes society there can be no doubt, and that the question at issue is decided by force, regardless of facts or justice, is equally certain.

Society has long since demanded of its members the

peaceable settlement of differences, and for this purpose courts of justice have been instituted among men. In war a nation arrogates the functions of judge, jury, and—if its military force will warrant—executioner. This should not longer be tolerated by civilized peoples. The nation can have no right or power which is not first delegated to it by the individual, the true sovereign; and, as no right-minded individual will claim that he has the right to kill, he cannot and does not delegate that right to his government. Hence killing by warfare is wilful and premeditated murder, and should not be justified because of any claim of “injured honor” or because one nation refuses to acquiesce in the interpretation by another of a disputed question. In all cases, one opponent must be right; then the declaration of war by the other is the enforcement of mob law and a blot upon the fair page of civilization.

Commander Jewell of the navy recently expressed himself thus: “War must absolutely cease.” He bases his reason for this opinion upon the fact that “modern appliances of war have become so destructive that no nation will risk a contest for the sake of any cause or upon any provocation.” Granting this to be the case, is it not time for us to stop expending millions of dollars annually in constructing a navy, building fortifications, and casting immense guns, which, according to this eminent authority, we are never to use? Surely, if this is a useless expenditure of the people’s money, it ought not to be continued. A prominent daily paper, commenting upon this remark of Commander Jewell, very sensibly asks:

If the angel of peace already stands “one foot upon the sea and one upon the land” to cry out that war shall be no more, why should the youth and energy of nations be withdrawn from productive employment, and drilled, disciplined, and maintained under arms at oppressive cost to the people?

All the nations of Europe are laboring under heavy burdens of public debt and taxation, caused largely by their enormous preparations for war, which are draining the life of the nation and pauperizing the people. The yoke has already become so heavy that mutterings of discontent

can be heard on all hands. The land and naval forces of European nations at the present time number 31,009,860 men, or more than one man for every male person in the United States.\* When we consider the expenditure that is indicated by these figures, we are not surprised to learn that there are 2,415,319 public paupers in England, Ireland, France, Germany, Russia, Italy, and Austria.† This does not include the 4,500,000 persons who receive some assistance from poor authorities and charitable institutions. There are also fully 5,000,000 more who are in need of assistance, but who do not receive it, making a grand total of 11,915,319 persons who are, or from their impoverished condition ought to be, public charges. That society owes something to the individual there can be no doubt, and that it has a duty to them to perform is certain.

International arbitration has been the dream of the peacemaker. But international arbitration may not always prove satisfactory. A nation may refuse to arbitrate. What could we have done in the present Behring Sea controversy if England had persisted that her interpretation of the question was right and that she would not leave its decision to others? Chancellor Von Caprivi recently declared in the Reichstag that if arbitors should decide against Germany, the nation would refuse to acquiesce in the decision until the last drop of German blood was spilled. This means that war will continue or that some other

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\* Of the present military forces of Europe, the land force of Germany numbers 2,977,629, France 4,745,457, Italy 2,586,437, Austria-Hungary 2,109,731, Russia 7,812,792, Great Britain 1,179,626, Turkey 960,464, Spain 2,422,664, Belgium, Denmark, Netherlands, Greece, Switzerland, and each of the four Danubian States, average 250,000 each or a total of 27,044,800 men. The naval forces of Great Britain 113,158, France 226,070, Germany 33,090, Austria-Hungary 16,678, Russia 63,080, Spain 34,360, Denmark 7,798, Netherlands 13,660, Norway and Sweden 13,369, Turkey 36,390 men, making the grand total of land and naval forces of 27,602,453. Add to this the 3,407,407 men who are serving in what is known as the "Peace Establishment," and we have 31,009,860 men in the military service of Europe.

† The number of public paupers in 1890, not including those receiving some assistance, is in England and Wales 278,545, Ireland 107,774, France 290,000, Germany 320,000, Russia 350,000, Austria 290,000, Italy 270,000, United States 73,055. Of those in the United States 42,775 were foreign born or of foreign parentage.



means must be provided for the prompt and satisfactory settlement of international disputes.

There seems to be but one practical solution of this great problem, the abolishment of war. This is the appointment by the civilized nations of the earth of commissioners to meet and make provision for the amicable adjustment of all international difficulties. Let these commissioners recommend to their respective governments the creation, by treaty relations, of a general judiciary department of the world. This would mean the appointment by each nation of its most eminent jurists, who would constitute a world's supreme court,—not a court of arbitration, but the grandest legal body on earth. The justice of the decisions of a supreme court of the world, it would, of course, be necessary to place beyond question. A man elevated to this exalted position must be beyond personal gain or prejudice. This is the bare outline of a plan whose details would require short time and consideration for arrangement, and of whose practical working there would seem to be no reasonable doubt.

For why should not nations become as civilized and law-abiding as are communities of men? This plan adopted would set to work millions of men as producers, and save annually to the people billions of dollars. In the place of murderous warfare a spirit of friendship and good will would generally prevail between nations which would result in greater prosperity to them all.

Shall we establish a world's supreme court?

WILLIAM H. JEFFREY.

## Economic Direction of Thrift.

In the sense of self-denial of the comforts of life required by one's standard of living, in order to hoard money, thrift is not a virtue. It is not true that something should be laid by from every income, however meagre. Public economy has more interest in the expenditures that keep trade and production brisk than in hoarding. Capital is better made from profits than accumulated from savings and interest. The individual derives more advantage from present than from future enjoyment, and all that can rationally make for enjoyment is more safely and economically spent in the present than at any future time; in this sense the injunction, "Take no thought for the morrow," is strictly applicable. But to lay aside a percentage of an adequate wage or salary as insurance against accident, sickness, and old age, is individual and economic wisdom. Every man, starting in life, should determine to do this; it should be a part of his standard of living to make provision for the morrow, not at the expense of to-day, but in addition to legitimate present expenditures; it should be a part of the wage bargain that enough be received to make this provision possible. When the requirements of the wage-earner increase, he should not encroach on the insurance percentage, but should meet these requirements by securing an increase of wages. Employers would further their real interests by paying high wages, and thus enlarging the market for products, and encouraging a method of insurance against future want that would tend to keep down taxes for pauper support.

The increase of wages in modern times has very much widened the margin out of which reasonable amounts may be saved during a large part of every working life. Wages and salaries have been forced up to cover the standard of living expenses of a family; and in cities the unmarried,

those with small families, those with families that have become self-supporting, can all save out of union wages without denying themselves present comfort. It is now possible for men to lay up a competence without self-denial who could do so at the beginning of the century only by undergoing the greatest privation. If the unions, which have been instrumental in raising wages, will now cultivate the desire for wages sufficient to provide a margin for investment for future expenditure, and will study the science of saving and investment, they will find new life and new usefulness.

How much should be thus placed in the insurance fund? Reckoning a man's working life from twenty to sixty, these forty years include, on the average, ten years of incapacity or of well-earned rest. Reckoning that the compounded interest of the earlier accumulations will offset the necessary encroachments of accidents, sickness, and enforced idleness, we find that an insurance fund of twenty-five per cent is the least that can be regarded as a reliable ratio of savings during all ordinary times of continuous employment without extraordinary expense. It is therefore very desirable that workingmen should learn to insist upon having a quarter of their earnings available for deposit in the bank of the future. Workers for but one season receive higher wages than those who are employed all the year, and they should be careful that it is sufficient to bridge over the regular season of idleness and to provide for the insurance fund of the future.

How shall this fund be invested? Those workingmen who are able to be thrifty without being parsimonious, to save without stinting, may trust themselves to make general investments. In such case, if deposit of these weekly tithes to the future be made in a savings bank, when it has reached the sum of a few round hundreds or thousands, some good place to invest it will have been found. The workingman should not speculate; he is not well enough posted: he should invest. City lots, in a healthy, growing

city, without a boom, are in general safe. But it should be remembered that unimproved lots are only the beginning of the investment. Assessments for improvements come, and add to the outlay, though they add also to value. When the land has increased in value, part may be sold, and houses built with the proceeds. If investment has been carefully made and wages have steadily contained a surplus for the future, at sixty years of age a workman may have a house to live in and one to rent, and spend twenty years in comparative leisure, the reward of work well done. This is the well-approved old-fashioned land investment.

Whether there are openings for the investment of savings as good now as formerly, when the old methods of thrift were more generally practised than are at present the new methods of investment, we need not discuss; but there are many opportunities for safe and productive investment of even the most minute proportion of earnings. Although it is the day of large things, and the number of those who can enter into independent undertakings with accumulated savings is smaller, the infinite opportunities of sharing with others in the profits of well-conducted enterprises are entirely modern. The era of concentration of capital and co-operation of effort has come, and with it a measure of freedom from care and risk which is a distinct advantage to the investing laborer whose time and attention should be concentrated upon his daily labors and his recreations.

A modern but well-established method of investment of savings is a life insurance policy. Some of the mutual associations having lodges and social features are, perhaps, fairly safe and to be recommended, but the established life insurance companies are safer. A tontine or endowment policy, to run twenty years and therefore payable between forty and sixty years of age, gives the benefits of compound interest, and is realized during the life of the investor. In general, life insurance, or rather death insurance, should not be allowed to absorb one's entire fund

for the insurance of the future. One's debt to others is best performed by performing well one's duty to one's self, and keeping solvent and comfortable until death. In case, however, of lack of ability to manage an investment, or if a spur to perseverance is needed, a life policy may be the better choice.

Better than an insurance policy, however, is investment in a building and loan association. These companies are justified by experience; they are conducted upon sound banking principles and in several States supervised by the banking departments. Investment placed in one of these associations does not go out of the investor's control, and is therefore available for the casualties of life; it has, moreover, all the benefits of compound interest, and it gives the opportunity of obtaining a home. When this is decided upon, care should be taken to purchase real estate in a growing part of the city, where the investment will still be an investment and grow in value. During membership in the building association, opportunity should be taken to study business methods. Learn all about the doings of the company, and qualify yourself for occasions where your voice is allowed in the management. This will be a school of social economics of the highest grade, increasing the wage-earning and the wage-spending capacity.

Above all, however, let every workman employed by a dividend paying corporation, when it is possible, invest his savings in its stock, attend and vote at the corporate meetings, and manifest interest in the affairs of the company. Let him study the methods and the welfare of the company and take all modest means of showing his knowledge. Thus preparation may secure merited promotion and an increase of wages that a rapidly growing standard of living will require. The interest in the company of a workman who has become a stockholder will beget a zeal in his service that will strengthen the company both in its dividend and its wage-paying capacity, in both of which he has a direct interest. If many workmen pursue this

method, the company will become prosperous, its stock will increase in value, to the direct gain of these workmen, whose insurance fund will be itself insured.

It will be a good day for laborers as well as capitalists when large numbers of workingmen, in their expenditures against the future, enter the stock market and buy, week after week and month after month, shares in the companies in which they are interested or which they consider reliable. The corporations, with such a membership, will feel the influence of a great conservative balance-wheel; and as these small but thoroughly interested stockholders multiply, public opinion will have a moderating effect upon corporate recklessness. Public and political action will be more easily and by more rational methods aroused to glaring corporate abuses. When more of the public are directly interested in the conduct of corporations, we may expect to see measures taken to protect the public.

Perhaps the true benefit of co-operation and profit-sharing will be found to lie in their application to the investment of the wages saved according to this modern conception of thrift and its practice. If a laborer buys stock in the company which employs him, he becomes a co-operator and shares perforce in the profits of that employer. If he buys a share of stock in another company, he shares also in the profits of that company. This is businesslike and economic. The new stockholder acquires a greater control in the management of the business than is contemplated in ordinary profit-sharing schemes; for his stock gives him a vote, and as a stockholder he may require an account of the management, and criticise or condemn in the stockholders' meetings. He has less control in the management of corporations than in co-operative schemes, but as much, perhaps, as he can safely exercise. His influence in the management will be less than that promised in co-operative associations, but his aggregate profits will be greater and will more steadily increase.

Employers may assist in this direction even if unwill-

ing to depart from strictest economic and business principles. To hold for sale to employees some of the shares of a company is a simple expedient which may accomplish more than any of the pretentious schemes yet devised to help workingmen through legitimate thrift into profit-sharing and co-operation. If an advance in wages is demanded and can be afforded, it might be tendered in the form of a lump sum of fifty or a hundred dollars, payable at the end of the year in the stock of the company. Wages could often be well and safely increased in this manner when increased cash payments could not be made. The amount of such an advance also could be made greater than a cash increase, for it would tend to secure permanent service and to foster in the employees a feeling of interested co-operation.

To the arguments advanced for thrift as it was understood in past time, others can be added for the new conception. As the world's means of enjoyment increase, the pangs of poverty are more sharply felt. The self-respecting man more and more dreads the results of poverty in the midst of riches; therefore should he the more carefully and intelligently seek to avoid present and future want. He owes it to himself and the civilization of the time to conquer a living equal to his improved and improving standards and valorously to maintain that standard through life. In the progress of civilization his duties to society and to those dependent upon him increase and his stake in the future grows greater. His capacity to enjoy what he may invest for future consumption continually increases. He may be sure that his future, when he reaches it, will offer new allurements, and that old age in the twentieth century will be worth carefully providing for.      WILBUR ALDRICH.

## A Missing Link in Political Reform.

One of the struggles which is scarcely midway along in its career in this country is that between popular opinion and the political machine. It is not a controversy confined to one of the two leading parties only, for it afflicts both. It is one of the things that must be settled soon, and settled rightly, or popular government as we shall have it will be a hollow parody and a misnomer.

We have now in over thirty of our States the Australian Ballot Law, or some serviceable approach to it; and in a few, the Corrupt Practices Act has followed or will soon follow. The more this helpful legislation is tried and considered, in all sections of our country, the more it commends itself to public favor. It has already become too strongly entrenched for even those professional politicians who dislike it to make successful headway against it. They are becoming more and more timid in their efforts to cripple or repeal it, which is one of the best symptoms of our time, showing that when a moral sentiment is both pervasive and emphatic, even the machine politician must metaphorically bow to it. He may not care to eulogize it, but he will be very careful not to fall in its way to his own undoing.

Unfortunately, neither the enforcement of ballot laws nor the suppression of corrupt election practices is alone sufficient to make popular government what it should be. Within the past forty years not only have election methods become corrupt and venal, but the nominating process which precedes an election has been absolutely transformed from its original and natural mode of activity. The caucus and primary were once fountains of genuine opinion. Voters in election districts, wards, or precincts assembled, or could assemble, each with a pure and honest purpose, to name his own choice of candidates to be voted for at the



ensuing election. It was a pure democracy of the New England town-meeting type of which he formed a part; and its record expressed the people's voice.

Does this description call to mind any primary meeting or caucus with which we are familiar to-day? A few untrammelled caucuses may possibly be discovered in some sparsely settled rural neighborhoods, where the offices to be filled are of comparatively slight account. But when found they are regarded, along with the fireplace and the spinning-wheel, as curios belonging to an era which we have long outlived. Every one who is at all acquainted with political methods knows that no nomination for any office of importance now comes from the electors in mass. In cities and towns, usually, if the electors—all of them or any considerable number—should present themselves at a caucus, they would not be admitted. Of the select number who are admitted—say twenty, and sometimes a less number, from among three hundred electors—the votes of only two or three bosses settle the nomination. The primary itself is essentially a farce, a false pretense employed to cover the ukase of some political czar. It is a curious anomaly that a tyranny as unqualified and unscrupulous as that which has its throne at St. Petersburg should now directly shape the very sources from which political administration in our democratic republic comes. But it does, and all intelligent men know and deplore the fact. No better device could be constructed for nullifying the popular will, or for producing in official life the coveted paradise for incompetence and mediocrity.

Reformers, and honest men who do not often vote outside of party lines, have perceived clearly and for some time this solecism in a governmental system lauded as free, and have desired its destruction. But the difficulty which has stood in the way of doing something for the betterment of things has paralyzed efforts on this behalf. How to remedy the evil is now the paramount question.

There seems to be but one way. The primary meeting

and caucus must be regulated by law, and by law as stringent, ironclad, and minutely defined as the ideal Ballot Law and the perfect Corrupt Practices Act. We must somehow put the breath of public opinion, full and unhindered, on the question of all political nomination. As it is now, we have bad and unfit men in office mainly because a few scheming bosses press the button and can commonly depend on the partisanship of either party to do the rest. Cut off this autocracy, and bring in the people's voice, and corrupt scheming will receive a needed setback. It will, in fact, be pretty effectually destroyed.

While I am writing this, an effort said to be inspired by Governor Werts, of New Jersey, is being made in the legislature of that State to take from the primary its present anomalous character; and rehabilitate it under the forms of law. The scheme is something like this, if the preliminary draft of it does not suffer change in its progress toward the statute-book :

1. Nominations for candidates in the primaries can only be made by a specified number of signatures to a petition.
2. There may be any number of these petitions, representing the preferences of different groups of electors; and they are, when the details governing them have been complied with, to be filed as nominations for a nomination.
3. All the names thus suggested are to be grouped on the ticket—the Democratic on one side of the ballot, the Republican on the other—and the ballot is given out to the voters at the polls of the primary, just as the official ballots are supplied on election day. The voter marks a cross opposite the name of the candidate he favors, and the candidate who receives the most crosses is the nominee to be voted for at the polls when election day comes.

Just what provision is to be made for the Prohibitionist, Populist, and other parties subordinate to the two leading ones in number the reporter whose account I have noticed does not state. Bossism does not probably afflict them as much as it does the parties that have some chance of success; but, to make matters fair and even, they must be taken similarly in hand. The aim is to make the primary, wherever it exists, free and open, and not, as it is now, a close corporation ruled by from one to three or four persons, who are known and properly described as bosses.

The objection which suggests itself, that, with the primary under legal control, there will be no way really to define who may vote as of this party, and who as of that, since there are so many who cannot be placed wholly or always with either, is not as formidable as it seems. If Democrats should tamper with a Republican caucus they could only do so by deserting and losing a choice in their own. And if Republicans should interfere with the Democratic choice they would similarly resign more than they could gain by so doing. The preponderance of motive for each party to attend strictly to its own concerns, and the opportunity for retaliation if this is not done, make the fear of meddlesomeness that is suggested rather baseless and hypothetical.

No serious damage, however, would result if a few votes for a nomination should fall in the opposite camp. If some fall one way, some would also fall the other, and probably balance each in the final result. Besides this, as many would be misdirected to better a nomination as would be misdirected to lower its quality, so that the total effect of any irregularities of this sort would be either *nil* or infinitesimal, with a possibility of benefit at that.

The blot upon our political system to-day is bossism, with its machine methods. The source of political power and the appointment of those who rule us are no longer with the people themselves. Nominations are forced from the top down, instead of from the basal foundation up, as if a tree should grow the other way. This state of things has fairly gone to seed in its extremity of development. And it will continue to be the condition, and to misrepresent popular feeling, until the primary meeting is put under the protection of law. By its tolerance, worthless candidates not only get into power, but keep themselves there. These marplots, through the tyranny of the machine and the subservience of really worthy men, who see no mode of escape, as well as through the willingness of men who become servile tools, lock up counties and states in

their grasp, and have even come near the direct nullification of a strong national demand.

It may require some years of experiment to perfect a scheme of legislation which shall dislodge the primary from the toils of the hucksters who now control it; but no effort to do so, drawn on careful lines, can be considered otherwise than a hopeful sign. It must and will be done before Lincoln's Gettysburg idea of a government of the people, for the people, by the people, shall become to the republic a fully realized fact.

JOEL BENTON.

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Brother Benton is a genuine specimen of the mugwump bird in full feather. He is opposed to bossism, and joins Tammany to elect Cleveland, the most complete political boss ever known in these parts since the days of Tweed. He is an absolute free-trader from a conviction that government interference is a menace to liberty; and now, true *Evening-Post*-like, seriously proposes that all nominations of candidates for public office shall be regulated by law. Now, the difficulty with our nominations and with our elections is not in the machinery for casting votes, but in the ideas and character of the voters. He seems not to realize that no amount of caucus-regulated machinery can make intelligent voters out of people who are ignorant of the economic interests of the community. It is doubtful whether the country suffers more from the bossed caucus and managed voters or from the stilted ignorance of the sentimental but essentially unAmerican well-to-do croakers who, under the guise of freedom, are ever struggling to "reform" our institutions by interjecting monarchical methods into our democratic machinery. The real way to improve the caucus, purify elections, and secure public integrity is to improve the condition and intelligence of the mass of voters. The cause is industrial, and the remedy cannot be political.—ED.

## Protection and the Empire.

We have frequently called attention to the fact that on questions of industrial policy public opinion in England and in America is moving in opposite directions. In this country the tendency is unmistakably in the direction of returning to English policy, while that in England is manifestly moving in the direction of American. Here a spirit of annexation, colonization, personal government, and free trade, is manifestly on the increase, while in England the spirit of local home rule, democracy, and rational protection, is rapidly gaining ground in every department of public policy. A dozen years ago, to have advocated free trade in America was to secure defeat for any public office. In 1880 his incidental remark that protection was a local issue sealed the defeat of Hancock within forty-eight hours from its utterance; and now we have the whole administration and Congress pledged to free trade, and a president who exercises more personal authority than any European prime minister. In England, on the contrary, to have breathed a suspicion of the unwisdom of free trade a dozen years ago would have branded one as either imbecile, immoral, or unpatriotic. During the last few years, however, signs of a marked change of opinion have begun to appear, first in a ripple of discontent among the masses, finding bolder expression in special reform journals, then voiced by a prime minister, and now it is receiving candid consideration by economic writers and occupying a prominent place in the best magazine literature of the country.

Our readers will remember that in May, 1891, under the title "The Future Location of Cotton Industries," we pointed out that, in the natural order of industrial evolution, cotton manufacture, which began in England by virtue of the development of the factory system there, must

of necessity move to this country, and finally, for a considerable time at least, take its place in the Southern States. We also pointed out that if England is to hold her position in the column of industrial advance, she must pay more attention to developing home demands and rely less upon a foreign market in the immediate future. It will also be remembered that in November, 1892, we republished an article from *Blackwood's Magazine* on the "Industrial Decline of Lancashire," which furnished abundant data demonstrating that what we had predicted had already begun to take place. In January, 1893, the London *Fortnightly Review* published a very bold and vigorous article on "The American Tariff," a considerable portion of which we reprinted in the SOCIAL ECONOMIST for February. And now comes the *Nineteenth Century* for June with a still bolder and more vigorous expression in the same direction, under the head "Protection and the Empire," by Walter Frewen Lord, who argues as follows:

"As nothing is worth considering except our mutual interests, let us consider them. It is to our interest—is it also to the interest of the colonies?—that the colonies should modify their protective policy, and it is to the interest of the colonies (and also to that of England) that England should modify her slave trade policy: yes, slave trade, for that is what free trade has come to; nothing more or less. When the discussion reaches this point it is usual to close it with two dicta: 'You will never get free trade out of the colonies, and you will never get protection in any form out of England.' The rejoinder to this is: 'We do not want to get free trade; we are sick of it ourselves. We want reciprocity; and so, at least, does Canada. As for protection, it is what every English workman calls for in one form or another.' The slave trade, on which so much of the commerce of England is based, receives from its votaries a measure of adoration that far transcends their moderate allegiance to the Ten Commandments. Sir Thomas Farrer, for instance, has

not hesitated to state openly that he looks on the questioning of free trade as 'immoral.' It is to be hoped that there are many hundred thousands of Englishmen who are, in Sir Thomas Farrer's sense, immoral, profligate men. These profligates—who are, fortunately, voters—were mostly not born at the time of the Corn Law agitation, when England was perhaps half as full as it is now, and when work was so plentiful that a few extra hands from abroad were not noticed. . . . They may be pardoned for not seeing the beauty of an arrangement which forces them into a hateful and hopeless competition with lower types, and which allows foreigners to undersell them and supplant them in every direction. To these slaves of trade the phrase 'free trade' has a terrible mocking significance; and if they were not misled by knaves on tubs and elsewhere they would long since have declared (as assuredly they will soon) that their condition, and not the exceptionally favorable one of the peasantry of Ireland, should be the first care of an Imperial Parliament. These men form the bulk of the great party who are sick of the domination of catchwords. . . . And through their pressure will, no doubt, come the first move of the rebellion against slave trade—the exclusion of foreigners: the rest follows. This will be, and is already, called illiberal and all kinds of other opprobrious names. Let it be: the point is that the electorate mean to have it. They hold (and rightly) that it is the business of an English Government to consider Englishmen in preference to Poles, Italians, or Chinese. . . . It is the habit of sentimental slave-traders in England to urge all sorts of arguments in favor of pauper immigrants; they are poor and deserve our pity; true they are filthy, but then they are moral, and also highly religious according to their lights; they are hardworking and frugal, and so on. As if our own people were not frugal enough and poor enough (God knows) and hardworking enough, and as cleanly and moral as the conditions of the slave trade will

allow them to be. . . . The last and direst development of so-called free trade has as yet reached only a comparatively small number of Englishmen. But their miseries have been enough to move most of us to the conviction that if this is the goal that the course of (so-called) free trade leads us to, its action on the road cannot be very beneficial."

Speaking of the policy of Germany and America, he continues:

"How? By subsidizing their own goods they have destroyed our markets, and thrown our men out of employment. All our anxiety, all our efforts after technical education, are of no avail against the steady and (we must admit, since it causes them great discomfort in the shape of high prices) the patriotic determination of other peoples to be self-sufficient. Beginning with no higher aim than to be independent of England, they are ending with a triumphant war of aggression, of which it is not hard to see the end if we persist in our refusal to arm ourselves as our enemies are armed. Such is the virtue of protection and such the weakness of so-called free trade. . . . The land was the first to go, and Englishmen let it be ruined—let the land of England be ruined!—seemed rather pleased that it should be so. 'At last,' they said, 'we see that our true strength lies in our manufactures.' Well, now our manufactures are threatened in the same way. Are they to go too? Are all our sons to pass through the fire to Moloch? That will hardly be, unless England is permanently bewitched. The cry for protection grows louder every day, and the cry for protection is the cry for the conservation of the Empire."—NINETEENTH CENTURY.



## Among the Magazines.

THE opening article of the *North American Review* for June, "The Lesson of the Naval Review," by Hon. Hilary A. Herbert, depicts the scene witnessed on the morning of the 22d of April in the waters of Hampton Roads,

where lay at anchor men of war representing nine nations, six of them monarchical in form . . . doing honor to him who had discovered the continent now the home of republics.

Another feature, the land parade of the sailors in the streets of New York, brings the thought that the United States,

now leading the civilized world in the direction of free institutions, is to lead in that path which shall bring the people of the earth to universal peace.

That the parade of an immense armed force should suggest even in far futurity this fair vision is significant. Desire that so quickly describes possible fruition is nearing the time of fulfilment. However, Mr. Herbert concludes, compressing into one brief sentence

the lesson of history, emphasized by the rendezvous and the review, . . . if America would keep her peace with all the nations of the earth and maintain her place in the vanguard of civilization, she must be at all times prepared for war.

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A SINGULARLY forcible argument is that of W. H. Mallock in the same issue, "Who are the Chief Wealth Producers?" The theory that

all wealth is produced by those kinds of toil or exertion of which all healthy men are capable, and that the exceptional riches of a minority are an abstraction from the social product of the majority,

is declared the actual cause of the social agitations of the day. This basic error of popular economic thought, the author points out, is due to

an error in economic analysis—an overlooking of the real difference between the two great forces which in the modern world produce wealth.

The difference is thus neatly reduced to statement:

Labor is the industrial exertion of a single man on some single piece of work. Ability is the industrial exertion of a single man which affects simultaneously the labor of many men, multiplying or improving the results.

With scientific precision, and in his lucid style, undisturbed by the emphasis of prejudice or passion, the author presents his convincing argument, and does not flinch from embodying in his closing sentences the conclusion to which his premises inevitably lead.

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THIS number of the *Review* has a varied range. Andrew Carnegie, picturesque in the prophet's mantle, rapt in a dream, that he tells us with happy conviction "is nobler than most realities," takes "A Look Ahead,"—a curious collocation of statistics, anecdotes, and quotations from statesmen, poets, and public documents, all pointing toward the reunion of Britain and America, which Mr. Carnegie foresees, he declares, "with the eye of faith." "Time," he continues, with pathetic enthusiasm and a sanguinary imagery singularly suggestive of a Siamese-twin arrangement,

may dispel many pleasing illusions and destroy many noble dreams, but it shall never shake my belief that the wound caused by the separation of mother from child is not to bleed forever.

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IN the *Atlantic* for June, under the heading "A National Vice," by H. C. Merwin, is a plea for the individualizing and strengthening influence of solitude on the national character. Perhaps, in the broad sense that any practice carried to excess is harmful and therefore vicious, the national habit of gregariousness may be rightly called a vice. All the advantages of association within proper limits the author admits.

What these limits are, he continues, it would be difficult to indicate in precise terms, but thus much may be affirmed,—every man's life should have a background of solitude.

The author's advice may indeed be concisely stated in those delicately discriminating words of Sir Thomas Browne, "Be able to be alone." This implies mental equipoise, a self-centred character, a consciousness of the intellectual strength which can be fully developed only when, beyond the reach of extraneous influence or aid, one

may think his own thoughts, feel his own emotions, and possess his own individuality unviolated.

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In this same number, Justin Winsor, with the authority which experience and trained judgment give him, writes of "The Future of Local Libraries." Weighing critically advantages and disadvantages, citing as practical illustration the results of judicious supervision of its dependent libraries by the Société Franklin of Paris, he decides that,

with the tendency to centralization which is seen in every direction, and the breaking down of old barriers of opinion on every hand, there seems little doubt that the public is drifting to a position in which this central control will be naturally and effectively applied to libraries.

He suggests this happy method of obviating the principal objection to a scheme of library centralization,—the suppression of local interest and individuality:

Every locality has its traditionary interest. Concord and Cambridge have collected the writings of their sons; Duxbury lives in its clams and Myles Standish; Woburn was the birthplace of Rumford; Salem has its witch history. . . Such distinguishing feature should be the motive of a collection of books.

---

AN eloquent plea for facilities for biological research made in this same number is "A Marine Observatory the Prime Need of Biology," by C. O. Whitman. Following a clear and comprehensive history of the movement for the establishment of marine laboratories is a presentation of the scientific importance of the work, its philosophical and practical utilities, its national character, and the broad range of subjects touched in a study which appeals

to the mind and to the heart at every stage of our intellectual existence, and with which our highest welfare of both mind and body is more intimately connected than with any other branch of knowledge.

---

PREFACING her article with a sharply contrasted picture of the life of the Southern woman as it was and as it was assumed to be,

in the times when the people of North and South knew less of each other than a bright American schoolboy now knows of Japan and Australia,

Olive Ruth Jefferson writes in the *Chautauquan* for June of "Southern Women at Work," depicting the difficulties and disabilities of their shut-in lot in isolated communities, their peculiar social limitations, and the recent efforts to furnish to women of the white race in the South means for intellectual and industrial training. Miss Hicks' Seminary in Clinton, Kentucky, is an admirable example of the possibilities of individual attainment.

Just now, her heart is in a movement to offer the means of support at school to a large class of young women from the country who have no opportunity except the indifferent free country district school. I found her planning to put these young women in a workshop, to make articles for household use, salable in the adjacent country. An abandoned dwelling had been fitted up as a workroom, and a clever German cabinet-maker had been placed in command, who had begun by inventing a kitchen pantry on wheels, large enough to hold a week's family supplies, sold for ten dollars. Half a dozen girls were working at the bench three or four hours a day, in addition to their six hours of study, and with truly remarkable success.

FREE LANCE.

## Editorial Crucible.

Correspondence on all economic and political topics is invited, but all communications, whether conveying facts, expressing opinions, or asking questions, either for private use or for publication, must bear the writer's full name and address. And when answers are desired other than through the magazine, or manuscripts returned, communications must be accompanied by requisite return postage.

The editors are responsible only for the opinions expressed in unsigned articles. While offering the freest opportunity for intelligent discussion and cordially inviting expression of well-digested opinions, however new and novel, they reserve the right to criticise freely all views presented in signed articles, whether invited or not.

---

THE PROPOSITION of the English representatives before the Behring Sea arbitration to prohibit pelagic sealing from July to September and permanently to establish a twenty-mile limit is a practical concession of the American claim, and completely justifies the attitude of Mr. Blaine on the whole subject. It is now in order for the *Evening Post* and other pro-English journals in this country to explain that this is not due to American statesmanship at all but to English generosity.

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AND NOW COMES the *Commercial Bulletin* advocating the repeal of the tax on state banks. Careful students of finance may well exclaim "*Et tu, Brute!*" With New York commercial journals advocating state banks, and the administration pretending to sustain financial credit by purchasing gold with promissory notes, we may expect to see floated any free-silver or wildcat or red-dog currency scheme. Indeed, so strong seems to have become the hold of personal government that usually sane journals have caught the Cleveland infatuation, and are ready to open their mouth and shut their eyes and take whatever their god may send them.

THE DEPTH to which a certain class of journals will descend in order to poison instead of enlighten the public mind on great questions of public interest was recently illustrated by the *Evening Post*. It devotes more than a column to digging up the business failure of Edward H. Ammidon and John F. Plummer as typical of the principle of protection. Just as though the business methods of two men who believe in protection could have anything to do with deciding the soundness of protection as a public policy! One might as well say the calloused habit of malicious misrepresentation of the *Evening Post* proves journalism to be a social evil.

---

THE RECENT ELECTION in Germany may not be a numerical defeat for the young emperor, but three things are clearly shown by the returns: first, that the masses are exercising greater power in public affairs; second, that the popular devotion to mere militaryism is rapidly declining; third, that socialism is rapidly on the increase. In this respect Germany is typical of Europe, and shows that the next great question to be dealt with, in both Europe and America, is socialism. Whether or no we shall be able to meet this issue, having to go through a retrogressive experiment with socialism, depends upon the character of our economic education in the immediate future.

---

ALTHOUGH WE seldom find ourselves in agreement with the economics of the *Commercial Bulletin*, which, by the way, has now become the *Journal of Commerce*, we are glad to see that it is advocating a reconstruction of our currency and banking system, demanding a repeal of the Legal Tender Act. We shall endeavor to watch the development of its scheme if it does not drag out the discussion to such an unseemly length as to prevent its continuous reading. There is no good reason why this country should not have a monetary system that can freely use both gold and silver as coin, and a banking system that shall be

conducted on business principles by business men, without any government notes at all. We shall await with interest the outcome of our contemporary's deliberations, in the hope that it will make a real discovery.

IN RENOMINATING Governor McKinley by acclamation as candidate for another term, the Republicans of Ohio, and substantially through them the Republicans of the country, have announced that they intend to make their chief fight on protection. The attitude of the Democrats will be indicated by the candidate they put up against McKinley. In the hope of gaining the nomination Mr. Neal has announced his authorship of the famous substitute plank in the Chicago platform pledging the party to free trade. If the Democratic party means to live up to its pledges, and is willing to continue the fight on straight lines, Mr. Neal, or the single-tax Congressman Tom Johnson, should be pitched against McKinley. That would at least give the country an opportunity of judging the effect our "object lesson" is having upon the public mind.

THE BOSTON HERALD is one of the few journals that has the courage to stand right up and father the consequences of the new administration upon national industry. It does not try to evade in the least or to make any quibbling attempt to charge it to the silver question, but on the contrary it takes a clear step in advance, and pronounces it a good thing. In its issue of June 6 it had an editorial entitled "The Benefit of Hard Times," in which it pointed out the advantages of our failing banks, closed factories, and general bankruptcy; and directly on the back of this editorial was printed the list of calamities for the day. Courage is always a virtue. When there are politicians and editors who believe in a bankruptcy-creating policy, it is certainly an advantage to have them say so outright, and when catastrophes come, stand right up, and declare their delight at the result. While we are too obtuse to see the advantage of this sort of thing, nevertheless if the people

really want it, they ought to have it, and the *Herald* is just the paper to help secure it for them.

---

AS IF TO DEMONSTRATE that the growing distrust of the administration's ability to deal with the money question is well founded, it is authoritatively announced that the Secretary of the Treasury proposes to buy gold by issuing new legal tender notes. The authority to do this is said to be based upon a law passed in 1862. Whether or not the letter of this law, hunted up by the attorney-general, permits of this act, we do not pretend to decide; but the fact that this so-called sound-money administration should even think of doing such a thing shows how unsafe are its notions upon finance. How such a method is expected either to create confidence in the government's power to redeem its obligations or to relieve the present business situation, it is difficult to understand. The gold reserve is regarded as too small to maintain a wholesome sense of security, and the government proposes to increase the security by enlarging its obligations. Just as if increasing one's assets by increasing his indebtedness could add to his solvency! Whatever may be the law upon the subject, the administration that could seriously contemplate such a hocus-pocus scheme in the year 1893 is a reflection upon our national intelligence.

---

IT IS INTERESTING to observe that in discussing the salary of our ambassador to England, the doctrine of supply and demand is entirely ignored. It seems not to have occurred to any of the editors and public men that the supply of ambassadors greatly exceeds the demand; and still the price is rising instead of falling. No one thinks of offering an ambassador as little as a minister plenipotentiary has received, and why? The answer, with one acclaim, is that the expenses will be greater because the style of living will be different, more elaborate and costly. As usual, real common sense gets much nearer the truth than abstract assumption. The change in the standard



and with it the cost of living is the real reason, and of course justifies the increase, just as it justified the increase in the salary of the President of the United States. Why do not these writers employ the same arguments when discussing the wages of laborers? For the same reason that it would be injurious to America to send an ambassador to England who could live without blushing on a thousand a year, it is detrimental to the civilization of America to have laborers who can live contentedly on two or three hundred a year; and every influence which tends to raise their standard of living and make it necessary to have more is an improvement to our civilization and a real addition to our national character.

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THE IMPROVEMENTS that are going on in New York City furnish another illustration of the principle that neither nature nor society will give man more than he can take by the power of his own energies. So long as people are content with poverty, they will never be wealthy. So long as they will put up with dirty streets and bad sewerage, they will not have sanitation. It is only when they demand improvements that improvements come, and when they do demand them with sufficient energy and persistence, they never fail to come. Until a few years ago New York was proverbially one of the dirtiest, worst-paved, and most disorderly cities in the world. For a long time this state of things was charged to republican institutions, because European cities were in better condition; then it was charged to the corruption and bossism of Tammany. Finally the people awoke to the fact that they did not like dirty streets and bad pavements and ill-appointed and inefficient methods of transit. The consequence is that, without changing our form of government or removing Tammany from power, we have almost a revolution in the condition and care of our streets and our methods of transit. New pavements and asphalted streets are rapidly increasing, and if the work continues, we shall have the best-paved

city in the world. As a result of the persistent demand for bettering as well as increasing the facilities for local travel, we are having cable lines in our main avenues. The Broadway line is now running, and no one who has not actually ridden in the new cars can realize the immense improvement effected. Let the politicians once understand that public improvements are more important than a low tax-rate, and the improvement of cities will grow apace regardless of the political party in power.

## Book Reviews.

*The Case Against Bimetallism.* By ROBERT GIFFEN.  
Bell & Sons, London and New York. 1892. pp. 254.

We have learned to expect something worth while whenever Mr. Giffen writes. As a statistician he is scrupulously painstaking, as an economist conservative, and is withal thoroughly imbued with the scientific spirit. In his treatment of the subject of bimetallism, these characteristics are all apparent. Although his book is a collection of essays published at different times, they furnish as fresh and vital a discussion of the questions of monometallism and bimetallism, and throw as much light on the silver question of to-day, as if they were the product of this year's thinking. His first chapter, "The General Case Against Bimetallism," is devoted to pointing out the extravagance of the various claims set forth for bimetallism as a means of permanently establishing a parity between silver and gold. His effective work, however, against bimetallism, is in the second chapter. The historic stronghold to which all bimetallists flee for a safe defence of their theory is France. The fact that silver and gold remained near the ratio of  $15\frac{1}{2}$  to 1 for the greater part of the century down to 1873 is generally ascribed to the circumstance that France had bimetallism at that fixed ratio. Mr. Giffen squarely challenges the validity of this conclusion, and by the analysis of the facts during that period conclusively establishes the case against bimetallism. The notion commonly presented and generally believed, that there is something universally natural about the ratio of  $15\frac{1}{2}$  to 1, he effectively shows to be a mere superstition. This he does by reminding his readers that

for centuries before 1800, various governments of Europe attempted to maintain different ratios between gold and silver, and that in spite of all their efforts the value of silver relatively to gold for many centuries steadily declined.

He shows that the ratio was from 10 to 1 in the tenth century to 11 to 1 in the fifteenth, and from

1581 to 1600.....	11.80 to 1
1601 to 1620.....	12.25 to 1
1621 to 1640.....	14 to 1
1641 to 1660.....	14.50 to 1
1661 to 1680.....	15 to 1

In 1803 it was 15.41 to 1, and 16 to 1 down to 1874. By a table for every year down to 1867 he shows that, with the exception of 1808, 1812, and 1813, the ratio varied from 15 to 16 to 1, and he might with equal facility have shown that it did not reach 16 to 1 until 1874, and fell to

16.58 to 1 in 1875
17.88 to 1 in 1876
17.94 to 1 in 1878
18.40 to 1 in 1879
19.41 to 1 in 1885
22.09 to 1 in 1889

and is now about 24 to 1. This not only demolishes the 15½ to 1 fetish, but it also destroys that other equally general and scarcely less erroneous notion that the parity of value between the two metals can be maintained by supply and demand,—an error, it is refreshing to see, Mr. Giffen escapes. Although he frequently uses the phrase “supply and demand,” doubtless from force of habit, he really believes in the principle of cost of production, and what is better still, in the cost of marginal production, that is, of the dearest portion, as the governing force in prices.

I hold most fully to the view that it (the ratio of gold and silver) is fixed in no other way than is any other ratio, namely, by supply and demand and by the cost of production of the last margin of supply necessary to meet the last margin of demand.

Being emancipated from the demand and supply dogma, he easily perceived that the change in the ratio from 10 to 1 to 24 to 1 is due to the change in the relative cost of producing the two metals, and not to the relative quantity of either or to the legal or monetary ratio in any or all countries. He then proceeds to demonstrate that the equilibrium between silver and gold during the first half of the century was in no wise consequent upon the bimetallic

ratio in France. He shows that down to 1870 France was not a bimetallic but a purely silver-using country, and what gold there was in France was not in any way performing the function of standard money, but was used for special purposes and was always at a premium

of from one to two per cent. It is needless to say that under such circumstances the legal ratio in France could exercise absolutely no influence on the market ratio of the two metals, since, as a matter of fact, it had but one metal and that was overvalued. The only reason silver did not fall was because the cost of producing the dearest portion of the general supply of the world was not reduced. After 1850, however, Mr. Giffen shows that the case was reversed; that the discovery of gold in California and Australia lessened the cost of producing gold, and consequently its price, which was practically a rise in the price of silver as compared with gold. By this change, not in the demand and supply, but in the cost of production, the silver of France became undervalued. Then, as in every other case the world has ever seen, the over-valued metal began to be substituted for the undervalued, and gold poured into France to take the place of its appreciated silver. The progress was reversed in 1874, when silver declined in value, and France was compelled to suspend the free coinage of silver.

Limit of space precludes anything like an adequate presentation of the merits of Mr. Giffen's book. Although every one might not agree in saying that "The Case Against Bimetallism" is conclusive, no fair-minded bimetallicist can rise from its reading without feeling the necessity of at least re-examining his case. It is a contribution to the subject that no student of finance can ignore.

---

*Equitable Taxation.* Six Prize Essays. Thomas Y. Crowell & Co., Boston and New York. 1892.

This is a small volume of ninety-four pages, comprising six essays on taxation, three of which received respectively the first, second, and third prize offered by *Public*

*Opinion* in 1891. The first essay, by Walter E. Weyl, member of the graduating class of Wharton School of 1892, is by far the best because it shows a more investigating spirit; it discusses the various methods of taxation and criticizes their defects; but being only twenty years of age, he could hardly be expected wholly to escape the influence of the present tendency to make grabbing the possessions of the wealthy the object of tax reform methods, among which a large inheritance tax is conspicuous.

The essays which received respectively the second and third prize are those of Robert Luce of Boston and Bolton Hall, Secretary of the New York Tax Reform Association. They are both models of confident assertion, and bear the evidence of lack of philosophical consideration of taxation as a social problem. Mr. Bolton Hall's prime object is to substitute direct for indirect taxation, because, to use his own phrase, "it gives to the real payer of taxes a conscious and direct pecuniary interest in honest and economical government;" and still he opposes every form of possible direct taxation, and advocates what is the most indirect of all methods of taxation, namely, tax on land. Indeed, he demonstrates what single-tax advocates generally do, namely, that he does not understand the difference between direct and indirect tax.

Mr. Luce, whose essay received the second prize, though less dogmatic, is equally superficial, and betrays the same unacquaintance with the economic character of taxation, which is shown by his enumeration of direct taxes as "those on polls, real estate, personal property, and income," which is a mixture of the most direct and the most indirect taxation, as being equally direct. What these writers, particularly Mr. Bolton Hall and the Tax Reform Association, need to learn first of all is the principle of tax mobility—what kind of a tax will stay where it is put, and what kind will be shifted, and how far shifted—a fact to which they seem to have given but little attention.

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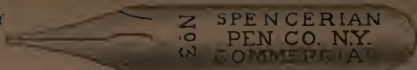
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GEORGE GUNTON, Editor.

Vol. V

AUGUST, 1893.

No. 2

What Shall Congress Do? . . . . .	EDITOR	65
Practical Suggestions for the Extra Session	I. Hon. JOSEPH H. WALKER	75
	II. Hon. ABRAM S. HEWITT	78
	III. Hon. WILLIAM F. DRAPER	78
	IV. Judge JOHN M. THURSTON	79
	V. Mr. HENRY CLEWS	82
The First Bank of the United States	VAN BUREN DENSLOW	84
Peonage in Mexico . . . . .	WALTER L. LOGAN	98
A Shorter Working Year . . . . .	MATTHEW MIDDLETON	105
Reform of the Caucus . . . . .	JOEL BENTON	112
Among the Magazines . . . . .	FREE LANCE	115
Editorial Crucible . . . . .		119
Book Reviews . . . . .		124

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# SOCIAL ECONOMIST

AUGUST, 1893

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## What Congress Should Do.

The terrific increase of bankruptcies has at last forced Mr. Cleveland to call a special session of Congress for August 7th. He admits that "distrust and apprehension concerning the financial situation, which pervade all business circles, have already caused great loss and damage to our people, and threaten to cripple our merchants, stop the wheels of manufacture, bring distress and privation to our farmers, and withhold from our workmen the wage of labor." This declaration puts a complete extinguisher upon the cynical pretensions of a certain class of journals about this avalanche of failing banks and business houses being a "national benefit." All are now forced to agree that we are face to face with national disaster. To furnish legislative relief from the worst consequences of this perilous position is the sole object of the extra session of Congress. What shall Congress do, what can Congress do, then, to stay the hand of ruin throughout the land? That is the question and the only question to consider at this moment. To put any personal or party advantage before it is now not merely unpatriotic: it is treason to the republic.

The peculiar feature of the situation is the absence of any economic reason for all this widespread business disturbance and financial panic. The country was never more prosperous than in 1892 nor was business ever on a more wholesome basis. New industries were arising and old ones being extended, but all on the lines of sound business growth. No evidence of wildcat schemes, abnormal booming, or reckless inflation of imaginary values

anywhere marred the unparalleled national prosperity. The correctness of this view is fully established by Bradstreet's statistics of failures for the six months ending June 30. It is well known that a certain percentage of failures is liable to occur under most wholesome and progressive industrial conditions. Indeed, the very progress itself forces non-progressive firms to retire from business either by bankruptcy or in anticipation of bankruptcy. This is due to the steady improvement in industrial methods. Those who fail to adopt the best devices in production and the most modern economies in their line necessarily cannot compete with those who do, and, being unable to make profits, drop to the rear; or if they persist in staying without adopting the superior methods, are sure to end in failure and bankruptcy.

These failures, however, generally represent small concerns, and are mainly due either to their reluctance to integrate with others into larger concerns or to their inability to secure sufficient capital by themselves. But the failures in 1893 are largely of another kind; they include an abnormal number of large concerns. It appears that the increase in the total number of failures for the first half of 1893, as compared with the same period in 1892, is 16 per cent; the increase in the number of failures of firms with liabilities less than \$100,000 is only 13 per cent, while the increase in the number of failures of firms with liabilities exceeding \$100,000 is 219 per cent, or 284 per cent in 1893 against 89 per cent in 1892. Prominent among the increased number of large failures are those of banks and manufacturers; as, for instance, 79 banks failed in 1893 against 12 in 1892; 21 lumber dealers in 1893 against 2 in 1892; 18 iron manufacturers in 1893 against 8 in 1892; 10 leather, hide, and shoe houses in 1893 against 3 in 1892; 7 jewelry and diamond merchants in 1893 against 1 in 1892.

Another fact which strongly indicates the exceptional character of the failures in 1893 is the high rate of assets

as compared with liabilities. Although the bankruptcies have been exceptionally numerous, the ratio of the total assets to liabilities is greater than in any previous year. In 1879 the percentage of assets to liabilities was 49; in 1880 46; in 1881, 50; in 1882, 53; 1883, 54; in 1884, 56; in 1885, 48; in 1886, 48; in 1887, 48; in 1888, 53; in 1889, 48; in 1890, 48; in 1891, 53; in 1892, 51; in 1893, 61. All this clearly shows that the business condition of the country was exceptionally sound, having less than the ordinary amount of inflation in general values. This fact is now so obvious that the narrowest administration organs can no longer pretend, as they at first strenuously endeavored to do, that the present crisis is a natural collapse from inflated protection values. Even the *Evening Post* has to surrender this claim and admit that "the percentage of assets, which reached 56 in 1884 and only 48 in 1890, rose to 61 this year—a proportion, we believe, quite without precedent. From the most obvious point of view, this is a highly reassuring fact. It proves beyond question that there has been no general rottenness in business enterprises and that the trouble was not aggravated by universally inflated values." Mr. Henderson, in his semi-official letter to Mr. Carlisle, admits the same thing, and says, "It seems to me demonstrable, so far as the financial proposition can be logically demonstrated, that the present situation is not the result of speculation or over-trading or bad business methods." Clearly, then, it is due to some extraneous cause. Indeed, everybody now admits that it is due, not to the methods of doing business, not at all to industrial conditions, but to the destruction of commercial confidence; and it is equally clear to all who have eyes to see that the cause of this loss of confidence is political.

It may be said, although the present Congress has in it a large number of inflation and free-trade fanatics, that Mr. Cleveland and his trusted leaders, and even the party as a whole, are highly patriotic, that they believe in sound money and the protection of the industrial interests of the

country; and all this may be literally true, but the fact remains that with their advent to power, confidence in our monetary system and industrial conditions began to vanish. Obviously, the first duty of the special session is to restore that confidence, to bring back what its advent to power drove away. As we have said, neither party pride, personal ambition, nor devotion to abstract theories should be permitted to stand in the way. It is not now a question of what policy should be pursued under ideal conditions, but of what should be done under the present abnormal conditions. Whether reasons for distrust throughout the community are well founded or not, the fact remains that confidence is gone and a reign of industrial terror is upon us. As every one knows, there are but two questions which have occasioned this business fright—tariff and silver. To pretend that it is due entirely to either one of these questions is to indulge in a very cheap kind of humbug, which, however excusable in an election campaign, is intolerable at a time like this. The two things that the business world is now afraid of are free trade and free silver, against neither of which the present administration and Congress are believed to be safe. On the contrary, they are definitely committed to free trade and generally feared to be favorable to free silver. To be sure, there are some party organs that see the danger, and insist that free trade shall not be inaugurated. So also on money. The Democratic party is pledged to aid wildcat banking by the repeal of the tax on state banks, and while not expressly committed by their platform to free coinage, some prominent members of the party being even ultra-monometallists, it is well known that a large portion, probably a majority, of the party are free coinage bimetalists. The net result upon the public mind, therefore, in both instances is that neither the protective principle in our commercial policy nor the gold basis of our monetary system is safe. And since it is universally known that immediately to destroy either the one or the other would obliterate 30 or 40 per cent of our

national values, it can have no other effect than to destroy a great part of the business confidence of the nation. In order, therefore, to restore industrial confidence, the special session of Congress must assure the world that neither free trade nor free silver shall be made a part of our national policy.

Of course, the first question that will demand the attention of Congress is the silver; and here the line of demarcation is geographical rather than political. The East is unqualifiedly opposed to free silver and is largely monometallist. The West and South are wholly favorable to an extended use of silver, and very largely believe in free coinage of silver. Indeed, it is Mr. Cleveland's fear that, without making some equivalent provision for the use of silver, his party would refuse to repeal the Sherman law, that has caused his reluctance to call an extra session of Congress. Of course, the eastern Democrats have been making a great ado about the Sherman law, insisting upon treating it as the sole cause of the present precarious condition, mainly because it was adopted under a Republican regime.

The circumstances under which the so-called Sherman Act was passed, however, are now too well known for that contention to cut any figure in the averagely informed public mind. Every one at all acquainted with public affairs knows that this measure was devised to head off free-silver Democrats aided by a few free-silver Republicans, who had already passed a free-silver bill through the Senate. We cannot agree with those who take the position that this compromise was good statesmanship. It is never justifiable to compromise with retrogression. If we are demanding an improvement we are justified, in the interest of progress, to compromise with the opposing party by taking a less improvement than we demanded; but to compromise with retrogression is quite another thing. The true position for those who really believed that calamitous results would come from that Act was to resist

it entirely and to throw all the responsibility upon those who demanded free silver. As a matter of fact, however, there were two other elements in that compromise which were deemed of great political importance. First, the Republicans wanted the aid of the silver men to pass the McKinley Bill, which they were afraid would otherwise be defeated; and second, they were afraid of losing the silver States in the presidential election unless the silver men were placated. To secure these ends, as well as to prevent free silver, this concession was made. It would unquestionably have been better for both the Republican party and the country if, rather than agree to such a compromise, they had allowed the Democrats both to force free silver and to defeat the McKinley Bill. The whole responsibility of the monetary situation would then have rested where it clearly belonged, the revision of the tariff would have been postponed, a further discussion of the economic principle of protection would have taken place, and in all probability a much more scientific tariff measure would finally have been adopted. The important thing now, however, is not to place the responsibility for the so-called Sherman law, but to decide how its evils effects may be remedied. It is generally admitted that our whole banking system needs to be radically reorganized and placed upon some general economic basis, so that the volume of currency shall expand and contract with the commercial needs of the community and also automatically find its way to those sections of the country where trade and industry most require it, instead of constantly tending to congest in large cities as at present. This is too large a question for the special Congress to consider. So far as this Congress deals with the money question at all, its action should be limited strictly to the question of silver.

Now, in dealing with silver two things must be considered: first, sound monetary principles; and second, the views and interests of the whole community. Sound monetary principles demand either that silver be demone-



tized altogether, and used only as token-money for small change, or else that it be used so as automatically to keep at par with gold. The disparity in the value of gold and silver dollars must at all hazards be avoided. On the question as to whether silver shall be demonetized, there is, as we have said, a radical difference in the public mind between East and West. For the East to demand that the South and the West shall unconditionally surrender to Eastern views is as irrational as for the South and the West to demand a similar surrender from the East. The South and the West stand for free coinage, first, because they thoroughly believe that the volume of currency should be increased, and second, because they have extensive silver-producing industries. They believe that the demonetization of silver, besides injuriously restricting our currency to a single metal, would destroy immense industries, throw multitudes of laborers out of employment, bankrupt capitalists and business men, and impoverish whole States. Therefore, to insist upon unconditional repeal of the Sherman Act and to institute monometallism, as proposed by Mr. Henderson and advocated by the *Evening Post* and other Eastern journals, is scarcely more feasible than for the South and the West to demand free coinage of silver at 16 to 1. To attempt to force the narrowest ultra-Eastern view upon the West is to prevent rather than to aid a rational and sound adjustment of the question. Why should the people of any State be expected to acquiesce in a policy which they know will destroy their industries and in the theory of which they do not believe? As a matter of fact, they will not, and they should not, acquiesce in such a policy, any more than the United States should acquiesce in a policy destructive to its own industry and commerce.

It is to be hoped that Congress will not allow itself to be influenced, by the mere monometallist's special pleading, into attempting anything so arbitrary, narrow, and impracticable. There is no financial or economic reason

in either practice or theory why silver should be demonetized, and there are strong industrial and social reasons why it should not.

There is every reason for believing that silver men who are not influenced by a mere shark impulse to force the government to create a market for overvalued silver will be found perfectly willing to repeal the Sherman Act, provided some rational measure can be substituted by which silver shall be allowed to remain a permanent part of our currency. A thoroughly practical way of doing this was suggested by the SOCIAL ECONOMIST for June, namely, to provide for the free use of silver at its bullion value, just the same as gold, making every silver dollar and every silver certificate redeemable on demand in a dollar's worth of silver. This would permit every one to have all the silver he wished converted into money if he had any interest in doing so, and such money would always be worth its face value in the metal it represented. No one could lose by receiving it, because, like gold, it would always be convertible into its face value in bullion or coin.\*

To put the case in more specific form, we would say that Congress should

1. Repeal the purchasing clause in the Sherman Act.
2. Authorize the Secretary of the Treasury to use the silver now in the government vaults to redeem the silver certificates issued under the Sherman Act at their face value in silver, thus making every silver dollar or certificate as good as a gold dollar or certificate the world over, by being convertible on demand into a dollar's worth of silver.
3. Authorize the Secretary of the Treasury to issue bonds to an amount equal to the deficiency of silver in the Treasury, to meet the outstanding certificates at bullion value.
4. Provide that hereafter, except as fractional currency, silver shall be put on the same basis as gold; that

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\* See SOCIAL ECONOMIST for June, 1893, pp. 325-327.

is, it shall be freely issued as coin or certificates at its full bullion value, a dollar of either always being redeemable on demand in a dollar's worth of silver.

5. In order to secure government against loss through depreciation of silver, the Secretary of the Treasury shall be empowered to charge two per cent for issuing coin or certificates, and increase the charge proportionately as the price of silver declines sufficiently to keep the aggregate amount of silver on deposit equal to the aggregate demand against it in coin and certificates in circulation,\* the charge rising as the value of silver falls, and falling as the value of silver rises.

If the administration would propose such a measure, no serious opposition would be offered to it by the silver men and absolutely no danger could come to the community. We should then have both free silver and sound money. We do not present this plan as affording a final solution of the money question—that will involve reorganization of our banking system—but as a solution of the silver question.

Alarm on the tariff question has contributed quite as much and probably a great deal more than has the silver to the present business disturbance and loss of credit. And this because the party in power is more definitely committed by official declaration to free trade than it is to free silver. In order to restore confidence and credit in trade and industry, then, Congress must assure the country that what it most fears—free trade—shall not come. Here the remedy is much simpler than in the case of silver, because no legislation upon the subject is needed. It is only necessary for Mr. Cleveland to announce that no such measure shall pass during his administration. With the exception of a few free-trade fanatics like the *Evening Post*, Henry George, Tom Johnson, and Colonel Watterson, who would

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\* Just what the ratio of increased price would be to the per cent of depreciation, experience would soon decide; probably the managers of the Mint could determine it from experience they have already had.

wreck the country for the sake of a political fad, there is every probability that such a proclamation would be received by the country, irrespective of party, with great satisfaction, and financial and industrial confidence would be restored.

Of course, neither the money question nor the tariff question would be solved by this action, but with the restoration of business confidence and the return of prosperity the question of the scientific reorganization of our banking system and the economic adjustment of the tariff could be taken up with statesmanlike spirit. Moreover, the calamitous experience of the last six months has surely demonstrated the danger of attempting any reform which would suddenly revolutionize the economic basis of our industrial institutions. Whatever may be the ideal theory of taxation and international trade, it is now manifest that any modification of industrial conditions, even toward a better system, must come gradually and in accordance with the principles of economic evolution, or it will bring disaster in its train.

With the immediate danger to our industrial institutions and monetary system removed, Congress could devote itself to the careful consideration and discussion of the reorganization of our monetary system upon principles of scientific banking, the basis of which should be actual coin and visible wealth, instead of an economic vacuum of government indebtedness. It could then, with equal candor and patriotism, carefully revise our tariff system upon economic principles, retaining the protective principle wherever, and only wherever, it is necessary to guard our industrial institutions and social conditions from deteriorating contact with the conditions and methods of lower civilizations. This would be a great step forward, and would do much to help us to pass from an era of empirical legislation to one of economic statesmanship.

## Practical Suggestions for the Extra Session.

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HON. JOSEPH H. WALKER.

In order to know what financial legislation is needed, a few things, of which most people seem to be thoroughly oblivious, must be understood.

1. All economists admit that there is a "world's level of prices," that is, that all things subject to commerce sell at the same prices the world over, barring freight commissions and export and import taxes.

2. In order to have this price level, there must be, and there is, an international or "world's measure of value," else there would be no language in which to express a price level.

3. That the world's measure of value is the weight of gold in an English gold sovereign, namely, 113 grains, which is always paid by weight and never by count. Presenting a check or draft at the counter of the Bank of England, the sum demanded will be expressed in pounds, but there is no coin pound. If in weighing the sovereigns the even number does not balance exactly, the short-weight sovereign is hunted out, and thrown aside to be recoined. This is the world's test or measure of value, and proves that coinage, in commerce, is only a certificate of weight, and adds not the slightest to the power of the weight of metal in a coin, in paying a debt.

4. In countries having a silver measure of value coin, the prices of all articles of commerce are stated in silver coin at the commercial value in gold of the weight of the silver bullion in the coin. So that, while nominally the prices are made in silver, fundamentally all prices of articles of commerce the world over, in silver countries as well as in gold countries, are made in gold. This is con-

clusively proved to be true by the fact that, with the commercial price of silver now at 25 to 1 of gold, while the European and Eastern coinage ratio is  $15\frac{1}{2}$  to 1 of gold, the premium in London on Indian bills drawn in silver is 61.22 per cent, and the discount on silver bills in India drawn on London in gold is 38 per cent.

5. In all countries having both silver and gold coinage, each a legal tender, and in which the free coinage of silver is not granted, where the government buys and coins the silver coin needed, silver is practically used for all internal exchanges, and gold only for international exchanges and between banks in each of such countries. This use makes gold the measure of value metal, while silver is still used as legal tender money. An "all gold standard" for measuring values by no means is the equivalent to an "all gold coinage." An "all gold standard" adopted to-day by all silver countries, at the present commercial value of silver to gold, would not increase or decrease the price of a single commodity by the smallest fraction in any place in the world, for it would in no way add to the present use or demand for gold. Gold has come to be, nearly all of it, only the money of commerce, and silver has come to be the currency of the people. To compel anywhere "all gold in money" only, would be exceedingly disastrous and unjustifiable in every aspect of the case for any country.

Having a "gold standard measure of value" does not mean the discarding of the use of silver to this country or to any other, any more than it does the discarding of nickel coinage or copper coinage or the use of paper money. In fact, it is entirely aside from what shall be the coin metal used for the convenience of the people in buying and selling at home, and is consistent with maintaining silver, nickel, copper, or paper as we now have it. Silver money will be used in this country and in every other for the ordinary transactions of the people, in conjunction with nickel, copper, and paper, for many generations yet to come.

Therefore, the granting of free coinage of silver in this country means, and can mean, only one thing, and that is, that we abandon the "gold standard measure of value" and substitute the "silver standard measure of value," which in a brief period would put us in precisely the same commercial position, internally and externally, as Mexico, China, and India. Everything in this country which the wage-worker, small farmer, and all others buy would go up in price, in attaining again the "world's level of prices," 62.22 per cent, to meet the price of every imported thing, which must necessarily go up 62.22 per cent, precisely as it did during the war, when the same necessary things that a workingman bought that cost him \$152 in 1860 cost him \$301 in 1865, because of the greenback, while his wages had advanced only a fraction of the advance in the cost of commodities he must buy to live.

The thing, then, incumbent upon Congress to do, first and above all others, is:

1. To repeal the purchase clause of the Silver Act of July 14, 1890.

2. To enact a new National Banking Act, requiring banks to keep all their cash reserves in coin, and allowing each bank to issue bills to an amount equal to the amount of its reserves, thus putting the expense and risk of all coinage and of the maintenance of a coin standard of value upon the banks, by requiring them to keep their cash reserves in coin, instead of taxing the people to do it by the government.

3. Dispose of the greenbacks, which are a menace to all sound finance and safe banking, by requiring each bank to assume the "current redemption" of as many dollars of the greenbacks as they issue bills on their reserve, the government to "finally redeem" them when the bank goes out of business, as now.

In other words, adopt, as far as applicable to us, the English system of finance, which is the safest, the most flexible, and the cheapest to its people of all existing systems.

HON. ABRAM S. HEWITT.

First. It should pass a joint resolution empowering the President in his discretion to suspend the further purchase of silver under the Sherman Act.

Second. The Speaker should appoint the Committee on Ways and Means, the Committee on Banking and Currency, and the Committee on Coinage, Weights, and Measures, and the House should instruct these committees to report at an adjourned session in October next the measures necessary for the reformation of the tariff and the provision of an elastic system of currency suited to the varying system conditions of business in this country. In this all dependence upon the Government for the supply of currency should be absent, except so far as may be necessary to secure uniformity of value in the currency to be issued.

Third. It will be necessary to deal with the question of the coinage of silver, but whatever is done, the present unit of value, which is the gold dollar, containing 25 8-10 grains gold 9-10 fine, should be preserved, and all silver dollars which may have been coined or may hereafter be coined at any different ratio of value should be redeemable in gold dollars of the standard weight and fineness. If this view be adhered to, I do not see how it is possible to authorize the free coinage of silver at any ratio whatever; but it is possible to coin silver dollars at any ratio, provided the Government does not undertake the redemption in gold, nor prohibit the use of such dollars in discharge of contracts made between parties for payment of obligations in silver dollars. Where no specific metal is specified in contract, gold dollars alone should be a legal tender, as there cannot be in the nature of things two varying standards of value.

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HON. WILLIAM F. DRAPER.

Of one thing I am well convinced,—that it will be better for the country if Congress during the extra session



confines its attention to the currency question. Other matters are not so pressing that they cannot await the regular session.

On the currency question I am a conservative. I believe in a gold standard only, or in some arrangement by which a double standard of gold and silver may be maintained on an equality with the gold standard, which practically amounts to the same thing. If it is desirable to retain silver as money, except as fractional currency the real value of silver in a silver dollar ought to be made and kept substantially the same as the value of the gold in a gold dollar.

I do not think an extra session will furnish sufficient time intelligently to consider such a question.

The main factor in our present depression is, not the Sherman Bill, but the distrust of the governing party which business men largely feel. However, the purchasing clause of the Sherman Bill is objectionable, and since many think that it is the cause of all our present woes, Congress, at this extra session, ought either to repeal that bill, or suspend its purchasing clause, and go home and watch the result.

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JUDGE JOHN M. THURSTON.

We are in the midst of a bankers' panic. It commenced with the Baring failure in London, which was followed by monetary disturbances throughout all Christendom. The present trouble in the United States is almost wholly the result of unnecessary alarm. When the reserve in the United States Treasury dropped to one hundred millions and then to ninety millions, the advocates of a purely gold standard thought they saw their opportunity, and proclaimed an impending financial disaster, laying the blame therefor almost wholly to failure of the United States to eliminate silver from our monetary system. In my judgment almost all the resulting troubles have followed

because of the panic thus created. I do not believe that the Sherman Act had anything to do with this panic. I am not a believer in the Sherman Act; I never would have voted for it; I do not think the Government should make its treasury a pawnshop, and I would gladly see the act itself repealed, provided there can be coupled with the repeal some fair legislation on the silver subject. Such legislation must necessarily be experimental in its character. But every man who believes in the use of both gold and silver as money should oppose the unconditional repeal of the Sherman Act. If that act is once repealed, the gold men will be strong enough in every Congress to prevent the enactment of any legislation reinstating silver as money.

It is useless to speculate as to whether or not silver could have been maintained at a parity with gold on the basis of 16 to 1 if its free coinage had never been suspended in the United States: we must deal to-day with the existing situation. I do not think it safe to provide for the free coinage of silver on the old basis; nor do I believe that the present depreciated price of silver should be taken as the standard of remonetization. I have no doubt the remonetization of silver in the United States would speedily and certainly appreciate the price of silver, not only in this country, but throughout the whole world. No matter what other governments do, this country ought not to eliminate silver from use as a coin metal. Any legislation in that direction will be looked upon by the common people as in the interest of the money power for the express purpose of increasing the purchasing power of money and decreasing the selling price of everything produced by human toil. It is a fact, which should not be overlooked by statesmen, that the price of American silver and the price of American wheat reached low-water mark on the same day.

It is presumptuous in any individual to propose legislation on so important a subject. My own view, however,

epitomized, is this: The silver bullion of other countries should be shut out by proper tariff, and free coinage of the American product provided for on a basis of 20 to 1. Such legislation might decrease the price of American stocks and American securities. The bondholder might be compelled to clip silver coupons instead of gold; but I think the common people of the country, the producers and the toilers, would be benefited and rewarded.

Economists insist that the volume of money in a country has nothing to do with the intrinsic value of the dollar; and this is true so far as the intrinsic value of the coin is concerned. But the amount of money in circulation in a country has almost everything to do with the interest rate on money; with the ability to borrow money for use in manufactures, improvements, and speculation. Since the recent monetary alarm, many branches of industry have been closed to American workmen because of the inability of the manufacturers to borrow money from the banks as heretofore, and this because a large part of the actual money in the country has been taken out of circulation by the panic. Small depositors have withdrawn their money from banks, and the deposit vaults of the country have in them to-day millions of dollars which three months ago were in our banks. Therefore, the interest rate has increased, and it is difficult in most communities to borrow money on any reasonable terms. The result is stagnation of business, stoppage of all kinds of enterprises, and in a very short time thousands of American workmen will be out of employment.

Heretofore I have not been a strong silver advocate. I am not now, except so far as the coinage of the American product is concerned, on a basis which I believe can be maintained. Recent event, instead of bringing me to believe in the single gold standard, have had quite the opposite result. For the world at large to abandon the use of silver as a money would be greatly to enhance the power of gold and greatly to diminish the volume of money; and

the borrowing classes and the producing classes would be more at the mercy of the money-holders than ever before. The United States is a silver-producing country, and I do not believe it can afford to let non-silver-producing nations compel it to abandon silver as money. It would be better that gold should be bought at a premium to settle foreign balances than that the American people should be compelled to pay higher prices in human labor and human endeavor for a dollar because of the adoption of the single gold standard. I am an advocate of the American theory. We are not dependent either for manufactures or money on the outside world. The gold shipments to Europe during the past few months, to settle our trade balances, would not have been necessary if the American people had been content to wear clothing of their own manufacture, instead of purchasing abroad. If the United States opens its ports to the manufactured products of cheap labor abroad, and submits to the dictation of the gold men of Europe, God pity the laborers, mechanics, and producers of America!

It is to be hoped that Congress will rise above partisanship, and legislate for America on the American plan,—protection to American industries, and the maintenance, on a fair basis, of American money, both gold and silver.

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MR. HENRY CLEWS.

First. Repeal the purchasing clause of the Sherman Silver Law, or else pass a joint resolution to suspend the purchase of silver under said law.

Second. Authorize the issue of three per cent gold bonds, payable at the pleasure of the Government, after ten years to be sold at not less than par for gold or gold certificates for the purpose of keeping the \$100,000,000 United States Treasury gold reserve intact.

Third. Pass a bill authorizing the Secretary of the Treasury to sell at his discretion in any of the world's markets, in such amounts as may be necessary from time

to time, any of the silver bullion now stored in the Treasury for gold, to provide for the redemption of the United States coin notes issued under the Sherman Law when presented at the Treasury for payment, the holders of such notes having the option of calling for either gold or silver coin, the parity of said silver coin to be changed from the present standard of 16 to 1 to 20 to 1; or 22 to 1, the standard recently made for the rupee, might be still better.

Fourth. Pass an act requiring that at least one third of the duties hereafter paid shall be in gold coin or United States gold certificates representing gold on deposit in the Treasury.

Fifth. Amend the National Bank Act to admit of currency being taken out against the par value of United States bonds instead of at 90, as at present. This would increase the national bank circulation about \$17,000,000, which would be important relief in the present stringent money market all over the country. Such an amendment would also encourage national banks to buy bonds at the present reduced price, so that they could be deposited with the Comptroller and notes issued against same, and thereby increase national bank circulation. This is the most desirable and legitimate money the country can have, and every inducement should be made for its increase from time to time until enough is in circulation to ebb and flow so as to supply the defect in our present money system, which is the want of elasticity.

## The First Bank of the United States.

### I.

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We are in the midst of financial dilemmas and monetary problems which we would have been told seventy years ago, by men of all parties, could be solved only by the founding of a Bank of the United States.

How can we, by repealing the ten per cent prohibitory tax on their circulating notes, restore to state banks unrestricted freedom to issue notes without letting loose the floods of wildcat paper money and plunging into the chaos of a worthless currency? Seventy years ago Mr. Madison, Mr. Gallatin, or Mr. Clay would have answered, "Restore the Bank of the United States."

How can we retire the greenback and other government-note issues without contracting the currency? A century ago Hamilton would have answered, "Restore the Bank of the United States."

How can we so increase the use of gold and silver as the basis of currency as to cause both metals, instead of only one, to be demanded at their full value? A century ago a hundred voices would have answered, "Restore the Bank of the United States."

How can rates of interest be made equally low throughout the country, so that Wall Street and the great trust companies may not be congested with deposits offered them at two per cent per annum, while the struggling farmers of Nebraska, Kansas, and Dakota borrow money from the farm mortgage companies at twelve, sixteen, and twenty per cent? Once the American people would have answered with a great shout, "Restore the Bank of the United States."

But now, if you ask President Cleveland, or Secretary Carlisle, or D. B. Hill, or possibly ex-President Harrison,

“What is a Bank of the United States?” he would answer, “It is a ‘back number’ known to our ancestors. It will be ‘sufficient unto the day’ to repeal the Sherman Silver Act.”

The Sherman Silver Act is a plaster applied to the monetary system to cure a disease, namely, the divergence in value between gold and silver. But a change of doctors has occurred. The new doctor says the plaster has caused the disease. Strip off the plaster and you will see—health!

Is the Bank of the United States a dead putrescence?

The last administration summoned a congress of all American governments to promote inter-American trade by reciprocity. The only measure which that pan-American Congress adopted unanimously was one of its own suggestion, namely, to create a government bank for all the Americas. From Berlin, at the opening of our present panic, the financiers of Germany, Bleichroder Brothers, sent a brief criticism: “You need a government bank.”

Nearly or quite every chief evil of the existing monetary crisis originates in an effort of the United States perpetually to inflate its issues of government notes, without providing any systematic redemption of its credit currency in coin. At least this would be the view taken of it by all financiers of the old-fashioned school, who were educated in the belief that, for a credit currency, the only sound redemption is in coin of gold and silver. They would say that this inflation of unredeemed notes robs gold and silver of their chief monetary function, which has always been to redeem banknotes in coin.

A Bank of the United States, these old-school financiers would tell us, would equalize and reduce rates of interest because it would render possible the restoration of true and pure banking. In true banking every bank issues its own notes. A system in which all banks are compelled to loan government notes is inflexible, irredeemable, and void of all the merits which inhere in the banknote. A

bank which lends its own notes lends a gratuitous currency. A bank which lends a government's notes lends a currency which it has bought in open market at the price at which it would buy gold itself. Hence, while it can make the former loan at one rate of interest, on the latter it must receive two. The so-called non-interest-bearing notes of the government, the financiers of the old school would insist, mean notes on which the government pays no interest, but on which the banks and their borrowers pay double rates. By no medium other than a Bank of the United States can these government notes be converted into its own redeemable banknotes; and they would refer to the conversion of a considerable portion of the debt of England into redeemable circulating notes through the Bank of England as affording the key to the solution of our monetary difficulties. If indeed the Bank of the United States possessed the capacities attributed to it by the early school of American financiers, its history must possess a timely interest at this moment.

A bank is a shop in which bank credit, so dealt out as to serve as cash, is offered in exchange for promises to pay having a stated period to run. It converts future assets into present means of payment. A national bank is a pivotal or central institution which performs for all the loose and disconnected banks of a country a function similar to that performed by a hub for the spokes, felloes, and tire of a wheel, when it brings them into unity and makes them revolve as one. It federalizes discord into harmony, unifies mediocrity into power, and declares law unto chaos.

In banking the United States have had six periods:

1. From 1781 to 1784 there was a single government bank and no other.
2. From 1784 to 1811 a government bank led the way in banking by making it popular and keeping it sound.
3. From 1811 to 1816 there was no government bank, but "wildcat banking" and suspension of specie redemption.



4. From 1816 to 1836 there was again a national bank, leading the free state banks back from suspension to resumption. For twenty years it maintained redemption of all banknotes in coin, without either restriction on the volume of notes issued or bond securities deposited for their redemption.

5. From 1836 to 1860 no national bank existed. State banks issued their notes freely, and drifted swiftly into inflation and "wildcat" issues. General suspension of all banknote redemption followed. Widespread bankruptcy of banks, as to their deposits, supervened, 1854-1859, amid general poverty. As the very poor must always fight, this poverty ended in civil war.

6. From 1860 to 1893 no Bank of the United States has existed. Government legal tender notes have displaced gold and silver as the ultimate means of redemption. To these were annexed a system of local banks miscalled national. Their so-called banknotes were in fact government notes, plus a needless bank indorsement. They were restricted in quantity by act of Congress. Their so-called redemption was in the government note, which was itself irredeemable in coin. It was secured by a deposit in the federal treasury of about ten per cent more government bonds than the amount of the notes issued. It never had the effect of banknote redemption to return the notes to the bank issuing them. The currency could expand only and not contract; it was not elastic. Hence we have had fifty years of a government bank of some sort, and sixty-two years without one. Of these sixty-two years, twenty-four were years of unrestricted note issues, ending in general bankruptcy. The remaining thirty-two years have been under the government notes combined with the bond-secured banknotes, culminating in the present crisis. Our alternatives have been: (1) A government bank and free issues without injury; (2) free issues without a government bank, always running into "wildcat" money and financial chaos; or (3) restricted issues of bond-secured notes.

To follow these more in detail: As early as 1779 Alexander Hamilton had proposed to Robert Morris a plan for a Bank of the United States with a capital of \$200,000,000 and a charter for ten years. He was then about twenty-two years of age. The first effort toward a bank was the Pennsylvania Bank, founded the fourth year of the war for independence, on June 17th, 1780, exclusively as a volunteer relief measure to aid the Continental Congress during the war in supplying the army with rum, rations, and recruits. It had no charter from Congress. It was a private association, whose members had subscribed £205,000 to the cause. Congress gave it only thanks for its aid and a pledge of partial reimbursement. It closed in 1784. Three of the Morrisises, Robert, Cadwallader, and Samuel, Junior, with Thomas Willing, and others of large subsequent fame in finance, were enlisted in it as subscribers and managers.

On May 17th, 1781, Morris presented to Congress a plan for a national bank to be called the Bank of North America. Eighteen years earlier, in 1763, he had contemplated a bank at Philadelphia for commercial reasons only, but the more stirring incidents leading to the war for independence had prevented the project from becoming an event. The Bank of North America was designed to be based upon cash subscriptions for a capital of \$400,000 paid up in gold and silver coin, one half on subscribing and the other half within three months. Its notes were to be receivable in payment of taxes and all other dues to the government. Congress, in incorporating it, recommended that the state legislatures should recognize its national supremacy by forbidding the formation of any other bank during the war. Mr. Madison thus early denied that the Articles of Confederation empowered Congress to create a bank. He does not seem to have perceived that if a bank was expedient, his objection only served to lay bare a defect in the Articles of Confederation. He continued to present the same constitutional objection

to the first Bank of the United States while it existed. But in 1816, as President, he recommended the creation of the Second Bank of the United States.

Congress, by a bare majority, passed on May 26, 1781, the resolution authorizing the Bank of North America in the form of a promise that it would be incorporated when its subscriptions were filled.

By the fall of 1781 its subscriptions had reached only \$70,000. A French frigate then arrived in Boston, bringing in silver coin \$470,000, which had been obtained from the French government in aid of the American cause by a special embassy to solicit a foreign loan. The embassy appears to have been suggested by Thomas Paine. It was composed of Gen. Laurens as Special Commissioner, Franklin as Minister to France, Robert Morris as Superintendent of Finance, and Paine as Gen. Laurens' aid and secretary. The silver was first treated by Morris as a deposit in the inchoate bank,<sup>1</sup> and was then in great part actually subscribed by him as Superintendent of Finance on behalf of the government toward its capital.<sup>2</sup> At least \$254,000 of this sum was applied to the purchase of 633 shares of the bank's stock. Congress seems not to have been directly consulted on this question. Mr. Morris seems to have trusted himself implicitly in conducting the finances of the new government.

The bank, as might well have been expected, was soon drained of its specie. It was not so much a bank for buying commercial bills or making loans as a machine for raising money with which to conduct the war. Its chief hope of replenishment lay in loans by the French Government. The whole correspondence between Franklin and Morris at this period indicates that the "commercial bills" which the bank handled were largely Morris's unauthorized drafts on Franklin at Paris and Jay at Madrid. The only hope of meeting these lay in the gratuitous aids

<sup>1</sup> History of Bank of North America, by Lewis. Philadelphia, 1882. Page 35.

<sup>2</sup> Same, p. 41.

these ministers could secure from the governments to which they were accredited. Franklin plainly blames Morris for issuing the drafts when there was no reasonable hope of funds. But in time the silver came. The bank, often treading closely on the brink of insolvency, was finally rescued by the happy arrival of French silver and the close of the war. The total discounts granted to the government prior to July 1st, 1783, are placed at \$820,000.<sup>1</sup> Whether this sum is greater than the aggregate arrivals of French silver is not clearly stated. It is claimed, and a general belief has been created, that the bank had greatly aided our finances in the struggle. Robert Morris so certifies with an emphasis that renders it necessary wholly to impeach his judgment before undertaking to attack the utility of the bank as an aid to the government during the war.<sup>2</sup> Inasmuch, however, as the surrender of Cornwallis (October 17, 1781), after which the result of the war was hardly in doubt, preceded the first meeting to form the bank (November 1, 1781), no claim can be made that the aid rendered by the bank was at all decisive in the contest. By 1784 the success of the bank was so assured that a movement to revive the defunct Bank of Pennsylvania as a rival enterprise had to be bought off by enlarging the stock of the Bank of North America to \$830,000 and letting in the subscribers to the rival enterprise.

It is a singular circumstance that, in all the subsequent debates on the power of Congress to charter a bank, under the constitution, the point that a national bank chartered by Congress preceded by eight years the adoption of the constitution, and was one of the means which rendered the constitution possible, is not once raised to the writer's knowledge, from Hamilton to Webster. President Lincoln originated the argument that the Union created the several states out of the colonies and therefore was their parent. If a national bank was one of the agencies

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<sup>1</sup> History of Bank of North America, by Lewis, p. 49.

<sup>2</sup> Same, p. 49.

which, like the army and the navy, aided in creating the government, it could hardly be deemed unauthorized by the government it had helped to make. At least such a claim would be like that of the child denying the existence or authority of its parent.

It was thought expedient for the Bank of North America, owing to denial of the legality of its charter by Congress, to accept a charter from the State of Pennsylvania, which narrowed its pretensions to a national character. When the Pennsylvania legislature, in its fight with the bank to compel it to take state notes on deposit as money, repealed its Pennsylvania charter, it accepted a charter from the little State of Delaware and contemplated removing its business to Wilmington. The five eighths of its stock which had at one time been owned by the government had been bought in, thus converting it into a private institution.

Hamilton received the treasury portfolio in Washington's cabinet with a determination to make a Bank of the United States a leading feature of government policy. Jefferson, as Secretary of State, and Randolph, as Attorney-General, both persistently opposed the scheme from a sentiment of hostility to banking in all its phases as something that tended to lessen human equality. As a financier, on economic and social grounds, Hamilton argued that a bank should exist because it would be beneficial. Jefferson and Randolph replied, on legal grounds, that no bank should exist, because the constitution did not provide for its existence, and because the man to whom the bank would not loan would no longer be on an equality with the man to whom the bank would loan. Hamilton won the President and Congress to his views, and wholly through his influence the first Bank of the United States was organized in 1791 under a charter for twenty years, with \$10,000,000 capital, payable one fourth in gold and silver coin and three fourths in the public debt, of which the gov-

ernment was to own one fifth. The directors could establish offices for deposit and discount wherever needed.

Hamilton, of all American statesmen, had acquired most familiarity with the history of banking in Europe, from the banks of Venice and Genoa to those of France and England. He was, moreover, an enthusiast and a genius, bringing a constructive imagination to the aid of accurate technical insight. He surveyed financial problems intuitively. All genius "stoops to touch the loftiest thought" toward which mediocrity vainly struggles to climb from below. We have mentioned his proposal in 1799 to organize a national bank with a capital of \$200,000,000. This was plainly visionary. A year later he toned the proposal down to \$3,000,000. Morris modified this to \$400,000. Of this it was difficult to get \$80,000 subscribed. Ten years later, as Secretary of the Treasury, he was content with a capital of \$10,000,000.

Hamilton's report to the House of Representatives in favor of a national bank emphasized three propositions, namely: 1. "It is one of the properties of banks to increase the active capital of a country;" 2. "Banks are among the best expedients for lowering the rates of interest in a country;" 3. "Everything therefore which tends to lower the rate of interest is peculiarly worthy of the cares of legislators."

His measure went into operation in 1791. Thomas Willing, who had been president of the Bank of North America from its foundation, became president of the Bank of the United States. At first allied banks were few. Hamilton in 1784 had founded the Bank of New York, in the city of New York. The Bank of Massachusetts opened in Boston the same year. The Providence Bank went into operation in Providence in October, 1791. These were all the affiliated American banks with which the Bank of the United States could at the start do business. "State banks" as a class had not arisen. The "wildcat" question was not yet *in esse*, through any bank issues. Two

kinds of government paper money, namely, the continental and the various colonial and state issues of notes, had all gone from par down to zero. The people were slow to believe that banknotes could be inherently better than government notes. They could not readily see that banknotes are founded on a surplus, while government notes always represent a vacuum. The former are issued only in exchange for commercial notes given on the purchase of products of the plough, the loom, and the anvil. Their *raison d'être* consists of drafts drawn against products on their way to market. The banknotes issued in purchase of the products of the plough are sure to be redeemed by being exchanged for the counter notes issued in purchase of the products of the loom and the anvil. The true means of redemption of banknotes is always the barter of the merchandise for which they issue.

Government notes, on the contrary, are always issued to supply the deficit caused by taking men from the plough, the loom, and the anvil. They are issued to pay men for destroying each other's lives and products in order to effect or prevent some change in political institutions. As security for a note, no vacuum could be more void than the change in political institutions which it is issued to effect. No collateral can be more satisfactory, as a security for a very unlike kind of note, than a hundred bales of cotton on the way to be exchanged for a hundred tons of steel. When the steel exchanges for the cotton, the commercial and bank notes issued to effect the exchange return to the hands that issued them as naturally as water evaporated into the clouds returns again to the sea. The redemption is complete in proportion as it is effected without coin, and the coin is useful in the proportion that it lies apparently unused.

The continental money had extracted from the people about \$75,000,000 in specie values, or about \$25 per capita, for which the equivalent was to be found in the substitution of a congress in Philadelphia for a parliament in

London, and of a president for a king. The soldiers had held barbecues in which were gravely roasted pigs and oxen gaily festooned with bundles of the paper money authorized by Congress.

Pennsylvania had also a kind of paper money issued by the state, in loans secured by mortgages on land, payable in ten years with interest, which it managed to redeem, though not promptly. The Bank of the United States and its four sister banks in Philadelphia, New York, Boston, and Providence had to overcome the odium that attached to paper money. The people were familiar with it only through government notes whose repudiation they could not forget, and they were not disposed to distinguish them from banknotes.

The Bank of North America had also to contend with the popular desire that it should receive the state's "land notes" on deposit as money. This it at first recoiled from doing. Such a task involved the virtual redemption of an issue of state notes for which it was in no way responsible. For this offence against popular caprice its charter was repealed and other forms of coercion were practised, which in time forced it to receive nearly the whole of the land note issue (about £105,000) on deposit.<sup>1</sup>

Into this somewhat murky atmosphere the Bank of the United States was launched in 1791. It was at first a single bank without branches, but by 1811, when the debate on the bill to extend its charter arose, it had branch banks in Louisiana, Georgia, South Carolina, Virginia, Maryland, New York, and Massachusetts.<sup>2</sup> It had paid semi-annual dividends of four per cent, or eight per annum, in every year of the eighteen from 1792 to 1809. It had \$15,000,000 of loans out to individuals, \$800,000 to other banks, held \$2,230,000 of six per cent United States stock and \$5,000,000 of specie, had deposits of \$8,500,000, including those of government and individuals, and had

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<sup>1</sup> Bank of North America, by Lewis. p 55.

<sup>2</sup> Leg. and Doc. History Bank of United States, p. 208.



issued in circulation \$4,500,000 of its own banknotes.<sup>1</sup> It had collected and disbursed of government revenues in twenty years about \$200,000,000, not only without charge or cost and without loss, but without possibility of loss. Its paper circulated without discount in all parts of the United States, while even its worst opponents declared in debate in Congress "you could outride on horseback in a day the credit of the notes of any other bank in the country."<sup>2</sup> The Government had sold out to the Barings the one fifth of the stock of the bank which it had at first held, at a profit of \$721,000. "The customs revenues were secured by bonds, payable at this bank and its branches in the different ports of collection. These bonds were lodged in the bank for collection, and unless paid, the debtor lost his credit at the bank and in the commercial world." The revenues were collected almost wholly without loss before collection as well as absolutely without loss afterward. The bitterest opponents of the bank also conceded that the period of the bank's existence had been marked by a remarkably serene, healthy, and inspiring growth in the country's resources, industries, and trade. This very prosperity and success proved an argument against the bank. About \$7,200,000 of its stock had been bought up abroad, chiefly by the Barings, the Duke of Northumberland, and others of the British nobility.

The cry was raised that the dividends were a drain of specie from the country. The government itself, in paying off, chiefly to foreign holders and in coin, about \$37,000,000 of public debt, had subjected the country to a very objectionable and obvious drain of specie; the effect was charged, however, on the bank's dividends.

The expressions used in debate indicate that it had not (in 1811) assumed fully the function so largely exercised by the second bank (1816-1836) of maintaining redemption in coin on the notes of state banks. Yet it must

<sup>1</sup> Leg. and Doc. History Bank of United States, p. 117.

<sup>2</sup> Bank of United States, p. 154.

have performed this function on some large scale, or the public mind would not four years later have reverted to it as the one adequate means to effect a resumption of specie payments.

Mr. Desha, a western member, speaking against the bank in 1811, said: "How is it, sir, when your banks break, which has been the case in several instances in some of the Eastern States? The Farmers' Exchange Bank of Rhode Island had some odds of forty dollars in its vaults. The Berkshire Bank and Northampton Bank, both of Massachusetts, and the Coos Bank were nearly in the same situation, and thousands of their bills in circulation."

The prevailing arguments on which the renewal of the bank's charter was denied in 1811 were that the stock was so largely owned abroad, and that the bank and all banks were managed by federalists and capitalists, terms nearly synonymous, and hence oppressed the farmer and the poor man, and tended to build up an aristocracy. The bill to renew was defeated in the Senate by the casting vote of Vice-President George Clinton, on a tie vote of 17 to 17. In the House it was also defeated. The bank closed, and paid its capital over to its stockholders.

In the five years 1811 to 1816 the country was absorbed in its war with Great Britain. Every one was free to form a bank, and every bank was free to issue notes, on the conditions prescribed by the various states. At the end of that period there was a general consensus of opinion, throughout the entire political party which had killed the bank, that the bank was a good thing. The Republican party, now inaccurately referred to as the Democratic party, for once made frank confession of conversion to the faith of its adversaries. Jefferson, Gallatin, Madison, and Clay all discovered that the failure to renew the charter had been a blunder. Relatively very large losses beset the collection of a revenue which, while the

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<sup>1</sup> Bank of United States, p. 185.

bank existed, had been collected without any loss. The notes of all the state banks were at a discount, which increased directly with the distance from the point of issue. Mr. Biddle, the first president of the Second Bank of the United States, testified that when that bank went into operation "Philadelphia paper was 17 per cent worse than Boston paper, 9 to 9½ worse than New York paper, 4½ better than Baltimore."<sup>1</sup>

In this exigency the chief impress which the memory of the first Bank of the United States had left upon the public mind was not its function as an energizer of dormant capital or as the one outlined by Hamilton, that of equalizer and reducer of rates of interest. It was rather a new function, which Hamilton could not have foreseen, namely, that of a governing power to hold an otherwise untrammelled horde of state banks, acting under every modification and diversity of state law, to the one supreme obligation of maintaining coin redemption on their notes. Without coin redemption on their notes there could be no conservatism or security on their loans nor solvency on their deposits. In 1816 the second United States Bank was therefore organized expressly to bring back to specie payments the state banks, whose notes were all at a discount of from ten to thirty per cent. By the year 1818 this result had been satisfactorily effected through its agency.

VAN BUREN DENSLOW.

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<sup>1</sup> Documentary History, Bank United States, p. 776.

## Peonage in Mexico.

The word "peon" is easily traced back to the Latin *pes*, a foot. "Pawn," as applied to the game of chess, and meaning the lowest man or piece on the board, has the same derivation.

Originally a peon was one who went on foot. In ancient America every one walked, for there were no domestic animals capable of carrying man. The Spaniard, when he came, was lazy and always rode. If he were rich, he had a horse; if poor, a donkey; while the mule served the wants and measured the position of the great middle class. The Indians were therefore peons or footmen, and the Spaniards riders or caballeros. When industrial development commenced in Spanish America, the Indians did the work, the Spaniards the superintending; and the word which was first applied to the Indian as a footman clung to him as a workingman.

Wages are an invention of the Old World. In aboriginal America, when a man worked it was either for himself, taking all the produce of his labor; for the community, sharing in the total production; or for his master as a slave. Hiring for wages was unknown. The modern wage system has for the employer both convenience and inconvenience. The convenience consists in getting the work done; the inconvenience in having to pay wages. The early Spanish employer in Mexico undertook to secure the benefits of the system without its burdens. He wanted the labor without the wages.

First came the Encomienda system. The word, derived from the Spanish *encomiendar*, to hold in trust, was made applicable by the custom of the Spanish sovereign to make the grant or deed of a tract of land include the holding *en encomiendar* of all the Indians on it, or a given number of Indians, to be selected by the grantee. The trust

imposed was that of attending to the moral and spiritual welfare of the Indians on the granted tract; they were, in fact, held as slaves. Indians and lands went together, and there would seem to have been no reason why the king could not give as good a title to the one as to the other—to the man as to the acres, to the soul as to the soil. At any rate, he enslaved the one and appropriated the other; and as the Spaniard had the better weapons, the title held good. Under this industrial system the Spanish employer prospered and grew rich; the employed were not considered.

It would seem that affairs can never be so arranged in this world as to apportion to one class all the work and to the other all the fun without the advent of the meddlesome reformers. The priest stepped in and became a disturbing factor in the situation, defending the oppressed and becoming the steadfast friend of the Indian. History may be searched in vain for record of devotion more heroic or altruism more persistent than was shown by Jesuit and Franciscan in the interest of the wild children of the forest. The *Encomendero* said, "The Indian must be enslaved or he will not work." The great Las Casas replied, "Better forever go without the products of his labor than make a beast of man and imperil his and your immortal souls." The king was not specially interested in the welfare of the Indian, but he was particular about the temperature of his apartments in the world to come, and so, hesitatingly and grudgingly, little by little, the *encomienda* system was in the course of time abolished.

But the Spanish employer was equal to the emergency. He did not intend to work, or to pay wages except as a last resort. He managed to get his workmen into his debt and to procure the enactment of laws giving him the right to retain them in his service until the debt was discharged; then he furnished bad supplies at the highest prices, so that the debt was never paid, and the Indian remained a slave. The word "peon" thus came to mean a working-

man who was bound to remain in service to work out an indebtedness.

Legally there is no peonage in Mexico, Article V of the Mexican Constitution reading:

No one shall be obliged to give personal services without just compensation and without his full consent. The state shall not permit any contract, pact, or agreement to be carried into effect which has for its object the diminution, loss, or irrevocable sacrifice of the liberty of man, whether it be for the sake of labor, education, or a religious vow.

Peonage is therefore unconstitutional in Mexico, and by applying to the federal courts any peon held against his will can gain his absolute freedom. But customs are stronger than constitutions. The peon does not apply to the court, but remains in peonage. The doors of the cage are open, but the bird will not escape.

Why?

To answer this question we must trace the evolution of the Indian race. It is claimed that the cradle of humanity was not in Palestine, nor in India, nor on the fabled Atlantis, but in that region of the world which now, for purposes of convenient description, is called Eurafica. Before the pillars of Hercules had risen, when the Mediterranean, if it existed, was still a far inland sea, Southern Europe and Northern Africa were joined, constituting this Eurafica, and somewhere here our race was born. It was long ago, in the dim ages of geologic history, in the time when continents and seas were forming, and while, by way of Greenland and the North, there was dry land from Europe to America. As the people multiplied, they scattered from Eurafica in all directions—some to the east, peopling Asia and the Orient, some to the sunny south, and others, daring pioneers, to brave the snows of the far north. Some of these explorers, crossing this great natural bridge by way of Greenland, discovered America a million years or so before Columbus.

We do not know, within some hundred thousand years, the time in the world's history when man came to this

continent. We only know it was an early stage, and the race in its formative condition—plastic material for the fashioning hands of the almighty forces of nature. Coming to a cold continent and submitting to the inexorable law of the survival of the fittest, the Indian was formed to meet the hardest conditions which nature anywhere imposed upon man. In the land of the blacks grew the banana and the bread-yielding palm, furnishing abundance of food, without labor, to these happy children of the sun; similar conditions, in a less degree, met the disciples of Buddha and the subjects of Jenghiz Khan in the far east; while in Europe, by dint of their superior intelligence, the white race succeeded in overcoming the natural obstacles and in mitigating the effect of the ferocity of the elements. But the Indian had neither the education of the European nor the favorable natural conditions of the African and the Asiatic. Life was with him a continual struggle, a battle royal, waged three hundred and sixty-five days in the year, with the fierce forces around him. To survive under such conditions a race must be endowed in a very high degree with those physical, moral, and mental traits which are necessary to its existence there. It must be very fit for its environment. Such special fitness for environment, however, can be acquired only at the expense of every thing else; and so the Indian, while well fitted for the particular conditions of his life, was of necessity totally unfit for any other.

The Indian, indeed, is the least mobile of all races. European, Asiatic, and African, the lowest and the highest of the peoples of the earth, have lived and prospered in every country, in every clime, and under almost every condition possible on our planet. The Scotchman and the Irishman are content in Australia, in Canada, in India, on the Congo or on the Amazon. The negro has been taken as a slave to almost every country of the world, and everywhere he multiplies and smiles. The Chinaman goes into every corner of the globe, and wherever he goes he lives

and succeeds. But if an Indian tribe move but a few hundred miles from their native place, the chances are that in two or three generations they will disappear from the face of the earth. Intensely adapted to the special conditions of the limited locality of his origin, the Indian is so immobile that he cannot adapt himself to changed conditions.

The peons are not necessarily Indians, but they are in blood and character predominately Indian. Their motto is, "*No es costumbre*," it is not customary. Asked to change ever so little their mode of life or to vary in the slightest particular any of their methods, their almost invariable reply is, "*No es costumbre*." This phrase is more than a simple linguistic formula; it is indicative of physical, mental, and moral characteristics inherited from ancestors who crossed the great Greenland bridge when humanity was in its infancy. Few people are by nature so fixed and immovable in their characteristics as the peons of Mexico, and this natural trait has been accentuated by their religion, which has taught that discontent is sinful, and the desire for a better lot in life criminal, and has constantly exhorted them to bear contentedly the ills of this life and to hope for better conditions in a future existence only. The peon, therefore, becoming accustomed to a certain mode of life, takes generations to adapt himself to any other. If he has been living on a given sum of money a day, he knows not how to use more, except to gamble with it. An illustration of this trait recently occurred in the writer's experience. The managers of an enterprise in the northern Sierras, in Chihuahua, employing a considerable number of Mexican laborers, were led by competition to increase the wages offered, and men who had been getting fifty cents a day now found themselves sought at a dollar. For generations these people had fashioned their life on a three-dollar-a-week basis; finding themselves with the three dollars in their pockets on Wednesday night, nothing could induce them to work Thursday, Friday, or Saturday. When a man had spent his three dollars, he would return



to work; but until then, bayonets could not drive him to the shovel. If there had been some place where he could have lost his money Wednesday night, he would have been found at his place Thursday morning. As it was, it became necessary to put the wages back to the old figure and hold them there in order to get the Mexican to continue his work till the end of the week. The higher wages actually promoted idleness, and more and better workmen could be had at the lower than at the higher rate.

In such conditions we find the reason why peonage continues to exist in fact long after it has been abolished by law. It has been the custom; it has become imbedded in disposition and character; and it will take more than one generation to reform and transform the man. The fathers were held against their will: the sons are slaves of their own volition.

What is the remedy?

I have briefly diagnosed the disease in the limited space at my disposal. Now, how shall we cure the patient? He is after all a stalwart man, strong in body, not specially deficient in moral sentiment, and often capable of great intellectual development; and the very traits under discussion have their favorable element, for immobility of character prevents retrogression as it prevents progress. Dough is more easily fashioned than granite, but when you have chiseled the stone, your work will endure. A name may be traced with little effort upon the fleeting sands of the shore, but carved in immortal rock it will last forever. The nature of the Mexican peon has infinite possibilities, and, rightly and patiently guided, he will reach a higher and a better life.

Many elements of soil and air are necessary for the growth of a plant; more elements of character are necessary for the growth of a man. One thing, however, above all others, the Mexican peon needs to cure him of the special ills of his social and national life, and that is, an increase of his wants. There must be created in him some

desires to be gratified after the wants of his animal nature are satisfied. He must have something to spur him to action on Thursdays, Fridays, and Saturdays, as well as on Mondays, Tuesdays, and Wednesdays. Discontent is the handmaid of progress. Increase a man's wants and you increase his power. Increase a nation's wants and you promote its civilization. The peon must be taught to do more wanting. He must be tempted out of the rut of his present life by desires he has not before known. He must be educated, for education is the great want breeder. The distinguished statesman who now occupies the presidential chair of Mexico is devoting the best energies of a nobly spent life to the promotion of education among his people, and is thereby doing more to abolish actual peonage than could be done by any constitutional or legal enactment. The third article of the fundamental law of Mexico commences, "Instruction is free." Rudimentary education is compulsory, and quite a liberal education is possible to every child born in Mexico. This means much. For the conditions of ancient life upon this continent are being relaxed. The fortifications of the ancient gods cannot stand against the artillery of modern science. Discontent is no longer a crime. The railroad has come; the world is open to Mexico and Mexico is open to the world. A little influence from peoples who have traveled a little farther and climbed a little higher will act as a leaven, which, working with wonderful energy, soon leavens a whole nation. The granite of the constitutional character of this race is being chiseled into a more perfect and well-rounded form.

Progress among people with such an heritage and such a history may be slower than it would be under other conditions, but it will be sure. If this people can only be made to yearn for better things we may confidently expect that the fogs of superstition, bigotry, and custom left by slavery and peonage will, ere very long, be dissipated before the rising sun of a higher, freer, and better civilization.

WALTER L. LOGAN.

## A Shorter Working Year.

Heat compels rest everywhere. In hot climates it is so judicious to be lazy that races are enervated by the incessant habit of repose. Rebellion against the reign of rest, and insistence upon activity, as in India, because the need of labor is great where the population to be supported rises to seven hundred per square mile, with the fierce sun striking the brain and nervous system with a different form of sunstroke, produces cholera. Heat forces universal rest on animal life in order that vegetation may absorb the whole energy of nature. In the ancient life of the Chaldees, the sultry midday was given up to sleep. The day of labor, of removing habitations and tending flocks, or even of tilling the soil, began with sunset and ended with sunrise, because of the heat. Hence that peculiar phrase in Genesis, which makes "the evening and the morning" one day, indicates that that part of the record originated in a country of intense heat, where action and labor, visiting and traveling, buying and selling, began in the evening and ended in the morning.

Modern industries make use of heat-power in connection with machinery to a degree that carries the tropics upward into the temperate latitudes wherever furnaces, smelting, dyeing, steaming, kiln-drying, or spinning, weaving, and garment-making are going on. In ancient times those who secretly, and by stealthy processes which concealed their fires, robbed coin of part of its precious weight were called "sweaters," probably because to conceal their fires they were obliged to work amid intensest heat. In modern times we have transferred the term "sweaters" to the makers of the very cheapest clothing, and whoever has visited one of the work-shops wherein this low-priced clothing is made has found them "sweat-boxes" indeed, comparable to a Russian bath,

its occupants nearly as naked and hardly more visible. The glass and iron furnaces work transformations as miraculous as the changing of water into wine at the marriage festival of Cana. The men who work in this atmosphere of flame, sooty and swarthy, and as defiant of fire as Moloch, yet rebel against the temperature of July and August, and in so doing are inaugurating a reform which should extend to every known industry, except perhaps cold storage and the manufacture of ice cream. Every industry closed from the first day of July to the last day of August is a boon conferred on mankind, the summer rest standing in the same relation to the year of work as the Sabbath to the week of labor.

There is not a shred or shade of doubt that the prosperity of the sixty-six millions of people in America would be greater with July or August sacred to rest than with the whole twelve months given up to toil. It is not merely the aristocracy of labor, the merchants, bankers, and employers, who can better afford to work eleven months than twelve, but it is becoming apparent that these same conditions apply to dressmakers, milliners, barbers, machine sewers, bakers, miners, and factory operatives and laborers in general. The Atlantic coast is long and the great Appalachian range is immensely continuous. Every working family in our cities can arrange to live either on the coast or amid the mountains at smaller expense than at home, but not many of them can yet make their wages while so living. And it is not desirable that they should, for it is rest even more than change of scene that they need. The summer vacation, however, which came first only to the very wealthy, and then to the employing class, is rapidly coming to the wage-workers. Thousands of them reach the great South Bay and the beautiful shores of Lake George, thousands more trout in the Catskills, and some even make the tour of the St. Lawrence or reach Moosehead or Nantucket.

Nothing worth having can be kept from Hercules. What the working class chiefly needs is to feel that a vacation in July or August is really worth having, that it will pay them to take it. It will give them better and keener judgment to work with in the other eleven months. It will open up to them many opportunities where the investment of their small earnings will go infinitely farther than in the savings bank toward a good living and a healthful home. It will carry them to the sea or to the mountains, away from where land is a thousand dollars a front foot, and reeking with roar and rattle, to where it is seventy-five cents an acre, heavily wooded, fertile, sightly, and where no harsher sound than the whirr of the partridge or the patter of the squirrel greets the ear. It is often found that there is great profit even in the "hard times" which stops a worker's wages and compels him to draw from the savings bank a part of his deposit and deliberately "squander" it in investigating travel. He may discover that he can buy a farm, or a boat, or perhaps an interest in a factory, a quarry, a mine, a fishery, a forest, and become proprietor instead of wage-earner, master instead of hireling. These visits of the wage-workers and the tradesmen's clerks to the mountains and to the sea as often furnish the possibilities for future work as for present rest. A vacation may fill this life with better coin than the purse has held—the coigns of vantage.

There are now deposited in the savings banks of the United States to be loaned out, mainly to the employing class, about \$1,600,000,000, being a sum equal to all the deposits in the state, national, and private banks combined. The fact that the poor should desire thus to gather up and loan their savings grows out of their ignorance of modes in which their money might be used to greater profit. This ignorance of pending opportunities, in turn, grows out of a failure to prospect for themselves, to look around, to get away from the great wheels of industry. Men and women too often think "steady work" a boon to

be ardently desired. They pray for the ceaseless opportunity to toil "as prisoners work for crime."

As there is some involuntary good in the worst of evils, so there is this small good in financial crises, that they break up a congested enslavement of labor and compel it to seek new and free fields. The industrial crisis of 1854 in America, by non-payments for English goods, brought on the merchants' crisis of 1856 in Great Britain. This, accumulating force, sent back on us the bank crisis of 1857-1859. Horace Greeley, who early in 1855 went to Ohio to find out why there should be famine in the center of the food-producing section of the United States, describes a train of twelve cars filled with "prospectors," all graduates of eastern factories and furnaces, and all out of work and going west to find new opportunities in new fields and by methods in which they were all unskilled. Would not the working of the entire social movement have been happier and smoother if these twelve carloads of workers and their wives and babies had taken each year for the previous ten years one or two months for prospecting and pleasure combined? Ultimately as great a loss of time was forced on them all at once, and amid that sharp terror of want which drives all thought of pleasure from the mind.

A break-up in industries, if he has money saved and will use it with courage and good sense, is often a source of better fortune to the discharged laborer. It is the unemployed who are the pioneers of future industries, and who, thus leading in the path of profit, grasp the great rewards. The "Forty-niners" of California were there because at the east they had been thrust out unemployed. From them came the D. O. Millses, the C. P. Huntingtons, the Mackays, Stanfords, and Spreckelses. Probably there was not one of the pioneers of '49 whom a salary of \$5,000 a year in the east would not have chained for life to the cold Promethean rock of poverty and mediocrity. Washington Irving in "Knickerbocker" amusingly describes the impecuniosities of the immigrants to the Nieuwer

Nederlands, among whom were the founders of New York's old families. The Van Kortlandts were those whose curt lands, or scarcity of land, in their yeoman holdings, and abundance of offspring, impelled to seek a new country. So of the Schermerhorns, Roosevelts, Rhinelanders, and the rest. Steady wages in the old world would have chained them all to monotonous poverty, but ruthless discharge from coveted employment swirled them up to the crest of fortune's wave, and made their descendants leaders of wealth and fashion in New York to-day.

The country is now in the throes of an agonizing commercial liquidation. The working classes own, in the savings banks, deposits which would buy out sixteen Astor estates or forty such enterprises as the Carnegie Mills. But the deposits average the small sum of about \$360 each. This seems too small to go into business with. But it is a larger sum than the first Astor had when he walked from Waldorff to the sea to save his stage fare, and larger than Bennett started the *Herald* with. Those who, in the approaching time of wholesale discharge of labor from employment, for which the working classes themselves have too largely voted, shall find themselves able to start upon the smallest scale those new industries into which the stress and force of the nation's power will turn, will be leaders of the industrial column at the opening of the twentieth century.

But the chief economic effects of a general summer's rest for wage-workers would not hang upon the contingency that a few of their number might emerge into the capitalist class, or that skilled workmen under existing conditions would be promoted to command of new enterprises founded under new conditions. When a few of the watchmakers from Waltham, Mass., almost without other capital than their skill, arrange for the creation of a watchmaking center at Elgin, Ill., the change in their own fortunes is an event secondary to the effect of creating a manufacturing center in a largely agricultural state. The same would be

true of salt centers created in Kansas, sugar centers in Nebraska, wool centers in Wyoming and Texas, or wheat centers in Dakota. The worker who returns from his vacation glad that the field of his work lies exactly where it does, and that it is what it is, brings to that work a fresh impulse. Having compared it with others, he is more than ever before conscious of its advantages. Travel has given him a broader mind, a surer hand, and a finer skill. A traveled man is like a field irrigated, enriched, fenced, and fruitful. His yield is the largest his nerves and muscles will bear. Working at one bench or counter in a city begets mental poverty of the same degree as that of an Alaska Indian, always moving over the same path between his hovel and his traps. In city or country those people who never go from home feed, not on the great facts of life, but on weak and sterile fiction. In the place of certain knowledge they have a series of unsubstantial dreams. They have heard of many things, but they have come face to face with few phases of life, hence they are easily molded, modified, and ruled by the traveled class. The aggregate experiences of traveled observers, extended outward over nature and man, are science; extended backward into the past they are history; recalled and rearranged they are art, poetry, and painting; reduced to logical sequence they are philosophy. To deprive men of travel is to strip them of the very seeds of truth. It is like relegating land back to brown moor and sandy desert. Working men and women can learn much by change of scene which no other class is capable of learning. When a merchant sees a kitchen it can teach him nothing, but to a cook a new form of griddle or a new gravy is more than recreation; it affords new possibilities for work. A banker learns nothing from a new horseshoe or bridle, but his ostler will see in it that which may save the banker's life. A Greek scholar may travel through China and not bring back one fact worth knowing, his mind has been starved by his Greek; but his gardener, who cannot read,



may return with new kinds of grain, seeds of strange flowers, and slips of unknown shrubs. Had our first missionaries to China been gardeners, we might to-day have been exporting tea. There are so many things to be learned by travel which only those who work can learn that it is a necessity of the age, in the interest of the advancement of human knowledge, that workers shall share in the summer rest.

When the working day was shortened from twelve hours to ten, production increased. More time was saved than lost, though the working year was lessened by two months. In the two hours that he gains in a day, little but rest is possible, but in a month out of the year the worker could be given, on this planet, a new heaven and a new earth.

MATTHEW MIDDLETON.

## Reform of the Caucus.

In spite of the genial comment of the editor of the SOCIAL ECONOMIST, I have had to rub my eyes to see in what way my plea for putting the caucus under the control of law is a scheme that is either partisan or "monarchical." Elections are controlled by law; and why may not those elections which name the candidates to be voted for be similarly controlled? If the plan should prove to have been invented in a monarchical country, would that fact vitiate it? What then would become of our provisions for trial by jury, habeas corpus, and other excellent ideas drawn from monarchical precedents for adoption in our constitution?

But it needs more than rubbing dull eyes,—it needs a new species of vision to see any possible connection between the plan suggested and "Cleveland," "Tammany," and "free trade." The plan may be a very bad plan; but if it were put in operation it would work no more to the advantage of these dreadful bogeys than to the advantage of Harrison, the Philadelphia ring, and protection, except as the one side or the other depends most on machine politics and its methods.

I have, therefore, no occasion here to defend or berate Tammany. But that I "joined Tammany to elect Cleveland" is a misunderstanding which needs a word of correction. I *did* go as a delegate to the Syracuse convention to help liberate an overwhelming public opinion that asked for Cleveland's nomination, while Tammany was working for a candidate put forward by suppressing that opinion. When the nomination was made, Tammany "joined" those who made it; and, as I was a humble contributor to that event, the "joining" would seem to have been quite the other way. If, for any reason, Tammany had elected to oppose Cleveland, would the editor of the SOCIAL ECONOMIST have felt obliged to support him?

I plead guilty without reservation to a belief in free trade; but free trade does not imply that, because some restrictions by law are unphilosophical and detrimental, therefore no restriction by law is permissible. For instance, I would restrict by quarantine yellow fever and cholera, but I would not restrict health or friendship by law, or by any other form of circumscription. The law I proposed to invoke in behalf of the caucus or primary meeting would liberate, not restrict. It would give to all voters the making of nominations, instead of allowing that power to be stolen by, and locked up for, the benefit of a few.

I agree heartily with the editor that "the difficulty with our nominations and with our elections" rests to a great extent with "the ideas and character of the voters." But I did not pretend to offer help for that difficulty, which cannot be helped except by education. If a doctor prescribes for the measles, can his prescription be condemned because it will not cure diphtheria?

The editor thinks I fail to realize "that no amount of caucus-regulated machinery can make intelligent voters out of people who are ignorant of the economic interests of the community." To be wholly frank, that is just what I *do* realize profoundly. And I affirm, moreover, that it is not only knowledge of political economy, but virtue, industry, and untiring vigilance, that are desirable.

We must have law, but we must remember that law does only a part.

For this reason, and others more cogent, I object to legally devised nostrums of all sorts, and cheap bargain-counter milleniums produced by statute. The laws we have should, as far as possible, confer freedom. They should liberate, not restrict, except where positive wrong or crime works injury and oppression. They should include all, not coddle a few. If my scheme of having candidates for nomination voted for by everybody, instead of being put on a slate by a boss, is not in the line of freedom

for all, I have lost my gift of perception. If it is objectionable, why not de-legalize the elections themselves, and let the few prevent the many from voting when election day arrives? There may be possible objections against a caucus controlled by law, but they are yet to be produced. It is not producing them, however, to say that some one who advocates the scheme is either a Democrat or a Republican, a Presbyterian, a Unitarian, or an agnostic.

JOEL BENTON.

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There is nothing surprising in the fact that the rubbing of Brother Benton's eyes did not restore his sight. His economic and political optics need something more than rubbing. What he really needs is new vision. He looks at social institutions too much askance to be able to see them correctly. He is not likely to be able to observe the contradiction between the principle of laissez faire and the paternalism of machine-made caucuses so long as he views republican institutions with monarchical spectacles. Of course the doctor should not be condemned because his prescription for measles will not cure diphtheria, but he should if it is contrary to the laws of general health. What we object to in this case is that the prescription will neither cure measles nor promote general health. We believe in purifying the caucus, and through it our public administrations, but only on the lines of democratic principles and more personal freedom, not by returning to the restrictions of the bureaucratic and monarchical institutions which we have outgrown.—ED.

## Among the Magazines.

THE *Review of Reviews* for July is a number of remarkable excellence. Among its notable papers are "Two Giants of the Electric Age," to which we shall give more extended notice hereafter, and "An Englishman's View of the Fair," by Rev. F. H. Stead. The author, reaching the grounds only twenty-four hours before the opening ceremony, received the impression of "gross incompleteness," and witnessed the next morning a "marvelous transformation. Chicago had afforded her visitors a characteristic example of the rapidity with which she can work on occasion. Preparations which seemed to demand weeks or even months had been packed into hours. The impression of general unfinishedness prominent yesterday had sunk into the background." Description follows of the inaugural ceremony, and of the buildings seen by day and by night. "Illuminated, the grounds and buildings become an enchanted world. You stand in a region preternatural. The material seems wholly transfigured into the ideal. A Platonist might imagine that he saw no longer the gross palpable structures, but beheld their archetypal ideas as they glowed in the mind of the Eternal."

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WITH July begins the reduced rate of the *Cosmopolitan*, which comes bright and varied in interest and lavish with illustrations. "The Great Railway System of the United States" tells of the first inspirational impulse from which was developed the Central Pacific and ultimately the Southern Pacific Railway.

"One day in March, 1859, as Leland Stanford was passing the store of Collis P. Huntington, in Sacramento, California, he saw a huge freight-wagon drawn by twenty mules pull out for the Comstock Mines. He walked into Mr. Huntington's counting-room and broached the subject

of a railroad that would be able to transport heavy merchandise to the mines of Nevada, . . . the transcontinental idea by its brilliancy and magnitude bewitching them both. . . . The results were incalculable. The Atlantic and Pacific slopes were united by steel; states were peopled, cities were created, East and West were enriched."

The details and the difficulties of the undertaking are portrayed and its results summarized; the characteristics of the country through which the road passes and the characters of the men who conceived and executed the gigantic project are portrayed, with the pertinent conclusion: "Humanity will perhaps never agree in its conception of the characters of the enormously rich. They must in large part stand charged with the burdens and duties of a high trust; and an important problem for the future is the determination of the reciprocal rights and obligations as between the people and concerted wealth and as between the government and great corporate monopolies."

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JUDGE ALBION TOURGEE writes in the *North American Review* for July on "The Anti-Trust Campaign," taking the position that "healthful progress demands both the stimulation of this impulse up to a certain point and restriction after it reaches that point." He then proceeds to condemn all industrial combination: "Ten thousand men worth a hundredth of a million dollars apiece are worth a thousand times more to a nation than one man worth a hundred million," he says, forgetting or ignoring the facts that it is only the opportunities afforded by the one man with the hundred million that have made it possible for the ten thousand men to have each his ten thousand dollars, and that the individual conduct of enterprise he advocates would stop all progress; for its mighty wheel may no longer be moved by the unaided human finger. The Esquimau, the African, the Polish Jew, in all cases

conducts his own business. Does Mr. Tourgee consider the result "healthful progress"? There is large field for individual labor; but those great industrial efforts which lift a race to higher planes are achieved only by concentration of men and money.

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IN the same issue Col. R. G. Ingersoll and Hon. T. J. Geary write on the question "Should the Chinese be Excluded?" Mr. Ingersoll's eloquent arguments being based on the shifting sand of sentiment, Mr. Geary's on hard economic facts. Col. Ingersoll ascribes to two principal causes the attempt to check Chinese immigration; first, that "the average American, like the average man of any country," has too little imagination to recognize a human being in spite of differences of language, customs, or complexion; second, that the Chinese have no votes to offer in exchange for protection. Mr. Geary does not consider imagination as a factor in the case; and he claims that the demand for the exclusion of the Chinese comes, not from politicians, "but from the people of the Pacific States, among whom are found nine-tenths of all the Chinese in this country, and who, therefore, have had opportunities for studying the result of their presence." Mr. Ingersoll says that the Chinese ask only to labor. Mr. Geary replies that to give them this privilege "subjects our laborers to the competition of a rival who can measure his wants by an expenditure of six cents a day." More than this, he says, these immigrants are as absolutely enslaved by the Six Companies as were the Southern negroes by their masters, "and if it were well to free the country from slavery of the blacks, it ought to be equally essential to protect it from the evils of Asiatic slavery."

The registration demanded of the Chinese immigrant, and the punishment that follows neglect to comply with this demand, are characterized by Mr. Ingersoll as "abhorrent to every enlightened mind." Mr. Geary defends

this law at length, concluding that "all good citizens should withhold sympathy and encouragement from those who defy the laws . . . or the government, unable to enforce its decrees, will cease to be able to protect."

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THE first of the papers in the *Fortnightly Review* for July, which is a remarkably forceful and interesting number, is a notable one by G. W. Smalley, "A Visit to Prince Bismarck." An exhaustive article on the subject, "The Progress of Women's Trades Union," is contributed by Evelyn March Phillipps, who, when the cotton strike was at its height, lived for some weeks among the operatives, "and the strongest impression I bore away," she says, "was of the form and color given to the lives of both men and women by their trade union." The conditions of women's labor, which might be greatly bettered by their association, are vividly presented, and the reasons for their hesitation to organize are stated as, "broadly speaking, three in chief—fear of employers, though their opposition is not what it once was; home employment with its isolation and deplorable conditions; and the character of the employed, for though thoughtful and earnest women are constantly to be met with in the working classes, the mass of material of which a union is bound to be composed consists of women who, by education and training, are below rather than above the average in clear-sightedness and steadiness of purpose." The best hope for the future, the author concludes, is that the women join forces with the men in all those trades at which both work, "for their interests are identical, and only in proportion as both recognize this can they hope to gain firm footing."



## Editorial Crucible.

[Correspondence on all economic and political topics is invited, but communications, either for private use or for publication, must bear the writer's full name and address, and requisite postage must be enclosed for return of manuscripts or answers to communications. The editor is responsible only for opinions expressed in unsigned articles, and reserves the right to criticise freely views presented in signed articles, whether invited or not. Typewritten manuscripts preferred.]

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SOON AFTER this number of the SOCIAL ECONOMIST reaches the public the extra session of Congress will have convened, and how to restore business confidence throughout the nation will be the all-absorbing topic. We have therefore devoted considerable space to the subject in this issue, to which we would call the special attention of our readers. Besides stating the position of the SOCIAL ECONOMIST upon the subject, we present the views of some of our most prominent men, whose opinions on such matters are always worth serious consideration.

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THOSE WHO are disposed to censure Mr. Cleveland for his seeming indifference to public welfare in going a-fishing at this critical stage of national affairs should reserve their judgment until Congress meets. His message will tell the whole story. We shall then know whether he is the selfish, commonplace man the New York *Sun* and others describe him, or the profound statesman and zealous patriot the public hope and believe him.

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THE ATTITUDE of the eastern press toward the views and interest of the South and West on silver is well calculated to confirm the belief that the East is the enemy of the West. If this spirit is carried into the coming Congress it will do much to separate the nation into two opposing sections instead of promoting the national solidarity

necessary to the future strength and progress of the republic.

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THE NEW YORK PRESS appears to be about the only Republican paper that perceives the true inwardness of the present national situation and has the courage to speak frankly and honestly about it. The *Press* insists that the chief cause of our present business disturbance is the fear of free trade, the Sherman Act being only a tributary incident. It cordially supports the repeal of the purchasing clause in the Sherman Act, and demands that Mr. Cleveland declare against the overthrow of protection. It very properly insists that Mr. Cleveland has the power to prevent any free-trade legislation, and lays the responsibility of continuing industrial disaster at his door.

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THE EXTRA SESSION of Congress is called to avert a national calamity. There must be no Democrats or Republicans in either House or Senate. All must be Americans, and Americans only. No free-trade or free-silver or monometal theories should be tolerated; how to restore business confidence and prevent general industrial ruin is the only question that should be permitted to find expression. No party pride, political advantage, or personal ambition must be allowed to stand in the way of effective patriotic action. Let this Congress give the country assurance against the immediate adoption of free trade and secure the free use of silver in our currency without depreciating the value of the dollar, and it will redeem the country and distinguish itself for patriotism and statesmanship.

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RECENT SUNDAY London letters to the New York *Tribune* read more like the ravings of a belated young Tory than the discussion of parliamentary affairs by an intelligent American citizen. Mr. Smalley denounces the high-handed inconsistency of Gladstone, and praises the patriotism of Chamberlain, just as if every reader of the *Tribune*

did not know that Chamberlain is the most brazen-faced mountebank in English politics. In his distorted presentation of English affairs for American readers, Mr. Smalley shows an utter lack of insight into Gladstone's public life and character. Mr. Gladstone never was a deep man, but he never was a humbug. He is pre-eminently the statesman of this century who does not fossilize with age, but takes on the spirit of the new demands of the people rising from advancing industrial and social conditions. Though not a creator, he is an administrator of public opinion, conservative enough not to endorse rash projects at first sight, and progressive enough to aid reform measures as fast as they are digested by public discussion and endorsed by public opinion. It is by this that he has earned the everlasting title "Grand Old Man," which Mr. Tory Smalley's sputterings cannot efface.

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THE EASTERN newspapers are talking very strangely about the attitude of the western people toward the silver question. Of course the Governor of Colorado, in talking of "riding in blood up to the horses' bridles," was foolish, and his folly should be attributed to the mere excitement of an unbalanced speaker. To make his absurd expressions the basis of any reasoning upon the subject in the East would be to imitate his absurdity. The people of Colorado and other silver-producing States know that to eliminate silver from the currency would be to destroy one of their chief industries, and against this they protest, and they are perfectly justified in so doing. To say, as the *Tribune* does, that Colorado cast only about one-third of the number of votes cast by Manhattan Island in the last election, or that all the silver-producing States represent fewer votes than New York State, shows a flippant disregard for the interests of the Western States, as well as a marked want of serious appreciation of the subject. Why not suggest that Colorado has no rights at all because its population is smaller than New York's? The logic of this is, that the

industries of a State which casts fewer votes at the presidential election than does Manhattan Island have no right to be considered in the national policy. Yet, if we mistake not, the *Tribune's* party made that fatal compromise (the Sherman Act) simply to obtain the votes of Colorado and its sister silver-producing States.

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MANY A GOOD CAUSE has been injured by its friends trying to prove too much. One of the chief reasons urged in favor of granting home rule to Ireland is that she is pining in poverty as the result of alien rule. It is proverbial that evictions and resulting agrarian outrages have mainly been in the southern portions of Ireland, and are almost unknown in Ulster. Still we have in the *Contemporary Review* an elaborate attempt to show that Ulster is even less prosperous than the remaining part of Ireland. Of course the object of the writer is to show that the loyal people of Ulster are no more industrious than are the home rule population of Ireland; but if his contention be true, the howl about the poverty and oppression in the south of Ireland must be regarded as so much empty pretence, and the general non-payment of rent mere bluff opposition to evade legitimate obligations, and the millions sent from this country by servant-girls to support their friends in Ireland an unscrupulous tax upon enterprising Irish girls. If all this were true, it would only be a reason for discrediting the stories of Irishmen about Ireland, and furnish a strong argument against instead of for home rule as the writer imagines.

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THE IDEA THAT Mr. Cleveland may refuse to adhere to the free-trade plank in the Chicago platform appears greatly to disturb the *New York Sun* and the extreme anti-protectionist element in the party. They claim that the party is greater than the President, and that the Chicago convention was the official voice of the party. They seem to forget that by common consent Mr. Cleveland is admit-

tedly both better and bigger than the party. The party was protectionist until he to their utter surprise in 1887 pronounced for free trade, whereupon it immediately adopted the Manchester doctrine. To be sure, the *Sun* was slow in coming round; but it has now become more anti-protectionist than the ultra free-trade *Post* and *Times*. There is not the slightest doubt that Mr. Cleveland thoroughly believed that the people of this country were plundered right and left by our protective system, and that a free-trade policy would be a national boon. He has now seen that the very prospect of free trade has precipitated industrial disaster upon the country. As an honest, patriotic American he is justified in changing his view when he sees his error. If by accepting his advice the Democrats have inflicted injury upon the country, it is not only his right, but his duty, to rectify the mistake as soon as possible. Every patriotic American citizen will be glad to know that there is hope of Mr. Cleveland assuring the country when Congress meets that he will use the power invested in him just as strenuously to prevent free trade as he will to prevent free silver. The more effectually he does this the more popular he will be both with his own party and with the nation.

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WHEN MR. GLADSTONE, in arguing that America would be better off with free trade, suggested that if it lost its manufactures it could go to wheat raising, American journals indignantly replied that there is wheat enough raised, and that to turn American capital to wheat raising would be very much like manufacturing hand looms and spinning wheels, for which there is no demand. Yet when the western people point to the destruction of their industries as an inevitable result of the demonetization of silver, with true Gladstonian ring, Republican, Mugwump, and Democratic journals alike coolly remark that the capital now invested in silver mining can be turned to wheat or cattle raising or other mining industries. Just as if capital could

be transferred from one industry to another by the mere turning of the hand! They seem to forget that nothing will furnish the profitable employment of capital in any industry but a market for its product. Unless they can show that something has occurred to create an increased demand for the wheat, cattle, and coal that they recommend silver miners to produce, their talk is but empty insolence. The demonetization of silver destroys a certain portion of the market for silver, but it in no wise increases that for wheat, cattle, or coal; on the contrary, to the extent that it creates enforced idleness, it diminishes the market for all these things. The people of these States know this, whether or not their tantalizing eastern counselors do, and they may be relied upon to resist any effort of the extra Congress to bring about what would be to them such an industrial calamity. Congress will do well to recognize this fact in shaping its policy in the extra session. The purchasing clause in the Sherman Law should be repealed, but this repeal should be accompanied by a provision for the free use of silver on an economic basis.

## Book Reviews.

*The Law of Incorporated Companies.* By ALLEN RIPLEY FOOTE and CHARLES E. EVERETT. Robert Clarke & Co., Cincinnati, 1892. 3 vols, pp. 2930.

There has been a marked tendency of late toward the municipal management and ownership of industries. This is largely based upon the assumption that corporations operating under municipal franchises are abnormally lucrative monopolies. The discussion of the subject thus far, however, has been mostly guesswork, from the mere absence of data upon the subject. This deficiency Mr. Foote, with the assistance of Mr. Everett as editing attorney, has undertaken to supply, and the result is two huge volumes, with a 500-page index separately bound, making nearly 3,000 pages, giving the laws and cases in every State and Territory in the Union relating to incorporating companies operating under municipal franchise. It is an encyclopedia of information upon the subject and an invaluable contribution to the fund of exact knowledge that was greatly needed and will be highly appreciated by every student of municipal government. In the first volume Mr. Foote discusses at length economic and political principles which should govern the organization of industry and the granting of franchises, much of which is eminently sound. On pp. 93-95 he formulates a number of conditions which he insists the state should stipulate in granting municipal and industrial franchises to corporations, among which are, that the accounts of the corporation shall be published; that after all expenses, which are minutely stipulated, are covered and a reasonable profit on the capital invested allowed, the surplus shall be divided equally between the corporation and the community. This is the most questionable part of Mr. Foote's work. The exposure of the

methods and cost of conducting the business is a good thing, as it affords an opportunity for comparing the efficiencies and economy of different methods and managements employed by public corporations; but the specifications of how the business shall be conducted, what improvements shall be accepted, and the public sharing in the profits, smack too much of socialism, and open the door to bureaucracy, red tape, and dishonesty, that would defeat the very object our author has in view, namely, honesty and efficiency of management. For instance, if an attempt is made to insist that the municipality shall share the profits above a certain amount for interest, all sorts of dishonest means will be devised for absorbing the surplus, such as exceptionally large salaries for sinecure officers, etc.; and if that could be prevented, and the profits shared with the community, it would simply check the incentive to improvements and profit-making. In order for the community to get the best effect from capital, it must be left free to operate along the line of its own interest, because this interest is the highest efficiency; and in order to have this, capital must be permitted to have the surplus accruing from the improvements until it can be distributed by the action of economic competition. To give all the inducement to competition is true economics, but to attempt to take away the profits by legislation is pure paternalism, and is sure to defeat itself, either in checking the growth of profits or developing bureaucracy, inefficiency, and dishonesty.

We do not wish to lay too much stress upon this point, since it is the smallest part of the work, although it would unquestionably have been stronger if this introductory portion had been limited to a general explanation of the work and an interpretation of the data presented, instead of so much formulation of rules for the regulation of corporative enterprises. Entirely apart from this, however, the work is an invaluable compendium of information upon the subject to which it is devoted. For the first time it



puts within the reach of the public the leading facts regarding incorporated companies operating under municipal franchises throughout the country, for which every student of economics and government will be grateful. As a book of reference, it should be in every library in the country.

---

*A League of Justice; or, Is It Right to Rob Robbers?* By MORRISON I. SWIFT. The Commonwealth Society, Boston. 1893. pp. 90.

This is the title of a ninety-page pamphlet in flaming red covers, by one Morrison I. Swift. The object of the writer, of course, is to introduce a reign of justice, and his method is to have all clerks, cashiers, and responsible persons in the employ of capitalists league together and systematically steal from their employers, and distribute to the poor. By this means he expects to abolish the poverty of the poor and diminish the wealth of the rich. Our only reason for noticing the crazy notions of this worse than crazy writer is to call attention to the desperate methods to which socialism is leading. The basis of this man's ravings is that the rich are robbers and the poor are robbed. For this notion, which is making such rapid strides among many classes of our people, that the successful are necessarily despoilers of the poor, socialism in its various forms is responsible. Between the growing anarchy advocated by laissez-faireists and the revolutionary spirit engendered by socialists, we are rapidly moving toward a social as well as an industrial crisis. Whether we believe it or no, the next great enemy with which society and civilization will have to deal, and deal scientifically, deal upon a basis of philosophic conception of social economics, is socialism. This red-handed pamphlet is only one of a thousand signs of the times that, if we are not to have a serious set back, we must give vastly more attention and greater prominence in our public education to questions of social economics and political science.

*The German Emperor.* By POULTNEY BIGELOW. Charles L. Webster & Co., New York. 1892. pp. 179.

After reading the little volume entitled "The German Emperor," by Poultney Bigelow, his earnest and ardent friend and admirer, one feels quite well acquainted with William II., and inasmuch as he was educated and brought up with the children of his people, one feels that he may be destined to become more truly the representative of his people than, under the changing political conditions of his country, any of his predecessors could have been. That he should cling to the idea of the royal prerogative certainly is not surprising, and no doubt the ability which Mr. Bigelow accords him underlies many a rash act, and will enable him more readily to adapt himself to the changed condition, when Germany shall have passed through the transition stage. At that time perhaps he will see more clearly that the manhood of a nation cannot show the best results under military law, even though it be "the most perfect in the world."

The Emperor, we may believe, has in reality that keen penetration with which Mr. Bigelow accredits him, and in removing the duty from American pork appreciates the necessities of the different nations and concludes that each must adopt the policy best suited to preserve and advance its civilization; instead of proclaiming, like Mr. Bigelow, wholesale denunciation of the protective principle as illustrated in the McKinley Bill. Why should Germany protect itself against America? Or why should Russia or any of the European nations enumerated by the author need protection against America or Germany? What they most need, and in this we agree with Mr. Bigelow, is that all barriers be removed, and entrance given to what makes for a higher civilization,—factories to centralize and socialize the people and in time to obviate the necessity for standing armies.

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# SOCIAL ECONOMIST

GEORGE GUNTON, Editor

Vol. V      SEPTEMBER, 1893.      No. 3

The President's Message . . . . .	EDITOR	129
The Second Bank of the United States . . . . .	VAN BUREN DENSLAW	135
What Is He Going To Do About It? . . . . .	CHARLES BARNARD	146
Our Working Women . . . . .	ALICE L. WOODBRIDGE <i>Secretary Working Women's Society</i>	154
Ethics of Journalism . . . . .	CHANNING M. HUNTINGTON	163
Our Labor Outlook . . . . .	EDWARD THIMME	171
Among the Magazines . . . . .	FREE LANCER	177
Editorial Crucible . . . . .		181
Book Review . . . . .		189
<i>Hertala's Freehold</i>		

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# SOCIAL ECONOMIST

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## The President's Message.

Verily the mountain hath brought forth a mouse. In every respect Mr. Cleveland's message is a signal failure. Despite the attempt of a few New York and Boston doctrinaire journals to boom it by large type and exclamation points, it has fallen discouragingly flat upon the nation. It contains no thought, suggestion, or hint tending to inspire new confidence and energy among our languishing manufacturers, miners, and laborers. It removes the last vestige of hope that Mr. Cleveland is capable of rising above the plane of personal and party considerations.

No American since Lincoln has had so supreme an opportunity to distinguish himself as patriot and statesman, and never did a man more conspicuously fail to meet the exigency of the occasion. In the presence of national peril which is daily ruining business men and threatening laborers with pauperism or starvation before snowfall, most men charged with the responsibility of government would have deemed it necessary to exercise more than ordinary diligence and to solicit the counsel and aid of the ablest men in the country to deal with the momentous situation. Not so Mr. Cleveland. With an air of stolid indifference to public welfare, for weeks he absented himself pleasure seeking, until through the clamorous pressure of public opinion he was forced to desist long enough to call a special session. Then he simply issued his edict, and returned to his fishing, remaining beyond the reach of public appeal until Congress convened, when he emerged with the most driveling, commonplace, confidence-disturbing deliverance that was ever called a state paper.

Whatever may be thought of his previous documents, this one is unmistakably his own. His characteristic shallowness and platitudinous egotism is stamped upon every paragraph. It is literally a fisherman's message, and justifies the worst things the *New York Sun* and his other Democratic critics ever said about him.

His treatment of both the silver and the tariff question is well calculated to increase instead of to allay the disastrous financial and business uncertainty now prostrating the country. He begins by committing the blunder of attributing the present business distress entirely to the Sherman law—a blunder which only an inflated partisan or a deluded ignoramus could be guilty of. All who have eyes to see and a modicum of common understanding know that such is not the case. An unpatriotic egotist alone could be so blinded to obvious facts, and at a time like this give official utterance to a manifest absurdity for the mere purpose of covering a blunder to which he had committed his party. Although there are those who, despite the present calamitous conditions, still believe that the free trade policy announced in the Chicago platform should be literally carried out, the most radical advocates of the policy, while desirous of charging the maximum blame of the present condition to the Sherman act, realize that the anticipated abolition of protection is an important factor in producing the present state of business uncertainty. Even the *Boston Herald* concedes this much. Indeed, it makes the very fact that it is causing business "uncertainty, with the many disadvantages incident to such a condition," a reason for getting at the tariff as quickly as possible.

After devoting nearly two thousand words to pointless platitudes about honest money, he propounds, as the sole remedy, the repeal of the purchasing clause of the Sherman law, saying that the people "may certainly demand that legislation condemned by the ordeal of three years' disastrous experience should be removed from the statute-books." It is difficult to decide whether to ascribe this



flagrant statement to lack of moral sense or to dullness of perception. Is it possible he thinks the people too stupid to know that the country has not had "three years' disastrous experience" with the Sherman law? Does he imagine the people have forgotten that this law was passed in 1890, that 1892 was the most prosperous year the country ever knew, and that there was no "disastrous experience" under it until 1893?

It is not necessary to dwell upon this astonishing assertion, since Mr. Cleveland has himself effectually exposed its fallacy in another paragraph. He says, "Our unfortunate financial plight is not the result of untoward events nor of conditions relating to our national resources; nor is it traceable to any of the afflictions which frequently check national growth and prosperity. *With plenteous crops, with abundant promise of remunerative production and manufacture, with unusual invitation to safe investment, and with satisfactory assurance to business enterprise, suddenly financial distrust and fear have sprung up on every side.*"

The sentence in italics concisely states the whole case. Prosperity was indeed "suddenly" converted into adversity. Is he not aware that all this "sudden" change has taken place since his election to the presidency? Did it never occur to him to inquire why, upon his return to power, backed by a majority in both houses of Congress, "suddenly financial distrust and fear have sprung up on every side"? The reason this sudden change in the country's condition came immediately after the change of administration is clear to any one who is not too self-opinionated or too blinded by party bias to view the situation in the light of obvious facts. The two facts, and the only two, which have created uncertainty and destroyed confidence and credit in the financial and business world are fear of free silver and fear of free trade. Experienced financiers and business men everywhere knew that the former would change the basis of our money and the latter the basis of our industry.

Rightly or wrongly, Mr. Cleveland's party was believed to be definitely committed to the one and strongly favorable to the other. Consequently, when he was known to have been elected to power, with a clear majority in both branches, the worst was expected. Uncertainty arose, credit declined, and "*suddenly financial distrust and fear have sprung up on every side.*" It seems like a contradiction to say that the people lost confidence in the party they had elected as soon as the victory was known. But those who urge this view should remember that those whose confidence was shaken are not the ones who changed the administration. It was the laborers and farmers who elected Mr. Cleveland and his party, and it was the capitalists and business men who were frightened by the result. The laborers will have their uncertainty a little later. But to whatever mistaken notions of policy this perilous condition is due, all agreed in demanding that a special session of Congress be called to take the necessary steps to remove all ground for fear, that financial confidence and business credit might be restored. Instead of promoting this end, Mr. Cleveland's message, to which the nation eagerly looked for hope and guidance, only increased the uncertainty, converting despondency into despair.

On the silver question his remarks show an utter absence of study and appreciation of the subject, reading more like the prattle of a country schoolmaster in the twenties than the words of a modern statesman. He appears not to realize that there is anything peculiar to the silver question in this country. He thinks of America only as a duplicate of England, to be kept as close to the model as possible, arguing, in evident ignorance of all new ideas upon the subject, that the practical suppression of silver is essential to honest money. Then, with sublime indifference to the views and interests of the silver-producing sections of the country, he recommends the simple repeal of the purchasing clause of the Sherman law as a solution of the problem. Instead of promoting harmony

among the conflicting elements in Congress and aiding a rational solution of the question, this has intensified hostilities. Those who believe in the free coinage of silver, or even in its liberal use, saw in this only a declaration of war, which made them feel more strongly the necessity of struggling for their position. Consequently, instead of an intelligent, statesmanlike determination to enact reassuring remedial legislation as quickly as possible, we have confusion, factional fighting, and delay, which is daily increasing the uncertainty and distrust throughout the community. The industrial disturbance which began with Mr. Cleveland's election and increased with his inauguration is thus further intensified by his message.

On the tariff question his message is even more mischievous and fatal to the restoration of business confidence than on silver. It announces to the financial world that manufactures are to be kept in a precarious condition for an indefinite time, so that any credit relations with them will be extremely insecure, thus practically depriving the manufacturing industries of the legitimate aid of the financial institutions of the country, by destroying their credit and compelling them either to close their works or slaughter wages and salaries. On the other hand, it serves notice upon manufacturers that no investments can safely be made in new machinery, new factories, or even in the purchase of raw material except in hand-to-mouth quantities, as from thirty to forty per cent of the value of their plants and products may be destroyed any day by the abolition of protection. Besides all this, it gives fresh encouragement to reckless doctrinaire journals to further jeopardize their safety by renewed attacks upon the tariff and manufacturing interests.

This message conclusively proves that there is nothing to hope for from Mr. Cleveland, and the country must now look to Congress as the only source of relief. The national representatives as a whole are a patriotic body. They can be trusted to put the nation's welfare above personal and

party considerations. They would unquestionably be governed by the desires of the community on both the silver and tariff questions, regardless of platform declarations, if a consensus of public opinion could be ascertained. To insist that, because in a moment of political excitement a Democratic convention voted for free trade, the country must be sacrificed to redeem its foolish declaration, besides being unpatriotic, is bad statesmanship and bad politics. To quibble about party platforms in the face of national disaster is treachery to the republic. When the masses voted for Mr. Cleveland, they did not believe that his election would precipitate a national calamity. Their mistake was an error of judgment; and now that error is manifest, it should be corrected as speedily and as effectually as possible. Its results are too serious and far-reaching to wait four years for a remedy. It is an industrial pestilence, and must receive immediate and heroic treatment. This is one of the instances where the political machinery for expressing public opinion through the ballot-box moves too slowly to be effectual. Unless something is done, and done at once, to arrest the present tendency, it is difficult correctly to predict the social consequences during the coming winter. Starving laborers have little regard for party platforms.

The only course now open to the people to make themselves felt before it is too late to save the situation, is public demonstrations. Business men and laborers should hold mass meetings all over the country, especially in the large centres, petitioning Congress to disregard all party lines and unite in adjusting the silver question on some basis of the liberal use of silver at its market value, and in assuring the country that the tariff shall not be disturbed before 1896. If this were done, the course of disaster might be arrested before winter and the worst avoided. Now is the time to act, while yet the weather is fine, Congress is in session, and the people have not lost their heads.

## The Second Bank of the United States.

The debate on the refusal to recharter the first bank had closed on April 21st, 1810. On January 4th, 1814, it was re-opened by a petition from residents of New York City, praying the incorporation of a national bank with a capital of \$30,000,000. A bill was introduced for this purpose on which the Committee of Ways and Means reported adversely, on the ground that Congress had no power "to create corporations within the territorial limits of the States without the consent of the States." Mr. Calhoun, to get around this point, proposed a bill establishing a national bank within the District of Columbia. This was scouted as absurd.

In the ensuing fall the Secretary of the Treasury was requested by the House to formulate a plan for supplying the country with some sort of currency for collecting taxes and customs duties. Gold and silver could not be required of taxpayers, since the government itself could not pay it on its treasury notes. The banks could not pay coin because the large proportion of treasury notes they held made them bankrupt. Until government could collect a gold revenue it would always be bankrupt. Secretary Dallas recommended a national bank with a capital of \$50,000,000, which should pay specie from the start. Bills for such a bank were fought over for several sessions, the prime motive of some being to make the bank a source of aid to the government during the war. One of these bills passed, but in the midst of confident expectations of peace was vetoed by President Madison. Another was introduced, and on the very day of promulgation of the treaty of peace, February 17th, 1815, was indefinitely postponed. The motive of postponement had found expression in Madison's veto of the previous bill, viz., that "the sole inducement to such a grant on the part of the public would be

the prospect of substantial aids to its pecuniary means at the present crisis and during the sequel of the war." The war motive had ceased. But during the summer the conviction deepened that the bank was needed notwithstanding peace had come.

On the meeting of the first Congress after the peace (December 5, 1815), President Madison in his message recommended that if a currency uniformly redeemable in specie could not be arrived at through the state banks, Congress should consider whether it could be obtained through a national bank, and if by neither, then whether further issues of government notes should be resorted to as a medium of circulation. Secretary Dallas renewed his recommendation for a national bank, accompanied by a plan. The government had long been reduced to the petty reciprocity of taking in payment for taxes and duties the notes of whatever "shin-plaster" banks it could induce to take its own treasury notes. The notes of the worst of the solvent banks had hardly sunk to a greater discount than those of the government itself, viz., twenty per cent. The government in turn was paying salaries, contracts, and even interest in these depreciated state bank-notes, instead of in coin or its equivalent.<sup>1</sup> The discount was one of locality, the banks of Boston being at par, those of New York at fourteen per cent, and those at Philadelphia and Baltimore being at sixteen per cent discount. This was largely owing to the fact that during the war the blockade had been more effective at the more southern ports and quite ineffective against Boston and New England ports. By receiving a currency of this kind in payment of duties the government repudiated its constitutional duty to make the customs duties equal at all ports.

As Mr. Calhoun pointedly stated,<sup>2</sup> although the constitution had attempted to vest in Congress the exclusive power to "coin money," and had forbidden the States to

<sup>1</sup> Speech of Calhoun in History of Bank of United States, p. 634.

<sup>2</sup> *Id.*, 632.

emit "bills of credit," the States had set on foot 260 private mills for issuing paper money, the only money then to be had, and hence was compelled to collect its revenue and pay its debts in this "trash." Yet it could not even complain. As the banks held \$40,000,000, or about one-half the war debt, their ready reply to the government's denunciation of their failure to make specie payments would be, "Pay us your overdue treasury notes in specie and we will resume specie payments instantly." The banks held in all about \$15,000,000 in specie, against which their issues of paper gradually rose from \$80,000,000 in 1811 to \$200,000,000 in 1816. Here was a financial deadlock. The government could get no coin because compelled to accept its revenue in state banknotes. The state banks could pay no coin because half their capital was invested in treasury notes, which the banks were treating as a nominal par, while they were really worth only eighty. The government was of course making depositories of these crippled banks, while, according to Mr. Webster, it was reputed to hold millions of their worthless paper.<sup>1</sup>

The chief policy at first in the minds of the advocates of the national bank, as a means of restoring specie payments, was to withdraw government deposits from all state banks which refused to pay specie.<sup>2</sup> Out of this speedily evolved the added policy of redeeming in coin the notes of such banks only as paid coin, or kept a deposit in the Bank of the United States to protect the latter in redeeming.

The bill formulated by the Madison administration provided for a bank of \$35,000,000 of capital, of which the government should subscribe one fifth, to be governed by twenty-five directors, of whom the government should appoint five who need not be stockholders. One fourth of the \$28,000,000 of capital subscribed by individuals was

<sup>1</sup> Calhoun's Speech. Doc. and Leg. History of Bank of United States, p. 648.

<sup>2</sup> *Id.*, 633.

required to be paid in coin, five per cent in cash, and the remainder in periods covering eighteen months; three fourths in public debt. Hence the bank would start with \$1,750,000 specie, and would have \$7,000,000 when fully organized. According to Dallas' plan the president of the bank was to be elected from among the five directors appointed by the President of the United States, and the heads of branch banks were to be appointed from the list of their directors by the Secretary of the Treasury. This feature disappears from the bill on its way through Congress, and as passed the presidents of both the bank and its branches were to be elected by the directors, and hence controlled by the ownership of stock.

Had the bill been passed as drawn by Dallas, the bank would have been part of the political machinery of the government, as much subject to the President of the United States as the bureau of pensions. Whether wise or not, this would have saved the bank from the attack made upon it by President Jackson in 1831-4, and therefore, so far as human foresight can extend, would have continued the bank to the present time. President Jackson's objections to the bank were explicitly based on the ground that it was not sufficiently under the control of the government. His aim at first was not to abolish it, but to rule it. Its officers were too largely federalists. A power in the President to remove Mr. Biddle, and in his secretary to remove the president of the branch at Portsmouth, N. H., would have averted the attack upon it which resulted in its overthrow.

The bank was to continue until March 3, 1836. It was forbidden, except for deposits, to contract debts in excess of its capital without the authority of Congress. It was forbidden to deal in anything except bills of exchange, gold or silver bullion, or goods pledged.

This clause proved to be another snag in the way of the perpetuity of the bank. It was this clause which the cashier of the branch at New Orleans cited in 1819 to



General Jackson, then commanding the Department of the South, as his reason for not cashing the General's draft on the treasury for \$15,000, which the General needed for government uses in Florida.<sup>1</sup>

The cashier obeyed the law in its wooden sense. The General's draft was not a bill of exchange. But other clauses in the act creating the bank made it the duty of the bank to "give the necessary facilities for transferring the public funds from place to place, and for distributing the same in payment of the public creditors." The branch at New Orleans was also in 1819 the recipient of "deposits of public officers" to the amount of \$166,000.<sup>2</sup> It was a government depository refusing to cash the draft of the first military officer of the government below the Secretary of War. Of course it was an egregious blunder in every point of view, and the bank paid for the discourtesy fifteen years later by annihilation.

The bank was prohibited from issuing any note less than five dollars, but no restriction was laid on the aggregate amount of notes it should issue, and they were receivable in all payments to the United States, at any branch or at the parent bank. It could sell its government stock, but not at a rate more rapid than \$2,000,000 worth in any one year. No stockholder could vote in the choice of directors unless he were a citizen.

The bank was forbidden to take more than six per cent interest on any loan, or to suspend specie payment on any obligation, under penalty that the obligation should bear twelve per cent interest from the date of suspension. The Secretary of the Treasury was entitled to a weekly exhibit of its affairs, and its books were open to examination by any committee of Congress.

It was to pay half a million dollars a year for three years into the treasury as a bonus for its charter. No director except the president was to be eligible more than

<sup>1</sup> Parton's *Life of Jackson*, Vol. 2, p. 596.

<sup>2</sup> *Reports Bank of United States*, Vol. 2, Doc. 147, p. 34.

three years in four. This provision was seriously complained of by the bank in 1820, as depriving it of the services of its most competent directors. It also had the awkward effect of reducing the board of directors from twenty-five to twenty-four, which was an illegal number under the charter. For from about 1822 onward the stockholders, to make sure of Mr. Biddle's services as director and president, elected him at the annual election which preceded the appointments. The President then as uniformly appointed him, thus reducing the board by one vote from the normal number. The law neglected also to provide for punishing crimes of fraud or speculation against the bank committed by its own officers. It authorized the directors to establish either "offices of discount and deposit" wherever they saw fit, or to adopt banks already established as such offices. Each office should have a board of from seven to thirteen directors, and in fact issued its independent notes, which were treated as notes of the bank, but had no distinct capital of its own. Each was an office only.

The bill passed the House on March 14th by a vote of 80 to 71, Mr. Calhoun voting for and Mr. Webster against it. On April 2d it passed the Senate, and on April 10th, 1816, was approved by President Madison. By November, 1816, the bank had organized, the five government directors being William Jones, Stephen Girard, Pierce Butler, John Jacob Astor, and James A. Buchanan. Of these William Jones was elected the first president of the bank. John Jacob Astor as president of the New York branch writes<sup>1</sup> of date December 17th to President Jones that he will need \$1,500,000 of capital, viz., \$800,000 in specie and \$700,000 in notes of Bank of United States, to open with; that after the ensuing July the deposits of revenue would add about \$1,500,000 to his working capital. By January, 1817, eighteen branch banks had been established, which were nearly identical with the twenty towns

<sup>1</sup> Reports Bank of United States, Vol. 2, p. 91.

in which the 280,000 shares of privately owned stock of the bank had been subscribed. These were Portsmouth, N. H., which had subscribed for 1,206 shares, Providence, 24,023 shares, Middletown, 7,419 shares, Boston, 24,023 shares, New York, 20,012 shares, Pittsburgh, none, Baltimore 40,141 shares, Washington 12,708, Richmond 16,987, Norfolk none, Fayetteville none, Charleston 25,986 shares, Savannah none, New Orleans 3,085 shares, Cincinnati none, Chillicothe none, Louisville none, Lexington none. Philadelphia also subscribed 88,520 shares, being the largest subscription, but needed no branch, as she got the "mother bank." In the later reports the bank appears as having twenty-five branches. Thirty-nine thousand three hundred and fifty-nine persons, firms, and corporations subscribed to the stock, and were entitled so far as they were residents of the United States to vote at the first election of directors. Pains were taken to procure foreign subscriptions, by opening an office in London for paying dividends. In 1831 foreigners held 81,050 shares in all. The voting power of the share of stock was attempted to be graded and diminished as the number of shares owned by one person increased; but this was nullified by one person subscribing, nominally as attorney for others, one share each when in fact he owned all.

By April the bills discounted rose to \$20,510,962, about \$6,000,000 were due from state banks, its notes in circulation were nearly \$5,000,000, its specie was \$1,811,839, its public deposits were \$11,000,000, rising in October to \$24,746,000; it held \$1,154,000 of state banknotes and deposits by state banks of \$1,547,000 in July, and individual deposits of \$3,023,000. In the last of December, 1816, its own stock rated at from 37 to 42; in January, 1817, at 73 to 77, in April at 81, in June at 98, in July at 100 to 103, in August at 140 to 147, in September at 150, from which it fell in 1818 to 110, but in 1832 we find it again at 125. By July 1st, 1818, its discounts of all kinds rose to \$41,000,000, its advances to branch offices to \$39,000,000,

its state bank deposits to \$2,194,000, deposits by public offices \$7,967,000, and individual deposits to \$4,786,000. I do not find that its discounts exceeded \$70,428,070, which it reached in May, 1832. Of these \$44,874,893 were "bills discounted on personal security," and \$23,052,972 were "domestic bills of exchange."<sup>1</sup> In February, 1832, its notes issued were \$42,118,452, and specie \$6,799,753. These figures indicate a business equal to that of three Chemical Banks.

In 1819 the Supreme Court of the United States, Chief Justice Marshall delivering the opinion, in the cases of *McCulloch vs. State of Maryland*, and *Osborn vs. The Bank of the United States* (9 Wheaton, 738), decided in the first named that the Act of Congress incorporating the bank was constitutional, and in the second that a state law taxing banks would be void as applied to the Bank of the United States. Marshall's opinions are all usually classed as "profound." In this case the point which Marshall needed to make was that such a bank had been necessary to enable the federal government to perform the powers delegated to it. These powers were chiefly those of collecting the revenue, coining money and regulating the value thereof, regulating commerce between the States, making customs duties equal at all ports, and perhaps that of preventing the States from emitting bills of credit either directly from their treasuries or indirectly through banks. The national government had found itself without a currency in which it could collect customs duties equally. Imports sought Baltimore in preference to Boston because banknotes circulating at Baltimore were worth twenty-five per cent less than Boston notes in gold. This made the duties on imports a fourth less at Baltimore than at Boston. The government was compelled by the defective quality of such a currency to commit a swindle every time it paid a debt. Through a national bank, and in no other available way, could it obtain

<sup>1</sup> Report No. 460, Vol. 1 of Reports of Bank of United States.

a uniform currency redeemable in coin, and return to a circulation of coin itself. It had reached a pass where it could not collect a revenue or maintain its own credit, even at twenty per cent below par, without creating a national specie-paying bank.

In the early operation of the bank the chief difficulties to be surmounted were the natural hostility of the state banks to a mammoth institution which was compelled to loan at six per cent, while they had usually loaned at seven; which could not get its stock taken without absorbing seven millions in coin, at a time when few but banks held any coin, and they in all held only \$15,000,000; which was founded expressly to be the custodian of government deposits amounting to \$8,000,000 or \$10,000,000, which, but for it, would be held by them; and to enforce a return to specie payments when the state banks had found that they could divide largest dividends when their notes were most depreciated.

The first payment by the subscribers to the stock was squarely made, and placed the bank in running order with \$1,750,000 in specie. The second payment was in part "financiered" in a way that was much criticised. Notes of the subscribers, or checks drawn on specie-paying banks, were in some cases accepted as the equivalent of coin, and these notes were renewed and "carried." The bank did not get directly from its subscribers the \$7,000,000 in coin promised by their subscriptions, and required by its charter. Perhaps it could not. It seems to have used its credit or its stocks in Europe to borrow or purchase and import<sup>1</sup> between 30th July, 1817, and December 5th, 1818, \$7,511,750.53 in specie. If its subscribers had paid another \$7,000,000 in coin the bank would have had about \$14,000,000 of coin at its very outset, whereas its store of specie remained at about \$7,000,000, and not until 1831-2 did it rise to \$10,000,000. The specie which it imported seems likely to have been used by the bank to

<sup>1</sup> Testimony of N. Biddle, Prest. Vol. 1, U. S. Bank Reports, p. 352.

help its subscribers to pay for the fourth of their stock in coin on which it was entitled to live. Its first duty seems to have been to act as accoucheur in superintending its own birth.

Mr. Biddle testifies that though the state banks had resumed nearly six months before this importation of specie had arrived,<sup>1</sup> yet the fact that it had been arranged for, and that they knew it would arrive, was potent in inducing them to enter into the compact with the Bank of the United States by which the resumption was affected.

This compact, which was formally made in writing at a convention of delegates from the state banks of New York, Philadelphia, Baltimore, and Virginia, called by the Bank of the United States, bound the state banks to commence specie payments on February 20th, 1817; that the balances due the United States in those banks be transferred to the Bank of the United States and be paid off by it on July 1st, but that before calling on the state banks for the balances which would accumulate in their hands between February 20th and July 1st the Bank of the United States should have discounted for individuals in New York, Philadelphia, Baltimore, and Virginia to the extent of six millions of dollars, and that if any of the state banks should become embarrassed in their efforts to maintain specie payments the Bank of the United States should assist them, and in turn the state banks should assist the branches of the Bank of the United States in their localities, and should reduce their "affairs," *i. e.*, "circulation and discounts," within the just limits indicated by their respective capitals. The balances due by the state banks to the United States were the very debt which they could not pay in specie, and their inability to pay which chiefly blocked resumption. The Bank of the United States in accepting transfers of these "balances" became substituted for them and assumed their burden so far as resuming coin payments on the debt due the government

<sup>1</sup> *Id.*, p. 353.

was concerned. This act involved a loss, in state bank notes, which Mr. Biddle estimated at \$200,000. The total of these balances is stated at \$24,746,641.26 on 29th July, 1817. From this fund the government suddenly withdrew \$13,000,000, which it applied in payment of its own debt, thereby effecting a sudden contraction which was felt in a severe curtailment of loans and a drop in prices of all stocks, including that of this bank.

The foregoing outlines constitute the general features of the Bank of the United States, considered as a mechanism. It may well be questioned whether an effective compact between twenty-five independent banks, each having its own capital, whereby all should become the stockholders of a central government bank, to make up the capital of which a part of the capital of each should be pledged, the presidents of each bank constituting together the board of directors of the governing institution, would not be a plan better adapted to the present expanded condition of the country.

The experience of the existing financial crisis, in which the western, southern, and eastern banks have been draining each other in a war of mutual distrust, shows that any national banking system needs to be brought into organized and capitalized union in order to be really strong. We have now in the United States 3,788 national banks and 3,191 state banks, making in all 6,979. Except as the banks of New York City are partially united by a clearing-house system, there is no bond of unity, cohesion, or government among all these units. In England and Wales, on the contrary, 108 banks, having 2,337 branches, are provided with an effective headship in the Bank of England. In Scotland 10 banks, having 995 branches, come under the same headship. In Ireland there are 9 banks and 455 branches. 131 parent banks with 3,801 branches handle more deposits than our 6,979 banks and are effectively united.

VAN BUREN DENSLOW.

## What Is He Going To Do About It?

There is a legend that the Indian father, in the old days, took his son, as soon as he was fairly out of arms, and calmly dropped him in the nearest river. If the boy swam ashore, all was well; he was good Indian. If he was drowned, it was also well; he was bad Indian.

Should the American boy just leaving school or college read the magazines and newspapers with an eye single to his own position, he might well pause and wonder if he be not on the edge of a river wherein he may sink or swim, as it may happen. If he stops to think, and the American boy can think, his Indian forerunner had an easy task; for at least he knew his river. Does the boy to-day know his river? If he does not, he will probably drown. There are a few unfortunates who fancy they have life-preservers in the property left them by their parents, and cannot drown. These often explore the bottom quite early in the voyage of life.

It was a comparatively placid stream that lay before the boys who came to the brink forty years ago. All trades were open to them, the professions were not congested, and store, office, counting-room, and shop gave manly occupations wherein a young man of even indifferent ability could safely swim on to a comfortable living and perhaps to fortune. The school or college graduate to-day finds a very different state of affairs, and what he is going to do about it is certainly a vital question.

First, the conditions. Second, his equipment. Last, what does he think about it? The conditions to-day in work and business are unlike any that have existed before. First, the girl! For a million years the girl has not been considered at all. To-day she must be. She is in the store, in the counting-room, the office, in every business. The old sign in the window has been changed. It now reads



"Girl Wanted." She has pushed the clerk off his high stool, and the young fellow tramping the streets in search of a place finds the girl applying for the same job—and getting it, too. And he knows exactly why. She is not willing to work for less, but she can. She is neater, more painstaking, lives for less money, wastes less, saves more, neither smokes or goes to the saloon, pays her debts better, runs less into debt, is more amenable to correction and discipline. She likes business and business ways, and she's in it to stay. The boy has fancied she would quit pretty soon and be married. She's not in such haste about that now, and if she marries, it is often only to enlarge her activities as a business woman. The girl is a factor in the struggle for existence before the boy. She is everywhere in business. She is not going into active business life—she is there. The fact of her sex has nothing to do with the question. The girl is practically only another and often smarter boy competing for the same job.

What is the young man's equipment in competition with the young woman in the terrible struggle for existence that marks the business life of our cities? He is physically stronger, and yet physical strength, in bank, counting-room, and office, practically counts for very little. As clerk, book-keeper, accountant, typewriter and stenographer, his education is not one whit better than hers. In moral equipment she is his superior, and morals have commercial value. He will in the long run be the better employee, because he has staying power to reach the higher positions. And this is all. The boy and the girl clerk are pretty fairly matched, with the girl perhaps slightly the better.

What does he think about it? This: The girl has qualities that commend her to employers. He must have the same, or lack employment. He has to recognize that the places now occupied by ever-increasing throngs of girls will not again be occupied permanently by boys alone. There is that way no thoroughfare. He will not

sit down on the fence and rail at the girls. He will take some other road. The clerk's high stool is only a stepping-stone. If the boy takes it at all, it will be only as a means to something better. Let the girl keep the place she fills better than he ever can.

The American boy of every generation until this one has been free to enter the trades, and he has made the finest machinist, ship-builder, carpenter, and general workman the world has ever seen. Only yesterday the foreigner suddenly slammed the doors of all the trades in his face, and he stands before these closed doors bewildered, angry, and apparently helpless, without a trade or even the right to learn a trade, or to practise it if he should learn it. The labor unions with apparent unanimity refuse to allow the native young man to learn or to practise any trade unless he surrenders his manhood to the dictates of an irresponsible private club of workmen. He cannot even change from one trade to another. If a tailor, pinched by poverty, try to feed his children by working at night as a waiter in restaurant or beer garden, the Waiters' Union will drive him into the streets. Let his children starve, but Adolphe must not lose his tips.

This is the most serious problem ever placed before the young men of any generation. What the American boy will do about it, what he can do about it, is something that vitally concerns every citizen in these United States. To understand what may possibly be done by the young men of to-day, it may be well to notice what was done by the young men of a former generation. At one time all common hand labor was performed by native Americans. With the spread of railroads came an increased demand for unskilled labor, and this demand was almost wholly met by the Irish emigrant. The Irish in turn were supplanted by the still cheaper labor of the Chinese and Italians. The cowboy is to day almost the only native American unskilled laborer. Unskilled labor is monopolized by foreigners. "Harvesters" or temporary so-

journers come over here for work in the busy season, often staying only long enough to scrape together sufficient to support them in comparative idleness at home. Added to this, the steam-shovel and rock-drill have taken the place of tens of thousands of laborers in all road and canal work. Less skilled labor is required than at any time before. Besides all this, the American boy has learned one lesson thoroughly—low skill, low wages. He doesn't intend to be a mere laborer. If he is found in the lowest ranks of labor, it is only because he is mentally or physically disabled, or because he must wait till he can find something better.

In like manner all the more common mechanical trades have been monopolized by foreigners, not wholly because they wished to push the native boy out, but because the boy is quite willing to stay out. He sees that the trades are in a state of transition, and that unskilled labor is rapidly changing into skilled labor. The car-driver becomes a motor-man, the stable-man becomes an engineer in a power-house, and the lamp-lighter drops his torch to tend a dynamo. Science continually tends to destroy old fields of labor and create others, and to demand of all laborers increased and increasing skill. To illustrate we may take the comparatively unskilled labor of bricklaying. Within the past decade the artist has invaded the brickyard, and new styles, shapes, and colors have been produced in bricks, and terra cotta has been raised to a fine-art product. It is not enough now that the bricklayer pile bricks in monotonous rows of "headers and stretchers," or build a pier with a hole in it and call it a fireplace. With the new bricks coming from our yards, his wall must be an artistic creation, and his fireplace worthy the modern palace in which it may stand. The American artist has also invaded the glass-house, and with new pots of color has created the most wonderful and beautiful window glass the world ever saw, and it follows that the glazier must be an artist, too. It is not now enough to drive "points" and spread putty:

he must be able to carry out to an artistic result the ideas of the artists who design the splendid windows of to-day.

In addition to all this the boy of to-day, even while at school, has learned something of the trades, and as a result he has acquired a healthy disrespect for the traditions of the trades. For generations young men have been taught that the common trades are a deep mystery, initiation therein requiring long years of apprenticeship. The trade schools have shown that this is not so, and that all the more common handicrafts, bricklaying, paper hanging, plastering, simple carpentry, mason work, etc., are extremely simple, and that, with the usual allowance of American "gumption," a very fair degree of skill may be gained by any intelligent boy, under a good teacher, in a comparatively short time. Moreover, the boy to-day recognizes that the antique rubbish about the "jack of all trades good at none" is rubbish.

The American of the first two hundred years of our history was in a dozen trades and a master at all. He could swing an axe in the forests with extraordinary skill, and was mason, bricklayer, plasterer, gardener, fisherman, sailor, and soldier at will. Three generations ago the fisher-farmers of Massachusetts Bay had every man his tiny shoe shop in his yard. The fish scrap-heap and the leather scrap-heap on the shore roads were pungent witnesses to the fact that the dwellers in the little "green-blinded houses" were farmers, fishermen, and shoemakers as the season served. They plowed their fields in May, and the bay in summer, and pounded a lapstone when fields and flood were frozen. They were masters of three trades and jacks at none, and could man a "Constitution," as 1812 demonstrated. To-day in many a rural village are native Americans good at a dozen jobs, from preaching a sermon to riding a mower—skilled, as a man should be, in many things.

These are the aspects of the trades that strike the American boy just out of school. If he hesitates about

entering the common trades, it is largely because they are unskilled. At the same time he recognizes thoroughly well that the trades are the foundation of our great prosperity and the surest and safest road to wealth. The trade union looks only to wages. The native boy is not looking at wages at all. He regards the trades as stepping-stones to higher skill, higher workmanship, and higher earnings. He hasn't the least notion of learning bricklaying for the sole purpose of slapping mortar on bricks for wages all his life long. The union promises, and at present obtains, wages (good or bad according to the point of view) for all, the skilled and unskilled, the active and ambitious, the lazy and the stupid alike. Therein is the union wise according to its light. To our young men it simply defeats itself, because it leaves no power to rise to higher work and wages.

What will he do about the trades? He will certainly go into them, the union to the contrary notwithstanding. Not as a laborer for the hire only, but to become a master workman, designer, master employer, and builder of his own fortunes. He will go into the trades because they are the foundations of the arts, because they lead always to better things. He will some day command wages as a workman that the unions dare not dream about, not because the committee or the delegate asks for them, but because the public will always pay high wages for high skill.

There is, however, in this matter of the trades one unspoken reason in the minds of many young people that is a powerful factor in this problem. Until the international copyright law was passed the country was swamped with European and particularly English fiction. English novels and stories still fill our news-stands. In almost the entire mass of this foreign fiction there is printed between the lines one everlasting lesson—that labor with the hands is a disgrace. Even outside of books, in so-called "society," there is often an undefined feeling among young

people that labor is really and truly disgraceful, and that the fathers of the republic were just a little crazy in this notion about the dignity of labor. This feeling bars the doors to the trades more effectively than anything inherent in the trades themselves. Unfortunately the boy who looks at the surface of things is guided very largely by this unAmerican, aristocratic, and cruel advice (cruel because it is all so vain and foolish, cruel because the sense of the world is coming to be that no man shall have who earns not).

It should be observed that one of the great trades is being almost completely ignored by our young men. The farmer's boy deserts the farms and seeks the cities. Is he wise? It is true this industry is depressed and apparently unprofitable. The enormous advance in the facilities for producing food in this country has actually resulted in the production of too much food, and the prices are low. This cannot long remain so, because the non-producers increase at an accelerating rate while the producers decline just as fast. The farm is said to be dull, lonely, and the farmer's life hard and unprofitable and uncertain. All these things are being rapidly changed. The trolley road is completely changing the social life of the farm. Farming is becoming a manufacture and more of an exact business, and it must in the nature of things before long become, what it once was, a safe and profitable industry demanding the highest skill, and giving ample reward for all its labor. The old "homestead" of the poets may indeed disappear, with all its bad drainage, malaria, and pretty sentiment. The food manufacturer is the coming man in the world's greatest business.

One other almost unspoken argument has been presented to the boy of to-day in this question of what he shall do. This is a feeling that is spreading among certain of the clearer thinkers among our young people, that it is not all of life to get rich; that there are ideal ways of living, not exactly profitable, but delightful. The art-life,

in all its ever-growing opportunities, leads to splendid living. Not the "living" of the wage earner, but the living out of all the possibilities of life. Many now stop and consider whether it is not better to do the work that is delightful than to earn much money, whether it be not better to do something that supplies a few modest wants and that pays the grand wages of respect, honor, admiration, and the love of men. Which shall it profit a man most, to live for the sake of life, or to sell the life for stocks and bonds that neither satisfy the heart or feed the soul?

There is placed before every generation new problems, new conditions of life and business. Obstructions are the stones out of which character is built. If the boy of today has new difficulties before him, it is certain that these very things will make of him a new kind of a man. We can only guess at what he will be from what his father is. He is the son of the republic. If the American spirit be in him, he will find his honorable place in the world's work. If the foreign spirit be in him—the spirit of contempt for labor, the frantic spirit of hurry to be rich, the spirit of the gambler with fortune, he will probably drown—he is bad Indian.

CHARLES BARNARD.

## Our Working Women.

With the object of eventually establishing a method of relieving self-supporting women who have passed middle life from the severe hardships which they now endure through lack of employment, the Working Women's Society is conducting a general investigation of the condition of working women in this State. It is the purpose of this article to present the result of the investigations thus far conducted, and a plan for permanently rectifying the evils found.

In seeking employment for middle-aged women in shops and factories, the invariable reply of employers is, "We prefer younger women and girls." This preference is due largely to the fact that younger women generally reside with parents, and therefore have smaller living expenses and are able to work for lower wages than the entirely self-supporting women can exist upon.

The fact that the majority of women who have been employed for years in shops and factories are physically unable to adapt themselves to other employments has been proven again and again by those who have tried domestic service. Numbers of positions have been secured for these women in families, but they always return, their common plea being that they are not strong enough to fulfill the duties required of them.

Investigation has thus far been confined to the women in homes, the women in public institutions, the number of beneficial societies for women, the number of women at present employed, together with average weekly wages and length of time employed yearly. In response to requests sent to public institutions, thirty-five counties sent reports of superintendents of the poor, but in some of these reports the sex, and in many the number of women of mature years, was not given, and there was no means of



obtaining the average age. We have therefore reported the number of inmates of both sexes, and in order to show the enormous amount spent in charity in this State, we have given expenditures as far as learned.

In the almshouses of the thirty-five counties reporting, there were present January 1st, 1892, 11,000 inmates. This does not by any means represent the whole number relieved during the year. In many reports neither the number who died during the year nor the number of transients was given; we were therefore not able to ascertain the average. The census of 1880 shows that in the entire sixty counties of the State there were but 12,462 inmates. The cost per capita in the above-mentioned counties ranged from seventy-seven cents to \$2.17 per week, and the amount spent for relief of all poor in these counties was \$4,377,632.64.

Of the few homes provided for women, comparatively a small number are free. The inmates are generally women who have become reduced in circumstances, with some exceptions in working women who have found friends willing to pay for their admission. In the homes reporting, namely, St. Luke's, Samaritan, Chapin, Home for Aged and Infirm Hebrews, Montefiore, Peabody, Home for Old Men and Aged Couples, and Home for Aged and Infirm, Order of Benai Berith, the number of inmates was 590, about one half of whom were women. The expenditure for the year was \$157,648.74.

By advice of Mr. Carroll D. Wright, Labor Commissioner, we have obtained the numbers given below by adding forty per cent to the figures given in the census of 1880. We find that the number of persons engaged in gainful occupations in this State is at present 2,638,502, and in New York City the number thus engaged is 718,727, two fifths of whom are women. It is certainly safe to say that there are 250,000 women engaged in gainful occupations in this city. Seven per cent of these are either widowed, divorced, or separated from husbands, and over

ten per cent, or 27,000, are married. Ten per cent of our working women are over forty-five years of age, and three per cent are over sixty years of age.

In 1880, the average wage at mechanical industries was but a little above \$6 per week; the amount spent in clothing in the United States was but \$7.38 per capita yearly, and the amount spent in bread was \$4.50 per capita yearly. From this statement it is evident that all do not have sufficient food or clothing, and we shall show that under present conditions all cannot obtain employment. While the opportunities for employment have greatly increased since that date, there is no reason to believe that wages have increased; on the contrary, the enormous increase through immigration in the number of toilers, and the introduction of machinery which renders it possible for women and children to fill positions hitherto occupied by men, has resulted in great reductions of wages in many industries. A striking illustration of this may be found in the wire mills of Pennsylvania. At a comparatively recent date machinery for spooling wire has been introduced, and Polish women are employed at \$4 and \$6 per week where men formerly received \$12 per week. These women lift an average of three thousand pounds of wire per day. In brass and iron mills, where men formerly received \$15, women are employed for \$6 per week.

The average season yearly during which women are employed in this city is but eight months. Of the 250,000 working women 75,000 must be out of work one third of the time, thus proving a menace to those employed.

An investigation of ten of the best paying trades in which women are engaged, in nine principal cities of the United States, shows that the cost of living for working women in their own families is nine per cent higher in New York than in any other city save Brooklyn, and five per cent higher than in Brooklyn. The cost of board for working women in New York ranges from \$3 per month, where women employed in sweat shops sleep on piles of

clothing, and subsist upon stale beer and black bread, to \$7 per week in private boarding houses. Few, however, seek the latter. The majority live in furnished rooms, cooking their food over gas or oil, and getting their meals haphazard, as time and money permit. Some live in so-called homes, where board is furnished for from \$2.25 to \$6 per week, occupying rooms with four and six others. Many women who live in furnished rooms do not see meat more than once a week; this is particularly true of those past middle life. Case after case is known of women, who, aside from rent, subsist upon \$1 per week. Fortunately the majority of working women drop out of life before old age comes to them; but those who reach that period endure hardships untold, and often incredible, rather than to become a burden upon the public. These women are usually employed at the poorest paid labor, such as bag-making, fruit-canning, cap-finishing, bead work, knitting, wholesale millinery, etc.

Added to the hardships above mentioned is the fact that men are entering largely into employments hitherto considered as belonging strictly to women. Men are employed at hats, caps, suspenders, dressmaking, cloakmaking, washing in laundries, etc. The majority of wholesale suit houses employ Poles, Hungarians, and Italians, at reduced rates of wages. Ten years ago these positions were filled entirely by women.

In many factories women pay for needles, machine oil, and for repairing of machines, and are obliged to lose the time while machines are being repaired. It is often the case that those who are willing to see the forewoman receive the best paying work. In many fashionable dress-making establishments women are compelled to sit on chairs without backs, employers claiming that they sew faster if they have no temptation to lean back. Some embroidery houses compel folders to stand all day, not even furnishing seats during lunch hour.

As before stated, our middle-aged women are physi-

cally unfitted for domestic service. Their introduction into the household only means the loss of position to others; for while the demand for efficient domestic service is very great, the market is over-stocked with the inefficient. Turn which way we may, every trade and calling in New York City is over-supplied. A lawyer, advertising for a stenographer, received two hundred and seventeen applications in one day. A Vesey Street firm advertised for five women to address circulars. At eight o'clock in the morning the applicants crowded three flights of stairs and lined the street for half a block. A Brooklyn firm advertised for women to make lamp shades. It took only half a day to learn, but women were expected to give two weeks' time. Fifty woman, however, were turned away.

Under such disheartening conditions existence for working women seems incredible, general morality impossible; but it is shown on the best authority that the highest percentage of immorality exists among the women of no occupation, and the next highest among domestics. Privation seems to serve as a barrier between these working women and immorality, and the sore temptations always besetting them prove their heroic character.

There are numerous institutions for the benefit of the immoral, but the aids to morality are small indeed; yet "an ounce of prevention is worth a pound of cure." Statistics prove that but one person in eight hundred is permanently redeemed from immorality. Still, while untold wealth and energy are spent in raising fellow creatures out of the depths of shame, the gate is not shut against the floodtide of poverty that is ever forcing the helpless downward. Even the immoral find many competitors, for while paths of shame are always open to them, women's souls are cheap.

On January 1st, 1892, there were in New York City 1,056 organizations and institutions of which working people were almost exclusively the beneficiaries. This number does not include the various beneficial societies

connected with our five hundred churches, which societies range from one to ten in each church. During the previous year the above-mentioned organizations gave 361,805 lodgings. Ten institutions gave 1,335,246 meals. Our free hospitals treated 1,047,866 cases. Upward of 15,000 women lodged in our station-houses.

Statistics prove that of dependents on charity men are largely in the majority. Savings banks show that women deposit nearly double the amount deposited by men, which proves that, even with such wages as are cited below, women take more thought for the future than men; perhaps not altogether wisely, for they can do so only at the cost of health and comfort.

During the decade ending January 1st, 1880, the increase of crime was twenty-six per cent higher than the increase of population. Of inmates in state's prisons at that date, but six per cent were women, while in work-houses and houses of correction forty-six per cent were women. At present, among male criminals ten per cent are laborers, and fifty-three per cent were in poor health at the time the crime was committed. Of children in reformatories fully seventy per cent are the offspring of parents having no accumulations; thirty per cent are children of laborers; and twelve per cent are the children of parents inheriting epilepsy or insanity. Of the insane in the asylums of the State fifty-five per cent are women, and the largest number of these are domestics, thus proving that those engaged for the longest hours at occupations from which the mind has no diversion, are most subject to insanity. This is also proven among male patients, of whom the highest percentage are laborers. At the same time our charitable institutions show that the largest number of beneficiaries come from these two classes—domestics and laborers.

The following table gives the length of season and average wages of skilled workers in eighty-seven industries in this city:



The census of 1880 shows that while the ratio of increase in population was but thirty per cent, the ratio of increase in defective classes, that is, blind, deaf mutes, idiots, and insane, was one hundred and fifty-five per cent.

Statistics prove that the defective, dependent, and criminal classes are rapidly increasing, and they also prove that at the root of the matter lie long hours of labor, impaired health, and starving stomachs on the one hand, and idleness and ease on the other; and until we awake to the fact that either extreme is a menace to the mental, moral, and physical development of mankind, there will be no relief.

Such conditions account for the failure of business enterprises, for the consumer has no means of purchasing. The solution of the social problem does not lie in low wages and charity. Given just wages, there will be no question of the mental, moral, and physical development of the working people or of the success of business undertakings.

While we realize that the shortening of hours of labor and the demand for higher wages is of the utmost importance, and we urge most earnestly the organization of working women for these purposes, we also realize that increased invention and immigration must of necessity always render the position of the middle-aged more or less uncertain; we therefore recommend a system of insurance, endowed if possible by the State or by individuals, and increased by the weekly or yearly payment of a certain sum from all women under forty-five years of age, which sum shall mature at the age of fifty in the form of an annuity for working women. It must be evident that such a plan would not only secure comfort and independence to those whose days of labor should be over, but it would eventually release the State from its burden of pauperism, insanity, and crime; for it is unquestionable that the relief which such an arrangement would insure to minds now harassed by the terrible uncertainties of the future would result in

the propagation of a race freed from these evils; it would be, moreover, an incentive to higher wages if the amount of annuity depended upon the amount paid by the beneficiary.

With this object in view, we strongly recommend the organization of working women into insurance clubs similar to those at present existing in the cigar trade. Twenty-five cents paid weekly to the Cigar-Makers' Union insures relief in sickness or when out of employment, traveling expenses when in search of employment, and five hundred and fifty dollars at the end of fifteen years; the same amount paid weekly for twenty-one years to a life insurance corporation matures only five hundred and fifty dollars at the death of the insured.

The plan may be considered by some as a step toward paternalism, but we do not so regard it. The responsibility of the state for the well-being of the individual cannot be more strongly marked than it now is by the support of those whom social or industrial conditions render helpless. That the obligations of state and individual are mutual is proven through the state support given those who devote their lives to its protection; surely, those who devote a lifetime to increasing its industrial and commercial prosperity are entitled to protection equally with those who defend its interests in war or guard them in times of peace.

Alice L. Woodbridge.



## Ethics of Journalism.

That every man thinks he can be an editor is a trite proverb with a hard-shelled grain of truth in it. The fact is that the relation of the newspaper to the reader involves an interdependence not fully realized on either side. The editor may conscientiously try to place himself in touch with his public, or he may assume the position of self-appointed leader or even of dictator. He may set himself up as a censor and court of public appeal, or may present in his editorial and news columns merely a reflection of the sentiments and doings of his readers. In newspaper morals there are black crows and white. The white is always the *rara avis*. In enterprise there are the conservative and the liberal, the truthful and the sensational. The point with the publisher is, generally, which will best please his patrons, or the public from which he hopes to win patrons; the point with the editor, how best to please the publisher and increase his own reputation and salary. This may be a bare arraignment. Well, anatomy is not an æsthetic study, but the bony skeleton is necessary for the perfect symmetry of form and the rounded lines of beauty.

The interdependence of newspaper and reader is one of mutual benefit and enjoyment. The man of affairs must read a newspaper, first, because it has to do with the practical affairs in which he is interested; second, because he must keep in touch with the doings of the day; and third, because of the entertainment and education it affords him. Is there any necessity for a closer study of newspaper methods by the reader in order that more benefit may come to him in either of these directions? The editor constantly studies and watches his public. The more alert and progressive he is, the more he watches and reflects, the stronger is his influence upon the opinions, the

business interests, and the lives of his readers. Certainly the study should not be one-sided. Understanding of the methods by which a newspaper is made and conducted will enable the reader to form a more accurate judgment concerning it, to weigh properly certain statements and to discount others. The reader is prone to accept with unquestioning faith the statements of his favorite journal, and to permit it to do a large share of his thinking,—a course which inevitably leads to mental indolence. His own professional or routine duties are the absorbing topics of his daily thought. Other matters, weighty in themselves and properly a part of his intellectual life, vital to his citizenship and to his own development, are accepted without serious reflection from the newspaper upon which he relies, and its opinions are adopted and reiterated as his own.

The daily journal of to-day may be said to have five departments, in relative importance as follows: domestic local news, telegraph news, editorial writing, cable reports or foreign correspondence, and miscellany. The latter includes contributed articles on the topics of the day, sketches, essays, poems, stories, and selections of interesting reading matter meant especially to entertain and instruct. The mechanical processes of making a newspaper, the department of illustration, and the typographical make-up, are important, but have less direct relation to the reading public.

The reader is, as a rule, more closely interested in the local and domestic news than in any other department of the paper. The larger and more dignified the journal, the less the weight attached to purely local happenings by it and by its readers; yet interesting, accurate, and well-written local and domestic news is the *sine qua non* of a good journal. This news is gathered by a corps of reporters under the direction of a city editor, or collected and sent to the newspaper by a news agency similarly organized, and is supplemented by the reports of a staff of local and special

correspondents and such special agencies as are available at the time of the event which the editor wishes "covered." The reporters are either regularly salaried men or are "space writers." In the latter case their financial returns depend upon the quantity of really good news matter which they can produce and which is accepted by the paper. Under these conditions there is, of course, a tendency to make the most of facts, and often to enlarge upon them and to draw for details on the imagination. Although the city editor and his assistants are supposed to check this tendency, as a matter of fact an article which is bright, newsy, and entertaining, and contains nothing libellous, is likely to pass their scrutiny successfully where an uninteresting statement of the actual facts would be rejected. A good space worker can evolve from a simple incident half a column of attractive reading matter. Space, however, on a large city daily, is valuable, and as a rule the aim is to present facts. A certain metropolitan daily paper has three rules posted in its editorial and news room: "1. Accuracy; 2. Accuracy; 3. Accuracy." Yet there are newspapers which achieve more success in that direction, if at the loss of what may be termed a "popular style."

When the written news is ready for the editor's inspection, it is termed "copy." This is the foundation of newspaper work. Whether the news be "telegraph," "cable," "local," or "miscellany," much of its value depends upon the judgment, accuracy, and happy expression of the writer. There are a certain number of events to be covered. At any cost, something must be written about them. The characteristics which enable a man to know the right amount and the way to write it make him the valuable newspaper man. Tons of manuscript are rejected because their writers are unfamiliar with journalistic standards of judgment, or ignore the necessity of considering space and time in preparing copy for publication. Terseness in general is a saving characteristic. Condensation is highly rated. To the point, yet not abrupt, should

be the effort. The exact amount of space to be devoted to a particular subject cannot be fixed by rule; it must depend upon the pressure of other news, the early preparation and receipt of the article, and its probable acceptability with readers. The character of the journal for which it is intended is also a factor to be considered. A long and "sporty" account of a prize-fight would be as obviously out of place in the *Evening Post* or the *New York Tribune* as would a synopsis of a baccalaureate sermon in the *Morning Journal* or the *Daily America*. The details of a social scandal, brought into legitimate publicity by the courts, would be eagerly accepted by certain journals and as promptly rejected, or at least condensed to a minimum of news, by others.

Practical business men and professional men find themselves in constant relations with the public press. Its argus eyes are ever watchful for anything in their lives which will be of interest to the public. Or it may happen that the practical man wishes to use the columns of the press, desiring to correct a wrong impression, to defend an allegation, to exploit his knowledge of a topic under public discussion, to describe some remarkable experience or accident of which he was an eye-witness. The difficulties of composition first assail him. He is using unfamiliar tools, and handles them bunglingly. With even a slight knowledge of the ways of journalism, his task would be lighter and his effort more successful.

However, it is a mistake to suppose that contributions to the press, or indeed to many magazines, are accepted on merit. Each newspaper has its staff writers and correspondents, and copy from that source is preferable if available. It is true that manuscript submitted is often rejected because the writer is not on the contributing list, is not known to the editor, and for other reasons; but it is also true that a knowledge of journalistic methods will cause the acceptance of an article which otherwise would fail even to receive a reading.

Again, suppose the item is one of news, to be telegraphed for wider distribution through the media of the press associations. It is evident that copy to be sent by wire should be as nearly as possible in proper form for putting in print without alteration. The lot of a telegraph editor or reader is not an easy one at best. He is burdened with a mass of news from all over the world, and quick judgment and heroic methods are necessary to select and prepare it for the compositor during the few hours of telegraphic activity. An account of an accident affecting thousands of readers could be rendered almost worthless by the writer's lack of knowledge of newspaper style and requirements. If a statesman, a clergyman, a professional man, or a tradesman is asked by a reporter for a synopsis of a speech to be delivered at a convention or on any public occasion, the value of a little "newspaper gumption" is obvious. Perhaps no man has had more such demands upon him than Chauncey M. Depew. If he is to speak at a banquet or a political meeting, the New York papers send reporters to him. "Mr. Depew, what are you going to say?" or, "Can you give us your speech for next Thursday evening?" The press association sends to him for two hundred copies of his address, if an important one, to mail to their agents throughout the country. Thus, before Mr. Depew's oration was delivered at the dedication of the World's Fair, a copy of it by mail or telegraph, or a competent abstract, was in the office of nearly every newspaper in the country. Long experience has taught the veteran orator what the newspaper men want and must have, and he earns their gratitude by being prepared for them. Other public men are not always so willing or able to give in advance their public addresses. Yet Mr. Depew's oratory suffers nothing in originality or spontaneity from this readiness. President Cleveland has usually in hand the well-filled outlines if not the exact manuscript of his addresses, which apparently are written with regard to their appearance in print. They contain no unguarded

expressions; they err, if anything, on the side of generality and conservatism. Senator John Sherman, with a whole library of financial statements in his head, will rarely commit himself beforehand as to what those statements will be on a given occasion. Ex-President Harrison will furnish an outline which will be hardly recognized in the finished and eloquent speech he evolves from it. But these are questions for the editor himself to dispose of, the point being that a bird in hand is worth two in the bush, especially when the bird is to be cooked in a hurry. A clergyman who wishes to extend his circle of hearers to include the general public will do wisely to have in readiness for the inevitable reporter of the local paper convenient notes of doings in his parish, and abstracts or full copies of his sermon on any important occasion. If he knows how to prepare the matter in a style acceptable to the newspaper, so much the better is his chance of reaching the desired end and challenging public interest and public opinion.

Information is wanted all the time and on all subjects, but it must be given in the way in which it is wanted and at the point where it is needed.

If a knowledge of these outlined requirements is of value to citizens in other walks of life, it must be indispensable to the man who would make newspaper work his occupation. News columns and telegraph wires are burdened every day with execrable English, colloquialisms, slang phrases, and inaccuracies which hurried editing cannot weed out. Baseball grounds and racing tracks furnish a cant gibberish which is unintelligible or at least painfully obscure to the average reader who is not an expert or a "crank" in such matters.

Note the perverted English of the following excerpt from the New York *Sun* racing columns:

When straightened out for the home run Charade moved up next the rail, followed by Raceland in the centre of the track, Sleipner improving his position when three furlongs from the finish. In the meantime Picknicker challenged Terrifier, and after a moment's tussle passed Daly's horse and

plainly had the race at his mercy, as Illume and Charade had faded half way down the hill. When Raceland looked most dangerous he faltered, and left Slepner and Terrifier to battle with the son of Mr. Pickwick.

And this from the report of a ball game :

The Louisvilles broke the ice in the second inning by scoring two runs on O'Rourke's base on balls and Pfeffer's drive into the seats in right field for a home run. They added another in the third on Rusie's muff of Tom Brown's easy fly, Weaver's sacrifice, and Browning's single to centre. Then the New Yorks decided that there had been fooling enough and promptly hammered Colonel Stratton in a way that made him look sheepish.

These are not extreme examples, but indulgence in metaphors peculiar to these sports has reached the height of the ridiculous. Other newspapers furnish even more flagrant violations of good sense. To say that only those who understand the gibberish would read the sporting columns is manifestly begging the question. The fault arises sometimes from a desire to avoid monotony in description, and often from the writer's meagre command of good English prose.

The same extravagance is observed, though to a less degree, in reports of prize-fights and pugilistic encounters. A certain quota of trade expressions, technical terms, and sporting idioms must of course be conceded, but violence to the Queen's English does not invariably produce the impression of vivid and captivating description.

The elements of propriety and common courtesy do not preponderate in the usages of certain newspapers. A single example will illustrate. The Duke of Veragua, pre-eminently the nation's guest at this juncture, was welcomed with such honors as would be extended in a monarchical government on the occasion of the visit of a foreign potentate. In New York he was presented with the freedom of the city—a phrase of doubtful meaning in this country, but certainly implying the extreme of hospitality. On his return to the metropolis at least two reputable journals published caricatures of the distinguished guest, insinuating that he was expectant of further entertainment, and that the hospitality of the city was terminated with the self-glorifying ceremonies attendant upon his first appearance. If the

obligation on the city's part was canceled, there certainly were more courteous ways of intimating it.

The public press in dealing with private and public affairs is allowed privileges here which in other countries are strictly prohibited; but the amenities of life need never be disregarded. In quite as bad taste was the course of a certain newspaper which, on the occasion of the visit of the President of the United States to the city of its publication, printed at length a list of the campaign scandals and official shortcomings which it professed to believe had tarnished the career of the distinguished visitor. It is evident that the relation of the practical man to journalism here is simply the application of the ordinary rules of business courtesy.

From every point of view a better knowledge of the ways of the newspaper, which, like those of Ah Sin, are peculiar, will be of help to the citizen. A school of journalism can never make a newspaper man. Actual experience alone can do that. The attempt made a few years ago at Cornell University, by Professor Brainerd Smith, formerly of the *New York Sun*, to establish a class in journalism, was not entirely successful, but it is safe to say that it was the first of an interesting series of experiments which indicate a need of the times; for, especially in city life, where the relation of the newspaper to the public is intimate and vital, a knowledge of how a newspaper is and should be conducted will help to make this relation one of mutual benefit.

CHANNING M. HUNTINGTON.



## Our Labor Outlook.

A serious condition of affairs in our internal industrial arrangements confronts us. Banks are closing, factories shut down, business men go into bankruptcy, mines are at a standstill, and, worse than all, hundreds of thousands of workmen walk the streets without finding employment. What is amiss? Where shall we look for the reason of this economical upheaval, how bring about a wholesome change? That it is the plain duty of our legislators to apply the necessary remedy goes without saying. Evidently, however, the nature of the remedy which should be applied is not very plain to them. And here is the reason for it.

The daily press has not given comprehensive general reviews at regular intervals of the happenings in the economic field, as it has done with other matters of far less importance, such as society affairs and sporting events. It neglected and still neglects its duty of furnishing the reading public with the news of the industrial or labor movement, except when such news happens to be of a sensational kind. Had the daily newspapers done their duty in the premises, our lawmakers would certainly be much better informed in relation to the need of the hour. In the labor question the social question is hidden, and by answering the one the other is solved. The present financial and industrial crisis, the problem of the unemployed, the differences between capital and labor, must be considered by impartial minds at the same time if a solution, satisfactory to all classes of society, is to be found.

Outside the silver question, and long before it became the burning issue of the day, the problem of the unemployed demanded consideration. Their number, which has reached already enormous proportions, with every day becomes larger. If no way out is found before winter, so

a well-known delegate declares, soup kitchens must be instituted and bread riots cannot be avoided. There are at the lowest estimate over 100,000 people in New York looking for work, the clothing workers alone numbering over 32,000. The building trades are perfectly paralyzed. Every day of the week carpenters, painters, bricklayers, waiters, cigar-makers, laborers of every kind, arrive from Chicago and other western cities. The World's Fair undoubtedly has something to do with this addition to our unemployed working population, but only in so far as it attracts for a short time those who are looking for work. They leave Chicago and come to New York. Here the same experience awaits them. Some stay in the hope of underbidding those who have work, others press on to different points. Crowd after crowd of workmen come, and history repeats itself. The experience of New York is the experience of Chicago, Cincinnati, San Francisco, and other cities. On the highways and byways of the nation the people out of work can be seen day after day. And we don't mean the tramps, either. Especially hard pressed are miners, factory operatives, people in the clothing industries and the building trades, mechanics, and unskilled laborers of all kinds. The question of the unemployed is not confined, however, to the United States. Very large bodies of working people are without work in England, Germany, Italy, France, Belgium, Sweden, Austria-Hungary, in a number of South American republics, and in Australia.

But what are the working people, the trades unionists, doing to bring about a change for the better? With more emphasis than ever before the shortening of the working day is demanded by organized labor, and demanded in no uncertain tones. But such a reform cannot be brought about in a day. Time is needed for it, and something must be done to relieve the immediate pressure. Here in New York the trades unionists have taken hold of the matter, and have called various conferences, trying to find

out what the mass of the workingmen want the government to do. Public relief works are demanded among other things. Stress is laid upon the shortening of the hours of labor as remedial of deplorable conditions which are fast developing into a national if not international calamity.

In labor circles the trial of the case against Grand Chief P. M. Arthur of the Brotherhood of Locomotive Engineers, at Toledo, Ohio, September 18th, is awaited with great interest. It will be remembered that he was sued for \$200,000 damages for alleged encouragement of the often-quoted strike on the Ann Arbor road. It is a fact not usually known that the United States have 2,700,000 breadwinning women and girls, outside of their own homes, leaving out of the calculation those in domestic service. A number of employing concerns, as for instance the furniture manufacturers of Grand Rapids, Mich., have determined to reduce the hours of work of their employees rather than to dismiss a large number. This is also the case with quite a number of railroad works.

Labor Day, now a well-known and specifically American institution, is upon us. It will be celebrated in the usual fashion by parades, mass meetings, picnics, and excursions. In New York there are expected to be about 15,000 men in line this year. The day is awaited with peculiar interest, as it is not unlikely that it may give occasion for a demonstration of the unemployed. As such demonstrations frequently are accompanied by disturbances and even riots, the outlook in this respect is anything but pleasant. Brooklyn, Philadelphia, Chicago, Baltimore, St. Louis, and San Francisco will also witness monster parades.

A very lively discussion among workingmen is caused by the revolution machinery, new or improved, is making in different industries and throwing people out of work by the wholesale. Improved machinery in the leather industry has deprived thousands of men of work, and type-casting machines are doing the same for the type-setters, who

laughed three years ago when the subject of type-setting machines was mentioned to them. They do not laugh at their "iron helper" now. Ten years ago 5,000 men were working at the E. Thompson steel works in Pittsburg. Since then improved machinery has increased the capacity of production, and only 2,000 men are needed at the present time. The painting machines which were used at the World's Fair have set the painters thinking, and a new bookbinding machine is causing much heart-beating in that industry. The new cotton-sifting machine in the South and the steam-shovel in western mines are going completely to revolutionize those industries, and tens of thousands of workmen will soon have to look for other employment.

From British Columbia comes the complaint that Chinese and Japanese are being imported in large numbers in order to displace white laborers, who are discharged because the Asiatics, living on less, can consequently work for less than the native workingmen. In the fish and lobster canneries especially have the Mongolians made their presence felt.

Looking over the industrial situation of Europe, three points of interest strike the attentive observer: the monster strike of the English coal miners, the position of the Pope in labor matters, and the doings of the International Socialist Labor Congress at Zurich. With the strike of the coal miners, whose number is variously estimated at from 190,000 to 250,000, the reader is as familiar as the meagre information given by our great dailies can make him. The cause of this tremendous economic conflict was a twenty-five per cent reduction, which the Miners' Federation refused to accept. This strike is all the more significant as it foreshadows the international coal-miners' strike which is a certainty of the near future. The sentiment of a large majority of the coal miners is in favor of such a step, all preparations tend in that direction, and this trial of the strength of the organized miners has been definitely

determined upon. What will be the outcome no one can foresee.

The young Emperor of Germany has tried in vain to conciliate the working masses of his realm, and has abandoned the attempt. The Pope has made a step in the right direction by his recommendation that the working time of women and children be reduced by international regulation. The contrast between the present Pope and his predecessor on the one hand and the young emperor on the other is a very marked one.

The congress in Zurich has been a remarkable one, no less than eighteen nationalities having been represented there. Especially was the strong delegation of the workmen of Great Britain a very significant occurrence. Perhaps the most important of the measures taken was the recommendation of the international introduction of the shorter working day and the uncompromising repulsion of the anarchistically inclined portion of the labor movement.

France, which has been treating us with all sorts of surprises lately, promises another in the shape of a general strike on October 1, because the government, in a fit of injudicious braggadocio, has closed the Paris Labor Exchange. The temper of the French is a very uncertain quality, as ruling cabinet ministers may find out to their cost. On every hand their action in this matter has called forth much indignation. Yet he who sows the storm shall reap the whirlwind.

There is much activity in the world of labor in the different countries of Europe, and more under the surface than people are inclined to believe. In Belgium and France the workmen will play a very prominent part in the political campaigns, the example set them by the German socialists having spurred them to their greatest efforts. The military system of the European nations, which cost them last year \$813,800,800, is proving to be a far heavier burden than they are willing to bear. Austrian workmen are demanding the popular vote, and their demonstrations

for this object are causing disturbance, as the police have proven themselves unable to cope with this movement except by the exercise of absolute brutality.

The condition of the German workingmen continues to advance—downward. The eight factory inspectors appointed last year have just issued a report upon the workers' condition in Bavaria. They state that the conditions of labor are becoming worse rather than better, that wages are diminishing, and that female labor is on the increase. Altogether the report is one to arouse serious consideration, all the more as coming from a source which would seek to minimize rather than to exaggerate the record of industrial misery. This special illustration may very well be taken as a general one, characterizing the conditions of the German empire.

Far-away Australia has an active labor movement in progress. In Queensland the labor party succeeded in electing eighteen members to Parliament, and in other parts of the colony this party has been able to make itself felt. Many are out of work even there. The Launceston Municipal Council and the Tasmanian government intend to hasten on public works, in order to relieve acute local distress. In New South Wales the butchers, the bakers, and the printers are having trouble with their employees. The stone masons have succeeded in their efforts to keep up wages, while the other trades are fighting hard for the same object. Seamen have been warned of a coming general reduction of wages. Whether or not it will be accepted has not, however, been determined. In Adelaide alone over 3,000 people are out of employment.

To judge from the general outlook of the labor movement, Europe and America will give the world something to talk about before many weeks have passed.

EDWARD THIMME.

## Among the Magazines.

WRITING upon the danger in hasty tariff revision in the August *Forum*, Rafael H. Wolff sounds the sanest note that has issued from the Democratic party on this subject for a long time. Although a tariff reformer and a Democrat, he recognizes that the essential difference in the relation of American to foreign manufactures is really the difference in the wages, social condition, and skill of the workmen. Speaking from his own knowledge as a manufacturer, he insists "that there is very little difference in the machinery, appliances, and methods in the best establishments on either side (of the Atlantic). But while a skilled workman, according to his ability and steadiness, earns from two to three dollars a day here, he cannot earn more than one-third of that amount in Europe." He says, as any practical man must, that with similar machinery and such a difference in wages, competition with European manufacturers is impossible. So this difference in wages must be approximately covered by protection or the wages must fall or business be surrendered by American manufacturers. He also realizes that American wages cannot be reduced to the European level; "the workmen of this country would rise in a body to resist such an attempt, and it might bring on a struggle more fearful than the country has ever witnessed." He very rationally urges, therefore, that there is great danger in a hasty or sweeping revision of the tariff, and suggests that a commission be appointed consisting of prominent manufacturers, experts, and a few congressmen, to adjust the tariff to this difference in the wage condition. There is force in this suggestion. If we could once have a recognized principle by which the tariff schedule could be economically adjusted to the difference in the labor cost in competing countries, the commission Mr. Wolff suggests would be very desirable,

as it would take the tariff question out of politics. Mr. Wolff writes in a rational vein, which his Democratic colleagues would do well to imitate.

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IN this same number "An Inside View of Daily Journalism" from different standpoints is given with a clearness and a thoroughness that convinces of the intimate acquaintance of each writer with the subject. J. W. Keller, writing of "Journalism as a Career," graphically pictures the alluring quality of newspaper work to the young reporter, his quick command of income, "for the first year \$500 to \$700; this is doubled the second year; in the third year he is permitted to write 'on space;' . . . his income next year is \$3,000. . . . But \$3,000 is his income the next year, and the next, and the next, until he realizes one day that he has grown old. The most pathetic figure in journalism is the man who has grown old in its service. Through no fault of his he finds himself without a vocation when he most needs it. . . . Journalism is essentially a business for young men." The author takes up, and makes clear by explanation and illustration, all "the disadvantages of journalism as a permanent vocation—limitation of income, the insecurity of place, the comparative impossibility of ever working except for hire, the impersonality of the work, the absolute power which the newspaper has over the newspaper man, the constant drain upon both mental and physical forces, and the fact that old age is almost as fatal to employment as death itself." The advantages of the journalistic vocation—the life of infinite variety, the association with quick and vivid intellects, the intimate knowledge of the many-sided life, the glow of constant action, exultant achievement following swift opportunity, are as impartially set forth; but with these all of us, and especially the young men considering what their life work shall be, are more familiar.

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SOLITUDE is declared a necessary factor in a complete



education by Dr. George Ebers in the article "How My Character was Formed," also in the August *Forum*. "Sheep and geese," he says, "become restless when separated from the flock: the eagle and lion seek isolation. From quiet and solitude spring the greatest thoughts, inventions, and compositions of art; hence their potentiality in character formation."

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IN response to Mr. Carnegie's "A Look Ahead," Mr. Goldwin Smith contributes to the *North American Review* for August a strong and thoughtful paper on "Anglo-Saxon Union." Dismissing as inconceivable the vision of political or even diplomatic unity of the English-speaking people of the globe, this writer narrows the idea to a practical consideration of the relations between Canada and the United States. "Of the Canadians themselves," he avers, "few believe that things can remain forever as they are. During a residence of more than twenty years in Canada I have seldom met with a Canadian who did not in private avow or betray his conviction that a change must some day come." Imperial federation, independence, and continental union are the three alternatives before the Canadian people. The first two he considers, and dismisses; the last he discusses at length, as "the best relation between the two sections of the race on this continent, and the only one on which they can permanently rest."

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IN the same number "The Financial Situation" is discussed by the Comptroller of the Currency and by the Governor of Oregon, the former writing in hopeful vein but warning the public not to expect too soon any marked change for the better; the latter dealing only in sombre generalities, looking before and after, and laying the blame of everything that has gone wrong on the Sherman silver bill. In her interesting series of papers on home life in France the Marquise of San Carlos writes this month of "The French Peasantry." She does not view the

subject hopefully, being evidently of the opinion that there is as much depravity in the provinces as in Paris.

---

“THE criminologist, in his search for the causes of crime, cannot in the nature of things accept any blanket theory,” says Mr. Carroll D. Wright in his study of “The Relation of Economic Conditions to the Causes of Crime,” in the *Annals of the American Academy* for May. He takes the broad ground that the criminal “is not a fallen being: he is an undeveloped individual.” Pauperism and attending crime inevitably must follow the unemployed; yet, says Mr. Wright, “employment of the unemployed will not crush pauperism and crime. Universal education will not. The realization of the highest hopes of the temperance and labor reformers will not. The general adoption of the Christian religion will not. But all grand and divine agencies working together will reduce them to a minimum and make that community which tolerates them indictable at the bar of public opinion, the most powerful tribunal known.”

---

IN the *Fortnightly Review* for August Samuel A. Barnet, writing of “The Poor of the World,” portrays the depth and the hopelessness of poverty in India and in Europe, and the life of the poor in the United States, alike but for the “one marked difference,—the poor of America have hope; they have not the beaten, despairing look of our poor,” and places in pleasant contrast the poor of Japan. “In India we had been depressed by the hopelessness, in China by the ugliness, in America by the wickedness which accompanies poverty; in Japan we found the poor touched by friendship into hope and real sharers in the national life. . . . Will this survive the introduction of the industrial system? It is possible, and that Japan may teach the West how to deal with the poor.”

FREE LANCE.

## Editorial Crucible.

[Correspondence on all economic and political topics is invited, but communications, either for private use or for publication, must bear the writer's full name and address, and requisite postage must be enclosed for return of manuscripts or answers to communications. The editor is responsible only for opinions expressed in unsigned articles, and reserves the right to criticise freely views presented in signed articles, whether invited or not. Typewritten manuscripts preferred.]

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WHY DO PEOPLE persist in complaining about Mr. Cleveland's unpatriotism in going a-fishing? Can the leopard change its spots? If a man is fitted for but one vocation, why censure him for following that?

---

THE FOLLOWING items of news, which explain themselves, appeared in the New York *Herald* of August 15th:

*Buzzard's Bay, Mass., August 14, 1893.*—President Cleveland and Dr. Bryant did not go fishing to-day until three o'clock. They returned with a fair catch soon after six o'clock.

*Georgetown, Texas, August 14, 1893.*—The speeches criticising the President's message were of such an incendiary character that the meeting wound up by burning an effigy of Mr. Cleveland.

---

THE GUBERNATORIAL contest in Ohio will be watched with deep interest throughout the country. With McKinley and Neal as candidates, the real national issue between the two parties is forced into the arena. If Neal should be elected, it will conclusively show that, despite the present terrible condition and dreadful prospect, the working men are determined to sustain their decision of last November.

---

THE ONLY HOPE now for speedy, rational relief is for the people to speak to Congress emphatically themselves. Let business men and laborers unite in holding mass meetings throughout the country, petitioning Congress to decide

upon a liberal use of silver at its market value and call the tariff question off until 1896. This would immediately restore confidence, revive business, and avert what otherwise may be the most disastrous winter of our history.

---

THE *Evening Post* is just now falling foul of the New York *Times*, characterizing it as a green goods journal because, as the *Post* emphatically asserts, the *Times* is imposing upon its readers by publishing paid puffs of Chicago exhibitors as original news. It is now in order for the *Times* to retaliate by showing the *Post* to be a political humbug, a vilifier of American statesmen, and an enemy of American industries. The public will then be in a fair way for having a true picture of both.

---

IN ITS painful effort to enthuse over some passage in Mr. Cleveland's message, the New York *Times* says: "Perhaps the most admirable part of Mr. Cleveland's message was the singularly clear fashion in which he set forth the only principle upon which the United States can use silver. . . . That principle is that the less valuable and more fluctuating metal can only be used safely and honestly when its limit is absolutely fixed." Does the *Times* not know that this has been the principle upon which silver has been used for centuries, and that it is the very failure of this principle that has forced the silver question to the front and given so much encouragement to bimetallism that international conferences have frequently been invoked to avoid the periodic financial calamities which this so-called principle has failed to prevent? This is like praising a manufacturer for trying to re-introduce the hand-loom as a new discovery.

---

IF THERE is a class of people in this community whose views are represented by the *Evening Post*, they must be essentially alien in interest, feeling, and civilization. No question arises in which American interests are involved in

which it does not turn up on the other side. Nothing seems to please the *Post* quite so much as the failure of American projects or the misfortune of American laborers. Expressing its cynical gratification at the misfortunes of the unemployed miners in Colorado, it suggests that they could easily find employment as farm laborers, and says, "Of course they will not get as much pay in the fields as they did in the mines, but *they ought not, as the wages of miners have been extravagantly high.*" As if this were not enough, it has nearly a column editorial insisting that, whether it destroys manufacturing interests or not, the tariff slaughter must go on, declaring, "*If it means ruin, then ruin will come as surely as the sun will shine to-morrow.*" Thus when calamity to American laborers or capitalists comes, it rejoices; and when it does not come, it does its best to bring it about. The daily reports of closing factories, reduced wages, and armies of unemployed ought to make the *Post* very happy.

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THE PASSAGE of the Home Rule Bill in the House of Commons is now assured and it will soon reach the House of Lords. Whether the members of the Upper House will maintain their traditional stupidity in contemptuously rejecting the bill, or will show some signs of appreciating the trend of the English public mind, will have much to do with the permanence of that effete institution. The temper of the British public mind toward the obstructive tactics of the Upper House is indicated in a recent editorial in the London *Daily Chronicle* discussing its rejection of a bill for giving home rule to London. The *Chronicle* remarks: "What right have these men to the position which they abuse? What State would tolerate them for five minutes? What have they wrought within the period covered by modern democracy but woe and mischief? What is their record other than the most arrogant and undiluted selfishness? If the Liberal party do not before this fight is over bring down the House of Lords with a crash,

it will itself deserve ill of the English people." If the House of Lords has indeed enough of ability and high character to be worth saving, it will recognize the danger of too much resistance to the popular will. If it fails to do this, it will only demonstrate its own inutility and justify the demand for its abolition.

---

IN ITS EAGERNESS to goad the administration into the literal adoption of the worst plank in its party's platform, the New York *Sun* has invented a new interpretation of the phrase "tariff for revenue only." With an emphasis purely its own it is contending that abolition of protection is not free trade, that tariff for revenue only simply means equal ad valorem tax upon everything. It has repeated this so often that it actually seems to be beginning to believe it, yet nothing could be more absurd. There is absolutely no truth in this contention. A tariff for revenue only is literally and absolutely free trade. The *Sun* seems to forget that a tariff for revenue only must be so levied as to have no other effect than to afford revenue. In order to have this it would be necessary in all cases where a duty is levied upon foreign products to levy a corresponding duty upon home products of the same kind; otherwise such duty would afford protection. Therefore, to entirely destroy protection and make the duty solely for revenue, protection in the foreign tax must be neutralized by an equivalent tax on all domestic competing articles. That would give absolute free trade, because so far as competition was concerned it would be the exact equivalent of the abolition of duties altogether. Thus the *Sun's* much-made point about the tariff for revenue only is a pure delusion. To the extent that it succeeds in propagating this notion it is injuring the country and demonstrating its own error.

---

AS IF to furnish another illustration of the absurdity of the supply and demand dogma, *Bradstreet's* seriously

ascribes the fifty-per-cent fall in the price of silver during the last twenty years to the fact that the annual output has doubled in that time. If this theory were true, the prices of beef, mutton, poultry, farm and garden products should have fallen more than fifty per cent, as their supply has increased many fold during the present century. And yet the prices of these articles have not fallen; in many instances they have increased. In manufactured articles the product has greatly increased and prices have fallen. But would *Bradstreet's* venture to suggest even that the increased output is the cause of the lower price? Would it pretend, for instance, that the fall in the price of cotton cloth from seventeen cents to three cents a yard is due to the fact that a larger quantity is made? As every manufacturer knows, it is due to the use of improved machinery. One might as well attribute the cheap newspaper to the large supply instead of to the use of the almost automatic Hoe presses. So it is with silver. Its price has fallen, not merely because more has been produced, but because somewhere the cost of production has been diminished; and when it reached sixty-two cents per ounce, it went below the cost of producing a considerable portion of the supply. Hence the immediate closing of the poorer mines. For a reputable financial paper seriously to undertake to show that the price of silver has fallen fifty per cent because the production has doubled only proves how sadly economic education is needed even among our leaders of public opinion.

---

WE ARE SURPRISED to find the Boston *Herald* falling into the error of attributing the bad judgment of labor organizations to the fact that they have "foreign labor leaders." Since wage-laborers themselves are largely of foreign birth or parentage, it is absurd to expect that they would or could choose traditional Americans for their leaders. The mistakes of laborers, like the mistakes of capitalists and politicians, are due, not to their nationality,

but to their ignorance of economic questions, particularly the relation of capital to the welfare of the community. For most of this ignorance, or to speak more correctly, this mistaken notion regarding their true interests and the means of advancing them, the *Herald* and its class of journals are chiefly responsible. To be sure, ignorant, poverty-stricken laborers come here from the continent with their heads full of hatred to capital, produced by oppressive conditions and institutions and the teachings of socialism and anarchy. But the influence of their erroneous propaganda upon public opinion would be very slight but for the aid it receives from the press. For the last ten years our leading journals have done their utmost to turn the public mind against capitalists. Of course their object was not to promote socialism, but to destroy protection. To accomplish this they have spared no means, fair or foul, to portray American capitalists as economic vultures preying upon the vitals of the laboring classes. In this way they have insidiously confirmed the doctrine of Marx that profits of capital are but unpaid wages of labor, and that the poverty of the poor is due to the wealth of the rich. This cause has not only strengthened the false notions and inflamed the passions of the immigrant socialists, but it has also brought to their support a large class of sentimental Americans, who by the same means have been led to distrust the adequacy of American institutions and American methods to deal with American industrial conditions. As a culmination of this policy we now have the twin enemies of society, an anti-capitalist public sentiment and a bankruptcy-creating administration.

---

IT is announced in English labor circles that Mr. Tom Mann, the trades union representative on the Royal Labor Commission, is to be a candidate for a seat in Parliament at the next election, and in accordance with the English custom Mr. Mann has announced his platform, which contains eighteen planks or propositions for reform,



some remarkable for their good sense and soundness, and others for their socialistic flavor. Indeed, Mr. Mann's platform may be taken as fairly indicating the drift of political sentiment in the English labor movement. Among the things that Mr. Mann proposes to ask Parliament to do are the abolition of plural votes; all elections to be on the same day; triennial parliaments; payment of members; compulsory registration of voters; the forty-eight-hour working week; prohibition of child labor under thirteen, and half time, with compulsory school attendance the other half, until sixteen; free elementary and technical and economic education. These are in the main pre-eminently sound, practical propositions, and would undoubtedly command recognition and at least liberal support from a large class in the community and from the most progressive members of Parliament in both political parties. But we regret to observe that Mr. Mann does not escape the weakness from which we had always supposed he was free, namely, that of weighting down his sane, feasible propositions with a number of socialistic demands which are pretty sure to retard the progress of the others and to diminish his influence to the extent that they are pushed to the front. Among these are the taxation of ground values, with the object of extinguishing private property in land; a graduated income tax; nationalization of mining royalties, railroads, and canals; cumulative duties on all estates exceeding £1,000 in value; and state pensions for every person at the age of sixty. It is a mistake to assume that the breadth of a man's public view is measured by the number of reforms that he proposes. If Mr. Mann would drop entirely the last half of his platform he would show more statesmanship, better practical judgment, and would exercise far more influence in bringing about the reforms he most desires.

---

IT APPEARS that the good people of Massachusetts are actually beginning to doubt the genuineness of the so-called

independence of the Boston *Herald*. Of course the *Herald* is justly incensed at such unseemly skepticism in the face of its own unceasing assurance of the fact, and, this habit having become so prevalent of late has deemed it necessary to severely chastise these wavering backsliders and again solemnly proclaim its "independence." It does seem unkind not to take the *Herald's* word for its own political character; yet the people of Massachusetts can hardly be expected to forget everything. It has made an heroic effort to find a few isolated instances where it momentarily stepped out of the machine-made rut to favor a single candidate on another ticket. But the cases are so few and feeble that they tend to confirm its partisanship rather than to prove its "independence." It bases its claim to independence in national politics on the slender fact that "it commended the Republican administration of President Hayes, and had many pleasant words for that of President Arthur." Yes, and so did almost every Democratic organ in the country, and the *Herald* like them opposed the election of both these men, and has since opposed every candidate nominated by their party for that office. Its faint objection to the appointment of Carlisle as Secretary of the Treasury is hardly entitled to special mention, since it was such an obviously discreditable appointment. The only instance it cites of actual "independence" of the Democratic machine is its support of "Shovel-King" Ames, who was the most insipid and merely money-bag governor Massachusetts ever had.

Now, we have no quarrel with the *Herald* for being a Democratic organ if it will only be honest about it. It is not its partisanship that the people of Massachusetts are beginning to resent, but its false pretense. The American people do not object to party journalism; but they do want honest journalism. It is the lack of intellectual integrity that is making the people of Massachusetts lose faith in the Boston *Herald*, and the respectable, honest people of New York despise the *Evening Post*.

## Book Review.

*Freeland: A Social Anticipation.* By DR. THEODOR HERTZKA.  
Chatto & Windus, London. 1891. pp. 443.

This is another attempt to solve the social problem by creating an imaginary society based upon economic justice, and watch the smooth working of its machinery through inventive anticipation. Freeland is, however, the first book of this class that we remember to have seen whose author had any perceptible scientific insight into the economics of actual society. Dr. Hertzka is an economist of repute, is familiar with the literature of the subject, and has evidently made real progress in his economic thinking. He sets himself the task of answering the question, "Why do we not become richer in proportion to our increased capacity of producing wealth?" He points out with considerable clearness that, through the use of steam, electricity, and other natural forces, our power to produce wealth has increased much faster than our power to abolish poverty. After insisting that there must be a correct solution for the social problem, he says:

"The correct answer to the question, Why are we not richer in proportion to the increase in our productive capacity? is this: Because wealth does not consist in what can be produced, but in what is actually produced; the actual production, however, depends not merely upon the amount of productive power, but also upon the extent of what is required; not merely upon the possible supply, but also upon the possible demand. The current social arrangements, however, prevent the demand from increasing to the same extent as the productive capacity. In other words, we do not produce that wealth which our present capacity makes it possible for us to produce, but only so much as we have use for; and this use depends, not upon our capacity of producing, but upon our capacity for consuming."

This statement contains more economic truth and so-

cial insight than anything we have hitherto seen upon the subject. It would seem almost impossible for an author with so clear a conception of the subject to lose his way in an Utopian quagmire; yet, strange as it seems, this Dr. Hertzka finally does as completely as any of his predecessors. He ascribes all our social backwardness to the lack of increasing demand, to the slow growth of new wants and tastes in the community. Thus far he has gone without error. When seeking to explain why new wants and demands have not kept pace with the improvement in productive methods, he comes to the cross-roads. He saw not only that new wants grew too slowly, but that capitalists discouraged and hindered their development, because they believed that the more laborers received as wages, the less there would be for profits. From this he concludes that interest and profit, or what Karl Marx called surplus value, was the evil influence which prevented the growth of consumption among the people, and therefore, although he admits that profits are not unjust in the ethical sense, economic justice and the highest order of progress can only come when rent, profit, and interest are eliminated. It is unquestionably true that the social influence of the capitalist class has greatly retarded the growth of consumption among the masses throughout Christendom, and it is just as true that their motive for doing this was to obtain greater surplus value in the form of rent, interest, and profit. But the real reason for this is their mistaken view of the relation of consumption to production, and not, as our author imagines, to the existence of profits as such. Here, then, what Dr. Hertzka proclaims as a new discovery, and holds prominently to the fore as "a new ray of light," proves to be a veritable delusion, and the misleading guide-post that turned him from the straight path into the woods, whither he ever after wanders in great confusion.

Although his analysis of economic phenomena differs from that of Marx and other socialistic writers, his conclu-

sion as to the cause of existing social evils and the means of remedy is substantially the same. Marx concluded that the masses are poor because they are robbed by "capitalistic exploitation" by means of surplus value, and thinks the only remedy is the abolition of private ownership of the means of production. Dr. Hertzka thinks that the masses are poor because, through the desire of obtaining surplus value, capitalists have prevented the growth of consumption and thus retarded the possibility of abolishing poverty. His statement of the case is much better than Marx's, but, having made the mistake of ascribing the result to the existence of interest instead of the mistaken notions of capitalists, whose economic vision is obscured by their eagerness for interest, he also concludes that the only remedy is the abolition of the private ownership of the means of production. For all practical purposes, therefore, he is a socialist, and we regret to say that in the application of his socialism he resembles Bellamy more than Marx. It is one of the merits of the Marxian doctrine that the transition of society from capitalism to socialism must come through gradual evolution of existing industrial institutions. It has always been the weakness of the uneconomic Utopians to imagine that the way to reform society was to go off into some obscure corner with a few of the elect, and there inaugurate the ideal state. To this weakness Dr. Hertzka is a victim. The greater part of his book is devoted to the elaboration of a scheme of taking a few people to Africa and inaugurating Freeland, where neither rent, profit, nor interest is permitted. Of course it is marvelously successful, and after twenty-five years a world's congress is held, and all other nations want to know how it is done and are eager to imitate it.

This idea has no basis in history. New forms of society are never introduced that way. Institutions are changed only by the increasing necessities of the people living under them. It is by the closer contact and intercourse of the new with the old, the high with the low, the

complex with the simple, that new wants grow, social life expands, and demand for higher economic and social institutions is created. Therefore, any social remedy to be efficacious must be along the line of existing institutions in existing society, evolving a higher future out of the present, not by any method of social segregation. All attempts to reorganize society by select social segregation are contrary to the primary principle of social and economic evolution, and can never succeed. In the last analysis, then, the end sought by Dr. Hertzka is identical with that of Marx, though his means of obtaining it are more arbitrary and less philosophical. The cardinal error of both is their misconception regarding the economic surplus. Had they understood the true economic character of surplus value, they would have seen that it is neither an exaction from wages nor a concession to price, but is simply the difference between the highest and the lowest cost of production to competitive producers; that it exists only in progressive society, where new improvements are constantly diminishing the cost of production; and also that this surplus or profit goes to the community just as fast as the new methods which created it come into general use, and still more improvements are necessary if profits are to continue. Instead, therefore, of being an exploitation of labor, surplus value is a temporary incentive for capitalists to develop economic improvements. The clear understanding of this law of economic surplus would have saved both Marx and Dr. Hertzka from the common delusion that the public ownership of means of production is the only true means of social improvement.

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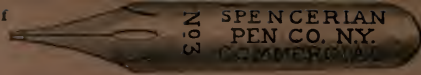
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GEORGE GUNTON, Editor

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No. 4

Path to Safe Banking and Currency . . . . .	EDITOR	193
Is There a New South? . . . . .	A. D. MAYO	200
With and Without a Government Bank . . . . .	VAN BUREN DENSLOW	209
Our Social Instincts . . . . .	E. P. POWELL	220
The Economic Woman . . . . .	WILBUR ALDRICH	227
Specialization of Labor Functions . . . . .	KEMPER BOCOCK	235
Among the Magazines . . . . .	FREE LANCE	238
Our Labor Outlook . . . . .	EDWARD THIBBLE	242
Editorial Crucible . . . . .		248
Book Reviews and Notices . . . . .		253

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## Path to Safe Banking and Currency.

The problem now before Congress and the American people is how to secure a sound and elastic monetary system. This problem involves two distinct propositions, which will be acted upon by Congress separately: first, gold and silver money; second, banking and currency. The first proposition, which is already before Congress in the form of the silver question, has been discussed at length in these pages, and a practical scheme suggested by which silver can be freely used on the same basis as gold, maintaining a single gold standard and furnishing absolute security against depreciated money.\* The question of banking and currency has also been considered in the SOCIAL ECONOMIST both from the historical and economic points of view, and we now present some suggestions looking to the establishment of a workable system of safe banking with a currency that shall be at once sound and flexible.

The apparent determination of the administration to repeal the ten per cent tax on the circulation of the state banks indicates that all the horrors of the wildcat banking and financial crises of 1837 and 1857 are to be thrust again upon the country. If the right to freely issue banknotes is to be opened up to all banks that choose to form under state laws, no scheme of official inspection can prevent a reign of wildcat money. This can be accomplished only through financial methods by a Federal Bank which shall itself redeem in coin all the notes of state banks that are

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\*See "Solution of the Silver Problem," in March, and "Application of the Silver Solution," in June number of the SOCIAL ECONOMIST for 1893.

allowed to circulate, and sustain the loss if it allows any doubtful notes to pass through its hands without enforcing their redemption weekly or closing by law the bank issuing them.

Nevertheless, the repeal of the ten per cent tax is necessary to a free banking system, because only through a banknote currency issued in exchange for commercial paper can we have either an elastic currency, which will contract as well as expand in harmony with the wants of trade, or a currency which can be put to the actual test of daily redemption in coin. Neither of these essentials of a good currency can be found in a currency of government notes, or of banknotes redeemable in government notes which are only in effect a government note with a bank's useless indorsement. Such a note cannot in fact be continuously redeemed by a government without a bank. A government has no other assets than its coin to redeem with. A bank has, irrespective of its coin, assets for redeeming its notes far greater in worth and value than the volume of notes seeking redemption. These assets are the property on which the notes were loaned. Hence banks can in fact redeem their notes in coin and coin's value, but a government can at best only get up a successful bluff.

A government whose income exceeds its expenses, as that of ours does, would have no way of re-issuing notes once redeemed, and hence redemption on its notes would mean contraction and a crisis. Hence banks in order to loan at low rates of interest must loan either deposits on which they pay no interest, which only exist in cities, or they must loan their own gratuitous notes. We can never have a coin redemption in our banks until the greenback issue is retired, nor until the banknote is issued on the credit of the bank and not of the government. Hence what is needed to give us an elastic currency to utilize and attract coin, to provide free banking on the bank's own note, and so to compel low rates of interest on loans of

money in the farming section and among sparsely settled as well as urban populations, is:

1. To authorize thirty or more existing leading banks of the country to organize a Federal Bank, of which each shall be a branch, with a capital of not less than one hundred millions of dollars, of which one fifth shall be paid in coin and four fifths in United States bonds at par, or in bonds of American cities exceeding one million in population at par, or in British consols at par. Such Federal Bank shall be the depository of the revenues of the Federal Government, and shall pay all government dues, except the public debt and interest thereon, in its currency, and shall be the central clearing house of all the banks of the country.

2. To authorize the Federal Bank and its branches to retire the greenback issue, substituting its own notes in lieu of the legal tenders in such manner that each bank which is united in the Federal Bank shall, at its organization, purchase and deposit in the United States Treasury for cancellation a sum in legal tender notes bearing the same proportion to the volume of legal tenders now issued as the capital of such bank bears to the total capital of all the banks confederated under this system, to the intent that the first banknotes issued shall issue on the retirement of a like sum in legal tender notes, dollar for dollar.

The par of the capitals of the national banks amounts to about \$1,000,000,000, and as some of their stocks are worth from two to forty-five times their face their real capitals are somewhat greater. Individual deposits are \$1,500,000,000 more. The total volume of banking capital, national, state, and private, which would assume the purchase and retirement of the \$380,000,000 of legal tenders (not covered by coin or bullion deposits in the Treasury) would probably be about \$3,800,000,000. At least this would be a reasonable estimate of the whole banking capital of the country. This aggregate capital would be called upon, as the condition of substituting its own notes as the

circulating medium of the country, to buy up and retire one tenth of its own volume in legal tenders. Each bank of \$100,000 of capital would pay for and retire \$10,000 of legal tenders, and thereupon would be free to issue its own notes, in place of those, for \$10,000, and as many more notes as it needed to issue. Hence the "turn" costs the banks nothing, and places \$3,800,000,000 of banking capital behind a legal tender debt which is now unsecured except by the \$100,000,000 of so-called coin reserve, which is not a security at all. Thus banking would be free from its incubus and the government from its legal tender debt.

3. Repeal the legal tender law, the ten per cent tax on state bank circulation, and the law requiring notes of national banks to be based on a deposit of bonds with the government. This is necessary to convert the national banknotes, which are now in effect government notes, into real banknotes. But require all banks to organize on a basis of capital essentially like that of the Federal Bank as respects the ratio of its coin to its securities and the nature of its securities.

4. Require the Federal Bank to redeem in coin the notes of all state or national or private banks, and vest in it the ordinary right which any citizen should have to close any bank which will not reimburse the coin paid to redeem its notes. Redemption in coin is necessary to return banknotes to the bank of issue. This return is necessary to keep unloaned notes in sufficient supply in the rural districts. This supply is necessary to keep rates of interest low. Rates of interest must be low to give prosperity to the borrowing class.

5. Leave the Comptroller of the Currency in supervision of the issue department of all banks, and devolve the charge of their deposits on the government of the State in which the bank is located. Still, neither supervision will be one tenth as effective as the merely financial control over them which will naturally be exercised by the Federal Bank, not by law nor by authority but by its capi-

tal, knowledge, interest, and position. The customs duties should still be payable in coin only, as the notes of all banks are, since those taxes on which the credit of the government depends are of the nature of ultimate redemption and not of exchange.

6. Give to this Federal Bank the power, now practically denied to national and state banks, of dealing in foreign exchange, and of establishing branches or offices in foreign ports with capital of their own, of which a part shall be subscribed by the resident banks and merchants of the countries wherein they do business.\* Let the Federal Bank also have the power of raising and lowering its rate of discount, and of paying interest on deposits of coin, untrammelled by any usury laws. This will enable it, by raising its rate of discount, to mitigate crises and prevent suspensions of specie payment by attracting gold from abroad, and to prevent a drain of gold from the country, when necessary, after the manner of the Bank of England. Its notes will circulate throughout every city and port of the commercial world, as the notes of each of the government banks formerly existing in the United States did, operating as international substitutes for coin, and universally accepted letters of credit for travelers.

7. Let the Federal Bank, and its branches as hereinafter embraced, issue its own notes to an amount equal to the greenback legal tender notes which it purchases and retires, whereby the United States will presumptively avoid forever both the burden of payment and the evil of contraction. This greenback debt will remain a perpetual debt of honor of the government to the banks, since the banks will have relieved the government of its payment. Yet the banks will find in its assumption a smaller burden than the present necessity of depositing bond security for notes. Beyond this amount, let every note of the Federal Bank be issued only in

\* The need of this was strongly expressed by several delegates to the Pan-American Congress convened by Mr. Blaine in Washington in 1890. See majority Report on Banking, p. 830; speeches of Mr. Aragon, of Costa Rica, p. 852; Mr. Hurtado, of Colombia, p. 859; Mr. Mendonca, of Brazil, p. 862.

exchange of coin of either gold or silver, as Bank of England notes in excess of the government's indebtedness are issued, provided that if coin of one of these metals shall be made the standard, redemption may be made in such weight of the other as shall equal the standard in value at the time of redemption.

8. Let all the banks of less than \$50,000 capital be required to become branches of some bank having more than \$250,000 capital, and all banks having between \$50,000 and \$1,000,000 capital be required to become branches of some bank having more than \$1,000,000 capital, in order that there may be an effective local supervision of the deposits and note issues of every bank by the bank of which it is a branch, and let all banks having more than \$1,000,000 capital become branches of some one of the thirty banks which are branches of the Federal Bank. Each bank will redeem the notes of its branches, and each branch will deposit in and clear at the bank in which it is a branch. In this manner the whole banking business in the United States will be federalized in the same sense as each township and each county in the various States is, through its state and congressional district relations to the Union, federalized into a constituent fraction and component part of the United States. That this is the normal outcome of banking is shown by the fact that in Great Britain, where banking reaches its highest perfection, and greatest security, utility, and economy, 131 parent banks with 3,801 branches, all centering in the Bank of England, do the business of the country, and lay a basis on which the country aspires to be the banker of the world.

The exact terms of federalization must be a subject of careful consideration by bankers and by Congress. But they should include the ownership by each branch bank of a block of stock in the central bank, and the appointment of one director therein, and the reciprocal ownership in exchange therefor by the central bank of a block of stock of equivalent value in the branch bank, and of so many



directors as the proportion such stock bears to the whole would elect. The board of directors of a central bank will consist wholly or largely of the presidents of its branch banks, and so will also the board of directors of the Federal Bank. This would insure the knowledge among bankers required to guard against imposition, over-issues, inflation, reciprocal panic and distrust. At least this, having been largely the method of organization of the second Bank of the United States, would deserve careful consideration.

9. No bank of discount below the Federal Bank should be permitted to pay interest on deposits, and the Federal Bank only on deposits of coin, nor shall any bank loan on land or on pawns.

The introduction of these provisions into a suitable Act of Congress would furnish the people of the United States with a system of banking modeled upon the most tried systems which have heretofore existed, and it would therefore be very nearly scientific. The Federal Bank here suggested is not a government bank like that provided by Hamilton, and by Madison's secretary, Dallas, and which Jefferson and Jackson opposed. Government is not a partner in, nor a director of, nor a force in any way controlling except by general law the confederation of all the banks of the United States here suggested. Even the Federal Bank here outlined is only an aggregation of existing national, state, and private banks representing wholly private capital. The United States would be a depositor in it as it is now in certain national banks. Any State or city might also be a depositor and doubtless would be. Hence it is not a mammoth rival to existing institutions. It only discovers, organizes, and develops certain powers in them now latent and seeks to make them efficient. Under such a system banking would be more than ever free from politics and politics from banking.

## Is There a New South?

There is still a good deal of unnecessary friction in the heated discussion of the question whether there really is a new South. Probably the time will never come when the journalist, or even the average statesman, will be able to take an all-around view of a theme so large that it may be compassed only by many observations of many minds. It would relieve the college commencement audience, down South, of much superfluous oratory if the college orator could be accompanied by the "annex," who would "do the gestures" for the other side. And the stalwart northwestern senator, who still conceives of the Southern heart as meditating "treason, stratagems, and spoils," only biding its time for another great rebellion, might possibly learn something to his advantage if compelled to sit all winter on the piazza of a down-South hotel, and witness the efforts of the people to "boom" their town into a little Chicago. In short, there most emphatically is a new South; and, again, there isn't, just as you look at it.

If any sane man, north of the Ohio and the Potomac, expects the leading people of the eleven States that broke from the Union in 1861 to forget the fact of the rupture, and all the causes that led to it; the tremendous fighting and the more tremendous suffering of that mighty four years' conflict; the superhuman sacrifices and toils of their women at home, and the marvelous fidelity of the colored folk meanwhile; the swift alternations of exultant hope and despair; the passionate devotion to the few great men developed in that stormy university; the final collapse and the frightful ten years following;—he may as well prepare his mind for a wholesale disappointment. All the Southern people that are good for anything will remember and ought to remember this entire period in the history of these States. There are people whose patriotism is undoubted

who never seem to have learned the bottom reason why the nation would not "let the South alone" in 1860. Anglo-Saxon manhood and womanhood is not to be had for the asking. A republic that would not fight to its last man and spend its last dollar to keep 12,000,000 of that sort of humanity a part of itself would deserve to be parceled out, each State delivered over to the tender mercies of its special set of American cranks. If modern history is in any sense "philosophy teaching by example," it teaches this;—that all the great and perilous problems of modern society are to be finally solved by this same Anglo-Saxon people, and for the reason that it is the only people endowed with the supreme genius for the solving of such problems in the only possible way,—by a perpetual conflict of opinion and administrative policy between the conservative and the progressive element of society, with the common understanding that the world moves and that, sooner or later, all good things are bound to come, with better things ahead, by the common-sense assent of common-sense people. A nation thoroughly in the grip of such a people, open to all the characteristic influences of our time, is as certain of genuine success as anything in this long-suffering and somewhat uncertain world.

From this point of view we may understand and reconcile the existing differences of opinion concerning the reality of a new South. The old South abides, in the same sense as does the New England, the New York, or the Pennsylvania of half a century ago. The same kind of people bear the same sort of children, who, when they grow up, go their own way. The most anti-Puritan portion of America is the New England of to-day that is making new holidays to glorify the Pilgrim fathers, and has established a club in Salem where the descendants of the witches and of the officials who hanged them toast each other, with mutual admiration. The same people that turn out, by the city-full, to build Lee's monument and to bury Davis, are taxing themselves for the schooling of negro

children as heavily as the millionaires of Boston for the education of the children of the Back Bay. And this old South will remain indefinitely, simply because the Southern man and the Southern woman are chips of the old Anglo-Saxon block, each individual, whether in England, Australia, New Zealand, the Dominion, or this republic, able to hold the two sides of life within himself; devoutly remembering the old; understanding as no one else can why he devoutly remembers it; but all the time looking for something not only better and larger than he has known, but grander than any one ever dared to hope for this side of heaven.

Thus it happens that any one with a soul big enough to take people as they are, who goes down South with a genuine purpose to know the truth about the situation, finds himself in a Southland so new that the "dark and true and tender North" appears, for the time, the home of conservatism. Of course, if he knew the South before 1860, he will be astonished to find a new nation within a nation, 8,000,000 strong—our brothers and sisters in black; all American citizens, in so far as law can lift to that pinnacle of modern life; citizens in reality by the steady development of a superior class and the facing of the least hopeful sort toward the promised land to a degree never realized before under anything like similar circumstances. And, with the exception of the grumblers, the moral cowards, the sensationalists, and those second-rate folk of every sort, who everywhere represent discord and the minor key, he will find that, while Southerners, like ourselves, "have no use for" a lazy, shiftless, vicious, and criminal negro, there is a hearty satisfaction among all respectable people at every advance by these people in useful knowledge, industry, thrift, and the practice of the ten commandments. Beyond this, the foremost mind of the South to-day believes not only that what is called the "race problem," under the providence of God and the "working together for good" of all good folks, will be

solved, but that its solution will prove a forward step in national life and a new revelation of our common human nature, whose capacities for achievement are only just now being suspected even by the prophets of "the grand and awful time" in which we are living and moving.

Another thing that cannot be ignored is the steady evolution everywhere in the South of the new American from the old European order of society. This does not so strongly impress our Northern people as the spectacle of the new citizenship of the colored folk, because the present generation is perfectly familiar with the same process at home—never knew, indeed, any different order of affairs. European society dates back to an age when the prizes of social life and the advantages of political distinction were reserved for men who displayed their manhood in war or in the exercise of the administrative functions of a civilization built upon force and a decisive military policy. Excepting for a brief period after our two great American wars, the North has rewarded industrial genius and eminent success in developing the resources of a new country with wealth, public favor, and finally social distinction. It is not easy to see why the thousand American families, first known for some achievement in the industrial development of the country, have not a better title to distinction than lords and princes who first appeared as the destroyers of mankind and the enemies of nine-tenths of the human race.

The only social difference between North and South before 1860 was that caused by the institution of slavery, which for two centuries had arrested on Southern soil development of the proper industrial type of American civilization and perpetuated the European military order with its ideals and many of its characteristics. To this element the nation owes any existing ambition for conquest and expansion of territory, in any plan for which, with the sole exception of the purchase of Alaska, the South uniformly led. The civil war, by destroying slavery, reduced the

leading class of the South to poverty, and for the first time every door of industrial civilization was thrown open, and the inevitable consequences followed. But this social change is only new in the sense that it brings Southern society in range with the Northern and American type, every family finally receiving consideration in proportion to its services in some useful direction in the development of the country.

It is a simple stupidity for a certain class of literati to exclaim over this inevitable trend of Anglo-Saxon society, and to denounce it as materialistic or in any way a symptom of social degeneracy. On the contrary, the evolution of this new social order, at home and abroad, has been characterized by a magnificent endowment of all the great agencies of education, religion, philanthropy, and beautiful living such as the world never before saw. Within the past generation, from that of George Peabody down, every considerable gift for the higher side of life in the South has been the free-hearted contribution of men and women included in this narrow and impudent classification of the New Materialism. Socially the South is new, as all the rest of the country, as Washington, is new. "The old family business is about played out in Massachusetts," as Sam Bowles, greatest of New England journalists, used to say. But everywhere in the republic is the new family, wiser, higher, more efficient for all the uses of a new age in a new world.

Another change in the South is the rapid growth of a cosmopolitan Americanism and the decay of the picturesque provincialism which, in the days of the fathers, made its States like obstinate nationalities and even divided commonwealths into sections, altogether unsympathetic and almost unknown to each other. One striking result is the steady tide of emigration of superior young men from the country to the cities, especially from the entire South to the Northwest and the Pacific coast. Outside of New England, every metropolitan American city

is receiving these ambitious and pushing youth, in greater numbers every year. It is possible that the Southern contingent in New York now equals the white population of any city in the South. The old intense Southern-State pride is giving place to the broader ambitions of our new American life. But in this the South is not new. There was always a drift, from its upper and lower strata, away from its conservative limitations into the broader and freer life beyond the Alleghenies and above the Ohio, outward and onward to the Pacific. In the South as in the North, the bright young men are leaving their country homes, and for the same reason—the desire of the young American to be himself “father of his country” in some degree. At present, the South is at serious disadvantage from this cause. For while every Northern State is filling the gap made by its emigrating children with the rapidly improving and often superior youth of its recent European stock, the South must wait another generation for its own white masses, leaving out of the question the later development of the negro, to make good the vacant places.

This hegira of superior young men is only a part of the general upward movement of the respectable white population of these States. The close of the Civil War threw upon the market quantities of better land than the masses of non-slave-holding farmers had previously been able to possess. The multiplication of farms in the States east of the Mississippi means that great numbers of the old-time “plain people” are now the possessors of new estates and are generally in a condition of greater prosperity than ever before. The existence of the country district public school, poor as it may be, means that a new generation has put its foot on the threshold of knowledge, with all which that first step signifies to the young Anglo-Saxon American. It is twenty years since Virginia finally put on the ground the agency for popular schooling urged upon the Old Dominion by Thomas Jefferson a century ago. The great political upheaval that for the past ten

years, in various stages of development, has wrought such strange results in almost every Southern State, is the legitimate outcome of this progress among the masses of the Southern people. It signifies that the time is past when a few hundred men, however able and worthy, can manipulate the public affairs of an American commonwealth, that henceforth every State of the South, like every Northern State, is to be governed by the majority, without regard to previous conditions or traditions, however venerable. In the West the Populist movement, by its very nature, must be transient. In the South, by whatever name it may be called, the steady march to the front of The Third Estate is the legitimate result of the emancipation of labor. This political advance, although it must be signalized by many crudities, and although for a time the political crank and the demagogue will ride the top-most wave, yet the people here, as always in a republic, learn to do by doing, and the final outcome will be good for the negro and for his former master; for the movement is neither more nor less than the progress of the vast majority of the white people of the sixteen States toward a larger and more beneficent idea of Americanism than it has been able to attain before.

Meanwhile, as the boys move on from the old plantations, the girls are left behind. Fifty years ago the young women of New England found themselves in the same predicament with which their sisters of the South are struggling to-day. Instead of sitting down in sackcloth and ashes, bewailing the lost and praying for "the coming man," they stood upright, accepted the situation, invented three hundred new ways of getting a living, stormed the school-house, captured every department of the church outside the pulpit, which is now in a state of siege, possessed themselves of the higher education, entered the world of journalism, of literature, and of art, and are now in the enjoyment of the fairest opportunities and shouldering the weightiest social, moral, and religious responsibili-



ties of the splendid new civilization of these States. The woman's movement in the South is simply a repetition of what has been going on in every Northern State—a generation later, but bound to go on. It is new in the sense that the man and the woman of thirty are not the boy and girl of fifteen; yet all the preaching and all other forms of resistance will be as powerless to prevent the Southern woman from coming into her own heritage in the New Orleans and the Charleston of to-day, as they were to prevent the success of the same movement in the Boston and the Chicago of a generation ago.

The bottom fact in every order of society is its ideal of education. Beyond all question, the most notable change that has come over our Southern States since the days of sixty-five is the establishment in every State of the American common school for all classes and both races. But this, apparently the newest of all things, is only the realization of the broad and wise plans for universal education elaborated by the foremost Southern men of the old Revolutionary epoch and urged upon the original Southern commonwealths with a force and eloquence never surpassed. Indeed, every State of the South had made some effort toward universal education before 1860. The record of the agitation in this direction, with a re-publication of the eloquent appeals of Jefferson, Thornwell, Breckenridge, Wise, and scores of others only less eminent would make one of the most valuable and characteristic educational works in American literature. This movement for the education for the new American citizenship of five million of Southern children and youth, by the people through the state, is only what every Anglo-Saxon people in a republic must do; because only thus can a republic of the American sort endure.

So it matters little whether the observing traveler prefers to call the wondrous spectacle that everywhere from Delaware to Texas greets his eyes, the new South, or the old South asserting herself under a new dispensation.

These States are now American States, moving along the highway of the new American life. Each "gangs his ain gait," there is a front and a rear to the movement, there is much to be forgotten in the past and much ahead that may well appall a faint heart. But the people are there—our people, inspired by American hopes, deserving our patience, our sympathy, and our help in their trials, as we, sooner or later, shall claim a similar helpfulness in our own. No one expects this republic to become the ideal nation in a day, but every one who is fit for American citizenship has the sight to believe that all things are possible in a republic like our own, when all good men and women do whatever their hands find to do with their might.

A. D. MAYO.

## With and Without a Government Bank.

The first Bank of the United States did not pay for its chartered rights. The second paid \$1,500,000 in coin. The first did not assume to transfer the public funds between all points gratis, to distribute loans among the States, or to pay the public creditors without charge for exchange. The second assumed all these duties.

The first bank was the depository of the public moneys by usage. The second by a clause in its charter became entitled to them by law, except that the Secretary of the Treasury might remove them, which right it was generally assumed would only be exercised for cause.<sup>1</sup>

Both differed from the Bank of England, in that their issues of notes were not based on a loan to the government up to a certain amount (£15,000,000), and beyond that on a deposit of coin to the face of the sovereigns issued. Our national bank was free to issue its banknotes to any amount, so that the total of its debts, except for deposits, should not exceed its capital. The Bank of England attracts coin from other countries, and checks an export of specie by putting up its rates of discount. This function was never embodied in either Bank of the United States. The government owned a fifth of the stock in each bank, but might and did sell it, thus ceasing to be a stockholder.

Each bank subscribed to three fourths of four fifths of its stock in government debt, but this was an incident merely of its formation. In the exercise of the bank's right to sell \$2,000,000 worth of government bonds per year it might cease to be a bondholder. The Bank of England is perpetually a government creditor. This renders its position absolutely permanent.

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<sup>1</sup> Vol. 1, Reports Bank of United States, p. 364. Statement by Bank, p. 2.

A government bank, to endure, must be based on a perpetual loan to the government. A sum of the bank's notes equal to this loan should circulate as currency. These should be the bank's notes and not the notes of the government, because only through the exercise of the lending powers of a bank can the notes go into circulation in exchange for commercial paper. This at its maturity will furnish the actual means for redeeming the notes. In such case the coin will be only the test of a redemption already effected by an interchange of goods. If a bank or its currency is based on government bonds, the government pays its bonds and the bank or currency is snuffed out. As the government emerges from the debts it loses its interest in the fiscal instrument by which it was willing to be helped when in need. It is like the borrowing farmer who returns the worn-out hoe, saying "hereafter let us neither borrow nor lend."

Our national banks as banks of issue have nearly died of this defect. The second Bank of the United States in like manner had hardly finished, in 1831, its work of paying off the government debt before the government demanded its extinction.

Hence, in our present situation, if a Federal Bank were found expedient, the government notes now out should be transformed into notes of the bank in question. It would at all times be a greater inconvenience to the government to pay to the bank this loan in coin, than to permit the bank to be the depository of its revenues.

The substitute for a government bank, as a source of issue of paper money, has been the state banks, treasury notes, and bond-secured national bank notes. The substitute as a depository of the revenue has been the sub-treasury. The substitute as relates to maintaining the credit of the paper money has been the Federal Comptroller of the Currency and the banking departments of the several States.

Hence in our history a government bank comes into

necessary comparison with the sub-treasury system and other devices which took its place.

1. The sub-treasury system withdraws the security afforded by the large capital of a government bank for the safe-keeping of the government moneys, and remits them to the personal security afforded by individual treasurers and collectors and their bondsmen, and at the same time withdraws the entire fund of government revenues from actual circulation among merchants and manufacturers, as they would be if loaned out by a bank, and converts them into a barren hoard held imprisoned in strong boxes and caves, resulting in a temptation to theft and a contraction of currency.

2. The government under the sub-treasury system pays the cost of transferring coin from one part of the country to another in paying public creditors. Under the bank it has the coin at all its branches, and hence pays out at one, on any order from another, without cost.

3. Under the sub-treasury system defalcations of public officers are losses to the government. Under the bank its capital and stockholders only could lose.

4. The cost of maintaining offices for obtaining loans when desired by government, and for paying interest and principal thereon, is avoided by the bank.

5. The premium on gold or depreciation in paper which always follows upon a direct issue of government notes during war is a cost of a sub-treasury system. The notes of a bank during peace are based on merchandise, and represent value. During war the bank collects the war loans and receives the revenues, and hence is able still to base its issues of its own notes on values the most affected of which are its war bonds. But these are still quasi-commercial assets like its paper. Hence it can keep its coin reserves intact while loaning the government far more than it could borrow on government notes.

6. The sub-treasury can be drawn upon for gold for export or hoarding, regardless of the effect of the drain

upon currency, so long as the government has any demand obligations out upon which the holder can ask coin. The tendency of such a withdrawal of specie is to produce panic or crisis. A government bank can check this drain and increase its deposits by increasing its rate of discount to borrowers.

As to the first point, Mr. Lincoln, in a lecture delivered in 1839, estimated the total specie then in the country at \$80,000,000, and the total revenues for the year at \$40,000,000. The withdrawal of half the specie of the country from circulation would occasion a further elimination from the currency supply of about \$100,000,000 in bank paper and credits.

Seven years earlier Mr. Webster had estimated that the Bank of the United States had \$30,000,000 out on loan in the Western States alone, the calling in of which would depreciate the value of every man's property from the Atlantic States to the capital of Missouri.<sup>1</sup>

There was traveling in the United States at this period the most noted of French economists, M. Chevallier, who wrote of our condition as follows:<sup>2</sup>

“Credit is the primary element of life in the United States; they literally live on it. New York alone possesses twenty banks; the mean of its annual discounts is £25,000,000, whereas at Paris the total discounts of the Bank were, in 1831, £9,000,000; in 1832 only £6,000,000. At Philadelphia, in 1831, the discounts rose to £32,000,000.

“The banks have acted as the lever which has enabled the Americans to establish among themselves, to their own great profit, the agriculture and industry of Europe, and which has covered their territory with cities, canals, railroads, manufactories, and fertile fields. . . . The mechanics owe to it the industrial activity which has enabled them to earn from five to eight shillings [sterling] a day of wages. . . . Credit was in some instances

<sup>1</sup> Speech of Daniel Webster against the veto of the bill to renew the charter, in Senate, 11th July, 1832.

<sup>2</sup> Chevallier, *Amerique du Nord*, p. 40.

unduly extended. . . . The evil, however, has been cured from the day when the Bank of the United States was finally established. That great institution . . . has for ten years past acted with the most consummate prudence. It is by means of it that the currency of the country has been so largely extended that in 1831 the banks of the country could without difficulty sustain a mass of discounts which over the whole union amounted to the enormous sum of £240,000,000 sterling."

The bank is here credited with imparting solidity to a lending system under which the 14,000,000 people then inhabiting the United States were so favored that the average head of a household of five persons would have the use of \$425 worth more of tools, implements and capital than he owned.

As to the cost of transferring coin, the economy of a bank is no trifle.

"The government of the United States paid \$3,950 in November, 1846, for the remittance of \$503,000 in coin from New York to New Orleans, and in December following \$9,000 for remitting \$1,300,000 between the same points. At about the same time the remittance through the banks of \$1,669,314 from New York to New Orleans cost the government nothing."<sup>1</sup>

Within a few weeks past the government paid upward of \$12,000 to send \$4,000,000 in gold from San Francisco to New York. If the government had paid the prices paid by individuals, the cost would have been \$30,800.

As respects the losses to the government through the defalcations of public officers, the public mind is not now sensitive.<sup>2</sup> Defalcations have grown few since Mr. Lincoln was elected to the presidency. But in 1839 he asserted that 2,600 such cases were before the public, from that of Collector Swartwout of the Port of New York for \$1,200,000 down. A historian of the Democratic party<sup>3</sup> alleges

<sup>1</sup> Public Economy of United States, by Calvin Colton, p. 244.

<sup>2</sup> Yet while this article is preparing a loss of \$134,000 occurs in the mint at Philadelphia by abstraction of gold.

<sup>3</sup> History of the Democratic Party, by Patton, p. 247.

that in the four years of John Quincy Adams' term \$885,374 were lost by defalcation. In Andrew Jackson's eight years \$3,761,112 were so lost. In Van Buren's four years \$3,343,792 stuck to the defaulters. This was for Adams, \$2.75 per \$1,000 collected; for Jackson \$7.52 per \$1,000; for Van Buren \$11.71 per \$1,000. In succeeding administrations down to Buchanan's, the losses were such as to give rise to a custom of estimating that they would average \$14 per \$1,000. In Lincoln's administration, while the expenditure rose often to \$1,000,000 a day, the defalcations steadily declined. At last honesty seemed to be contagious. In Andrew Johnson's term it further fell to \$1.65 a \$1,000, and in General Grant's term to \$0.26, and still lower under Hayes. In the seven years ending June, 1883, in the Internal Revenue Department not one cent was lost by defalcation.

Upon the fourth point we again cite Mr. Lincoln. He computed, on the basis of certain estimates then recently made by the Secretary of the Treasury and by Mr. Rives, that the sub-treasury system would substitute for the bonus paid by the Bank of United States of \$75,000 a year a net expense of \$405,000 a year. This, he quaintly remarked, "would pay the pensions of more than four thousand revolutionary soldiers, or would buy a forty-acre tract of government land for each one of more than eight thousand poor families."

The fifth point involves the saving which would have resulted to the government and people of the United States, in the better condition of currency and comparative absence both of inflation and of depreciation, which would have existed, for the nearly sixty years which have intervened since its abolition, had the services of the Bank of the United States been continued.

The Committee of Ways and Means of Congress, in 1830, to whom was referred that portion of President Jackson's message which related to the bank, replied<sup>1</sup> in an elab-

<sup>1</sup> History of Bank of United States, p. 743.



orate defense declaring that it had cost the government forty-six millions of dollars more to conduct the war of 1812-15 against Great Britain than the same war would have cost had the government's fiscal operations been conducted by a bank. The bank would have effected a saving equal to the entire cost of sustaining the army and navy.

The committee then uttered the following significant prophecy:

“Neither reason nor experience will permit us to doubt that a state of war would speedily bring about all the evils which so fatally affected the credit of the government and the national currency during the late war with Great Britain. We should be again driven to the same miserable round of financial expedients which in a little more than two years brought a wealthy community almost to the very brink of a declared national bankruptcy, and placed the government completely at the mercy of speculating stock jobbers. . . . In a period of war the financial resources of the country could not be drawn into efficient operation without the aid of a national bank, and the local banks would certainly resort to a suspension of specie payments. . . . Money is the sinew of military power. In this view of the subject, no one of the institutions of the country, not excepting the army or navy, is of more vital importance than a national bank. It has this decided advantage over the army and navy: while they are of scarcely any value except in war, the bank is not less useful than either of them in war, and is also eminently useful in peace. It has another advantage still greater. If, like the army or navy, it cost the nation millions annually to sustain it, the expediency of the expenditure might be doubted. But when it actually saves to the government and to the country, as the committee have heretofore attempted to show, more millions annually than are expended in supporting both the army and the navy, it would seem that if there were any one measure of national policy upon which all the political parties of the country should be brought to unite, by the impressive lessons of experience it should be that of maintaining a national bank.”

The committee which uttered this prediction consisted of Mr. McDuffie of South Carolina, chairman, and Mr.

Verplanck of New York, Mr. Dwight of Massachusetts, Mr. Smyth of Virginia, Mr. Ingersoll of Connecticut, Mr. Gilmore of Maryland, and Mr. Overton of Louisiana. Its literal fulfillment in the war of 1860-5 added from a third to a half to the cost of that war. At its outset the banks of New York City urged Secretary Chase to treat an association of their number as if it were a government bank. They wished him to deposit revenues and the proceeds of loans with them, and draw upon them for war expenses; Mr. Poor<sup>1</sup> says,

“allowing them to pay his drafts in whatever manner their holders might designate. The banks assumed that as the ordinary operations of the public had no tendency to withdraw their coin, those of government, if conducted in a similar manner, would exert no such tendency; that in this way the war might be carried on by the use of their paper, symbolizing merchandise at the value of coin.”

The proposition thus made involved the continued power to issue bank bills, not only in the banks which would form the association, but in all the banks in the country, and in all that might choose to come into existence. No federal law applicable to one could exempt any other. Mr. Poor unwisely condemns Mr. Chase for rejecting this proposal of the New York banks. It was in effect a proposal to Mr. Chase to make government depositories of the state banks, which had ruined our finances in 1812-16. It lacked the merit which a proposal of the New York banks to form themselves into a national bank would have had. Unless they could issue notes without limit they could only have paid in coin, or not at all, which was no better than the Treasury's dilemma. To allow all the banks of the country to stuff irredeemable paper on the market, because the government could not redeem, would have been a greater evil than that which actually occurred. It would have brought on the whole of the calamity predicted by

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<sup>1</sup> Money and its Laws, Chapter on Currency and Banking in United States, p. 563.

the committee, whereas under Mr. Chase's guidance the country escaped the worst half.

Mr. Chase was right in seeing that the government could not safely enter upon the war by dividing with a heterogeneous horde of state and private banks the prerogative of issuing paper money. Mr. Poor is also right in holding that a bank or association of banks, whose power to issue paper money could have been restrained, could have retained in its vaults the coin required for redemption. This would have carried the country through the war without any suspension of specie payments, or with so low a premium on coin as would have reduced the expenditures of the war by about one-half. He says:

“The exports of specie from the country the year preceding the war exceeded the imports by \$57,996,154. During the first year of the war, and before the banks had suspended, the imports over exports equaled \$22,558,791; making in a single year a change in favor of the country of \$80,554,945. No sooner was trouble with the South apprehended than the Northern banks began instinctively to strengthen themselves. On the first of January, 1860, the coin reserves of the banks of the three great cities, New York, Boston and Philadelphia, equaled \$29,822,320; of which the banks of New York held \$20,119,779; those of Boston, \$4,796,000; those of Philadelphia, \$4,906,541. On the first of January, 1861, when the disruption of the country seemed imminent, they had increased their reserves to \$43,849,628; and on the ninth of August, 1861, when they undertook to aid the government, to \$63,165,039. There was no concert or method in all this; only ordinary prudence. Even so late as 1862, after the banks had suspended and Mr. Chase had drawn from them \$150,000,000 [in coin], they held \$44,887,093 in coin; a sum greater by \$15,000,000 than that held on the first of January, 1860.”

These facts amply prove that had a Bank of the United States been the recipient of loans and revenues during the war, it could have kept coin enough in its vaults to redeem its notes, provided the circulation of state banknotes had been, as it was, cut off by the ten per cent tax. The Bank

of the United States would have been the natural point of return of all the coin, and redemption of the currency employed in the war.

Mr. Chase could never have "financed" the war without shutting up all paper money mills except his own, nor could he improvise a government bank in time to be powerfully serviceable in that war. The failure to renew the charter of the United States Bank in 1834-6 must be charged, however, with a third to half the cost of the war of 1861-5.

The sixth point, the natural tendency of a government bank to render steady and stable the finances of a country and to avert crises, is, after all, the most important. All the tendencies of such an institution are to promote a general prosperity with which its own is so closely identified. What a good bank is to its locality, this "bank of banks" is to all the banks. The best brief on this point is perhaps Sir Archibald Alison's essay<sup>1</sup> on "The Commercial Crisis of 1837," founded largely on M. Chevalier's book before cited. While Alison is intense in his hatred of charlatanism in either politics or finance, his learning is unimpeachable, and his economic judgments have at least the merit of being founded on this same broad scope of information. He says (p. 284):

"What was the hidden cause, then, which in America brought about this terrible convulsion? We shall find the cause in the insanity of the American democracy, in the violent struggle between the conservative and leveling principles of which for four years that country has been the theatre; in the monstrous absurdity of the masses, who by long-continued clamor and violence in opposition to the united opinion of all the wealth, respectability, and intelligence of the country, engaged the executive in a struggle for life and death with the commercial and intellectual aristocracy, and at length carried their democratic jealousy so far as, during a period of unexampled commercial enterprise, to attempt to force upon the country an exclusively metallic currency. . . . They have per-

<sup>1</sup> Alison's Essays, Vol. 1, pp. 273 to 301.

petrated an act not merely of injustice to others, but of insanity toward themselves, to which no parallel is to be found in the whole annals of legal or aristocratic oppression . . . beside which, in its ultimate and fatal consequences upon themselves and mankind, the greatest excesses of regal and military power, the tyranny of Nero, the pride of Louis XIV, the ambition of Napoleon, the invasion of Russia, the war in Spain, are but as slight and transient evils."

All men of statesmanlike attainments foresaw in 1832-4 the disasters which Alison thus describes (after the fact) in 1837. As a sample of this scientific foresight, Mr. Webster's speech in the Senate on 11th July, 1832, is perhaps unexcelled. It occurred in the debate on President Jackson's veto of the bill, which Congress had passed by a vote of 106 to 84 in the House and 28 to 20 in the Senate, to renew the charter of the Second Bank of the United States. Mr. Webster said:

"I hesitate not to say that as this veto travels to the West it will depreciate the value of every man's property from the Atlantic States to the capital of Missouri. Its effect will be felt in the price of lands, the great and leading article of western prosperity, in the prices of crops, in the products of labor, in the repression of enterprise, and in embarrassment of every kind of business and occupation. I state this opinion strongly because I have no doubt of its truth, and am willing its correctness should be judged by the event."

No step has yet been taken by either political party to undo the great financial blunder involved in the destruction of the Bank of the United States. Six times has Congress voted for a United States bank, and only once, and then under the strong coercive power of executive patronage, against it. The people also voted to restore the bank in the great campaign of 1840, ending in the election of the first Harrison. Congress in 1841-2 passed two bills to restore it. These were the last verdicts rendered. Fifty years have passed, and no judgment has yet been entered on these verdicts.

VAN BUREN DENSLOW.

## Our Social Instincts.

Instinct is understood to be an established habit of action, requiring little or no intelligent supervision. It is the result of the purposing of our ancestors, and comes to us as heredity, in the form of more or less complete automatism. Our social instincts are the product of social habits, following on the line of social needs and experiments. The definition of society as a compact ignores the fact that human beings have shown no capacity for comprehending organization ahead of evolved conditions. The Mayflower compact was the first known to history, and grew out of ages of experience and buffetings of the times. Compacts and constitutions are not even yet an established instinct of civilization. But legislating is already an instinct. The superfluity of law-making is becoming our great social danger. Custom, as we know, preceded law, and held the earlier societies of men in a grip tighter than any possible statutes. If now you study in our far west men whom you call outlaws, you will find almost invariably that they are persons who, having placed themselves outside of law limits, have dropped into customs and morals identical with those of their ancestors in the days of the Vikings. The Norman nobles and the Scotch chieftains of the time of Wallace held the same ideas of right and wrong, and their actions were of the same character. But when in these same frontier sections a community has grown to be aggregated, these very same men react to a secondary instinct of law and order. The outlaw clansman becomes a townsman. They formulate statutes, and govern themselves, not at all on the basis of the code on which they had been acting, but on a new ethical and civilized basis. They had held life in as light esteem as did the feudal barons; but they now become as careful to protect it as a Buddhist devotee. To hold thus in its organism the

power of bifold functioning is a curious power of human nature. There are men, now bankers, lawyers, and physicians, who during the gold excitement were not other than outlaws; men who to-day are doing good service as pastors, during the Civil War lapsed into habits anything rather than godly. When word came of the brutal assault on Charles Sumner, an indignation meeting was held in New York that overpacked the old Broadway Tabernacle. When the excitement was at white heat under the influence of fiery oratory, a man wearing a linen coat suddenly appeared on the platform. He whispered to the chairman, who instantly stopped the speaker and introduced the newcomer. He stepped forward to the edge of the platform, and began by saying: "I was there. I saw the murderous bludgeon fall on Charles Sumner; I caught him in these arms as he fell, and this coat is saturated with his blood." The audience of New York's best citizens became at once tiger-like. It screamed and swore with rage. It cried out to tear the assassins in pieces. The animal exists with the good in humanity at all times. Civilization is a taming process. The older instinct to rend is, however, still in us.

Our patriotism and our piety are very largely social instincts, lacking in every element of deliberate reason. It is not immorality that leads so large a part of our people to desire to legislate for their own interests, and selfishly toward all the rest of the world; it is simply that the international instinct has not yet been developed. It is un-morality rather than immorality that desires to break down the industries of one group of human beings for the advantage of another group. Piety in the primitive family concerned the deceased members of the family. It was devotion to their supposed creeds. Piety of that sort became an instinct. When we demand a religion of humanity and a regard for the world of human brothers we find this old instinct in the way. The virtuous emotions, beginning with regard for the family, widened to regard for the tribe, the nation, the people, the race even, in some degree. So

we are governed by instinctive loves and instinctive hates that have their origin far back of our individuality. When religion is a matter of the nation or the race the religious instinct tallies with the political.

The recognition of much of our religion as instinct is, I think, essential to any just estimation of its value. A recent writer in the *Westminster Review* says: "As an evolutionist I do not see, nor can I imagine meeting with a single animal possessed of instinct useless to the species. In man I see an animal with an extraordinarily strong instinct which he does not share with any of the lower animals; an instinct which has led to more horrors, more bloodshed, and more mental agony than all the other passions combined. But it has led to self-devotion, heroism, exquisite beauties of thought and feeling. With the savage it is an abject fear of the spirits of the dead or the powers of nature; with the advance of the race it tends to become deeper, wider, more complex."

This writer fails perhaps to keep the definition of instinct clear enough to bring out the full force of his argument. By instinct we must not for a moment forget that we mean the established result of habits. That is, we no longer are compelled to reason out the duty of worship; it is in our blood, in our heredity, to feel awe of the unseen powers. Reverence for a book is the result of those long ages when a book was the most costly of all treasures. With the larger number of religious people the Sunday instinct is much stronger than the instinct to honor and justice; and this is because it has been longer in the formation, and is a simpler idea. Toleration has for a century been a rapidly growing instinct, whereas persecution was the universal instinct of the middle ages. The brutality that characterized the civil and the religious codes, and made possible Jeffreys and Torquemada, was not the result of deliberate reason or of civil purpose. By inheritance the simple idea of compulsory conformity had been received. When the rights of the individual began



to be worked out as a problem, in the Franco-Celtic rather than the Saxon line, and became a positive doctrine with the founders of our republic, a counter force arose and the instinct to persecute was slowly weakened. In fact, it is now only slumbering, ready to be aroused. The struggle has been less violent in this country because our declaration of independence was so aggressive as to the rights of man.

It is only as a social instinct, under the government of periodicity, that Jew-baiting can be accounted for. Most of our instincts, indeed, are periodical in the recurrence of activity. The most devout, ascetic preachers of Russia and of Germany feel at recurring periods the instinct to hunt down the race that has been hunted down periodically by Aryans ever since it joined its fate to ours. Parasitic to some extent, the Shemites have never been able to thrive apart from us; nor have we made great advance in any department of thought without the Jew. Still deeper, perhaps, is the race hatred that has never permitted the white stock, the red, the yellow, and the black to live together on a basis of absolute equality. This had become so thoroughly an instinct during the brute-force ages that it is impossible for the higher ethics or the political principles of a more advanced age to eradicate prejudice and consequent conflict. But on the other hand we must reckon the instincts of mercy, toleration, and humanity that are being established as the probable ruling principles of the future ages. The conflict between these and the brute-force instincts will continue until, like slavery, injustice is put to an end in all its forms.

Government is possible only because and when popular instinct is favorable to law and order. The anarchistic propaganda is a deliberate attempt to break down this instinctive tendency to obey what is considered legitimate authority. In the winter of 1891 Martinet in Paris organized anarchist soup-conferences. After a gratuitous distribution of soup, he lectured on "Anarchy for the Poor," "Law, the Enemy of Justice," "Happiness Through

Revolt," addressing his appeals "to vagabonds, old offenders, and to all people who are wretched." He described himself as an old offender. He was such. The programme was simple. "First no more government; then no more republic; no more army; no more church; no more anything at all." It is all-important to society that the orderly instincts created by many generations of heredity be not broken up. Legislation will not cure the loss of regard for law. Our safety is in great popular instincts.

One difficulty with all progress is that it also is accomplished only by attacking instincts, and for this reason the most ardent reformers receive double measure of popular hatred. Calhoun said of slavery that it had gone into the life of the Southern people: they felt with it and it was no longer a mere institution. He was right, and he knew the people of whom he spoke. To attack slavery was to attack the whole spirit and functioning of Southern society. The contest with intemperance from 1820 to 1835 was a simple one, and promptly completed, because the distinctive emotion of Puritans was for rightness. The whole land speedily underwent a revolution. Home drinking was abolished; the clergy became abstainers, with almost the entire body of Protestant church membership. To-day the temperance issue is with an influx of foreigners who wholly lack the instincts that characterized New England.

Lost social instincts are quite as curious and quite as important a study. The one most completely lost out of the Aryan family, perhaps, is care of old age. According to Sir Henry Maine, the Eastern Aryans divided the community into three sections. All persons under twenty were subject to tutelage, fitting them for future citizenship; all from twenty to fifty were busied with affairs; all over fifty retired to forest life. Possibly the rude activities of those days brought the inabilities of old age somewhat earlier than with us. The forest dwellers were held to be counselors, and so related to the gods as to be able to do

as much by prayer as others by labor. They were fed by the younger portion of the household or village communities. This admirable provision for old age as well as for youth seems to have been lost before the development of the Greek nation, but with them, as with the Romans, the senators held a peculiar place of honor. With us reverence for old age is in great measure lost; and special provision for age is lost altogether. We retain the instinctive care and culture of the young, and our dividing line is still at about the age of twenty; but our old people are left to face helplessness with only sporadic plans of relief. The instinct of reverence for age still so strong in the Turanian stock has been lost out of the Aryan. Its revival, however, seems now to be imminent. No social question is winning more attention in America, Germany, and England than some plan for pensioning old age. In Germany the approved plan covers all persons beyond seventy; in England, all beyond sixty-five. These ages correspond very fairly to the fifty of our semi-barbaric ancestors in Asia. That those in middle life and endowed with the maximum of health and strength should in some sense live for the community is recognized in many of our social arrangements. Traces of the ancient instinct show in time of war, when the old are expected to remain at home, while the younger bear the burdens of marching and fighting. It is in times of peace that we have failed to sustain the same division of social responsibility. In nothing, says Lowell, are we so much in contrast with the Japanese as in our lack of the sentiment of regard for age. It is our race dishonor; and our saddest loss.

Allusion has been made to the Sabbath-keeping instinct which characterizes our race in common with nearly every other. But have we really retained the better part of this instinct? The holiday or holy-day was to primitive people a most natural feature of social evolution. The Jewish Sabbath was something more than the abstaining on each seventh day from certain work or play. It was a

very positive and aggressive institution. Ancient history nowhere else presents anything so human and so beautiful. It was a day specifically for charity. Also every seventh year was a Sabbath year, in which the nation rested from the whole routine of sowing and reaping. The granaries were stored in careful preparation for this rest from regular toil. Beyond this every seven times seven years there was a great jubilee Sabbath. On this year the people not only rested and rejoiced, and feasted, and gave themselves to sport, but they manumitted their slaves, and gave their whole minds to humanity and liberty. To proclaim freedom throughout the land was the custom and the law. Our civilization has never given anything like just attention to this grandest of all ancient institutions. The system was eminently adapted to the preservation of the people from the degenerative effect of overwork and from the curse of greed. The Puritanism of the later Jewish Sunday was a perversion. It was without the instinct of joy and charity and humanitarianism that created and inspired the earlier Sabbath.

The list of lost instincts might be greatly protracted. Sociology is a real science only from this standpoint. Established institutions as well as the drifts and currents of history can be explained by the rise or the ebb of instinctive emotions. We are not largely the creatures of logic; argument frequently but cloaks our inherited natures. These inheritances can be discovered and traced only by sincere investigation of history. The revival of the historic spirit is another instance of restoration of an instinct nearly lost. The intensely aggressive spirit of the past century has been unfavorable to a just estimate of the past. But once more we grow weary of innovating, and begin to look backward and to study origin and evolution.

E. P. POWELL.

## The Economic Woman.

The necessary economic evolution of women demands something more than equal labor for the attainment of men's pay. Only when women enter their different callings to devote their lives thereto will they reach that economic condition which will enable them to exact equal wage for equal work. Only when women enlist in the industrial army for life will that army be brought under the strict discipline of economic forces and become thoroughly efficient for industrial achievement both for the world and the individual. It may be said the army of workers is already large enough; but women are entering the service, and, according to present indications, will continue to do so. They must consider whether they will join as mere disturbers, unreliable militia, or whether they will become regular and disciplined soldiers.

History is against the assumption that women are incapable of sustained labor. They have been the principal laborers until late periods. In all savage, barbarous, and semi-civilized communities the women perform most of the labor. In the advanced communities of the present day there are women who work harder than men. Farmers' and peasants' wives all over the world at this moment work harder than their husbands. "Men work from sun to sun, while women's work is never done," is literally true. Even in the cities, the laborers' wives, the women who keep their own houses, and they are the vast majority, work longer and more wearisomely than either diggers of dirt or hod-carriers. And it is the women who work or must work, not the fortunate few who need not labor, that we are considering. The entry of these women into industry will not increase their toil, but diminish its severity and its duration. Their ceaseless round of drudgery will be reduced within fixed limits.

Division of labor and diversification of industry alike compel the attendance of women upon industry. Many industrial processes are best performed by women, and they are being drafted for such purposes. These processes increase and multiply. Weaving and clothing-making have been differentiated from the domestic industry of women, but women have followed these branches into their industrial development, and are now the principal operatives therein. The dairying industry is now in many instances separated from the other industries of farmers' households. Thousands have given up the keeping of a domestic establishment, and taking care of them requires a multitude of laborers, most of them women. A general and growing tendency of this kind is being manifested. Domestic industry, which enslaved all women, is breaking up, but diverse new industries require women's work in other directions. Capabilities of all sorts are required and called into play.

Is the domestic throne being subverted? Is house-keeping being discontinued? That seems to be the tendency, and it is one that is thoroughly economic. It is in accordance with the principle of differentiation of function in industry. All men are not adapted to any single pursuit; nor are all women. Much of the unhappiness and misery of life grows out of the fact that all women are not good housekeepers. They are not happy in housekeeping, and they cannot make the unfortunates for whom they keep house happy. This inability, however, is not a fault of character. We would not now wear the homespun our mothers or wives could make for us, and we do not regard their inability in this case as a reproach. No more surprising is it that all women should not, without education and training, be skilled in cookery, a much more difficult occupation than that of weaver or tailor; or that a good cook should not also be perfect as steward, chambermaid, seamstress, nurse, and in all household occupations.

Must the home, then, be destroyed? No, but slavery

must be driven out of it. When the workingman goes home, it is to impose a task upon his wife. She began the day with getting his breakfast and ends it by preparing and serving his dinner, and afterward in clearing it away and washing the dishes; and she is fortunate if other household labors do not keep her busy, as they will if she is a tidy housekeeper, until bedtime. How much more home feeling there would be in that home if both husband and wife came home from work, if only to a single room, went out to dinner, put on dressing-gown and wrapper, sat down in equally easy chairs, and both read the newspapers, each with feet upon mantel or bureau to secure a pleasant circulation of blood to the brain. How much more often both would go out together for a social enjoyment or to theatre, lecture, or concert if one was not detained or wearied by the duties of housekeeping. But if there are children? Women have always managed to do a great deal of work and still sustain the burden of caring for their children. If their work is made lighter and shorter, the interests of the children cannot suffer. Men, in store, shop, or factory, can have yearly vacations, and often others imposed by their own bad habits or the conditions of industry. Women will secure sufficient vacation-time to discharge their debts to the race. And then, with children, as with housekeeping, all women are not so adapted to their care and training as to need to be with them all the time, even if they are their mothers. A little judicious selection in the matter of nursery attendants and kindergarten teachers will be beneficial to children in general. Then, too, the time the mother gives her children she may have untrammelled with care and labor.

Again, the cost of these things is objected to. But remember, two are working for wages instead of one. Twice as much money is earned. The family can afford to board. When things have improved and have become adapted to the new conditions, the hotel and boarding-house also will have developed, so that wage-earners of all kinds

may board more cheaply than they can keep house. It is reasonable to suppose that it will be so, for household management is often no management at all, and hotel management is that of experts. It is in the nature of things that consolidated housekeeping should be most efficient, most satisfactory, and cheapest. Modern industry will not fail at the point of feeding the multitudes. The factory system of catering is making giant strides, and will soon be found sufficient for all classes of customers. It is the principle of diversification of employment that is breaking down domestic catering and driving people to substitute some more economic expedient.

Industry, whose development is compelling all this, may be trusted to provide the means of its own continuance. Changed conditions, bringing in a new standard of living, will raise wages to the required amount. If, as the young working women of the future marry, they keep at work with their husbands, their united incomes will enable them to live very well and board. As they become accustomed to this manner of living, their social standard will become established and extended, and for them and those in their environment, wages and social usage will become accommodated to the new requirements. Such manner of living will bring the wife more into the social life of the husband. The special extravagances peculiar to the present will be curtailed, while the more refined and social requirements will increase. The feminine virtue of thrift combined with the more artistic feminine extravagances will at once promote productive consumption and the investment of surplus earnings for future consumption. Less time and money will be spent in drinking and carousing, while fine clothes and fine furniture will be more in demand, to the great gain of society as well as of industry. When young married couples start in life working together, their possible surplus earnings will be much increased, and they may be trusted to lay aside some of that surplus to buy a house, to provide for a possible family, for a rainy day, and for old age.



Presently such customary savings will become a part of the standard of living of all such partners.

All these advantages will follow the discrediting of the notion that women after marriage must rely upon men for support, and that men must support their wives either in idleness or in an uneconomic industry like housekeeping. It may be objected, however, there will be a growing tendency among husbands to allow their wives to support them. But once women abandon the idea of being supported themselves, they may be relied upon not to countenance the opposite idea. Women, economically independent, will not marry men who would eat the bread of a women in idleness, nor will they tolerate such manifestations of character when they appear. Moreover, the new standard of living will render impossible the survival of the class of men who would depend for support upon women. Neither men nor women will expect to be supported, nor, in general, will the exertions of one suffice to sustain the standard of living of the two. Women need not regret the loss of support. In the vast majority of cases it is a delusion and a snare. Accounted their shield, it is rather a burden. The doctrine of the civil law is based upon fact in considering the property of a family "community property," of which husband and wife are each entitled to one half, because it is the product of the equal labors of both.

The servant girl problem illustrates one difficulty of individual housekeeping. When the householder is able to support his wife, he desires to relieve her of drudgery. But industry has so demonstrated its superior attractions to those women who must work for wages that they will not become household drudges for hire. Furthermore, in the face of experience, mistresses expect to hire maids who are expert at all trades, and possessed of all virtues. Each must be cook, laundress, chambermaid, and willing to work at all hours under all sorts of inexpert direction. To an economist the thing is absurd. Women can not and

will not be maids of all work, and the sooner they refuse to serve in unorganized kitchens, and force those who wish to live comfortably to patronize places where catering is a profession, the better for themselves and for all concerned. Instead of trying to palliate the servant girl difficulty, and to train and educate female paragons both as mistresses and servants, it were better to look the problem in the face, and to prepare for the change the conditions foreshadow.

With their development as laborers, and laborers for life, in the regular course of industry, women will cease to be factors in keeping down wages and preventing shorter hours. The accession of fresh and equally well disciplined laborers will, on the contrary, make possible and necessary a reduction of the hours of labor. With women permanently in the field, eight hours will become an actuality and six hours a possibility much earlier than would otherwise be possible. Not only will men's work be ameliorated, but the condition into which women will enter will become more attractive, so that the housekeeping bondage of the nineteenth, "the woman's century," will rank with the historical slavery of women in savagery. In comparison, women working six hours a day will not be at all "working women." Their condition will be rather that of doing pleasant tasks which are beneficial rather than irksome. The universal prevalence of machinery in industry will make the tasks of women light and fit to be borne by them. Indeed, it is almost invariably by means of machinery that they are entering industry. All industrial work is becoming easy. Even in farm work, if the fullest use possible is made of machinery, there need be little hard labor, and in the future women may preside at most of its processes.

It appears, therefore, that the entrance of women into modern industry will not again subject them to drudgery. Only in the one matter of hours of labor can their work remain wearisome; and finally they will no longer retard the prevalence of short hours, but will make them economically possible and socially inevitable. When they become

a necessary factor in industry, and work in the full glare of publicity, instead of privately in kitchens, ameliorations both in the severity and in the duration of hours of labor may be expected.

How will the industrial woman perform her social duties? Will she preserve her social power? With the exception of the woman of leisure, she will for the first time have social opportunities. All women will have some time which is entirely their own for social purposes. The keeper of a house by her own labor notoriously has no social pleasures; she has been the despair of the well-wishers of the human race. Driven into industry from her occupation as household drudge, she will be driven from isolation into social relationship, which, beginning in her working hours, will widen and extend during her hours of leisure. She will participate in her husband's social opportunities, and withdraw him from his social pitfalls, and together they will share the social life they will enter, and with others, situated like themselves, will create. The social influence of working women will then for the first time extend beyond youth and marriage and become a factor in civilization.

In view of the inevitable entrance into industrial life of new machinery and a new moiety of workers, it becomes daily more indispensable that the social economic doctrine of high wages, short hours, high living, and social opportunity be widely taught and made a guiding principle in industry. By a proper observance of economic principle on the part of both capital and labor, the transition to the true woman's century will be easy and its benefits multiplied as well as hastened. Desire for the benefits of wealth will increase with the increased number of hands to create and means to cheapen commodities; new industries will spring into existence to take the place of the domestic occupation of women; and we need not fear that the present standard of wages, based upon the obligation of male

laborers to support a family, will be reduced by the gradual increase of self-sustaining married women.

Social and political benefits of importance also will follow women's assumption of equal burdens as breadwinners. Before the law, women are now financially independent of their husbands. The way has been prepared for them to earn wages by relieving them of the danger of the confiscation of their earnings. In this the law has but followed a social demand which is itself the forerunner of an economic movement. The growth of economic independence will lead to the attainment of political equality. Marriage will become a free contract, and the social evil will have been entirely outgrown. All hail, then, the economic woman and the gifts she bears.

WILBUR ALDRICH.

## Specialization of Labor Functions.

Specialization of function is one of the characteristics of organic development toward a higher life. Tracing animal existence downward from the crowning vertebrate, man, to the single-celled protoplasm, the lowest form of life is found to consist of a single organ that performs all the functions necessary to existence. The body of man, at the other end of the scale, consists of an enormous number of organs, bones, muscles, veins, arteries, nerves, valves, and so on, each of which has its special function, and must perform that function if the whole organism is to preserve itself in perfect health.

A like development takes place in the history of man as a social organism. Man, viewed as a social atom or individual, is a jack of all trades in his primitive state. He is his own butcher, his own farmer, his own tailor, his own carpenter, his own upholsterer. As the social idea brings in the division of labor, he specializes as to his functions. One man butchers, another farms, a third is a tailor, and so on. Now, this process of specialization of function not only has its familiar effect upon the quality of what is done, but it also has an important reflex effect upon the producer. It conduces to his development as an individual, as well as to better result in each specific line of work. It promotes his individuality to have an art different from his neighbor's art. He takes a pride in his calling, and it inspires him in the direction of its complete mastery. He comes to actual enjoyment of the process of planning, beginning, guiding, and perfecting the product of his labor.

But as social conditions grow more complex, the specialization of labor functions, which, up to a certain point, operates to develop the individual, afterward begins to operate in a contrary direction. Machinery revolutionizes the conditions of labor. Instead of performing

the whole of a process, and taking pride in every stage of that form of production in which he is engaged, the workman does but a part of it, and this part becomes relatively smaller as manufacturing processes become more elaborate.

Now, the social organism of which he is an organ is here clearly not a political organism, the state. It is rather that organism to whose product he contributes his work; the industry that employs him; the whole machine of which he is a part, for a certain result desired. What is its duty toward him? That duty must be to compensate the individual for the loss of personal interest in his work, due to the fact that his part in the great process is so small that he does not have the pleasure of seeing it grow under his hands. He has suffered a definite loss of happiness when the progress of society has forced him to abandon a trade of which he was a master, and to become a part of a machine, doing the same thing over and over with treadmill regularity. Unless this loss is made up to him in some way, the sun of liberty will have reached its zenith, declined, and set, and the workingman will become a slave again.

The workingman's day is divisible into two kinds of time, working time and not working time. If his working time become less and less interesting to him, because of the continual diminution of his conscious and intelligent part in the making of the product, justice requires that this loss to his happiness be counteracted by making his not-working time more and more interesting. This can be done by increasing its quantity, that is, by reducing the hours of labor; and by improving its quality, that is, by placing within his reach the means of social culture and of elevating the standard of his home life. The aspiring demand of labor for better home life, more recreation and shorter hours of toil is a perfectly natural result of the specialization of labor functions. To trace that principle definitely through the conditions of modern industrial development is to demonstrate the justice of

"The eternal music of aspiring discontent  
That rises from the storm of human living."

Society has not the right to take from the individual without his consent a single natural and legitimate pleasure, and the necessary element of consent is lacking if, while there is no express contract between the individual and society, the individual is obliged to submit to new conditions for the sake of earning his living.

Looking below the surface of these obvious facts, it is plain that it is exceedingly dangerous to assume that, because material processes are undergoing continual improvement, the mental and moral condition of man will improve abreast of them. For here we have a principle at work which tends to disturb man's moral balance directly as material development progresses. The workingman, who is a part of a vast machine, does not receive from his work itself that impetus toward good citizenship and that mental grasp of all the practical conditions of life which comes to the man who is the master of one whole art. His work educates him differently. Perhaps he will not be as reasonable as the skilled artisan his father was. Perhaps he will not be capable of as much self-control. Perhaps he will see things in a more one-sided, warped, imperfect light. To be sure, all this does not relieve him of his responsibility to society for the part that a good citizen should play; but when, as sometimes happens, he does not play that part—when, so to speak, this actor on the stage of good citizenship strikes for more salary—the responsibility for his failure must be shared. A part of it most assuredly rests on those who, knowing the inevitable tendencies of the specialization of labor functions to affect character unfavorably, do not seek to counteract these tendencies by promoting legislation and other wise organic methods for bettering the condition of labor.

KEMPER BOCOCK.

## Among the Magazines.

IN a concise but lucid article in the September *Century* on "The Census and Immigration," Henry Cabot Lodge contends that while the question of foreign immigration has of late engaged the most serious attention of the country, and while there is a strong and growing feeling in favor of restricting immigration, or of endeavoring at least to exclude the most undesirable elements among the immigrants, the objects, purposes, and legislative methods necessary to give this sentiment practical effect are still vague and undefined. He contends very strongly that "more legislation is needed, and needed at once, to exclude, if nothing more, the criminal and pauper classes now being thrust upon us in large numbers by Europe." He shows by statistics taken from the census of 1890 that while the percentage of foreign birth has fallen off slightly in the last ten years, the number of juvenile delinquents of foreign birth has increased four and a half per cent, and the number of foreign-born paupers in our almshouses has increased thirteen per cent from 1880 to 1890. In view of the fact that the percentage of foreign-born inhabitants to the total white population has increased only about two per cent, Mr. Lodge contends that the data which he presents prove that "the immigration to this country has deteriorated very decidedly during the last ten years, and that the race changes which have begun in that period have been accompanied by a far greater change in the general quality of the immigrants." He also believes that if the means of comparison were at hand it would appear that "the defective classes, the insane and the physically disabled among the immigrants had increased during the last decade in like ratio with the paupers." The writer does not specify the particular legislation needed for the restriction of immigration, but he gives a very clear warn-



ing that an exclusive law is imperatively required and reinforces his views with a succinct presentation of statistics.

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FINANCE is given a decidedly prominent presentation in *The Forum* for September. Three articles elucidating various phases of the subject are published, the first being "A Century's Struggle for Silver," by John Bach McMaster. The writer traces the history of our coinage from March, 1781, when the Continental Congress was first given the power to coin money and regulate its value, to the present year, which completes the century since the mint was fairly established and began the work of making coin. In 1781 there was "no national coinage, no uniform circulating medium, no legal tender, no common money of account." A graphic description is given of the state of the currency at this time, when it consisted of paper bills put out by the States, loan office certificates, continental notes, and to some extent of specie made up of the coins of England, France, Portugal, and Spain, and when if any standard of value existed along the frontier it was a bushel of wheat or a gallon of whiskey, a bundle of skins or a hundredweight of tobacco. "To cure the evils produced by so disordered a currency and replace it gradually by a national and uniform circulating medium was no easy matter, and was not accomplished in fifty years." The difficulties attending the accomplishment of the cure are exhibited and the plans for obviating them unfolded. The article very clearly reviews the century's struggle with the currency questions, and traces the history of silver from the time the first silver coin was delivered at the Treasury in 1794 to the present year.

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THE second article is "Phenomenal Aspects of the Financial Crisis," by Albert C. Stevens, editor of *Bradstreet's*. After touching upon the inability of trained

observers to "realize the significance of the visible portents of an early financial convulsion in the United States," the writer sketches the causes of the panics that have occurred here since 1814, and states that there have been nine panic periods within the century. He then presents a group of features of panic periods in the United States, and of periods of expansion and depression in trade at home and abroad, which furnish material for comparing the credit crisis of 1893 with preceding panics. The commercial convulsion of 1893 is diagnosed and its special characteristics pointed out. This involves a comparison between the business methods of to-day and those of twenty years ago, and a reference to the evolution and extension of the credit system. The inevitable consequences of the Sherman law, the hoarding of money, the stringency of funds, the diminishing of the gold reserve, and all the varied phases of the panic, together with their contributing elements, are forcibly described. Mr. Stevens believes that "the duration of the consequences of the panic of 1893 to the business community cannot be foretold with accuracy, but, it is safe to assert, the recovery will not be rapid." He gives his reasons for this statement, and closes a very able article with the incisive affirmation that "a potent remedy for a financial or credit panic is to lend freely and raise the rate, not to hold fast to surplus funds."

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THE third article on monetary matters is entitled "The Scotch Banks, their Branches and Cash Credits." It is by A. S. Michie, president of the Royal Bank of Scotland. The article opens with a view of the banking facilities of Scotland, which merges into a portrayal of the financial system of that country. The entire paper circulation of Scotland is stated as £6,512,000, and the basis upon which it rests is explained. That unique feature of Scottish banking, the "cash credit" system, is very thoroughly described and discussed. Mr. Michie gives his

subject a clear and comprehensive presentation, and his article furnishes the student of finance with valuable data for comparing our system of banking with that of another country.

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IN the *North American Review* for September "The Present Crisis" gives the views of Sir John Lubbock, M.P., regarding bimetallism. The writer believes that the United States Government has always attached too much importance to the action of Great Britain in connection with this matter. He considers that the currency of England is well adapted to the wants of the people, and sees little probability of bimetallism being adopted by that country. He declares that the appreciation of gold, upon which some supporters of bimetallism base their arguments, is a mere delusion, and cites authorities in support of his position. Sir John conceives it to be utterly impossible to maintain a fixed ratio between two great articles such as gold and silver. He draws upon history and statistics for facts demonstrative of his opinion, and presents them with force and perspicuity. In conclusion he touches upon the currency system of the United States, but sees no reason for the gloomy forebodings that have been expressed concerning it. He says that good stocks have been very unduly depressed, and that "so far as solid securities and well-managed companies are concerned, investors will do well to sit quietly and wait for better times." The article evidences the intimate acquaintance of the writer with his subject, and coming from such an eminent authority on financial questions challenges careful consideration.

## Our Labor Outlook.

The month just passed was crowded with significant events in the industrial world. The problem of the unemployed still threatens the working classes as well as the community at large, as the sphinx of old threatened mankind. Not to solve this riddle means destruction to civilization. Yet the daily press wants to make us believe that a theory and not a condition confronts us. True, a few establishments have resumed operations, but the number of the unemployed continues to increase. Although the labor organizations have from time to time given figures to show the increasing percentage of the number of people out of work, but very few newspapers have published these statements. This question will not down, however, at their command.

The Knights of Labor seem to be averse just now to doing anything of a practical nature, and representatives of the American Federation of Labor, the Central Labor Union, the Central Labor Federation, the United Hebrew Trades, have taken the matter in hand with the intention of not letting go of it again. They demand bread for the hungry, work for the unemployed, and insist that a recurrence of such a condition of affairs be made impossible. What the outcome of this movement will be is impossible to foretell. Are we perhaps on the eve of another political uprising similar to that of 1886, though on a grander, a more national scale? Sooner or later it is sure to come, and such a movement will have the shorter hour workday for its central demand.

Throughout the country, and in fact throughout the civilized world, the demand is made upon the authorities to institute public works for the relief of the unemployed. Especially urgent is the call for help in our large cities, New York, Chicago, Baltimore, San Francisco, and Buffalo

leading the van. The order of the Knights of Labor has statistical officers, and John N. Hayes, the general secretary and treasurer of the order, is therefore in a position to officially state that seven-eighths of its members are at present out of employment.

There are numerous indications coming from all parts of the country and from every possible source that denote a deep and steady undercurrent in the thoughts of many leading minds in the labor movement in the direction of some independent political action, inasmuch as many trades unionists claim that an eight-hour working day, which is everywhere the leading demand of organized labor, could only be made a permanent possibility by independent action in politics on the part of the trades unions of the country. While T. V. Powderly, general master workman of the Knights of Labor, said that "no organization of labor in this day and generation can be non-political and be effective," President Samuel Gompers of the American Federation of Labor has commenced an agitation which many predict will lead to independent political action.

The trades unions of Topeka, Kan., have gone into politics, and E. V. Debs asserts that the railway men of Minnesota, Kansas, Nebraska, Missouri, and Texas are ripe for political action, and that at least 120,000 votes for an independent labor ticket will be polled there this fall. The State Labor Congress of Nebraska has decided on independent political action, and in the Brooklyn Central Labor Union lately the delegate of the Goodyear shoemakers put the question to his colleagues if it were not high time to do some practical political work, and advised the calling of a conference of such representative men as E. V. Debs, T. V. Powderly, Samuel Gompers, A. Strasser and others for the purpose of unifying the labor movement politically. On September 9th the Congress of Labor Organizations of Canada demanded that the question whether Canada should form a federation with the

other colonies or unite herself to the United States be submitted to a popular vote.

Formerly it was the aim of the organized workmen by the strength of their own combining to enforce the shorter hour workday, frequently called the normal workday, of eight hours, but of late years many trades have come to the conclusion that, to permanently secure the benefits of such a measure, economic action must be reinforced and supplemented by political action. From every quarter now comes the demand, growing stronger and fiercer, that the eight-hour day must and shall be granted. The International Socialist Labor Congress of Zurich demanded the eight-hour day, and eighteen nationalities were back of that demand. With 197 against 18 votes, the Trades Union Congress of Great Britain, in Belfast, demanded the eight-hour day from Parliament. The same demand was made from their respective legislative bodies by the International Congress of Railway Employees, the International Shoemakers' Convention, the International Glassworkers' Conference, the International Woodworkers' Congress in Zurich, the Brewers' Convention in Milwaukee, and others. The last-named convention authorized a number of its unions to strike for the eight-hour day, and promised them its help. Also in the convention of the post-office clerks in Chicago this same demand played a very prominent part.

It is apparent that in the near future something must be done on the part of the governments of the various nations to mitigate the suffering among the working classes and to redress the wrongs under which they suffer. Disturbances of different kinds, but on an ever-increasing scale, will compel the governments to take cognizance of these economic outbreaks. The rioting of the miners in England, the fighting between French and Italian workingmen at Aigues Mortes in France, the revolt in Rome, the use of dynamite during the recent shipping strike in Australia, the Polish bread riots in Buffalo, the stoning of

Italian scabs by longshoremen in New York, the miners' troubles out west, and the contemplated general strike by the workmen of France on October 1st to compel the government to reopen the Labor Exchange in Paris—all these are in the nature of reminders, not very gentle it is true, that the so-called substrata of society are determined to assert their right to live, to be free from the fear of famine and persecution, and to strive after all the benefits modern civilization confers upon mankind.

A large number of small strikes have occurred lately in Europe, and especially was this the case with the textile trades in England and France. Over six per cent of the members of the trades unions in Great Britain are out of work, against ten per cent at the beginning of this year. The building trades of the United Kingdom have had many disputes with their employers, though there has been and still is a great activity in their trades. It has been officially announced that 1,044 deaths of seamen were registered from January to July, 1893.

In Berlin, the capital of the German Empire, a number of trades are agitating for a reduction of the hours of labor. The gilders and the saddlers want nine hours, and the bakers twelve. Small strikes have taken place in Brandenburg, Stralan, Muelhausen, Eimbeck, Kreuznach, Freienwalde, Zwicken, and Zehdenick. Factory laws have been passed regulating the employment of women and children in lead works and cigar factories.

There is great distress among the 3,000 matchmakers at Grammont, in Belgium, while at Brussels the commercial employees, the grocers, butchers, hairdressers, and tailors have started an agitation for Sunday closing. In Vienna, Austria, the coopers in thirteen breweries struck for the ten-hour workday, but were only partially successful. At Kahr, Bohemia, the miners have struck for higher wages. Small strikes have taken place of the leather-workers at Meidling, of the wheelwrights in Salzburg, of

the chainmakers in Bruckl, and of the colliers and painters at Fuenfkirchen.

There has been this summer an unusual influx of workingmen from Italy into Switzerland, rendering thereby the condition of the unemployed of the old republic more unbearable. In Sicily there have been slight disturbances in the sulphur mines at Riesi and at Sammatino. The shoemakers at Plojest, Roumania, are striking for a shortening of their hours of labor, while at Galatz the bakers are fighting against a reduction of wages. In Portugal the principles of trade unions have made great progress within the last two years, and almost every class of workingmen has its union now. Wages are very low, and the fees to unions extremely small. The masons in Stockholm, Sweden, have gained the ten-hour day, while the members of their craft in Gothenburg have been locked out because they asked higher wages. In Stockholm the carpenters and the brewers are making preparations to ask for the ten-hour workday.

The general shipping strike at Brisbane, Australia, has come to an end, the strikers accepting the ten per cent reduction offered them. The workmen in New South Wales have experienced many reductions of wages. In Melbourne the distress continues, and sweeping reductions are the order of the day. The supply of labor exceeds the demand in South Australia and Queensland, while in Tasmania many people are out of work. More favorable reports have been received from New Zealand, where trade is booming in Napier, Wellington, Christchurch, Dunedin, Invercargill, Ashburton, Wanganni, Masterton and Palmerston North. This is especially the case with the building trades.

There is one industry which has caused more discussion, excitement, and speculation for the last three months than any other. It is that of the coal miner. The tremendous coal-miners' strike in England, which in spite of all newspaper clamor has not yet come to an end, the



strikes just beginning in France and threatening in Belgium, with a possibility of the German miner falling into line, form the elements of an international miners' strike the possible consequences of which can hardly be calculated. No newspaper, however, was enterprising enough to report the conference of coal-miners' delegates from England, France, and Belgium, which took place in Paris in the beginning of August, when the first steps were taken toward a movement which promises to be an international strike of immense magnitude, for those three countries, together with the United States, Germany, and Austria-Hungary, furnish the factories, workshops, railroads, and steamships of the civilized world with the black diamond. A few days will decide whether the time for an international strike of miners has arrived.

EDWARD THIMME.

## Editorial Crucible.

[Correspondence on all economic and political topics is invited, but communications, either for private use or for publication, must bear the writer's full name and address, and requisite postage must be enclosed for return of manuscripts or answers to communications. The editor is responsible only for opinions expressed in unsigned articles, and reserves the right to criticise freely views presented in signed articles, whether invited or not. Typewritten manuscripts preferred.]

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IN HIS DECISION on the tin plate question, Secretary Carlisle has dealt one more blow to American industries. This may be in accordance with his notions of public policy, but it is poor economics, doubtful patriotism, and in almost any other country would be regarded as bad statesmanship.

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THOSE WHO THINK labor organizations can be disposed of by a little hardship or by the ostracism of a few leaders should note the fact that English coal-miners have voted by 141,566 to 406, or 348 to 1, to face starvation this winter rather than accept a reduction in wages. This shows how deeply the question of wages sinks into the laborer's life, and ought to convince the employing class that lowering wages is a poor method of procuring economy; it is "in the direction of greatest resistance," and is sure finally to react to their own disadvantage.

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IF THE ANTI-REPEALERS in the United States Senate hold out a little longer, it looks as though they might succeed in demonstrating that very little of the present panic is, after all, really due to the Sherman law. Despite the fact that there is no certainty when the law will be repealed, bank reserves are increasing and the money stringency is disappearing. But unfortunately this does not imply prosperity, as some seem to think. It is rather an indication of paralyzed industry. Money is returning to the banks and

staying there, because the tariff uncertainty has put a stop to new enterprises.

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THE PROCEEDINGS in Congress, especially in the Senate, confirm the worst predictions we made regarding the influence of the President's message. Instead of indicating a liberal policy upon which the different factions could be brought to unite so as to speedily dispose of the silver question and restore whatever confidence had been destroyed by the Sherman act, a narrow and purely Wall Street policy outlined and still persisted in by the President intensified the opposition. Consequently the object for which a special session of Congress was called is apparently as far from being consummated as it was two months ago.

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IT MUST be a little embarrassing for the Ways and Means Committee to have Democrats coming from all parts of the South begging for a continuance of protection, when they are pledged to report a tariff bill for revenue only. But this is only another proof that economic interests are more important than partisan politics. Let the South once have diversified manufacturing and commercial industries and it will cease to be an impenetrable mass of political superstition exclusively in the hands of a single party. Nothing differentiates individual opinion and freedom of political action like the diversification of economic interests.

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THE TARIFF HEARINGS before the Ways and Means Committee are not very encouraging for a tariff for revenue policy. The testimony is nearly all to the effect that if protection is abolished employers will be compelled to make serious reductions in wages. In many cases they say the difference in wages here and abroad is so great that they despair of being able to reduce wages sufficiently to enable them to compete with foreigners, and hence will be forced to discontinue business. It is difficult to conceive a congressional committee or a House of Representatives sufficiently indifferent to public welfare to ignore such evidence.

SENATOR WOLCOTT solemnly announces that if the Sherman law is repealed, "I know of no reason why any senator who believes in free coinage should ever cast another vote in favor of protection in any form." This shows that in advocating free silver Senator Wolcott is not influenced by considerations of sound public finance, but solely by mine-owning interests. This is more fatal to the cause of silver than anything monometallists could say. There is no justification whatever for a liberal use of silver except for monetary purposes. For the government to purchase silver simply to make silver mining profitable would be the vilest kind of paternalism.

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A CORRESPONDENT asks if the New York *Sun* is correct in saying "England is so far from being a free-trade country that the tariff system there employed is distinctly protective. . . . The real nature of this measure was to take the protection away from the farmer, and give it to the manufacturer."

The *Sun* is mistaken. The above quotation shows an entire misconception of the English tariff system. England imposes a duty on some imports, but they are made entirely non-protective by a corresponding tax being levied upon the home products of the same kind. Competition is therefore just as free as if no duty was levied. To call a tariff protective which levies equal duties on both competitors is very much like saying equal burdens is favoritism.

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THE NEW YORK *Tribune* has excited the ire of the *Evening Post* by "calling a halt" to the Republican repeal senators, and recommending that their support of repeal should be made contingent upon assurance being given that the election and tariff laws will not be repealed. No adjectives appear to be too strong in which to denounce this attitude. In the eyes of the *Post* this is sacrificing national prosperity for party advantage. Oddly enough, the *Post* appears unable to see that this is just what the

administration is doing by its refusal to forego some pet destructive legislation in order to promote the prosperity of the country. If the repeal of the election and tariff laws is so insignificant as compared with the Sherman law, why does not the *Post* recommend its friends to forego the lesser good to accomplish the greater ?

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IT BEGINS TO look as if the present administration was going to furnish a bit of very original political history. It very seldom occurs that an administration with a majority in both branches of the legislature is unable to enact legislation that all parties favor. By trying to force unconditional acquiescence in a personal notion on silver, the administration has disintegrated its own party into antagonistic sections, and by an equally pugnacious policy on the election and tariff laws it has forced the Republicans into an attitude of unqualified opposition, and has thus rendered itself powerless to accomplish the specific object for which Congress is specially convened, and for which there is practically a unanimous demand both in and out of Congress. The American people are surely having an object lesson in statesmanship, and it is safe to say that a continuance of the present mode of conducting public affairs will demonstrate the mistake of confounding self-willed persistence with disinterested statesmanship.

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THE EVIDENT determination of the majority party in Congress to abolish protection is going to force the conflict between capital and labor in this country. With the removal of protection from domestic industries, the employing class will be compelled, as a means of self-preservation, to lower their cost of production or surrender their business to foreigners. As is usually the case, their first effort at economy will be directed toward lowering wages. If this succeeds, our industries will be reorganized on a lower wage level and a lower standard of living established among our people. Laborers may be expected to use all

the resources of their organization to resist this retrogressive step. Every struggle of laborers against lowering wages is a struggle to maintain our civilization. Our capitalists, educators, and statesmen will some day learn that nothing is so injurious to capital and business, to political integrity and public morality, as degrading the social condition of the laboring class; and that the injury of industry for partisan advantage is a national crime.

---

IT IS EVIDENT that Mr. Gladstone and the English Liberals have determined to accept the challenge thrown down by the House of Lords in their contemptuous rejection of the Home Rule bill. The vote of 419 to 41 has emphasized the growing feeling among the English people that the House of Lords has ceased to be a conservative advisory body, and has become a mere aristocratic obstruction to the advance of democratic institutions. Either surrender or death as a legislative body must be the inevitable outcome of a direct conflict between the peers and the people. In this struggle the so-called Liberal Unionists will be forced either to join the English democracy or cast their lot with the House of Lords. It would be interesting to see Mr. Chamberlain defend the House of Lords against his own indictment that "during the last hundred years the House of Lords has never contributed one iota to the popular liberties or popular freedom, or done anything to advance the commonwealth. During that time it has protected every abuse and sheltered every privilege; it has denied justice and delayed reform; it is irresponsible without independency; obstinate without courage; arbitrary without judgment, and arrogant without knowledge."

## Book Reviews and Notices.

*Christ Enthroned in the Industrial World: A Discussion of Christianity in Property and Labor.* By CHARLES ROADS. Hunt & Eaton, New York. 1893. pp. 287.

"Jesus in the shop at Nazareth is a sublime figure for the contemplation of industrial America. . . . Everyone connected with the industries, laborer and capitalist, would do well to serve an apprenticeship for character with him."

His plea is for human brotherhood. The means to this end suggested by Mr. Roads is "industrial partnership," which he describes as a condition in which each laborer secures just that portion of the product that is his due. The author recognizes that a thoroughly practical philosopher is needed to determine what this is, and to arrange the pay roll—"a man who has the penetrating common sense of 'Poor Richard,' the judicial fairness of Sir Matthew Hale, and extensive knowledge of trade." Nor can it be said that he makes it clear to the student of economics how this kind of an agent is to be developed out of the industrial army. Even with brotherly love on the bench it would be impossible for the court to decide what constituted an exact equivalent for the service rendered by each of the twelve hundred brothers in the factory or the twenty thousand connected with the industry. Frequently, moreover, it is the question of how to divide a loss rather than a profit which gives rise to difficulties in industrial partnerships.

Mr. Roads presents an ideal, however, and his book will be a help to those who are seriously trying to do justly, to love mercy, and to walk humbly. It has the merit of placing a high estimate on manhood as the end to which wealth is the economic means. It urges a right spirit in the rich, an understanding heart in the laborer, and honest work at fair prices. It deals with the higher things of life, while it shows the economic conditions under which

alone these are attained—larger capital, higher wages, shorter hours. The author believes that only seven or eight working hours are now necessary, and adds that a little further progress will reduce daily manual toil to five hours. Mr. Roads has little patience either with paternalism or with that false spirit of benevolence which regards the giving of labor as a great favor and the fixing (?) of wages as an affair of charity and which inevitably places the laborer in a position of complete dependence.

Progress lies along the line of independent, manly action on the part of organized laborers who demand of their industrial partners (namely, the capitalists who are creating profits) all that part of the product which their social life makes it possible for them to use in the higher development of character. By this steady and persistent evolution is Christ enthroned in the heart and in the industrial world.

---

*A Brief History of Panics and their Periodical Occurrence in the United States.* By CLEMENT JUGLAR. Translation and introduction by De Courcy W. Thom. G. P. Putnam's Sons, New York. 1893. pp. 150.

IF the imminence of panic can arouse interest in the history and the causes of panics, this book, one of the popular Questions of the Day Series, appears at an opportune time. The author classes panics under three heads: 1. Panics of circulation, which he thinks are caused by too much circulating medium, inducing an unhealthy stimulus to trading, and eventual relapse, or by a sudden shrinkage of circulation, which, stopping loans and extensions of credit, brings financial ruin. 2. Panics of credit, which come when some large failure has rendered the business world over-cautious and thus brought about a shrinkage of credit, which equals in effect a shrinkage of the volume of currency. 3. Panics of capital, as in 1849, when capital was so tied up in internal improvements as to be unavailable for ordinary purposes. To these causes the translator



adds another, general tariff changes. Every important change in our tariff system, he declares, with the single exception of that of 1846, which was simply a revenue tariff, has resulted in a panic, whether the change has been from a lower to a higher or from a higher to a lower tariff. The author states that thirteen panics have occurred simultaneously in England, France, and the United States, a fact which proves that international interests are of more importance than is commonly believed, that the weal of one people means the good of another, and that when one suffers all must share its misfortunes. The different panics through which this country has passed, beginning with that of 1814 and ending with 1890, are graphically described. What is said incidentally of state banks is interesting historically, and a strong argument against the folly of again resorting to such institutions for our money supply.

---

*Pauperism and the Endowment of Old Age.* By CHARLES BOOTH. Macmillan & Co., London and New York. 1892. pp. 351.

IN the study of poverty the same methods are now being used that have been tried with such successful results in other sciences than economics, namely, observation, induction, and deduction. Mr. Charles Booth is one of those who have applied modern scientific methods of research to the study of the problem of poverty. In this work he has made a study of the population of a part of London from an economic point of view, carrying his investigations into a large number of families, and gleaned facts which he has classified and upon which he has based his conclusions. Of the many causes which cause or contribute to pauperism, all are susceptible to mitigation or cure by legislation, by wise state or municipal provision, by the action of individuals separately or collectively; and the author points out "how simple comparatively would be the problem of good administration if the troubles of poverty could be relieved from the aggravation of old age, which exercises so

fatal an influence on pauperism, justifying the question whether collective action cannot deal with its needs in some better way than under the Poor Law." This better way, stated briefly, is the general collective endowment of old age. The plan he suggests Mr. Booth presents in detail, specifying its advantages, and anticipating objections. "It is not in the name of people," he concludes, "but to the people, that I would speak in advocating the endowment of old age as at once a practical and possible means of giving a surer footing to those who now, trying to stand, too often fall, and sometimes sink altogether. I advocate it as bringing with it something of that security necessary to a higher standard of life, a security of position which will stimulate rather than weaken the play of individuality on which progress and prosperity depend."

---

*An Introduction to English Economic History and Theory.*

By W. J. ASHLEY, M. A. Part II.—The End of the Middle Ages. G. P. Putnam's Sons, New York. 1893. pp. 501.

*A Review of the Systems of Ethics founded on the Theory of Evolution.* By C. M. WILLIAMS. Macmillan & Co., New York and London. 1893. pp. 581.

*The Principles of Ethics.* By BORDEN P. BOWNE. Harper & Brothers, New York. 1892. pp. 309.

*Christian Ethics.* By NEWMAN SMYTH. Charles Scribner's Sons, New York. 1892. pp. 498.

*The Children of the Poor.* By JACOB A. RIIS. Charles Scribner's Sons, New York. 1892. pp. 300.

*The French War and the Revolution.* By WILLIAM MILLIGAN SLOANE, Ph. D., L. H. D. Charles Scribner's Sons, New York. 1893. pp. 409.

*The Tariff Controversy.* By ORRIN LESLIE ELLIOTT. Leland Stanford, Junior, University, Palo Alto. 1892. pp. 272.

*The Tariff.* By HENRY V. POOR, Boston. pp. 121.

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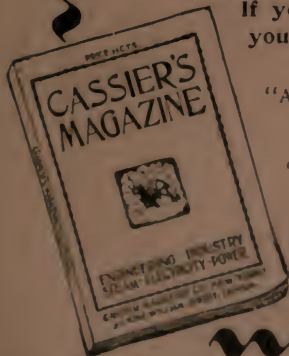
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# SOCIAL ECONOMIST

GEORGE GUNTON, EDITOR.

Vol. V

NOVEMBER, 1893.

No. 5

How Is Wealth Distributing Itself? . . . . .	257
The Rights of The Senate . . . . .	271
Silver and Gold Fallacies . . . . .	273
Currency, Bank Credits and Values . . . . .	279
Condition of Bakers, Waiters and Miners . . . . .	282
Woman and Child Labor in Germany . . . . .	287
Facts About Silver . . . . .	290
Editorial Crucible . . . . .	293
The Effects of Liberty . . . . .	301
The Quadrennial Raid for Office . . . . .	305
Among the Magazines . . . . .	309
Book Reviews . . . . .	313
Mae Donald's Criminology—Frederic's The New Exodus: A Study of Israel in Russia—Cree's Direct Legislation by the People—Underwood's Quabbin: The Story of a New England Town, with Outlooks upon Puritan Life—Pollard's A Study in Municipal Government: The Corporation of Berlin.	
Book Notices . . . . .	319

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# SOCIAL ECONOMIST

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## How Is Wealth Distributing Itself?

It is commonly believed that the results of increasing production are being concentrated in a few hands, and that the advantages of modern civilization are monopolized by a small class. "The rich are growing richer and the poor poorer" is the familiar formula in which this notion is expressed. Henry George seriously asserts, and many believe, that "material progress does not merely fail to relieve poverty, it actually creates it."<sup>1</sup> We have constantly controverted this fallacy, and are glad to see that the true economic view of the subject is beginning to be generally recognized. Under the title of "How Is Wealth Distributing Itself?" Mr. W. H. Mallock has a remarkable article in the *Pall Mall Magazine* for August, showing that the claims of socialists regarding the increasing poverty of the poor, the diminution of the middle class, and the increasing wealth of the rich, are demonstrably false assumptions and that the contrary is true on every point, namely, that the poor are growing richer, the wealth of the middle class is increasing, and that of the very rich is diminishing. We make no apology for reprinting here the greater part of Mr. Mallock's article:

---

The general tendency of our modern conditions of industry, so far as concerns the distribution of wealth generally, was, up to a very recent period, altogether misunderstood; and in many quarters it is so still. It was, and in my opinion it still is, believed to be the exact reverse of what events and investigations show it to be. The celebrated socialist writer, Karl Marx, hardly more

<sup>1</sup> "Progress and Poverty," pp. 11, 12.

than twenty-five years ago, laid it down as an incontrovertible fact that under our existing industrial system three things were happening: that the majority of the community were constantly getting poorer; that moderate fortunes were steadily disappearing; and that all wealth, beyond the bare means of living, was steadily passing into fewer and fewer hands, so that the ultimate result would be sooner or later this—a nation of slaves living on starvation wages on the one side, and a few “great capitalist lords,” as Marx called them, on the other. This view of the case, fraught as it was, and as Marx meant it to be, with promise or menace of some vast social catastrophe, has been not only adopted by his own socialistic followers, and used by them as a text in all their popular preaching, but has also been put forward as the result of independent observation by sentimentalists, philanthropists, and reformers of all kinds—Carlyle, for instance, may be mentioned among the number—and it has embodied itself in a saying which has become almost proverbial—that the rich are getting richer, and the poor poorer, and thus the middle classes are being crushed out. My aim in the present paper is to show as clearly as possible the entire fallacy of this view; but first it will be well to direct the reader's attention to a fact which makes it plausible, and accounts for its origin and persistence.

Speaking in round numbers, there exists in this country to-day a population consisting of about 700,000 families, or 3,000,000 persons, whose means of subsistence are either insufficient, or barely sufficient, or precarious, and the conditions of whose life generally are either hard or degrading, or both. A large portion of them may, without any sentimental exaggeration, be called miserable; and all of them may be called unfortunate. There is, further, this observation to be made. People who are in want of the bare necessities of life can hardly be worse off absolutely, at one period than another; but if, while their own poverty remains the same, the riches of other classes increase, they



do, in a certain sense, become worse off relatively. The statement, therefore, that the poor are getting constantly poorer, is, in this relative sense, true of a certain part of the population; and that part is now nearly equal in number to the entire population of the country at the time of the Norman Conquest. Such being the case, it is of course obvious that persons who, for purposes of either benevolence or agitation, are concerned to discover want, misfortune, and misery, find it easier to do so now than at any former period. But this view of the question, though true so far as it goes, is, if taken by itself, altogether misleading, and points to conclusions the exact reverse of the truth. The unfortunate class, though it has increased in numbers absolutely, has grown less and less numerous relatively to the entire population; and the periods during which its absolute growth has been most rapid, have been the periods during which its relative decrease has been most rapid also. In illustration of this fact it may be mentioned that, whereas in 1850 there were nine paupers to every two hundred inhabitants, in 1882 there were only five; while, to turn for a moment to a far more distant time, so as to compare the new industrial system with the old, in the year 1615 a survey of Sheffield, already a manufacturing center, showed that the "begging poor," who "could not live without the charity of their neighbors," actually amounted to one third of the population, or 725 households out of 2207. Further, although, as I observed just now, it is in a certain sense true to say that, relatively to other classes, the unfortunate class has been getting poorer, the real tendency of events is expressed in a much truer way by saying that all other classes have been getting more and more removed from poverty. That the existence of the unfortunate class is at once dangerous and deplorable is not to be denied. From certain points of view, and for certain purposes, it is impossible to treat the fact too gravely or too earnestly; but those who most fully realize its gravity are constantly betrayed into misapprehending

its significance. The unfortunate class of to-day is not in any sense a sign or product of anything special in our modern industrial system. A similar class existed before that system was born; and that system, as I have said, has relatively reduced and not increased its numbers. The right way, indeed, in which to regard it is, not as a product of that system, but rather as something which has resisted it—not as a part of it, but as something which has failed to be absorbed by it; and the real problem for philanthropists and reformers is, not how to interfere with existing economic tendencies, but how, so far as possible, to bring the residuum under their influence. In considering, therefore, what these economic tendencies are, we must put the unfortunate class altogether on one side: that is to say, out of the 37,000,000 inhabitants of this country we must put aside the exceptional case of 3,000,000, and confine our attention to the representative case of 34,000,000.

If we do this we shall find that the saying which I began with quoting—namely, that the rich are getting richer, the poor are getting poorer, and the middle classes are being crushed out, is not only not a true statement of facts, but is in every word an absolute and exact inversion of them. We shall find that the poor are getting richer, the rich, on an average, getting poorer, and that of all classes in the community the middle class is growing the fastest.

There is a popular but very misleading saying to the effect that statistics can be made to prove anything. This is true only if the figures are false, or if the facts or things referred to are not clearly defined. Actual falsification of figures is not, perhaps, a common offense; and those which I shall give presently are taken from the most authoritative sources. But figures which are accurate in themselves can be made altogether untrustworthy if the facts or things they refer to are described in ambiguous language. Socialist writers, for instance, are constantly issuing leaflets, in which it is declared that “the workers,” “the producers,” or “the laborers,” get less than a quarter of the

total national income, while the idle classes, who live on them, get more than three quarters of it. The figures these persons quote are not their own invention; but what is their own invention is their definition of the word "producers"—a definition which they carefully abstain from giving, but which, if their figures have any foundation in fact, is obviously inconsistent with all ordinary usage, and is contradicted by most of their own reasoning. In order, therefore, that the reader may know exactly what I am talking about, and give their right significance to the figures I am about to quote, let me state the precise meaning which I shall attach to three important terms—"the working classes," "the middle classes," and "the rich." By the "working classes" I mean that portion of the population which does not pay income tax, and which consists of individuals and families with less than £150 a year. By "the middle classes," which I shall divide into two sections, I mean individuals or families with incomes ranging from £150 to £1,000; and by "the rich," whom I shall divide into different sections also, I mean individuals or families with incomes above £1,000. It is hardly necessary to observe that, for purposes like the present, our classification of the rich and the middle classes is altogether financial, and that the term "middle classes" is used without any of its social meanings; but it will be perhaps desirable to say a few words in defense of the application of the term "working classes" to all individuals or families with less than £150 a year. These classes, no doubt, include a considerable number of persons who are not manual laborers; though when we come to consider that, according to the latest evidence, the artisans who earn very nearly £150 amount to at least 180,000, and that in certain industries many of them earn more, it will be seen that the income-tax test is more accurate than might be supposed. At all events, whether the classes in question are manual laborers or not, they are, with very unimportant exceptions, wage-earners: that is to say, for what-

ever money they receive they give work which is estimated at at least the same money value. A school-master, for instance, who receives £150 a year, gives in return teaching which is valued at the same sum. School-teaching is wealth just as much as a school-house; it figures in all estimates as part of the income of the nation; and therefore the school-master is a producer just as much as the school-builder. The classes, then, with incomes of less than £150 are, as a whole, producers in this sense of the word, that whenever a sum of money is paid to them, a corresponding sum is estimated as being added to the general wealth; and it is thus substantially accurate to speak of them as the "working classes." Anyhow, whether the reader approve of the term or not, he knows the sense in which I am using it; and that is the essential thing.

Let us now proceed to facts. Before we inquire how the modern industrial system has affected the distribution of wealth, we must obtain a clear idea of how it has affected the production of it. Ordinary people are entirely unaware of what the growth of wealth in this country during the past hundred years has been. They are aware, in a vague way, that the country has grown richer; but much of this growth they attribute to the growth of population; and, as I observed just now, many of them vaguely believe that, relatively to the population, the country has grown poorer. The real state of the case is exhibited in Fig. 1, which will show the reader more at a single glance than he could probably gather from whole pages of explanation. The shortest column represents

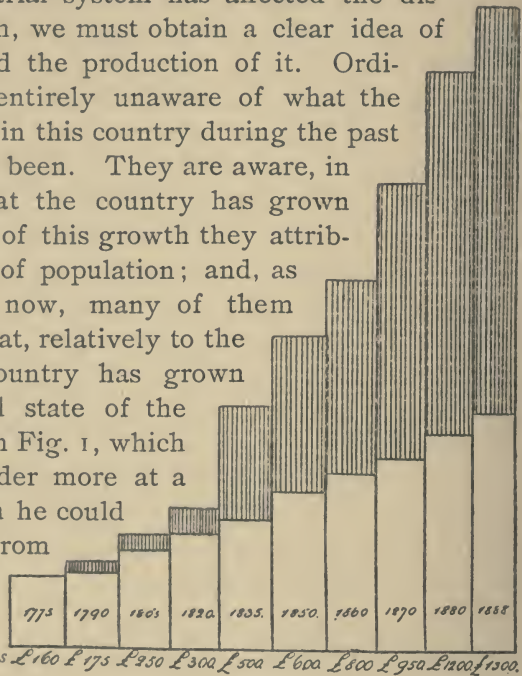


Fig. 1.

the income of the country as it was in the year 1775; the taller columns, which have dates attached to them, represent its growth from that time to the present. The lower and lighter portion represents what the growth of wealth would have been, had the productive power of industry undergone no development, and had wealth grown only on account of, and in proportion to, the growth of the population. The upper and darker portion represents the growth of wealth which has been due entirely to machinery, science, and organization; and both portions together represent the actual growth in its entirety. The lower portion, besides representing the growth of wealth accounted for by the growth of population, will, as is obvious, represent the growth of population also.

Here, then, in their broad outlines, are the facts whose details and whose social meaning we have to examine and analyze. We see what this astonishing growth of wealth has been. We must next see how, and among what classes, it has been distributed. Our survey of the growth of the national income as a whole extended some way back into the last century; but we shall find ourselves obliged, in considering its distribution, to confine our attention to more limited periods, according to the fulness of the information accessible as to the various points involved. I will deal first with the case of the rich and the middle classes, showing how the growth of wealth has affected them, and with what degree of truth it can be said that the former are growing richer and the latter being crushed out. Professor Leone Levi, about ten years ago, treated this subject, within limits, in a most exhaustive way. His inquiries did not extend further back than 1850; but the period which he covered happened to be the period when the modern industrial system was reaching its fullest development, and when the social changes produced by it were becoming most rapid and remarkable. I shall therefore confine myself to giving, in a simple and intelligible

form, the results which were arrived at by this eminent statistician, but which, owing to the form in which they were stated by him, have failed hitherto to reach the popular ear, and have certainly never been grasped by the imagination of practical politicians.

In the first place we must realize the broad fact that, rapid as has been the increase of the population as a whole, the increase of the classes that pay income tax has been far more rapid. During the period of which I am speaking the population, as a whole, increased from 27,000,000 to 35,000,000; the section of the population living on incomes that paid income tax increased from 1,500,000 to 4,700,000. Thus, if the increase of the whole was in the proportion of 27 to 35, the increase of the section in question was in the proportion of 27 to 84. Bearing the above fact in mind, it shows that the growth in wealth of the rich and the middle classes does not mean the growth of fortunes already established, but the constant creation of new fortunes, small or large, by individuals rising from the ranks of the working classes.

Let us now divide the middle classes from the rich, according to the definition I have already given, and see which of the two have increased most. The number of incomes between £150 and £1,000 have increased (in round numbers) from 300,000 to 920,000. The incomes above £1,000 have increased (in round numbers) from 24,000 to 60,000. Thus the middle class has been increased by 690,000 new families, while the rich class has been increased by only 36,000. . . . It will be seen at a glance how grotesque is the fallacy that represents the middle classes as being crushed out. He will see that, in absolute contradiction to the popular view, the middle classes are increasing with far greater rapidity than the rich—in fact, that their increase is the most distinctive and extraordinary feature of the time; while, if we compare their increase with that of the working classes, it becomes more startling and more extraordinary still.

Fig. 2 will help the reader to realize this. The total population increased from about 27,500,000 to 35,000,000; while the income-tax-paying population was, as has been said already, 1,500,000 in 1850, and more than 4,500,000 in 1881. If, then, we deduct these two amounts from the totals at the two dates, we have a working-class population of 26,000,000 in 1850, and of 30,500,000 in 1881. The working classes have increased, therefore, by about 15 per cent, while the middle classes had increased by more than 200 per cent.

The only facts that seem, even for a moment, to coincide, however loosely, with the popular view, are as follows: First, there is the fact that the increase per cent of the classes with incomes of more than £3,000 a year has been greater than that of the classes with incomes between that amount and £1,000. The actual increase, however, of the former is more than three times as great as the actual increase of the latter—that of the former being 27,000, and that of the latter 9,000, while the total numbers in 1881 were respectively 45,000 and 15,000. And, however the different sections of the rich class may compare with one

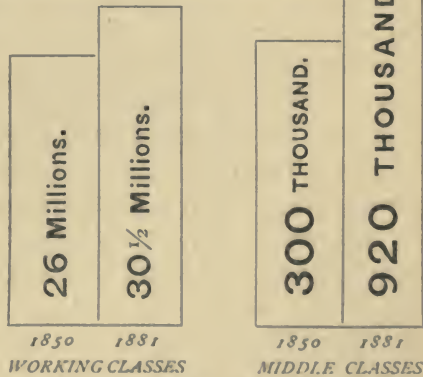


Fig. 2.

another in point of growth, even the smallest section, which has grown the fastest, has been entirely distanced by the yet faster growth of the middle class. There

<sup>1</sup> According to the facts compiled by Professor Leone Levi, aided by information given by Mr. Gripper of the Inland Revenue, there were in the year 1881 about 15,000 incomes in the United Kingdom of over £3,000 a year, 3,000 of over £10,000 a year, and 230 of over £50,000.

remains, however, another set of facts to be mentioned. If we subdivide the rich class yet further, we shall find that there is one section which has not only increased in numbers, but whose members have grown richer as individuals. This is the richest class—the class composed of persons with £50,000 a year and over. In 1850 the average income of such persons was about £72,000; in 1881 it was about £80,000. This class, however, is altogether exceptional. It consisted in 1881 of only 230 persons out of the 60,000 who had more than £1,000 a year; and the amount of its aggregate income was not more than  $4\frac{1}{2}$  per cent of the total assessed to income tax. With the single exception of this handful of persons, the rich class has not only increased in number much more slowly than the middle class, but the persons composing it have individually grown poorer instead of richer; while the persons composing the larger section of the middle class have grown individually richer, as well as more numerous. The incomes, indeed, of those who have between £600 and £1,000 a year have remained nearly stationary, the average being, for both 1850 and 1881, £735; but the incomes of those with less than £600 have increased on the average by something like four per cent; while the incomes of the rich, with the exception of 3,000 persons—that is to say, the incomes of nineteen-twentieths of the whole body, possessing sixteen-twentieths of that body's aggregate wealth, have decreased on an average by very nearly seven per cent.

It will thus be seen that the small body of millionaires is the only class who, during the thirty years in question, justified the popular statement that the rich were growing richer; and, with regard to this class, there are three things to be said. Seventy-seven of the incomes comprised in it were derived from business: and with the growth of each of these business incomes at least as much wealth was added to the nation at large as was taken by the recipient of the income. Sixty-six of such incomes were derived from



land ; and since 1880 these landed incomes have not increased, but decreased. They have decreased by fourteen per cent in England, and by thirteen per cent in Scotland ; while, taking these great incomes as a whole, and comparing them with the wealth of the nation, their amount is so small that they might be merged in the general wealth, or altogether abstracted from it, without appreciably affecting the national well-being. . . . Let us now turn to the most important question of all—the condition of the working classes. It is impossible to imagine a more complete contradiction of the conventional view of the agitator than is offered by the facts of the case. Instead of getting poorer, instead of finding it harder to gain a living, the working classes have increased in wealth far faster than any other class in the community. They have not, indeed, increased in numbers so fast as the middle class ; but this is owing to the very simple reason that they have supplied the middle class with most of its new members ; and what the middle class has thus gained in numbers, the working class has lost. But, alike in point of aggregate income and average individual income, the progress of the middle class is altogether dwarfed by that of the working class—a progress the extent of which is absolutely unknown to the majority of our countrymen, but which forms probably the most extraordinary phenomenon in the social history of the world. The general outlines of this progress can be seen at a glance by

referring to Fig. 3. The series of rising columns in both divisions of the figure represent the national income at the several dates named. The darker portions, at the bottom, represent the

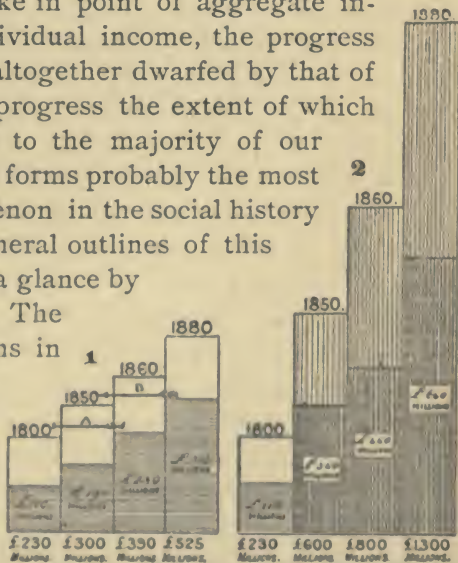


Fig. 3.

working-class income; the lighter portions represent the incomes of the rich and the middle classes. Series 2 shows the actual growth of the whole actual income, which has risen from about £240,000,000 at the end of the last century to £1,300,000,000 (as was just stated) now; while the income of the working classes has risen from about £110,000,000 to £660,000,000. This actual increase, however, considered by itself, does not tell us the thing we are concerned to know; for the population having increased enormously as well as the wealth, we are left doubtful whether the poor have really secured larger individual incomes, or whether there are merely more of them with the same incomes or even smaller ones. The columns in Series 1 will make this point clear. Of the four columns comprised in it, the first represents the same thing as the first column in Series 2—namely, the income of the country in the year 1800. The other three columns in Series 1 represent, not the actual increase of the national income, but its increase *minus* the increase due to increased population; in other words, it represents the increased incomes produced by the same number of persons as constituted the whole population in 1800—that is to say, about 15,000,000. Here we get rid completely of all the confusion which the increase of population causes; and each step in the growth of the income, as represented thus, means a corresponding growth in the income of the individual. This figure exhibits two facts which, if one may judge by the language used by writers and public speakers whenever the labor question or the social question is discussed, are altogether unknown to the public of this country. The two facts are as follows: During the first sixty years of this century the income of the working classes rose to such an extent that in the year 1860 it was equal (all deductions for the increase of population being made) to the income of all classes in the year 1800. This is indicated by the arrow A. But there is a far more extraordinary fact to follow; and that is, that a result precisely similar has been accomplished since in one-half of

the time. In 1880 the income of the working classes was (all deductions for the increase of population being made) more than equal to the income of all classes in the year 1850. This is indicated by the arrow marked B. Thus the working classes in 1860 were in precisely the same pecuniary position as the working classes in 1800 would have been had the entire wealth of the kingdom been in their hands; and the working classes of to-day are in a better pecuniary position than their fathers would have been could they have plundered and divided between them the wealth of every rich and middle-class man at the time of the building of the first great exhibition. The wildest socialist, the most discontented radical, cannot possibly claim for the people more wealth than exists, no matter what revolution he might have it in his power to accomplish; and few socialists imagine that it would be possible to redistribute everything. And yet, in actual fact, this miracle has taken place—has taken place twice in the course of three generations—and has taken place, not only without any attempt at revolution, but in consequence of those very institutions against which would-be revolutionists protest. The figure gives in round numbers the aggregate amount of the working-class income, and also the income of all classes, at the various dates indicated, both as they actually were for the whole population, and also as they were relative to a population of the same size.

In dealing with such vast sums as are at present in question, we must, of course, not look for any impracticable accuracy; but there is substantially a complete unanimity amongst statisticians with regard to the broad facts of the case, and the slight discrepancies between the respective calculations are so small that, if expressed in a diagram, the eye could hardly detect them.

These facts form a curious comment on a paper entitled "The Case for Labor," by a labor member of the present House of Commons, which appeared in this magazine a few months ago. The whole of the writer's obser-

vations were colored by that very fallacy to which I referred at starting—by the idea that, whatever might be the case with the rich and the middle classes, the working classes were constantly getting poorer, while the difficulties of finding occupation were becoming greater. The fallacy involved in this latter supposition is as great as that involved in the former; and those who are in doubt as to this point will do well to consult Professor Marshall's remarks on it in his "Principles of Economics." It is impossible to dwell upon it here. Space compels me to confine myself to the mere question of wages; and to insist once more on the fact that the vast body of the people—the working classes as distinguished from the rich and the middle classes—have increased in wealth more rapidly than any other class of the community, and that Mr. Giffen is perfectly right in saying that nearly the whole of the advantages gained during the past half century have gone to them. . . .

It is idle for philanthropists, true or false—for those who sympathize with want and sorrow, or who affect sympathy—to attempt to disprove these facts by citing the cases of misery to be found in every town in the kingdom. London alone possesses an unfortunate class which is probably as large as the whole population of Glasgow, and an endless procession of rags and tatters might be marched into Hyde Park to demonstrate every Sunday. But if the unfortunate class in London is as large as the whole population of Glasgow, we must not forget that the population of London is greater by nearly a million than the whole population of Scotland; and the great practical lesson which requires to be instilled into social reformers is that the tendencies of a civilization must be studied in its effects for good on nine-tenths of the population, rather than in the absence of any such effects upon one-tenth; and that the real problem to be solved is not how to alter these tendencies, but to bring those under their influence who have hitherto remained outside it. To attempt to interfere with

the progress of the nine-tenths because the one-tenth has not hitherto shared it, would be like attempting to wreck a great steamer with six hundred passengers merely because sixty of them had bad accommodation in the steerage.

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### The Rights of the Senate.

The unwillingness of the Senate to repeal the law for purchasing silver has prompted a small class of persons to cry "down with the Senate." It has been necessary for the more conservative portion of the press to remind those persons that the Senate of the United States cannot be abolished even by constitutional amendment. It can only be "done for," if at all, by an armed revolution involving a more radical and difficult reconstruction of our government than would have resulted from the success of the secession rebellion in 1861-5. There ought also to exist a profound public consciousness that the outcry against the existence of the Senate is a treasonable impertinence, a constitutional blunder, and an unAmerican crime. The accustomed liberty of the minority of the Senate to debate upon the present silver question, and to have all the benefit of obstructive tactics which have heretofore been exercised, is more sacred than it has ever been upon any other subject. Few persons understand the silver question. The Senate has never discussed a question which so few comprehend. Moreover, there is great doubt who the few persons are who do understand it.

Mr. Horace White recently remarked that "not fifty persons in all in the United States understand the question." He added, "I look upon silver as I do upon tin or copper. It has no more claim to be coined into standard money than they."

There is, we believe, not one member of the Senate who holds any such view. It may have a purely academic interest, which not one economist, statesman or financier,

living or dead, would indorse. The Senate is to be abolished because it is not fanatically eccentric, in short, because it retains a competent faculty of thinking. Out of the money center comes the cry for anarchy. From the midst of the conservatives sounds the tocsin of revolution. Wall Street talks of dynamite. It is not the personnel of the Senate that is complained of but their functions. If the silver senators should all resign, their legislatures would re-elect them, or men of the same views. They correctly represent their constituents. In every instance their States, if they could appear on the floor of the Senate in any other way, would take the same stand.

The cry for suppressing the Senate is therefore a cry for suppressing States. Not one State merely, but a nearly united body of States, covering more than half the area of the Union and having perhaps a third of its population. It is the legislative coercion of a section of the Union as large as the area of the seceding South in 1861. It is an Alpine section. It is like a proposal of the Italians, French, and Germans to subdue the Swiss.

These States are all to be gagged by stopping their speech, in a body created expressly to hear their speech. It is said "this is necessary in order that a majority may rule." But under a constitution which provides that every other feature it contains may be taken away by amendment, but that the equal right of the weakest States in the Senate shall never be taken away, a mere numerical majority is not given any absolute right to rule. The Presidency can be abolished by amendment, and a government by a hereditary executive and a responsible ministry be substituted by amendment, and no constitutional lawyer could pronounce it revolution. Herein a sufficiently large constitutional majority has the right to rule. But if an attempt were made by amendment to limit Nevada to one senator while New York had two, it would be an unconstitutional revolution even if forty-three States voted for the amendment. Hence in the Senate there is erected a constitu-

tional fortress wherein weak States may take refuge and be secure from the power even of majorities. This is the constitution.

An established church could be created by constitutional amendment, universal communism could be established by it, but not an inequality in any respect between the smallest and the largest State. If then there are some reserved rights which are not subjected to the caprice even of a constitutional majority, and if the right of the senators of each State to speak and vote be one of these, then there are some things which majorities cannot destroy.

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### Silver and Gold Fallacies.

As the silver question approaches solution the discussion becomes instructive but not clear. The *Fortnightly Review*, *Forum*, *Political Science Quarterly*, and *Review of Reviews* treat it in a manner intended to be candid and scientific.

Mr. W. H. Grenfell reviews in the *Fortnightly* Mr. Gladstone's celebrated speech in which the premier asserts that if bimetallism were enacted all money now "on call," which he estimated at £600,000,000, would be called in, "every farthing" of it. Mr. Grenfell describes this "calling in" as a withdrawal of "deposits." The sum named is about equal to the total deposits in all the banks of Great Britain and Ireland. Mr. Gladstone's prediction seems to be, therefore, that an enactment of bimetallism in Great Britain would empty every bank in the United Kingdom of the last farthing of its deposits. This would, of itself, be sufficiently cruel if bank-notes might be taken for it, but Mr. Gladstone further says it would have to be paid, every farthing of it, in "golden sovereigns." As the Bank of England, which holds almost the sole gold reserve in the kingdom, has only about £25,000,000, it would indeed be difficult to make this small gold reserve

carry out the premier's prediction. A nation having only £25,000,000 in gold, all told, cannot well hoard twenty-four times that sum in sovereigns!

Mr. Grenfell quotes the tables of index-numbers prepared by Mr. Soetbeer and by Mr. Sauerbeck, whereby the prices of forty-five commodities are compared for the eighteen years from 1874 to 1892, with the view of ascertaining whether the apparent fall in silver is not merely one of the indices of a rise in the purchasing power or actual value of gold. This is the crucial question which determines the merits of the whole silver contest. Mr. Grenfell refers for an explanation of the process to Professor Nicholson's work on "Money and Monetary Problems," page 62. That work sustains the validity of the economic doctrine that a general fall in prices of most commodities, with which silver merely keeps pace, indicates that a rise in gold has occurred and that silver has remained stable. In support of this mode of proof Mr. Grenfell quotes Mr. Giffen himself, whom Mr. Gladstone describes as "the highest living authority." Mr. Giffen says:

"The fall in prices in such a general way as to amount to what is known as a rise in the purchasing power of gold, is generally—I might say universally—admitted."<sup>1</sup>

Such an admission coming from the author of "The Case Against Bimetallism" is valuable as showing that, amid the confusion of theories concerning silver, some solid facts come to be admitted on both sides.

It is significant that Mr. David A. Wells, in his article in *The Forum* on "The Downfall of Certain Financial Fallacies," while controverting the conclusion that the fall in prices is due to the demonetization of silver or indicates an "appreciation in the value or purchasing power of gold," nevertheless concurs with Mr. Grenfell by admitting in great part the facts, in the following terms.

He says: "That there has been a great and universal decline in the prices of a great variety of commodities

<sup>1</sup> "Recent Changes in Prices and Incomes Compared," 1888, [pp. 7 and 8.



within the last thirty years, and that this decline is still in progress, is not to be questioned. In fact, there has not been anything like it in the world's previous experience."

Prof. Sauerbeck's index-numbers from 1874 to 1892 show an average decline of forty-five leading commodities at a ratio which bears a striking resemblance to the decline in silver, viz. :

YEARS.	Index-numbers for Forty-five Principal Com- modities.	YEARS.	Index-numbers for Forty-five Principal Com- modities.
1874	102	1884	76
1875	96	1885	72
1876	95	1886	69
1877	94	1887	68
1878	87	1888	70
1879	83	1889	72
1880	88	1890	72
1881	85	1891	72
1882	84	1892	68
1883	82		

Mr. Grenfell also quotes Mr. Gladstone's statement that "at the period of the gold discoveries (1849-51), had it not been for those discoveries we must have had a gold famine in the world." Thereupon he affirms that the present decline in the supply and increase in the demand for gold are producing that very gold famine which, according to Mr. Gladstone, would have occurred a half century ago but for those discoveries.

Mr. Gladstone's assertion that the value of gold has not varied more than three per cent arises from his recognition of the fact that from 1852 to 1865 silver was at a premium over gold of three per cent or more. Hence it implies a total obliviousness on Mr. Gladstone's part to the existence of any such question as that which Giffen, Soetbeer, Sauerbeck, Nicholson, *THE ECONOMIST*, and Grenfell have discussed, viz., whether, since gold has been adopted by all the world as the legal par of commercial exchange, that apparent stability in value which always attaches to the legal standard has not concealed an actual rise in its value.

Mr. Gladstone's statement is evidently, therefore, the result of a slip in his economic thinking, viz., a failure to distinguish between the nominal fixity of the legal standard, and actual stability in value. Against this slip in economic thought Mr. Grenfell quotes Jevons' estimate that between 1789 and 1809 the value of gold fell 46 per cent, and that between 1809 and 1849 it rose 145 per cent, while in 20 years from 1849 it fell again at least 20 per cent.

Mr. Wells admits a "decline of about 31 per cent in the average prices of staple commodities in the London market between 1867 and 1886," a "continuous decline in general prices since," a "decline in Great Britain for the two years 1890 and 1891 of 10.8 per cent," and "since 1891" that "cotton, wheat, iron, copper, wool, leather and petroleum have touched the lowest general prices of the century." Having made these admissions, he still denies that these declines indicate an appreciation in gold, but properly refers them to cheapened processes of production. He cites aluminium, which has fallen in thirty-seven years from \$90 per pound to 50 cents per pound; copper has fallen since 1860 from \$2.50 to 75 cents; pig iron since 1873 has fallen from \$50 (in currency) per ton to \$13; cotton has fallen from 20 cents (currency) in 1873 to 7 to 8½ cents. Mr. Wells also shows that hogs follow closely after corn in price, corn being their chief cost of production. But labor has risen in a marked degree throughout the civilized world during the last quarter of a century.

That labor should rise, while prices of commodities generally (except food) fall, is a natural concomitant of extended machine production, and of a greatly expanded standard of living among the laboring class. Labor shares in the joint product of a system of heavily capitalized production, in which mere muscular force is reinforced by a machine power many times in excess of its own manual force. The 66,000,000 of Americans share the product of a machine power equal to the hand labor of the whole population of the globe.

The rise in wages and in meat foods forms almost the only exception to the general decline in prices contended for by certain economists and conceded by the others.

If gold has become 30 per cent dearer, why is it not expressed by an apparent decline in rents and in land values? These, with the wages of labor, make up fully nine-tenths of all values. Yet land as well as labor has met with no general decline, such as would be necessary to record an appreciation in gold.

In answer to this it may be said that during our war of the rebellion land remained stationary in greenback price until a year or two after the war closed, while labor only rose in its paper price many months, and in some instances a year, after the rise in gold, and farm labor, domestic labor and unskilled labor rose very little. In short, land and labor never follow immediately the actual standard of value, viz., gold and silver, but mainly the nominal and legal par, Uncle Sam's depreciated promise to pay. Now if within a year or two, labor and land should both depreciate throughout the world in about the degree that silver, wheat and the forty-five commodities have depreciated, there would be no escape from the conclusion that gold is rising, and that the tidal wave of price fluctuation merely reaches commodities in the order of their relative mobility and susceptibility to this kind of change. There is, however, no reason to believe that any such decline in labor and land values is likely to occur. It never has occurred except in cases like the agricultural land of England where the land is going out of use. Anything that goes out of use will lose value without any reference whatever to a change of money. Indeed, there is a good deal of delusion about the idea that the movement of value of either land, labor or commodities is due to changes in the value of money.

Mr. Spahr's review in *Political Science Quarterly* of "Giffen's Case Against Bimetallism" crowds its most salient point into the following "personal" foot-note:

“Through the courtesy of Senator Sherman, the writer has obtained from the Treasury Department verification of the statement that certificates issued under the Bland-Allison act have never been redeemed in gold by the Treasury.”

Mr. Spahr pertinently asks why, if the \$400,000,000 in certificates redeemable exclusively in silver dollars remain at par without depreciation, will not the \$150,000,000 of like certificates issued under the Sherman Act remain at par? (Especially, inasmuch as there are upward of \$50,000,000 more silver bullion deposited to their credit than is held against a like sum in Bland dollars.—ED.)

This brief point if true seems to cast distrust upon the claim of the administration that anything more than a restriction of the coinage of silver is necessary to maintain the silver dollar at par with gold.

Mr. Spahr's article is chiefly remarkable as presenting an argument which inclines strongly toward free coinage of silver, in the economic organ of Columbia College. The daily press of New York City has for years been nearly closed against such facts and views as Mr. Spahr presents.

It is marvelous that the Bland-Allison act of 1878 should at this late hour be discovered to contain a clause which has never been enforced or carried out, or referred to in debate. But it is now claimed that the free coinage of silver was restored in law, though not in fact, fifteen years ago. Mr. George G. Merrick, of Denver, has a suit pending on this point in the Supreme Court of the United States. He has tendered an ingot of silver to the mint and demanded that it be coined into dollars for his use, under the two statutes of 1837 and 1878, both in full force.

The act of 1878 simply says, Section 1: “There shall be coined at the several mints of the United States silver dollars of the weight of  $412\frac{1}{2}$  grains troy of standard silver, as provided in the act of January 18, 1837, on which shall be the devices and superscriptions provided by said act, which coins, together with all silver dollars heretofore

coined by the United States, of like weight and fineness, shall be a legal tender at their nominal value for all debts and dues, public and private, except where otherwise expressly stipulated in the contract."

The act of 1837, Section 14, provides "that gold and silver bullion brought to the mint for coinage shall be received and coined by the proper officers for the benefit of the depositors."

It is asserted that Congress legislated the silver dollar out of existence, as the standard dollar, in 1873, without finding out what it had done until 1876. If it should now be demonstrated that Congress enacted free coinage for silver in 1878, and failed to discover the fact until 1893, the confession would hardly be creditable. For it is not merely that the superintendent of the mint has refused to coin Mr. Merrick's ingot, and the Secretary of the Treasury has declined to order it coined. A large minority in Congress has for fifteen years been trying to pass the act which Mr. Merrick asks the Supreme Court to decide was passed fifteen years ago.

### Currency, Bank Credits and Values.

*Bradstreet's* shows that in the first quarter of 1893 there were in the United States fewer failures than in the first quarter of 1892, though for a slightly larger sum, but that with each succeeding quarter, the third being the cyclone, the failures have increased.

	FAILURES.		ASSETS.		LIABILITIES.	
	1893.	1892.	1893.	1892.	1893.	1892.
First Quarter.....	3,069	3,207	\$20,160,741	\$18,204,944	\$39,424,144	\$35,861,749
Second ".....	3,170	2,144	85,211,072	10,730,162	131,436,078	20,673,872
Third ".....	4,935	2,027	120,887,068	10,274,595	163,227,546	20,436,260

"This increase in disaster was concomitant with the largest total stock of money per capita issued and held in

the Treasury which has existed in thirty years," says *Bradstreet's*, which we think is without doubt the largest volume of money ever known to the country. The total stock of money coined or issued, the amount in the Treasury and the amount in circulation are shown in detail in the following table:

	General stock, coined or issued.	In Treasury.	Amount in circulation Oct. 1, 1893.
Gold coin.....	\$556,479,232	\$72,183,123	\$484,296,109
Standard silver dollars.....	419,332,550	360,499,882	58,832,668
Subsidiary silver.....	77,596,621	13,496,416	64,100,205
Gold certificates.....	79,756,819	129,220	79,627,599
Silver certificates.....	330,864,504	5,909,370	324,955,134
Treasury notes, act July 14, 1890....	151,319,040	2,494,841	148,824,199
United States notes.....	346,681,016	14,452,110	332,228,906
Currency certificates, act June 8, '72.	8,285,000	85,000	8,200,000
National bank notes.....	208,690,579	7,815,481	200,875,098
<b>Totals.....</b>	<b>2,179,005,361</b>	<b>477,065,443</b>	<b>1,701,939,918</b>

The amount estimated as in circulation, exclusive of that in the Treasury, was therefore on October 1st \$25.29 per capita for a population of 67,306,000, as against a per capita circulation of \$13.85 in 1860, \$13.98 in 1861, \$10.23 in 1862, \$17.84 in 1863, \$19.67 in 1864, \$20.57 in 1865, \$16.75 in 1879, \$21.71 in 1881, \$22.37 in 1882, and \$22.91 in 1883, at about which figure it continued until 1890. In 1891 it increased to \$23.45, and in 1892 to \$24.77.

These figures ought to make it plain to every mind that an abundance of money in the country does not necessarily make "easy times" or "good times."

The figures for our second quarter, April to June, 1893, show that 3,170 debtors had incurred \$131,436,078 in liabilities to get possession of \$85,211,072 of assets. Those for our third quarter, July to September, show that 4,935 failing firms had incurred \$153,227,546 in liabilities to get possession of \$120,387,068 of assets.

At the time they were incurring these liabilities they certainly thought the assets for which they were incurring

them worth a good deal more than the debts incurred in their purchase. As they were the best possible judges of the values they were dealing in, a strong presumption arises that they were worth more than they paid for them at the very recent date when these liabilities were incurred and that their shrinkage occurred afterward.

The changes in bank clearings for fifty-five principal cities of the United States measure the contraction in bank credit. We give their amounts, omitting six figures, *i. e.*, in millions of dollars.

1889.	1890.	1891.	1892.	9 mos. of 1893.
\$56,326	\$60,576	\$56,524	\$61,705	\$42,117

Supposing the remaining quarter of 1893 to add its fourth to the business of the nine months, the falling off in bank credit used during the year would be about eleven thousand millions of dollars, which would be pretty accurately one-fourth of all the values of real and personal estate in the country, according to the census.

The shrinkage in values has been estimated by both the *Herald* and *World* at about one-fourth in the values dealt in on the stock boards and produce exchanges. So far as these criteria go they show that bank credit has more to do in determining values and prices than the volume of paper currency, gold and silver combined.

Whether the shrinkage in bank credit causes or is caused by the shrinkage in values may be an open question. But the facts seem to indicate that under an expanding volume of currency there will be a contraction in values if there is a contraction in bank clearings, and that the contraction in prices will bear some proximate proportion to the contraction in bank credits.

## Condition of Bakers, Waiters and Miners.

There are few industries that differ in the nature of their occupation, the methods and conditions of their work, so widely from each other as do the callings of the baker, the waiter and the miner. These differences are to be found in their hours and time of work, the manner and amount of their wages, and even extend to their industrial organizations. And no matter from whatever standpoint they may be considered they will present a different aspect to the beholder.

Looking at the international bakers' movement, several very significant as well as extremely interesting facts, which are known to comparatively very few persons, come to our notice. Nowhere else are the bakers so well off as in Australia, because they have there the eight-hour work-day and are well organized. By receiving higher wages than is the case anywhere else, they prove the economic law that shorter hours of work entail better pay. There are about 4,000 bakers on the Australian continent, one-quarter of whom are thoroughly organized. The average weekly wages are \$12.50, no Sunday work being allowed. No apprentice over seventeen years of age can be employed, and no baker is permitted to live and sleep on the premises of the workshop. The strongest and most influential organization of the craft is the Operative Bakers' Association of New South Wales, with a membership of 500 and \$3,000 in their treasury.

After the bakers of Australia come those of the United States, of whom there are about 30,000. About one-third of them are organized, and 8,000 of these are members of the International Bakers' Union. The average daily working time of the American baker is 12 hours and his weekly wages about \$11. The great majority of the New York bakers consists of Germans, but the Hebrew and the



Bohemian bakers play a curious part in the metropolitan movement. Lowest in the economic scale stand the Hebrew bakers, of whom there are 400 who work on an average from 16 to 18 hours a day and receive for their extremely dirty work \$7 a week. On the other hand the best paid bakers in New York, because completely organized, are the 130 Bohemian bakers, who belong every one of them to the Bohemian Bakers' Union. They work ten hours a day and receive \$16 per week. All of them are married men, which can be said of only a very small minority of the other New York bakers.

The most pushing and energetic bakers are, however, to be found in Chicago. A movement is on foot there to enforce, if possible, the eight-hour work day and to do away with their 25 per cent of unemployed. The question of wages is not considered at all, because the men are sure that these will regulate themselves upward as soon as the hours of work have been shortened.

In Great Britain 9,000 men are organized, and the average baker receives \$8 per week working 12 hours a day. The Jewish bakers of London work from 18 to 20 hours a day and receive from 75 cents to \$1.25 per week. Next comes France. The number of organized bakers there reaches hardly 3,000. They average \$4 per week and 13 hours a day. Out of Paris the hours of work are much longer, and generally the bakers have to sleep on the premises. Over a thousand bakers are constantly out of work in Paris alone. It is almost an impossibility for French bakers to win a large strike, because the military bakers are sent by the authorities to take the places of the strikers until the backbone of their strike is broken.

Although there are a few bakers' organizations in Austria and Germany, the condition of the bakers of these two countries is really appalling. In Austria the bakers work, as far as can be ascertained, 13 hours a day and get \$3 per week, while in the German empire their day's work consists of 14 hours and their wages amount to hardly

\$2.50 per week. Especially in the larger cities, Berlin, Vienna, their manner of living, working and sleeping is disgraceful in the extreme. The great majority live in cellars, work there in ill-ventilated, filthy rooms, sleep on flour bags or on the bare floor, eat the poorest food and work under the most unclean conditions. In Canada the baker's manner of life resembles that of his English brother, while those in the Netherlands and Switzerland live and work like those in France.

The principal demand of the bakers everywhere is for shorter hours. In the United States they are striving for 10 instead of 12 hours, in England they want 8, in France 12, while in Australia they concentrate their energies upon maintaining the eight-hour work day. But there are also other important demands. In the United States they are fighting for the recognition of their unions and the abolition of the system of boarding on the premises which still prevails to a great extent; in London they want better sanitary conditions; in Germany shorter hours, better sanitary conditions and the abolition of Sunday work; in Austria they demand the abolition of Sunday work as well as a thorough sanitary inspection of all bake shops.

With few exceptions the work of the bakers is done at night, but they hope that the time will come when the work will generally be done during day time.

The waiter's calling is such a peculiar one that it is almost impossible in a short article to give more than a faint idea of what it is. The international waiters' movement is so split up, so disunited, their work, wages, and conditions so very dissimilar, that only a few hints about them can be given here.

Trade organizations of waiters to any great extent exist only in the United States, Switzerland, France, Germany and Belgium, while in the other European countries there are only insignificant beginnings of organizations of that nature. The Geneva Society, which has branches all over Europe as well as in the States, is certainly the

greatest waiters' organization in existence, but it cannot be called a trade union. The best militant union of this kind is the National Alliance of Hotel and Restaurant Employees of America, which has about 4,000 members. New York's waiters are said to reach the same figure as the Paris waiters, 20,000. The New Yorkers are, however, financially better situated than their European brethren, as they as a general thing have shorter hours and somewhat better pay. Yet it is extremely difficult to fix any rate of wages generally or determine the hours of work. The hours range anywhere from 12 to 18, and the weekly wages from \$8 to \$12. Some work at night, others during the day. There are head, hotel, restaurant, beer, private, café, dinner, and picnic waiters, also so-called apprentices, although some of the latter may have passed their thirtieth year. Some get their meals and a small pay, others get some pay without the meals, others have to pay for the privilege to serve and earn tips, but in most cases the employers depend on their customers to pay their servants with tips. There are very few other occupations in which the employees have to stand so much abuse, contempt and victimizing as that of the waiter. They are cheated by the saloon-keeper who furnishes them with a job, they must give presents to the head waiter to retain his good will, and they are charged for breakages double or three times their value, besides being fined for a hundred and one things. In some places they are uniformed; in many they are not allowed to wear beards of any kind. In most cases they are discharged without any reason being given, and their work for this and other reasons is a very insecure one. If their lot is not a satisfactory one in the United States, it is far worse in Europe. In many continental towns it is almost unbearable.

During the last five months miners have been playing a very important part in the life of Europe, economically, politically, and socially. In the United States their unrest has also been heard from. The great miners' strike

against an enormous and unjustifiable reduction of wages in England (which they are said to have virtually won), and the extensive trouble among the miners of France, Belgium and the United States, are still in everybody's memory, and need not be mentioned here except as a forerunner of the great international strike of miners which will surely come up some time in the near future if the chance warnings of their leaders can be relied on. That this class of workers is made of very stern stuff has been proved by their clashes with the police, militia or military in the United States, England, France, Belgium, Sicily and Germany. Their leaders are untiringly working toward an international federation of the miners of the civilized world.

The great coal-producing countries are, in their proper order, Great Britain, the United States, Germany, France, Austria-Hungary, and Belgium. There are strong organizations in all these countries with the exception of Austria-Hungary. Of the 650,000 miners of Great Britain, 280,000 are organized, and of the 300,000 of the United States, about one-sixth belong to trade unions. Their trade unions in the other countries are not so numerous, but they are nevertheless very firmly organized, very determined in their methods, and more influential among their unorganized comrades than one might expect. The average daily pay of English miners is \$1.35, that of the French \$1.30, and that of the German \$1.25. The American miner does not average more than \$30 per month all the year round. The average working time in the United States is 10 hours a day, while it is 9 hours in England. American mining is for the most part surface mining, while deep drift mining is the rule in England. Better machinery in this country, and cheaper living among the miners in England, do not fail to bring their influences to bear on the question of the status of the miner's life.

## Woman and Child Labor in Germany.

It is claimed that 40 per cent of the female population in Germany is engaged in trying to earn a living. Of 17,632,008 persons tabulated according to trade or calling in 1882, 75.8 per cent were male and 24.2 per cent female. Certain industries, from their character, take the lead in employing female labor; 5.6 per cent of the total female population is estimated as belonging to the servant class. Of 1,334,007 persons returned as employed in tailoring and laundry establishments, 576,517 (43.22 per cent) were women. Textile industries furnished employment to 850,859 persons, and of these the women numbered 328,780 (38.05 per cent). In paper factories there were 37,685 men and 20,847 women, the latter comprising 35.6 per cent. Working in tobacco factories were 64,474 men and 48,919 women, the latter being 43.1 per cent. Of 8,236,496 persons engaged in farming and kindred occupations, 2,534,909 were females. In 1890 there were reported to be 130,079 women employed in manufactories, and of these 84,625 were engaged in spinning establishments. The increase in the number of women engaged in industrial occupations in 1882 over the number engaged in the same manner in 1875 was 35 per cent.

Taking Berlin and Breslau as representative cities, the average weekly wages paid to females working in paper factories, cane factories, picture frame factories, cigar factories, clock factories, and artificial flower factories are from 8 to 9 marks (a mark equals 23.8 cents) in Berlin, and from 4.09 to 5.45 marks in Breslau. Furriers average 12 marks in the former and 5.45 marks in the latter city.

The condition of the Berlin working women is not so favorable relatively as the above figures would indicate. The cost of dwellings is from 45 to 50 per cent higher in Berlin than in Breslau, and food is from 2 to 24 per

cent higher. The average weekly cost of living in Breslau is thus estimated: Dwelling, 1 mark; dinner, 1.75 marks; breakfast and supper, 2.25 marks; sick fund, 15 pfennigs (a pfennig is about  $\frac{1}{4}$  cent); total, 5.15 marks. No allowance is made for clothing and washing, heating and lighting, care of health, recreation, etc.

What is true of the two cities just cited holds good elsewhere. A higher scale of wages usually means a higher cost of living. In Stettin working girls in linen mills receive from 4.8 to 7.2 marks weekly; piece workers, from 7.2 to 9.6 marks. Women employed in dressmaking, etc., earn from 4.5 to 9 marks. In tailoring establishments the wages vary from 3.6 to 6 marks. In Posen the average weekly wages for sewing girls on linen articles is about 3 marks; tailoresses receive 3.6 marks; those working by the piece get about 9 marks. Piece workers on linen goods working from daybreak until 9 or 10 o'clock at night can earn from 12 to 15 marks weekly. In Erfurt a sewing woman with the aid of a machine earns from 6 to 9 marks. Those sewing by hand cannot make over 5 marks on the average, and the less industrious do not make over 2.5 marks. In Stuttgart a sewing girl earns on the average 7.56 marks weekly; a tailoress 7.32 marks.

Coming to child labor, the array of facts shows an absolute increase of late years in the number of children employed. In 1882, according to official reports, there were 143,262 children 15 years of age or less engaged in factories or in kindred work. In 1886 the number of those employed up to 16 years of age was 155,582. The increase in the leading industries during the period from 1884 to 1890 of the number of children from 12 to 16 years was 89,504, or 59 per cent. The greatest increase took place in Saxony. From 3 to 5 marks weekly for young people from 14 to 16 engaged in the textile industries is the general compensation. As to children under 14, an example is taken from the district of Trier, where in a number of cigar factories the wages in 1891, according to the govern-

ment inspector for that district, amounted to about six cents for a day's work of six hours.

One deplorable result of women being compelled to work for low wages is thus presented by Dr. Kuno Frankenstein, a noted German author and statistician: "A very large part of the working women in our large cities receive wages which do not suffice to satisfy the most urgent needs of life, and accordingly find themselves obliged either to seek supplementary assistance in prostitution or to accept the inevitable consequences of physical and mental distress."

The factory inspector for the Planen district calls attention to the fact that of 1,912 children born during 1891, 330 (17.25 per cent) were illegitimate. In contrast with this the official figures published in 1885 showed that between 1879 and 1883 only 12.5 per cent of those born were illegitimate. The mortality per 100 of legitimate children during the first year for the period embraced between 1875 and 1882 was far less than that of illegitimate children during the same period.

The above conditions are not confined to Germany, nor are they worse there than in other European countries. Many salutary changes have been effected of late years, and the Imperial Government has enacted much progressive and humane legislation. An elaborate system of factory inspection has been adopted, but the cupidity of employers incites them to resort to many cunning evasions of the law.

## Facts About Silver.

THE GOLD PRICE OF SILVER PER OUNCE IN LONDON SINCE

1833.

Calendar Year.	Lowest quotation.	Highest quotation.	Average quotation.	Value of a fine ounce at average quotation.	Calendar Year.	Lowest quotation.	Highest quotation.	Average quotation.	Value of a fine ounce at average quotation.
	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>Dollars.</i>		<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>Dollars.</i>
1833...	58 $\frac{3}{4}$	59 $\frac{1}{4}$	59 $\frac{3}{8}$	1.297	1864...	60 $\frac{5}{8}$	62 $\frac{1}{2}$	61 $\frac{3}{8}$	1.345
1834...	59 $\frac{1}{4}$	60 $\frac{1}{4}$	56 $\frac{15}{8}$	1.313	1865...	60 $\frac{1}{2}$	61 $\frac{5}{8}$	61 $\frac{1}{16}$	1.338
1835...	59 $\frac{1}{4}$	60	59 $\frac{1}{16}$	1.308	1866...	60 $\frac{3}{8}$	62 $\frac{1}{4}$	61 $\frac{1}{8}$	1.339
1836...	59 $\frac{5}{8}$	60 $\frac{3}{8}$	60	1.315	1867...	60 $\frac{3}{8}$	61 $\frac{1}{4}$	60 $\frac{3}{16}$	1.328
1837...	59	60 $\frac{3}{8}$	59 $\frac{9}{16}$	1.305	1868...	60 $\frac{1}{8}$	61 $\frac{1}{8}$	60 $\frac{1}{2}$	1.326
1838...	59 $\frac{1}{2}$	60 $\frac{1}{8}$	59 $\frac{1}{2}$	1.304	1869...	60	61	60 $\frac{7}{16}$	1.325
1839...	60	60 $\frac{3}{8}$	60 $\frac{3}{8}$	1.323	1870...	60 $\frac{1}{4}$	60 $\frac{3}{4}$	60 $\frac{9}{16}$	1.328
1840...	60 $\frac{1}{8}$	60 $\frac{3}{4}$	60 $\frac{3}{8}$	1.323	1871...	60 $\frac{3}{16}$	61	60 $\frac{1}{2}$	1.326
1841...	59 $\frac{3}{4}$	60 $\frac{3}{8}$	60 $\frac{1}{16}$	1.316	1872...	59 $\frac{1}{4}$	61 $\frac{1}{8}$	60 $\frac{5}{16}$	1.322
1842...	59 $\frac{1}{4}$	60	59 $\frac{7}{16}$	1.303	1873...	57 $\frac{7}{8}$	59 $\frac{15}{16}$	59 $\frac{1}{4}$	1.298
1843...	59	59 $\frac{5}{8}$	59 $\frac{3}{16}$	1.297	1874...	57 $\frac{1}{4}$	59 $\frac{1}{2}$	58 $\frac{5}{16}$	1.278
1844...	59 $\frac{1}{4}$	59 $\frac{3}{4}$	59 $\frac{1}{4}$	1.304	1875...	55 $\frac{1}{2}$	57 $\frac{5}{8}$	56 $\frac{5}{8}$	1.246
1845...	58 $\frac{5}{8}$	59 $\frac{5}{8}$	59 $\frac{1}{4}$	1.298	1876...	46 $\frac{3}{4}$	58 $\frac{1}{2}$	52 $\frac{1}{4}$	1.156
1846...	59	60 $\frac{1}{8}$	59 $\frac{5}{16}$	1.30	1877...	53 $\frac{1}{4}$	58 $\frac{1}{4}$	54 $\frac{3}{16}$	1.201
1847...	58 $\frac{7}{8}$	60 $\frac{3}{8}$	59 $\frac{1}{8}$	1.308	1878...	49 $\frac{1}{2}$	55 $\frac{1}{4}$	52 $\frac{9}{16}$	1.152
1848...	58 $\frac{1}{2}$	60	59 $\frac{1}{2}$	1.304	1879...	48 $\frac{7}{8}$	53 $\frac{1}{4}$	51 $\frac{1}{4}$	1.123
1849...	59 $\frac{1}{2}$	60	59 $\frac{3}{4}$	1.309	1880...	51 $\frac{5}{8}$	52 $\frac{7}{8}$	52 $\frac{1}{4}$	1.145
1850...	59 $\frac{1}{2}$	61 $\frac{1}{2}$	61 $\frac{1}{16}$	1.316	1881...	50 $\frac{7}{8}$	52 $\frac{7}{8}$	51 $\frac{5}{8}$	1.138
1851...	60	61 $\frac{5}{8}$	61	1.337	1882...	50	52 $\frac{3}{8}$	51 $\frac{3}{8}$	1.136
1852...	59 $\frac{7}{8}$	61 $\frac{7}{8}$	60 $\frac{1}{2}$	1.326	1883...	50	51 $\frac{9}{16}$	50 $\frac{5}{8}$	1.11
1853...	60 $\frac{3}{8}$	61 $\frac{7}{8}$	61 $\frac{1}{2}$	1.348	1884...	49 $\frac{1}{2}$	51 $\frac{3}{8}$	50 $\frac{3}{4}$	1.113
1854...	60 $\frac{7}{8}$	61 $\frac{7}{8}$	61 $\frac{1}{2}$	1.348	1885...	46 $\frac{7}{8}$	50	48 $\frac{9}{16}$	1.0645
1855...	60	61 $\frac{5}{8}$	61 $\frac{5}{16}$	1.344	1886...	42	47	45 $\frac{3}{8}$	0.9946
1856...	60 $\frac{1}{2}$	62 $\frac{1}{4}$	61 $\frac{5}{16}$	1.344	1887...	43 $\frac{1}{4}$	47 $\frac{1}{8}$	44 $\frac{5}{8}$	0.97823
1857...	61	62 $\frac{3}{8}$	61 $\frac{3}{4}$	1.353	1888...	41 $\frac{5}{8}$	44 $\frac{9}{16}$	42 $\frac{7}{8}$	0.93987
1858...	60 $\frac{3}{4}$	61 $\frac{7}{8}$	61 $\frac{5}{16}$	1.344	1889...	42	44 $\frac{3}{8}$	42 $\frac{1}{16}$	0.93576
1859...	61 $\frac{3}{4}$	62 $\frac{3}{4}$	62 $\frac{1}{16}$	1.36	1890...	43 $\frac{3}{8}$	54 $\frac{3}{8}$	47 $\frac{3}{4}$	1.04633
1860...	61 $\frac{1}{4}$	62 $\frac{3}{8}$	61 $\frac{1}{16}$	1.352	1891...	...	...	...	1.02
1861...	60 $\frac{1}{8}$	61 $\frac{3}{8}$	60 $\frac{1}{8}$	1.333	1892...	...	...	...	0.929
1862...	61	62 $\frac{1}{8}$	61 $\frac{7}{16}$	1.346	1893...	...	...	...	0.719
1863...	61	61 $\frac{3}{4}$	61 $\frac{3}{8}$	1.345					



# FACTS ABOUT SILVER

291

## THE WORLD'S ANNUAL PRODUCTION OF GOLD AND SILVER SINCE 1492.

Period.	Mean Annual Product, Kilos.		Ratio of Silver to Gold, Weight.	Period.	Mean Annual Product, Kilos.		Ratio of Silver to Gold, Weight.
	Gold.	Silver.			Gold.	Silver.	
1493-1520 ...	5,800	47,000	8.1	1856-1860...	201,750	904,900	4.5
1521-1544....	7,160	90,200	12.6	1861-1865...	185,057	1,101,160	5.9
1545-1560....	8,510	311,600	36.6	1866-1870...	195,026	1,339,085	6.9
1561-1580....	6,840	299,500	43.8	1871-1875...	173,904	1,969,425	11.3
1581-1600....	7,380	418,900	56.8	1876.....	165,956	2,323,779	14.0
1601-1620....	8,520	422,900	49.6	1877.....	179,445	2,388,612	13.3
1621-1640....	8,300	393,600	47.4	1878.....	185,847	2,551,364	13.7
1641-1660....	8,770	366,300	41.8	1879.....	167,307	2,507,507	15.0
1661-1680....	9,260	337,000	36.4	1880.....	163,515	2,479,998	15.2
1681-1700....	10,765	341,900	31.8	1881.....	188,864	2,592,639	16.3
1701-1720....	12,820	355,600	27.7	1882.....	148,475	2,769,065	18.6
1721-1740....	19,080	431,200	22.6	1883.....	144,727	2,746,123	19.0
1741-1760....	24,610	533,145	21.7	1884.....	153,193	2,788,727	18.2
1761-1780....	20,705	652,740	31.5	1885.....	159,289	2,993,805	18.8
1781-1800....	17,790	879,060	49.4	1886.....	159,741	2,902,471	18.2
1801-1810....	17,778	894,150	50.3	1887.....	169,155	2,990,398	18.8
1811-1820....	11,445	540,770	47.2	1888.....	159,809	3,385,606	21.2
1821-1830....	14,216	460,560	32.4	1889.....	185,809	3,901,809	21.0
1831-1840....	20,289	596,450	29.4	1890.....	181,256	4,180,532	23.1
1841-1850....	54,759	730,415	14.3	1891.....	189,824	4,479,649	23.6
1851-1855....	199,388	886,115	4.4	1892.....	196,234	5,935,315	30.2

## PRODUCTION OF GOLD AND SILVER IN THE UNITED STATES SINCE 1792.

Years.	Gold.	Silver.	Total.	Year.	Gold.	Silver.	Total.
Apl. 2, 1792}	\$14,000,000	Insignificant.	\$14,000,000	1866....	53,500,000	10,000,000	63,500,000
July 31, 1834}				1867....	51,725,000	13,500,000	65,225,000
July 31, 1834}				1868....	48,000,000	12,000,000	60,000,000
Dec. 31, 1844}				7,500,000	\$250,000	7,750,000	1869....
1845.....	1,008,327	50,000	1,058,327	1870....	50,000,000	16,000,000	66,000,000
1846.....	1,139,357	50,000	1,189,357	1871....	43,500,000	23,000,000	66,500,000
1847.....	889,085	50,000	939,085	1872....	36,000,000	28,750,000	64,750,000
1848.....	10,000,000	50,000	10,050,000	1873....	36,000,000	35,750,000	71,750,000
1849.....	40,000,000	50,000	40,050,000	1874....	33,500,000	37,300,000	70,800,000
1850.....	50,000,000	50,000	50,050,000	1875....	33,400,000	31,700,000	65,100,000
1851.....	55,000,000	50,000	55,050,000	1876....	39,900,000	38,800,000	78,700,000
1852.....	60,000,000	50,000	60,050,000	1877....	46,900,000	39,800,000	86,700,000
1853.....	65,000,000	50,000	65,050,000	1878....	51,200,000	45,200,000	96,400,000
1854.....	60,000,000	50,000	60,050,000	1879....	38,900,000	40,800,000	79,700,000
1855.....	55,000,000	50,000	55,050,000	1880....	36,000,000	39,200,000	75,200,000
1856.....	55,000,000	50,000	55,050,000	1881....	34,700,000	43,000,000	77,700,000
1857.....	55,000,000	50,000	55,050,000	1882....	32,500,000	46,800,000	79,300,000
1858.....	50,000,000	500,000	50,500,000	1883....	30,000,000	46,200,000	76,200,000
1859.....	50,000,000	100,000	50,100,000	1884....	30,800,000	43,800,000	79,600,000
1860.....	46,000,000	150,000	46,150,000	1885....	31,800,000	51,800,000	83,600,000
1861.....	43,000,000	2,000,000	45,000,000	1886....	35,000,000	51,000,000	86,000,000
1862.....	39,200,000	4,500,000	43,700,000	1887....	33,000,000	53,500,000	86,500,000
1863.....	40,000,000	8,500,000	48,500,000	1888....	33,175,000	50,195,000	92,370,000
1864.....	46,100,000	11,000,000	57,100,000	1889....	32,800,000	64,646,000	97,446,000
1865.....	53,225,000	11,250,000	64,475,000	1890....	32,845,000	70,464,000	103,309,000
Total.....					\$1,871,706,769	\$997,735,000	\$2,869,461,769

## THE VALUE RATIO OF GOLD AND SILVER SINCE 1492.

Year	Ratio	Year	Ratio	Year	Ratio	Year	Ratio	Year	Ratio	Year	Ratio
1493	10.75	1707....	15.44	1745....	14.98	1783....	14.48	1821....	15.95	1859....	15.19
1520		1708....	15.41	1746....	15.13	1784....	14.70	1822....	15.80	1860....	15.29
1521	11.25	1709....	15.31	1747....	15.26	1785....	14.92	1823....	15.84	1861....	15.50
1544		1710....	15.22	1748....	15.11	1786....	14.96	1824....	15.82	1862....	15.35
1545	11.30	1711....	15.29	1749....	14.80	1787....	14.92	1825....	15.70	1863....	15.37
1560		1712....	15.31	1750....	14.55	1788....	14.65	1826....	15.76	1864....	15.37
1561	11.50	1713....	15.24	1751....	14.39	1789....	14.75	1827....	15.74	1865....	15.44
1580		1714....	15.13	1752....	14.54	1790....	15.04	1828....	15.78	1866....	15.43
1581	11.80	1715....	15.11	1753....	14.54	1791....	15.05	1829....	15.78	1867....	15.57
1600		1716....	15.09	1754....	14.48	1792....	15.17	1830....	15.82	1868....	15.59
1601	12.25	1717....	15.13	1755....	14.68	1793....	15.00	1831....	15.72	1869....	15.60
1620		1718....	15.11	1756....	14.94	1794....	15.37	1832....	15.73	1870....	15.57
1621	14.00	1719....	15.09	1757....	14.87	1795....	15.55	1833....	15.93	1871....	15.57
1640		1720....	15.04	1758....	14.85	1796....	15.65	1834....	15.73	1872....	15.65
1641	14.50	1721....	15.05	1759....	14.15	1797....	15.41	1835....	15.80	1873....	15.92
1660		1722....	15.17	1760....	14.14	1798....	15.59	1836....	15.72	1874....	16.17
1661	15.00	1723....	15.20	1761....	14.54	1799....	15.74	1837....	15.83	1875....	16.59
1680		1724....	15.11	1762....	15.27	1800....	15.68	1838....	15.85	1876....	17.88
1687....	14.94	1725....	15.11	1763....	14.99	1801....	15.46	1839....	15.62	1877....	17.22
1688....	14.94	1726....	15.15	1764....	14.70	1802....	15.26	1840....	15.62	1878....	17.94
1689....	15.02	1727....	15.24	1765....	14.83	1803....	15.41	1841....	15.70	1879....	18.40
1690....	15.02	1728....	15.11	1766....	14.80	1804....	15.41	1842....	15.87	1880....	18.05
1691....	14.98	1729....	14.92	1767....	14.85	1805....	15.79	1843....	15.93	1881....	18.16
1692....	14.92	1730....	14.81	1768....	14.80	1806....	15.52	1844....	15.85	1882....	18.19
1693....	14.83	1731....	14.94	1769....	14.72	1807....	15.43	1845....	15.92	1883....	18.64
1694....	14.87	1732....	15.09	1770....	14.62	1808....	16.08	1846....	15.90	1884....	18.57
1695....	15.02	1733....	15.18	1771....	14.66	1809....	15.96	1847....	15.80	1885....	19.41
1696....	15.00	1734....	15.39	1772....	14.52	1810....	15.77	1848....	15.85	1886....	20.78
1697....	15.20	1735....	15.41	1773....	14.62	1811....	15.53	1849....	15.78	1887....	21.13
1698....	15.07	1736....	15.18	1774....	14.62	1812....	16.11	1850....	15.70	1888....	21.99
1699....	14.94	1737....	15.02	1775....	14.72	1813....	16.25	1851....	15.46	1889....	22.09
1700....	14.81	1738....	14.91	1776....	14.55	1814....	15.04	1852....	15.59	1890....	19.76
1701....	15.07	1739....	14.91	1777....	14.54	1815....	15.26	1853....	15.33	1891....	20.92
1702....	15.52	1740....	14.94	1778....	14.68	1816....	15.28	1854....	15.33	1892....	23.73
1703....	15.17	1741....	14.92	1779....	14.80	1817....	15.11	1855....	15.38	1893	
1704....	15.22	1742....	14.85	1780....	14.72	1818....	15.35	1856....	15.38	June...	33.34
1705....	15.11	1743....	14.85	1781....	14.78	1819....	15.33	1857....	15.27	Aug....	28.75
1706....	15.27	1744....	14.87	1782....	14.42	1820....	15.62	1858....	15.38	Oct....	28.25

## Editorial Crucible.

[Correspondence on all economic and political topics is invited, but communications, either for private use or for publication, must bear the writer's full name and address, and requisite postage must be enclosed for return of manuscripts or answers to communications. The editor is responsible only for opinions expressed in unsigned articles, and reserves the right to criticise freely views presented in signed articles, whether invited or not. Typewritten manuscripts preferred.]

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HON. JOHN DALZELL thinks with Bourke Cockran that the tariff plank of the Democratic convention at Chicago, like a railway platform, "was made to get in on and not to stand on." He doubts if any serious impairment of the protective element in the tariff will occur. If the country could have believed this no crisis would have occurred.

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WE ENTIRELY agree with the *Evening Post* that it is unnecessary for Republicans to arraign "the Democratic party, as the said party is at the present time arraigning itself with sufficient deadliness. What with Tammany tyranny in New York City and machine tyranny in New York State, there was no need of Democratic stupidity at Washington to complete the picture." Yet this party of state and local "tyranny" and colossal "stupidity" continues to receive the support of the *Post*.

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THE GENERAL condition of affairs in America, coupled with the uncertainty as to when any change will be made in the McKinley tariff, has a very depressing effect on the Welsh tin-plate trade. So soon, however, as these changes do take place, we may anticipate some benefit accruing to English trade.—*London Economist*.

The Welsh manufacturers may take courage. Their friends are on the box in Washington, and the Ways and Means Committee are working very hard to be ready to

come to their aid just as soon as the administration gets out of its present monetary muddle.

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AS WE GO to press the news comes that the silver senators are about to give up the fight and permit a vote to be taken on the bill to repeal the purchasing clause of the Sherman law. Of course a majority of Democrats will vote against repeal, but the almost solid vote of the Republicans for the bill will give it a substantial majority. Thus the end of a two months' deadlock will be reached without really contributing anything to the solution of the silver problem, but it has gone a long way toward proving that neither of the great parties has any intelligible conviction upon the subject except to make the most of it for party purposes.

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MR. CLEVELAND evidently regards obstinacy as a virtue and is determined to demonstrate that he has considerable of it. The dictatorial tone of his message incensed the silverites and intensified the factious opposition in Congress which has given us two months of filibustering that a little statesmanship and sagacity might have avoided. In refusing to consider any compromise, Mr. Cleveland simply increases the evidence of his inability to understand the economics of the situation or to be a safe director of public affairs. However much the Senate may be censured for its filibustering tactics, the real responsibility for the delay belongs to Mr. Cleveland.

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IS THERE ANY value to an object-lesson in political economy? If so, the people ought now to be learning a great deal. Are they? It is difficult to say. Many newspapers in this vicinity are attributing every rise in stocks to some alleged favorable action on the silver law. But it is clearly apparent to everyone that no favorable action on that law has occurred, or is possible. The market reporters know there has been none and that they can expect none. Just now they are attributing the "bullish prices" to the

knowledge that the "madness of the silverites has reached its worst stage." A queer world this. The country is mad. Therefore stocks go up.

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OF COURSE Mr. Van Alen has been confirmed as Minister to Italy. A young man who has never attended a primary or even voted can step into a foreign mission by contributing fifty thousand dollars to campaign expenses. An administration which went into political virtue as a steady business by directing that office-holders should not be assessed for campaign purposes, now announces that those who pay campaign expenses should have the offices. The spoils system of Andrew Jackson gave the offices as a reward for party services, but selling offices to the highest bidder in gold, regardless of capacity, is Mr. Cleveland's contribution to political ethics.

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WE ARE GLAD to observe that Congressman Coombs has not given up the idea of trying to get the Democratic party to recognize the principle of difference in labor costs as the basis of reconstructing the tariff schedule. We have had frequent occasion to criticize the tariff views of Democrats, and we are pleased to be able to commend the position of Democratic congressmen whenever they recognize correct economic principles. We hope Mr. Coombs will not be dismayed by the opposition of free-traders in his party, but will persist in his purpose of having a true economic principle of protection recognized in the new tariff. If he cannot get support from his own party he may get some from the other, and if he gets neither he will contribute to the economic education of his colleagues of both parties in Congress.

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SENATOR HILL proposes, in his Brooklyn speech, to continue his fight for free trade under the protectionist flag, as he also fights for the monometallic gold standard under the bimetallic flag. He evidently regards the only object

which can induce a statement of principles to be that of so cunningly concealing one's views that men who have no common purpose can be persuaded to act together, by keeping each one in ignorance of what the other is driving at. This is a good plan of campaign for nihilists who are planning to assassinate a czar, for relatives who are conspiring to imprison a lunatic, or for a press gang who are recruiting an army by fraud. It is not the first instance in which the senior senator from New York has given a national reputation and public sanction to practices which were previously local and stealthy.

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SOUTHERN NEWSPAPERS are indicating surprise and disappointment that so few emigrants go to the Southern States. Their surprise is itself surprising. They seem not to know that immigrants have a motive in coming to this country, and it is solely to improve their condition. Wages and other industrial conditions in the South are too much like those in Europe to make their immigrating there worth while. It would be only changing an old form of poverty for a new. If the South expects to attract people, whether from foreign countries or from distant parts of our own, it must turn its energies toward improving the industrial and social conditions of its laboring people. When Southerners learn to depend less upon political demagoguery and traditional sentimentality, discard a little of their conceit in their own superiority, and interest themselves in industrial development, strangers will be more disposed to go and live among them.

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IN THE *North American Review* for October the Hon. Benton McMillin, of Tennessee, charges to the McKinley tariff law the financial crisis which began on the day after the election of Grover Cleveland. The McKinley Act had been passed three years earlier, and only when the threat to repeal triumphed did any mischief come. But what of that? A million very smart fellows charge the same crisis

to the purchasing clause of the Sherman Act passed twenty-eight months before the crisis set in. Neither cause operated disastrously until Cleveland was elected. Then the crisis came on instantly. Four heavy stop orders occurred the very next day. But, at whatever cost of truth and soberness, an entire people must walk backward and throw the mantle of kind misrepresentation over the nakedness of the modern Noah. Did he not build an ark of safety for Democracy when the waters of Republicanism rose to the tops of the mountains? Gratitude for spoils must go for something as against a mere dry fact.

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THE DUKE OF ARGYLL'S recent work, "The Unseen Foundations of Society," is an exhaustive attack on Ricardo's theory of rent. A few years ago Dr. William Elder, of Philadelphia, in his conversations on political economy, attributed the Ricardian theory of rent to a desire to justify and fortify the position of the British landlords. The Duke of Argyll is a landlord to the extent of 190,000 acres in the county of Argyll alone. It will, therefore, occur to many persons as a little singular that he should find it necessary to open a bombardment upon the fortifications behind which he stood intrenched. On reading his book it is discovered that he regards the Ricardian theory of rent and the deductions to which it properly gives rise as fatal to the ascendancy of the aristocratic, which in his view is the intellectual, class. The attempt to attribute an economic theory to a personal interest is generally due to an inability either to assent to the theory or to refute it. Where both concur there is generally a failure to comprehend it.

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THE REPORTS of the Director of the Mint for 1883 and 1893 purport to show the proportions of gold coin, silver coin, and note currency or paper money, coined, issued or in circulation in thirty-eight of the world's principal na-

tions (excluding China). We collect in a table the first four figures, which stand for millions of dollars.

	PAPER	GOLD	SILVER	TOTAL SPECIE	TOTAL PAPER AND SPECIE.
1883.....	3,832	3,333	2,711	6,045	9,875
1893.....	2,635	3,582	4,042	7,526	10,259

It will thus be seen that while paper is alleged to have diminished in quantity during the ten years by \$1,197,000,000, coined silver has increased by \$1,329,000,000. This, if accurate, would indicate that while the bankers and governments have been moving against silver under economic forces, the mines and the mints of the world have been making a counter movement of gigantic proportions and importance in the direction of substituting silver for paper money. Thus in spite of the legal demonetization of silver by the strong governments of the world, a greater monetization is actually going on. Can the Director of the Mint defend his figures?

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ALTHOUGH THE special session of Congress has accomplished very little for the country, it has served to show how little the leaders of the great political parties know about important public questions involving economic and financial problems. It has shown the Democratic party to be devoid of any general conception of how to deal with the problem of national finance, and it has shown with scarcely less clearness that the Republicans, though they are more orderly, intelligent, and dignified, are scarcely any better equipped in constructive statesmanship. Their action on the money question has been as negative as that of Mr. Cleveland. They have indicated all the symptoms of a party that had no policy of its own, but hoped to win on the blunders of its opponents. By remaining silent in such a crisis Republicans have done much to justify the assumption that they would have been no better able to deal with the situation had they been in power. Nothing but inability to deal with the situation can justify their silence under such trying circumstances.



If the Republican party expects to regain the confidence of the people and be returned to power, it must rise above a mere I-told-you-so policy. It must show that its leaders of this generation are as much in touch with and as fully understand the economic and political problems of to-day as did the leaders of the last generation who gave the Republican party its great success and its honored name.

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GEN. FRANCIS A. WALKER'S touch upon economic questions is so light, feathery, and responsive to the public taste that to join issue with him upon any question is to object to the gentle breath of the cooling west wind at evening. We reverence his judicious mind as Tennyson's Yorkshire farmer did that of the country parson. Though he did not know what he said, he thought he had something to say, and he thought he said what he ought to have said, and with that he came away.

Gen. Walker, in the *Quarterly Journal of Economics*, holds that coined money alone determines prices of commodities. All the forms of credit currency afloat, including bank notes, government money, checks, discounts and deposits, and all the volume of "bank credit" which makes up the bank clearings, form no part of the "supply of money" which determines prices. The test of this is simple. Gen. Walker has a friend whose residence is fully worth \$20,000, because it would rent for \$2,000 a year. His friend is embarrassed to-day for money, and therefore offers to sell his residence for \$18,000. Gen. Walker, learning that the house is for sale for \$18,000, says to his friend, "Keep your home. I will indorse your note for \$10,000; that tides over your embarrassment."

The note goes to the bank and is cashed. Being based on no actual sale of merchandise, but being merely a purchase of bank credit, it is part of the "inflation" or "wind" which Gen. Walker rightly sees in the major part of bank clearings. But if his friend is asked, on the

day after the "fiction" is issued, to sell his house, his price is \$20,000. On the day before it had been \$18,000. The lack of the "fiction" lowered the value of the house by \$2,000; the presence of the "fiction" raises its value by \$2,000. Meanwhile the quantity of "coined money" remains unchanged.

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HORACE WHITE has read a letter to the bankers at Chicago in which, without discussing whether government notes ought to be retired or not, he advocates a currency of bank notes redeemable in coin. It is, however, essential to such a currency as Mr. White professes to desire, that the greenback and all legal tender treasury notes shall be retired, the legal tender act repealed, and banking resumed as a private business. There is no valid reason for continuing the treasury as a bank, for the perpetual issue of paper money by the government, thirty years after the war-necessity for the issue of government money as a forced loan ceased. Private need for the issue of government money never existed, except as it arose from the neglect of Congress to bring our national banking system to a basis of daily coin redemption by retiring the greenback note which was its "buffer" to ward off redemption in coin. The SOCIAL ECONOMIST has suggested a mode of retiring the greenback issue which would be inexpensive to the banks, non-expensive to the government, and a source of prompt relief to the agricultural sections of the country. Mr. White is in substantial accord with the SOCIAL ECONOMIST as to the need of an elastic currency of bank notes. By what kind of passive resistance does he fail to recognize that with an unredeemed government legal tender currency afloat, there can be no actual redemption and therefore no elasticity in a bank-note currency? Elasticity is the product of coin redemption. Coin redemption cannot co-exist with legal tender paper. In the absence of coin redemption there must be bond security.

## MISCELLANEOUS CONTRIBUTIONS.

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### The Effects of Liberty.

As I do not believe the editor of the SOCIAL ECONOMIST wishes to misrepresent my position, I ask the privilege of making a statement to rectify an error in his comment of July. At the end of my article on "The Restriction of Immigration" he writes: "Like all the writers of the let-alone school, our author thinks of liberty as the cause, instead of the consequence, of social improvement. . . . This mistaken view is clearly shown by her statement that the restriction of the support of paupers in England to their native parishes increased pauperism, and that paupers began to diminish when this system was abolished. Unfortunately for the argument, it has never been abolished."

Now, as a matter of fact, I nowhere claimed that the system of restricting the support of paupers to their own native parishes had been abolished. I showed that formerly all poor persons found in other than their native parishes were forcibly returned, and upon a second attempt to settle in an adjacent parish they were "grievously whipped, and burnt through the gristle of the right ear with a hot iron." I then said: "As intelligence increased in the upper class in England, liberty has been increasingly given to the other class. It is true that neither there nor anywhere have men become sufficiently enlightened to make liberty untrammelled; but even with a partial abolition of the old laws of restriction, prohibition, and punishment, the situation has steadily improved."

This, as any fair-minded person will see, is a very different statement from that with which the editor charges me. The partial abolition to which I referred is found

first in the repeal of the law which permitted farming out of paupers; next in the repeal in 1740 of the law which had authorized that a poor man without visible means of support might be conveyed back to his native parish, receiving a whipping in every county through which he passed; next in the abolition of corporal punishment in 1822, except in the case of male persons imprisoned as incorrigible rogues, and lastly in the amended Act of 1834 by which land-owners were relieved of a large proportion of constraint to support paupers.

While it is true that no English pauper is legally entitled to claim assistance from the poor-fund in any other than his own district, yet this law of 1834, which united many parishes into one union (dividing the whole of England and Wales into twenty-one districts), totally altered the conditions of life for the laboring man. As the taxpayers, under the old laws, feared to discover a pauper in every strange poor man who entered their parish, the circulation of laborers was practically prohibited. Even the remedial measure adopted in the time of William III, which permitted parish officers to grant certificates stating to what parish a man was chargeable should he become a pauper, had very slight effect in alleviation of the situation. The laborers could not demand them as a right, and parish officers, therefore, had it entirely in their power to mass labor at one point or to ship it to another, very much according to their own will or judgment. I claim that the increase of freedom given to the laborers by the Act of 1834 was due to the growing intelligence of the upper classes far more than to any "industrial improvement of the people." Indeed, there was no industrial improvement until after the passage of this act. Every removal of restriction upon innocent liberty is a mark of growing intelligence in the law-makers, and as in England no common laboring men were counted among the law-makers until 1867, and as the permission granted in 1825 to form unions was practically nullified by the general stupidity which

looked upon all association of malcontents as possible conspiracy, it seems clear that this influence, at least, worked down, and not up. The first step toward diminishing pauperism must necessarily be a perfectly free market for labor to sell itself to employers. The next step is the freedom of the world to buy bread. The legislation of 1834 was a move toward the first; the repeal of the English corn-laws in 1846 was a step toward the last. In both of these cases liberty proved herself the mother instead of the daughter of order and progress. Both reforms were led by the few who trusted liberty against the great mass both of high and low who were afraid of leaving individuals and individual interests to work out their own salvation.

Again, the editor claims that I do not meet the point at all by replying to the charge which saddles American pauperism upon the non-restriction of immigration. He even denies that anybody "acquainted with the economics or the history of the subject would take such a ground." Yet if he will examine the trend of argument in any community of our country which has considered, or is considering, the question of restriction or non-restriction, he will find abundant proof that, just as formerly in the parishes of England, so now in the cities of America, this is the principal objection urged against the entrance of poor newcomers, and is coupled with every possible form of asseveration in regard to their criminal influence. What I have endeavored to establish is that the "low social quality" of our brethren from over the seas is caused chiefly by their overcrowded native condition, with its resultant lack of opportunity. My faith is that this land of much room, of great opportunities for industry, of general diffusion of knowledge by a free press, and with a bed-rock of good principles, should be able to do far more toward helping these lowly people up than they can possibly do toward dragging it down.

My reference to the South was called forth by the fact

that when we eulogize the inherent virtues of Americans we are apt to forget what a dreadful weight of native American (not African) stupidity is balanced by the intelligence, industry, and general good qualities of the foreigners who have so largely built up the northern and western sections of our country.

ELLEN BATTELLE DIETRICK.

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Our criticism of Miss Dietrick's former article did not relate so much to literal correctness of facts as to her wrong ~~mis~~interpretation of them, which we attributed to her *laissez faire* mental training. All we said of the last article is applicable to this one. She talks of the Poor Law of 1834 as "totally changing the condition of life of the laboring man." Of course it did nothing of the kind; it could not possibly do so. It did indeed lessen the restriction on the mobility of paupers, but that introduced no real improvement into the condition of the mass of laborers. One might as well talk of altering the weather by regulating the mercury as to talk of "totally altering the conditions of life for the laboring man." The condition of the laboring class does not depend upon the treatment of paupers; on the contrary, the treatment of paupers largely depends upon the condition of the laboring classes. The condition of paupers in Massachusetts is better than that of employed laborers in some European countries.

She commits a similar error in saying: "The first step toward diminishing pauperism must necessarily be a perfectly free market for labor to sell itself to employers. The next step is the freedom of the world to buy bread." The first step toward diminishing pauperism is permanent employment at living wages, whether it is the result of "a perfectly free market" or not. Pauperism is not diminished by anything but increased certainty of income. Not "the freedom" to buy bread in another country, but the power to obtain bread in one's own country. Miss Dietrick's error appears to arise from a delusive sentimentality about freedom. She evidently thinks freedom the cause of

wealth, whereas the truth is, and always has been since society began, that wealth is the source of freedom.

In the closing sentence of the last paragraph she says: "My faith is that this land of much room, of great opportunities for industry, of general diffusion of knowledge by a free press, and with a bed-rock of good principles, should be able to do far more toward helping these lowly people up than they can possibly do toward dragging it down." Here, again, is the same mistaken sentimentality. Just as if, because this country is more advanced than Russia and China, its progress could not be arrested or its civilization lowered if it were overrun by the cheap labor of Asia and Eastern Europe. One might as well say that because the water in a stream is perfectly pure it could not be soiled by draining into it an unlimited quantity of mud. Whether our civilization can be dragged down by emigration, or whether we can elevate and absorb the emigrants, depends largely both upon the quantity and the quality of the emigrants. Not to recognize this is to ignore the fundamental principles of evolution and social science. How to adapt this quantity and quality of emigration to our existing conditions is exactly the emigration problem.

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### The Quadrennial Raid for Office.

The organized party raid for office which takes place every four years is a most degrading spectacle. The pressure for public office is great at all times, a large part of the time and strength of congressmen being taken up in office brokerage, but when a change of administration occurs this pressure becomes simply frightful. Party workers in the various states, cities and villages of course have their "claims," and urge them with untiring persistency. Train loads of place-hunters, laboring under the delusion that they have done the state some service, are literally dumped in Washington, and straightway fall upon their representatives in Congress and demand "recognition." These con-

stituents are remorseless in their demands, and they gauge a member's ability and usefulness largely by the number of appointments he can secure. The members, thus goaded, importune the members of the cabinet or appeal to the President. As a result the Chief Executive and the heads of the different departments are besieged by an army of office-seekers who seek to accomplish their ends by every available means, varying from formal delegations and recommendations by the bushel to personal solicitations of the most determined and often of the most offensive character.

At least three-fourths of the President's time and that of his cabinet is occupied in listening to appeals for office; if we add to this the hours they would consume were they to read one-tenth of the letters and petitions upon the same subject, what is there left for the proper performance of the duties incident to their respective offices? The waste of our public officials' time by office-seekers is an old story. The historian Rhodes, writing of Pierce's administration, says: "The importunate begging for official positions in a republic where it was so easy to earn a living was nothing less than disgraceful. Office-seekers crowded the public receptions of the President, and while greeting him in the usual way attempted at the same time to urge their claims, actually thrusting their petitions into his hands." President Lincoln once declared that if the United States were ever destroyed it would be by the universal wrangle for office; and President Garfield said in 1872: "For many years Presidents of the United States have been crying out in their agony to be relieved of this unconstitutional, crushing, irresistible pressure brought to bear upon them by the entire body of the party in the legislative department which elected them to power." General Grant, too, in 1870, writing on this point, said: "There is no duty which so much embarrasses the Executive and heads of departments as that of appointments, nor is there any such arduous and thankless labor imposed on senators and representatives as that



of finding places for constituents." Speaking on the same subject not long before his death, General Sherman declared that "flesh and blood cannot stand the strain to which we subject our President and cabinet every four years."

Shortly after President Cleveland was inaugurated a prominent politician estimated the number of appointments in his gift at something like 100,000. Assuming this estimate to be correct, and allowing an average of only five applicants for every office to be filled, we have an army of half a million of these "patriots" in the field.

Those who visited the White House in the early days of the present administration must have been humiliated at the spectacle of a motley throng composed of all kinds of people from all sorts of places dinging into the President's ears the merits and sometimes the demerits of candidates, and evidently laboring under the impression that the dispensing of patronage was the chief, if not the only, function of his office. The President's action in closing the door of the White House to the unseemly importunities of this horde of hungry place-hunters met with universal approval. His declaration that "a due regard for public duty, which must be neglected if present conditions continue, and an observance of the limitations placed upon human endurance," compelled him "to decline all personal interviews with those seeking appointments to office," will do much to put an end to a system which has made the official lives of his predecessors a burden to them. If the members of Mr. Cleveland's cabinet would only follow suit and announce that the custom of personal application for offices, except at the suggestion of the head of the department having jurisdiction of the subject, would be considered "more honored in the breach than in the observance," it would be another long stride in the right direction. Senators and congressmen could say to their constituents: "I shall be notified when this place is to be filled, and will be on hand to ask your appointment: but don't go near the President

or Secretary in the meantime, unless you want to put your cause in jeopardy."

Until this course is adopted the members of the cabinet must simply grin and bear the daily monotonous, wearing-out process to which they are subjected by office-seekers, which, I venture to say, makes little or no impression upon them touching the offices in question, and which in nineteen cases out of twenty is of no possible service to the candidate himself. As matters now stand they enjoy absolutely no privacy. They are not safe against the clamorous office-hunters in any public place, and I know personally that some of them have been importuned for favors by these needy prowlers while trying to snatch a little rest at the houses of their friends. Whether all this is the fault of our democratic notions I do not pretend to say; but that it is an admitted and growing evil, no truthful citizen of either party will deny.

Senator Butler, of South Carolina, recently announced that he will not ask for any office for anyone, nor recommend anybody for place; but that he will send to the President every application which any of his constituents may send him, and will advise the President touching any of the applications, should he be called upon for information, but not otherwise. In brief, he does not conceive it to be a part of his senatorial duty to act as an office broker for his constituents, or to interfere in any way with the President's freedom of action in making appointments, but his knowledge of men and things in his own State will be at the President's service in case of need. This is the one absolutely right position to take with respect to appointments, and if other senators and representatives would only follow Senator Butler's example it would be better for politics, for the public service, and for the legislation of Congress.

CHARLES ROBINSON.

## Among the Magazines.

THE fifth article in the series on "Men's Occupations" appears in *Scribner's* for September, and is entitled "The Machinist." The author is Fred J. Miller and the article is excellently illustrated by Otto H. Bacher. The usefulness of the machinist, and the importance of his work, which is applicable to the humblest and to the noblest service of man, are well set forth. A "machinist" is defined as "one who is skilled in the art of building machinery, one who is capable of taking a drawing of a machine, correctly interpreting it, and, from the raw materials, *i.e.*, forgings and castings, making a complete and finished machine, ready to do its appointed work. If he be also capable of making the drawing, he is so much the better machinist." The efficiency of modern machines and the exact nature of the work they are capable of accomplishing (a thousandth of an inch being frequently employed as a unit of measurement in machine shops) are pointed out and many of the important results obtained are described. The article is very comprehensive in its scope, giving an interesting but thoroughly practical view of the telling influence of machinery upon manufactures and commerce, and indicating its wonderful future possibilities.

The contents of the October number are very effectively varied. "The Northwest Mounted Police of Canada," by J. G. A. Creighton, is a vivid relation of the deeds of daring done by the gallant force "whose scarlet tunic is the symbol of law and order from the Red River to the Rocky Mountains, and from the United States border to Peace River and the Saskatchewan." "The Man of Letters as a Man of Business," by W. D. Howells, is written in the noted novelist's taking style, and throws a great deal of light upon the sources of success and failure in literature.

THE contents of the *Fortnightly Review* for October give a very comprehensive presentation of the tendencies of the thought of the day. "The Unemployed," by Arnold White, not only graphically displays the condition of the multitude out of work in England, but offers practical suggestions for relieving the situation. "The Royal Road to History," by Frederic Harrison, is an entertaining but scholarly article that gives the student of history many valuable hints for acquiring a thorough knowledge of the subject. It is written in the form of "An Oxford Dialogue," and one of the participants says forcibly, "Well, what I would advise a young man going into the historical line to bespeak is, first, indefatigable research into all the accessible materials; secondly, a sound philosophy of human evolution; thirdly, a genius for seizing on the typical movements and the great men; and, lastly, the power of a true artist in grouping subjects and in describing typical men and events." Questions of special contemporaneous interest are discussed in "The Balance of Trade," "The Industrial Position of Women," "The Silver Question," and "The Rehabilitation of Silver." Physical science, social science, natural history and travel have representative papers, and the number ministers very thoroughly to the intellectual appetite.

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ALTHOUGH the *Westminster Review* is in its seventieth year it shows no signs of decrepitude. It partakes of the amaranthine quality of the virile thought of which it is so eminent an expositor. It is always fresh, vigorous, and attractive. It is no laggard in progress, but keeps fully abreast of the age's intellectual advance and does so gracefully. Although this doughty champion of reform is not prone to enter the rosy bowers of dalliance, still the initial article of the October number, "Love and Marriage," would intimate that it is not indifferent to the allurements of Cupid nor insensible to the witchery of the orange blossoms of Hymen. The writer of the paper mentioned

views his subject from varied standpoints, sentimental, philosophical, and biblical, which enable him to give it a presentation that is vivid and picturesque. His article embodies a review of a work on love by O. K. Notovitch, and another on the same subject by G. Dumas, and is not only closely analytical but decidedly interesting. "The Tyranny of Socialism," "The Unity of Thought and Action; their Evolution," and "Party Government," are valuable essays and the number amply repays perusal.

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THE first article in *Annals of the American Academy*, published in September, "The First State Constitutions," by William C. Morey, commends itself to students of political science. It affords an excellent opportunity of studying the relations of State constitutions to the federal system and also to the growth of American constitutional law. "Bullion Notes and an Elastic Currency," by John R. Commons, comments on the feasibility of substituting a "system of bullion notes redeemable in silver bullion at the gold price of silver on the day of payment," for the present system of silver certificates and treasury notes redeemable in silver dollars. The writer thinks that if the plan were adopted, not only would the United States become "the great regulator of world prices," but "an international money would be created which the nations of Europe would soon be driven to imitate." The book department contains some admirable reviews of new and important volumes, and the magazine is replete with valuable material.

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THE *Nineteenth Century* for October opens with a dazzling poem by Charles Algernon Swinburne entitled "The Palace of Pan," in which a depth of poetic thought underlies a glittering surface of description. "A Cabinet Minister's Vade Mecum" is a forceful article by the Hon. Auberon Herbert, in which English statesmanship is subjected to an incisive criticism. "Setting the Poor on

Work," by Prof. James Mavor, gives the history of labor colonies, and shows the outcome of various plans for giving work to the unemployed. In "New Ways With Old Offenders" the important subject of criminology is ably elucidated by Montague Crackanthorpe, Q. C. The articles that constitute the number have evidently been selected with a judicious consideration for the varied tastes of discriminating readers. Each paper is vividly touched with intellectual power and possesses intrinsic merit. Science, politics, history and literature contribute topics that are tastefully contrasted and grouped.

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THE *Review of Reviews* for October is especially copious and varied. The most important special papers are "The Irrigation Idea and Its Coming Congress," by William E. Smythe; "The Evils of an Appreciative Currency," by Edward B. Howell; "The Renaissance of the Historical Pilgrimage," by Lyman P. Powell, and "The Revival of the Pilgrimage in England," by W. T. Stead. The departments of "The Progress of the World" and "Leading Articles of the Month" give brief but graphic presentations of the questions of the day, and the reviews of periodicals and new books are particularly full and excellent.

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THE October number of *Cassier's Magazine* completes the fourth volume of this useful periodical. The contents include very ably prepared articles on subjects related to engineering and the mechanical arts. The twelfth paper on "The Life and Inventions of Edison," by A. and W. K. L. Dickson, is especially interesting.

## Book Reviews.

*Criminology.* By ARTHUR MAC DONALD, with an introduction by Dr. Cesare Lombroso. New York. Funk & Wagnalls Company, 1893. pp. 416.

This is a volume of the deepest interest to students of sociology. In the chapter on the evolution of crime the author shows clearly "that seemingly unrelated phenomena are from the point of view of nature closely allied." Thus "the plant, the animal, the savage, the child of the civilized man are stages in nature," and as we know that in the case of the *utricularia neglecta*, which allure insects by their appendages, these phenomena depend upon histological conditions, so we know that some human crimes also may depend upon histological conditions. From this, then, as well as from a psychological point of view, the study of type becomes of the greatest importance.

His own and others' researches have convinced the author that all criminals have some physical anomaly. Sensibility is small among criminals; twice as many criminals as insane are incapable of blushing. Although the criminal is not entirely devoid of moral feeling, it is with him in a low stage of development. Instability in some form is always a characteristic in criminals. A certain criminal confessed to Lombroso in these words: "The cause of my crimes is my too great propensity for friendship; I cannot see one of my friends offended, even if he is far away, without raising my hand to avenge him." Vanity increases inversely with merit, and in connection with lack of foresight aids in bringing criminals to justice.

Mr. MacDonald tells us that criminals and the insane have much in common, although criminals, unlike the insane, who like solitude, must have society and like gambling and revelry. In sensibility and passions the criminal more nearly approaches the savage, the moral sense being

undeveloped or extinct, and both alike are impetuous and unstable. In general, criminals dread the thought of death. Most criminals have some religious belief or superstition, which, though it does not seem to prevent vice or crime among them, often serves as a pretext to one or the other. In urging another on to crime, one said, "I will come, and I will have God inspire thee."

In intelligence the criminal is found to be below the average, and the majority feel themselves unqualified for work. Lacinaire said to his judges, "If it is necessary to work, I care not to live; I prefer to be condemned to death." Levity, mobility, credulity and inconstancy of mind are criminal characteristics. Criminals are rare in the scientific world, but are more frequently found in the liberal professions. In Italy 6.1 per cent of criminals have superior education; in France 6.0 per cent; in Austria from 3.6 to 3.11 per cent; in Bavaria, 4.0 per cent.

The chapter on slang and literature of criminals is interesting, as well as the chapters devoted to the history of the "Camorra" and the "Maffia," and strongly urges the necessity of breaking up such secret organizations, which, it is proved, strengthen criminality.

The author deprecates the publicity given to crime, citing cases to prove it the cause of criminal contagion.

The recidivists may find nothing detestable in crime, but make it a trade like any other. Their reformation is rare, and according to statistics gathered in different countries, their number increases as civilization advances. Rich thieves and prostitutes seek to keep their children from following in their footsteps. These examples, says the author, prove the one great lack; the *idea* of what should be done and the *will power* to do it are quite different factors, and the criminal decidedly lacks the will power. The pivotal point, then, seems to be the cultivation or development of will power, and consideration of the methods which will give this result follows.

We fully concur in the author's opinion that the inde-



terminate sentence is the best method of affording the prisoner an opportunity to reform; that the remedy for crime must be general, gradual, and constant; and that, while young and old may be benefited by our future reformatory prisons, to more speedily eliminate crime we must take the children from the streets and their unwholesome surroundings, and place them in such environment as will tend to form healthful habits. To accomplish the desired end we would reverse the author's order of procedure, and train the children physically, mentally, and morally, which is the true order of normal development.

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*A Study in Municipal Government—The Corporation of Berlin.* By JAMES A. POLLARD. William Black & Son, Edinburgh and London. 1893. pp. 164.

It may be safely said that there is now no city in Europe which presents so many interesting features to the student of municipal government as Berlin. The rapid growth of the city in the last twenty years finds a parallel only in the history of American cities; but changes have been made in every department of the municipal organization with a thoroughness which admirably adapts the machinery of government to the needs of the million and a half of people living within the city limits. The city control of the gas and water supply; the way of laying out, managing and cleaning the streets; the public parks and gardens; the communal slaughter-house and cattle market, with the disinfection establishment and the system of distributing provisions over the city; the relief of the poor; the supervision of all schools; the character of its governing body—all go to make Berlin an interesting city to study.

And Mr. Pollard has given us a most entertaining account of the administration. His "record of the actual condition of things" as he found them, savors, it is true, a little too much of the unalloyed praise of an enthusiast, but there is much in his study to suggest instruction to our

City Improvement Society or to any organization of public-spirited citizens in the metropolis.

No one can glance at the table of contents and imagine that Berlin is "the best governed city in the world" because it is the least governed; it is rather a much governed city. But government is looked upon as a business to be conducted in a thoroughly business-like manner. Everything is done decently and in order; all public work is under direct municipal control to an extent that seems to us despotic; authority and responsibility are concentrated in the hands of a few experts, as in any large private enterprise. Indeed, municipal life everywhere requires no small amount of apparent despotism, a city being a sort of highly civilized communal brotherhood in which the interests of the whole permeate and dominate the life of the individual. Only in this manner is the character of the individual most completely developed.

In Berlin the town council consists of 126 members chosen in wards throughout the city by manhood suffrage. The mayor and his deputy, whose duties Mr. Pollard does not explain, are chosen by this council, as are also the magistrates. Most of these are paid officials and act as chairmen of the various committees of the corporation by which the work of the departments is carried on in its details. But "members of the magistracy are for the most part men who have served for some time as town councilors, and who have shown special aptitude for administrative work." Thus do the people of the city see to it that in their public work they get their money's worth through good government.

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*Direct Legislation by the People.* By NATHAN CREE. A. C. McClurg & Co., Chicago. 1892. pp. 194.

In proportion as a nation advances in wealth and intelligence, important problems relating to its laws and government present themselves for solution. The time is doubtless not far distant when the American people will

desire to possess greater power of direct government than they do at present. A book that concisely discusses the advantage of combining direct popular legislation with representative institutions, will prove of value to all who take an interest in our progress in self-government. In "Direct Legislation by the People" Mr. Cree gives very clear ideas of the governments of former times and shows how they led to the rise of representative democracy. A chapter is devoted to the Swiss democracy in which the rights of *initiative* and of *referendum* are explained. By the former a bill can be laid before the legislative body, which is thereupon bound to consider it; by the latter all federal laws must, under certain circumstances, be submitted to the voters for approval or rejection. The author proposes modifications of the Swiss methods of direct legislation, and shows that they are not without precedent in this country. His little book, which he modestly terms an "essay," is written in a condensed but attractive style, and presents the reader with a rich fund of information concerning a subject of great national importance.

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*The New Exodus: A Study of Israel in Russia.* By HAROLD FREDERIC. G. P. Putnam's Sons, New York. 1892. pp. 300.

Mr. Frederic's book is a valuable contribution to what has of late years been written concerning Russia. The author states that his share in the gathering of materials for the volume is represented by "a long and painstaking journey through Russia, both within and outside the Pale, for the most part under the guidance of practical men who were able to insure to me the minimum of wasted time." The Russia that he saw "was a Russia of dark and hopeless ignorance, of drunken incompetency, of frank and even smiling contempt for everything of thought and word and deed that we call honesty." "Depressing as the picture was," he says, "it furnished the background to a still more sinister scene, that of a whole race being hunted from its

homes, despoiled of its possessions, hounded by the Cossack, and plundered by the *tchinovnik*, and all unpitied by any one." Mr. Frederic's story of this terrible persecution is written in a clear, straightforward way in which there is no suggestion of a desire to distort facts for the sake of being sensational. He has studied the Russian, and believes that the effort to civilize him has failed. He presents the results of this study in the second chapter, which is entitled "The Barbarian and His Story," and sheds a great deal of light upon the character of the Slav. The Russo-Jewish question is thoroughly discussed, the causes of the horrible treatment the Jews received are detailed, and the scenes of barbarous cruelty that were enacted when they were driven into exile are portrayed. To comprehend the question of the Jewish persecution in Russia, one requires information concerning the country, its people and the manner in which they are governed. Mr. Frederic gives this information in a very satisfactory manner. He is explicit in statement, his book is well written, impressive, and enables the reader to add materially to his stock of knowledge concerning a country in regard to which people in general are not very fully informed.

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*Quabbin: The Story of a New England Town, with Outlooks upon Puritan Life.* By FRANCIS H. UNDERWOOD, LL.D. Lee & Shepard, Boston. 1893. pp. 375.

The underlying idea of this book is indicated in the statement that "the evolution of the best type of a modern New Englander, from the provincial of the last century, might be a theme worthy of a philosophic historian." Mr. Underwood does not attempt to assume this role, but prepares the way by a careful and sympathetic study of the everyday life of a Massachusetts town sixty years ago. He thus throws a side light on the larger movements of life throughout the State and country. Every one who appreciates the importance of the town in the history of civilization, not only in its industrial, but also in its political,

moral and intellectual significance in the development of mankind, will value this contribution to the literature of the subject.

To trace back to the trickle of a tiny stream the head waters of a river broadening to the sea, leads one naturally into sequestered paths and through quiet ways. It is in the quiet life of this typical New England town that Mr. Underwood finds many of the tendencies which, underlying as they do the general movement toward liberty of thought and the development of education, have as their resultant the composite New Englander of to-day. He is more versatile than the somber Puritan of "Quabbin" because the small town has been brought into touch with the wider life of the world outside; the rigors of Puritan life and doctrine have subsided as a natural consequence of the influx of a large foreign population; the clergyman is no longer God's vicegerent upon earth, and the annals of the town life no longer group themselves about the reigns of successive ministers.

Mr. Underwood gathers up and preserves all the quaintness and flavor of the old-time New England life, and the reproduced photographs illustrate the text with transcripts of beautiful and familiar scenes. The descendants of Puritans and Pilgrims to whom the book is dedicated, as well as the reader who may come under neither category, will find here much to interest and charm.

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### Book Notices.

*Fifth Special Report of the Commissioner of Labor. The Gothenburg System of Liquor Traffic.* By E. R. L. GOULD, Ph.D. Government Printing Office, Washington. 1893. pp. 253.

*Sixth Special Report of the Commissioner of Labor. The Phosphate Industry in the United States.* By CARROLL D. WRIGHT, Commissioner of Labor. Government Printing Office, Washington. 1893. pp. 145.

- Elements of Life Insurance.* By MILES MENANDER DAWSON. Independent Printing & Publishing Co., Chicago. 1893. pp. 163.
- Apperception.* A Monograph on Psychology and Pedagogy. By DR. KARL LANGE. Edited by Charles de Garmo. D. C. Heath & Co., Boston. 1893. pp. 279.
- Industrial Arbitration and Conciliation.* By JOSEPHINE SHAW LOWELL. G. P. Putnam's Sons, New York. 1893. pp. 116. (Questions of the Day Series.)
- A Brief History of Panics and their Periodical Occurrence in the United States.* By CLEMENT JUGLAR. Englished with an Introductory Essay by DeCourcy W. Thom. G. P. Putnam's Sons, New York. 1893. pp. 150.
- The Law of Incorporated Companies.* By ALLAN RIPLEY FOOTE. Robert Clarke & Co., Cincinnati. 1892. pp. 258.
- America's Compact with Despotism in Russia.* By WILLIAM M. SALTER. J. B. Lippincott Company, Philadelphia. 1893. pp. 22.
- A Brief History of Political Parties of the United States.* By J. L. PICKARD. Public School Publishing Company, Bloomington, Ill. 1892. pp. 60.
- The Defender.* 1891-1892. Published by the American Protective Tariff League, 135 West 23d Street, New York.
- The World Almanac.* For 1893. pp. 464.
- How Nature Cures,* Comprising a New System of Hygiene; also, The Natural Food of Man. By EMMET DENSMORE, M. D. Stillman & Co., New York. 1892. pp. 413.

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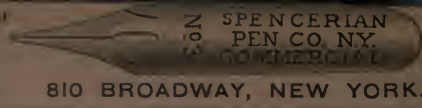
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GEORGE GUNTON, EDITOR.

Vol. V

DECEMBER, 1893.

No. 6

The Meaning of the Election . . . . .	321
The Rebuilding of New York . . . . .	327
Economics of Dynamic Society . . . . .	335
The Incidence of Tariff Taxation . . . . .	343
The English Coal Miners' Strike . . . . .	350
Tobacco and Clothing Workers . . . . .	353
Is There a New South? Reply to Mr. Mayo .	358
A Reply to "Labor's Claims on Organized Christianity" . . . . .	365
Editorial Crucible . . . . .	370
Book Reviews . . . . .	377
Bates' American Marine: The Shipping Question in History and Politics—Black's References on the History of Labor, and Some Contemporary Labor Problems—Tuckley's Masses and Classes—Gould's The Gothenburg System of Liquor Traffic—Brisbane's Albert Brisbane.	
Book Notices . . . . .	384

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Jan. 10. **Industrial Position of Woman.**  
Rev. CHARLES H. EATON, D.D.

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Dr. LEWIS G. JAMES, President Brooklyn Ethical Association.

Jan. 24. **Social Progress as Indicated in Renaissance Architecture.**  
Professor ALLAN MARQUAND, Princeton College

**SECOND PART.** The lectures in the second part will all be delivered by President GUNTON.

# SOCIAL ECONOMIST

DECEMBER, 1893

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## The Meaning of the Election.

This year we have had two phenomenal object lessons. Mr. Cleveland furnished one in June, and the people furnished another in November. Mr. Cleveland emphasized his by going fishing, and the people emphasized theirs by going to the polls. The election returns of November 7th show that Mr. Cleveland's lesson made a distinct impression upon the people, and at the first opportunity they responded by an overwhelming vote of want-of-confidence in his policy. But this emphatic vote of the people appears to have made very little impression upon the administration and its supporters; the work of anti-protection is persisted in with seemingly as much zeal as if a free-trade policy had received renewed indorsement from the people instead of unqualified censure.

A majority of nearly a hundred thousand for McKinley, the special representative of protection, against the author of the free-trade plank in the Chicago platform, and the conversion of large administration majorities into unprecedented protection majorities in Massachusetts, New York, Iowa, and New Jersey, are treated as if they were special indorsements of the Reform Club programme and the Wilson tariff bill.

But not the least significant feature of this extraordinary situation is the attitude of the press. There appears to be a general willingness, even among leading journals, to subordinate frank discussions of public questions to mere party advantage. Their efforts seem to be to obscure as much as possible the true significance of in-

dustrial and political events unfavorable to their party, rather than to create a wholesome, intelligent public opinion upon questions of national policy.

Seldom has this uncandid attitude of the press been more strikingly illustrated than in the discussion of the economic meaning of the recent elections. During the last three weeks, great journals of the East have published pages of editorials trying to read into the election returns a meaning contrary to the whole trend of the facts. Such papers, for instance, as the *New York Journal of Commerce* and *Evening Post* and the *Boston Herald* have published elaborate, hair-splitting editorials trying to show that the November voting was not a verdict against the anti-protection policy of the administration.

When a majority of free-traders was elected to Congress in 1890, these same journals, and the great army of party organs that followed their lead, declared that it was an infallible indication that the people had been thinking and had changed their convictions. The election of Mr. Cleveland and the present Congress was vociferously claimed to be an absolute demonstration of a complete change of heart by the American people, and an unequivocal declaration against protection and in favor of a tariff for revenue only. Now that one year later, after the country has had a practical foretaste of the fruits of this new policy, and six States, representing more manufacturing industries than all the rest of the country put together, have all voted by overwhelming majorities against the new policy, these same journals are straining their ingenuity to show that these immense adverse majorities are mere meaningless freaks of off-year politics.

To thus pretend that the election of Mr. Cleveland by a series of small majorities proves intelligent national conviction in favor of free trade, and insist that overwhelming majorities, many times as large, a year later are only the evidence of rattle-headed voting, is the reasoning of demagogues rather than of the educators of intelligent

public opinion. This spirit has strikingly characterized the action of the present administration from the commencement. The stolid indifference to the industrial agony of the country, as exhibited in the conduct of the President amid the panic-stricken conditions of last summer, and the determination of Congress to carry out its destructive policy in the face of the most recently declared will of the people to the contrary, have few parallels in the history of representative government. On the other hand, the Republican press, though more actively solicitous for the national industrial welfare, is scarcely less superficial in its estimate of the real meaning of the recent election.

Protectionist journals try very hard to make themselves and the public believe that the elections of 1890 and 1892 were not serious censures of a protective policy, but were mere political accidents brought about by corrupt campaigning, and that the elections of 1893 are intelligent confirmations of public faith in their policy. This view of the election is really as erroneous as is that of the administration, which insists on ignoring the highly protection flavor of the November voting. If the Republicans insist upon this optimistic interpretation of the election, and assume that the large majorities in Ohio, Massachusetts, Iowa, New Jersey, and New York simply mean that the people have penitently returned to the Republican fold, and that Republican majorities are now assured, they are greatly mistaken. In truth, nothing of the kind has occurred. The recent elections, like those in 1890 and 1892, are pregnant with meaning, but not the meaning that either the administration or Republican party attaches to them.

It is unquestionably true that the recent majorities from the great manufacturing states are a national protest against the anti-protection attitude of the administration, but it is none the less true that the election of a Democratic Congress in 1890 and a Democratic President in 1892 was a national protest against the treatment of great

economic questions by the Republican party, though calumny and misrepresentation contributed largely to the result.

For many years there has been an evident growing determination among the leading journals of the East, backed by a large importing interest, to bring about a radical change in our national industrial policy. All sorts of pretexts have been taken advantage of to further this object. Among the early devices of this movement was a moral revolt in 1884, when the political moralists went over in a body to Mr. Cleveland because of his "moral superiority." His election put the Democratic party under such manifest obligations to the new contingent that they soon got control of the councils of the party, and immediately proceeded to their real mission, "the overthrow of protection." Mr. Cleveland very naturally cast his influence on their side, and before the close of his first term definitely committed the party to a free-trade policy.

This forced Democratic organs throughout the country to become enemies of protection, largely against their convictions and judgment, in order to make party propaganda. From that time on they have kept up a continuous line of attack upon American industries. Every means within their power has been employed to make the people believe that American business men were growing rich by robbing workingmen and the public, and the more successful they were the greater the robbery. Every farmer who failed to pay the interest on his mortgage, and every laborer who was discontented with his position, were told that their hardships were all due to capitalistic monopoly, which was aided and abetted and largely created by tariff legislation.

By thus poisoning the mind of the masses against successful business men, they not only weakened the public confidence in protection, but they succeeded in stimulating the growth of an anti-capitalist sentiment throughout the country, which encouraged the growth of socialism and

anarchism in the East and practically created the Populist movement in the West.

With the combined influence of this movement and the declining confidence of the masses in the benefits of protection, Mr. Cleveland was elected, though by small majorities, in 1892, with the declared mission to inaugurate free trade. The effect upon the country of his second election was very different from that of his first, because the whole machinery of the federal government was put at the disposal of the new policy. Of course this frightened all whose capital was directly or indirectly invested in industries threatened by the new policy, and last summer's panic and the present business depression are the consequence.

The silver question about which so much ado was made by the press, of course contributed somewhat to intensify the panic, but subsequent events have demonstrated that it was an insignificant factor which alone could not have created any appreciable disturbance. The money stringency disappeared before the silver purchase bill was repealed, and no improvement in business has followed the repeal. It is now admitted by all reputable publicists that there was no economic reason for this business disturbance. Even the New York *Evening Post* now concedes that business was in an exceptionally sound condition and unusually free from inflation. The *Journal of Commerce* says in this case: "They (the people) have known that mills did not close because there had been an over-production of goods, and that trade was not dull because people had not the means with which to buy." The facts all justify the conclusion that the present industrial depression was really created by the free-trade journalist agitators. But on the other hand the pertinent question arises, how came it that they were able to make such headway in shaking the confidence of the people in the traditional policy which had been so successful for a generation. To this there is but one answer, namely, that the Republican party had failed

to grow with the advancing conditions of society. While it claimed to favor protection for the benefit of laborers, it either ignored or arrayed itself against all movements of the laborers themselves. It showed no intelligent interest in or sympathy with the new social questions arising from the new industrial conditions.

A tariff on imports was the Alpha and Omega of its industrial statesmanship, and even for this it has not furnished an intelligent philosophic explanation. It has asserted that protection gave high wages and cheaper products, but it has furnished no economic explanation how tariff produces these results.

When workingmen demand higher wages, shorter hours or any other improvement in their condition, or farmers demand better facilities for borrowing at reasonable rates of interest, they receive no more real aid from the protectionist press and capitalists than from ultra free-traders.

This hostile attitude toward even the most rational phases of economic and political reform movement naturally destroyed the confidence of laborers and farmers in the plea that protection is advocated in their interests, and prepared them to lend a willing ear to those who denounced it as monopoly which benefits only capitalists.

Although the present national depression is attributable directly to the advent of free-traders to power, that fact was made possible by the narrow, non-progressive attitude of protectionists themselves. The elections of 1890 and 1892 clearly proved a decline in the faith that protection benefits the masses, and although the election of 1893 is manifestly a reaction toward a protective policy, it does not by any means prove that the doubt is all removed. The American people have not accepted the doctrine of free trade as a conviction. They believe in the protective principle, but they believe that its benefits should be shared by laborers as well as capitalists, and in more ways than merely levying duties on imports.



The Democratic party is inherently a party of negation. It cannot, by the very nature of its principles, for any considerable time command the confidence of a complex and progressive country, which constantly requires affirmative, constructive statesmanship. But the blunders of the Democrats will not save the Republicans. If the Republican party hopes to be the constructive party of the future, it must broaden its economic horizon, recognize more definitely and affirmatively the interests of laborers, as indicated in the movements and demands of laborers themselves. It must discard the English doctrine which regards laborers as benefited only indirectly through the gains of capital, and recognize the fact that under modern industrial conditions the interests of capitalists depend rather upon the progress and prosperity of the masses. It must cease to view protection merely through the interests of local manufacturers, and treat it as a broad principle in national statesmanship, the prime object of which is to protect the wages and through them the standard of living and social life of the American people, which are the pillars of our civilization. If Republicans will do this they will again command the support of the American people, and the free-trade sophistry in the East, inflamed mediævalism of the South, and fiat-money fanaticism in the West cannot prevail against them.

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### The Rebuilding of New York.

New York and to some extent Chicago and other American cities are passing through an architectural transition not unlike that which occurred to the ancient city of Rome when a single ruler could say of it that he "found it of brick and left it of marble."

Twenty-five years ago not a single "tall building" of the kind that dwarfs the church spires, and makes the shot towers seem low, existed in America. Five or six stories

were the maximum height for the old style of business blocks without elevators. Even at this height the upper floors were likely to remain unused and bore low rents. The entire fourth floor of a building of the usual width and depth, in the heart of Wall Street near Broad, and facing the sub-treasury, rented in 1858-62 for \$300 per annum. An office of one-tenth its size, in the eleventh or fifteenth story of many of the new buildings in its vicinity, now rents at from \$600 to \$1,000. The increased utilization of space effected by the new buildings over the old is often fully fiftyfold, with better light and purer air in every room, and at a saving, through the elevators alone, of millions of days' work annually. To this are added the economy of time and toil effected by the telephone and phonograph, and the greater use made of the stenographer and typewriter. Thus there is an increase of fiftyfold in the spacial accommodation afforded at the centers of trade by the new system of architecture. This effects a like increase in working power on the part of the captains of industry who are the employing, organizing, directing and steering class in every occupation.

Working space has not been cheapened by these towering buildings. The increased rent per cubic foot paid for them, over what could ever be obtained in the low buildings, proves that their occupants can do more business in each hour of time, and with each hundred dollars of capital, in their new buildings than they could in the old. They are more profitable to the tenant as well as to the landlord. A part only of this increased profit the landlord is able to draw from the tenant in increased rents per cubic foot of space. The eleventh or sixteenth floors rent as high as the lower floors and sometimes higher, owing to their better light and air.

The two facts which equalize rents in all parts of such buildings are free and quick transportation by elevator to every floor without loss of time or labor, and entire equality of light, air and means of communication with all parts of

the outside world, to every occupant. Ricardo's doctrine of rent needs to be restated and modified to meet the exigencies of this new state of facts. The rate of rents of such a building per foot of cubic space exceeds the rate of rent per cubic foot of the meanest and poorest buildings whose location brings them into comparison with it, in the degree that the capital invested in an appropriate business carried on in such a building is more productive of profit to the enterpriser, than the same capital in the same business would be if carried on in the poorest competing building. But in addition to this increased rate of rent per cubic foot, the high buildings have all the advantage which comes from the greater number of stories to which the building can be carried upward. In the case of a fifteen- as compared with a five-story building, these advantages are considerably more than, under the old system, a present of two adjoining lots would have been. They afford the owner all the cubic space of two additional buildings of five stories each, without the cost of new foundations and new roofs, and free from the tendency which each would have to shut out the light and air from the others, if they were three adjoining five-story buildings.

Business blocks shooting upward to the fifteenth and twentieth stories give architectural expression to the growth in wealth now going on, as perfectly as the castles and cathedrals of the middle ages expressed the power of the church and the baron.

In the high buildings of New York, iron or steel skeletons are the effective supporters of the structure. The walls are left to hold merely a portion of their own weight, and no part of the contents of the floors. Buildings like the Tower building on lower Broadway, whose height, if sustained by brickwork, would require walls five feet thick, have walls of only ten inches, a mere cuticle. The economy of space thus effected increased the rent of single floors of the Tower building upward of \$10,000 per annum. The same style of building is revolutionizing the

construction of hotels, and is working toward apartment houses and buildings for residence. The isolated residence in the heart of great cities is doomed. It wastes valuable space. Aristocrats by inheritance are relatively limited in numbers. They spend much of their time in travel, abroad, at country seats, or at the seaside, and their town residences are a waste of rent, which increases yearly. Self-made aristocrats, through successful trade, reach the period in which the isolated residence is convenient, late in life. Their enjoyment of it is brief and their children seek new environments. The isolated home is seldom suited to them. The habitations, even of the wealthy, must be financially flexible and conveniently profitable as well as ample and attractive. These desiderata, along with better architectural display, can be obtained through the subdivision of very large palaces into numerous suites of luxurious apartments. They are more commodious and less costly than the generally vacant "town houses."

The World's Fair at Chicago puts New York City on its mettle to do some great thing. The ambitious tone in building which prevades our provincial towns will goad us to prevent the metropolis being surpassed. We must rival Washington in distances, Paris in beauty, London in all but smoke and fog, and ancient Rome in pre-eminence. We cannot afford to be told that the finest single street in America is in Cleveland.

New York has assumed for fifty years that the dearest lands and highest rents of its central wards are to be left to the poor. No care, beauty, or design are to be wasted on them. The rich were to move on, move up, and move outward into the suburbs. From this dream it is being awakened. The old buildings lose money. The voting power, which is massed into the hands of the poor, asserts itself in the City Council, and forbids the dark, noisome tenement houses. Our over-populated and under-built wards forbid at the polls the neglect of absentee landlords. They use the taxing power and the regulating power which

numbers give them. They vote themselves out of poor habitations into good ones. They demand that these be supplied at points near to the scenes of their labor.

It is within the municipal power of the working masses of New York to vote that trees and shade shall everywhere be restored in the downtown sections. Two hundred thousand children must continue to find their daily playground in the heart of New York's haunts of toil. These streets must not be left treeless as Sahara, and stony as a Colorado cañon, to parch under the summer sun.

It is also within their power, or can easily be made so, to cause the general rebuilding of the worst-built sections of the city, in the interest of health, economy, and beauty. With this reform each acre so improved will better and more cheaply accommodate one thousand persons than it now shelters two hundred. Whatever in this line has been done in London can be outdone in New York. Owners of central space can thereby obtain compensatory returns on the enormous values to which ground space is being pushed by the growth and concentration of industries. Each would be glad enough to move forward if his neighbors would move with him, but it is a loss of capital to any owner to improve beyond what his neighborhood will bear. A single business lot often sells for \$850,000. It could only bring this price on the assumption that it would pay an average rental on an investment in building twice as great.

These prices preclude the possibility of leaving any New York space in central locations to small buildings.

Even if these spaces are to be occupied by the working poor, which is doubtful, they must, to pay ground rents, be palaces in their dimensions, whatever may be their appointments. Buildings of great size must be durable, healthy, self-preserving, safe, and attractive, in order to net paying rates. They cannot, in the interests of their owners, merely as capitalists, be hovels

“Where the miser scrimps his seamstress of her daily bread ;  
And the single sordid attic holds the living and the dead.  
Where the burning fire of fever creeps across the rotted floor,  
And the crowded couch of incest in the warrens of the poor.”

High land values, and even high rents, thus become an economic force working toward better homes for the working classes, on the shortest lines of communication with their work and their supplies. They place at the disposal of laboring men an ever-increasing share of time and of comfort, avoid the waste of their energy, and steady the market for their labor.

The rapidity of New York's rebuilding will soon be accelerated by the erection of four vast bridges, two of which will span the Hudson River and two will further unify Brooklyn with New York.

The first of these to be built will probably be that from Broadway in Brooklyn to Broome Street in New York. All legal questions are settled, the capital of \$24,000,000 is said to have been subscribed, and it will doubtless be completed in a few years. A third Brooklyn bridge will span the East River at Blackwell's Island.

A cantilever bridge will cross the Hudson River from Stevens Point in Hoboken to Twenty-second Street in New York, and will extend thence with its approaches to occupy as a terminus the six blocks between Sixth and Eighth Avenues and Twenty-fifth and Twenty-eighth Streets. It is an enterprise of exalted magnitude. It can hardly cost less than forty millions of dollars nor occupy in building less than ten years. It rests for its legal sanction on an Act of Congress. Whether this affords a sufficient basis for exercising the power of eminent domain necessary to get control of the required butments and terminal facilities is a question which is now under adjudication in a case made for that purpose and pending in the Federal Supreme Court. The chief capitalist at work on the enterprise is Jordan L. Mott. Its architect is Mr. Lilienthal. One of its promoters is Commissioner Charles McLean. Only the stock required for the preliminary work has yet been

created and none has been issued. The bridge will be known as the Hudson River bridge. It is expected to have a breadth and capacity ample for bringing over the passenger traffic of about ten railways, at a height leaving 150 feet in the clear above the water line. It is an enterprise distinct from any of these railways, and its relations to them will be developed as its advantages and facilities become apparent and workable.

The New York and New Jersey bridge at Seventieth Street will sustain a close connection with the various converging routes of the Vanderbilt system.

These bridges may be expected to give a strong impetus to the rebuilding of the western side of the city from Canal Street northward to Harlem and eastward to Third Avenue. The access of the Pennsylvania, Erie, and Hudson River railroads to the western side of the city from Cortlandt Street up to Chambers Street, in the years 1850 to 1860, was the lever which transferred the wholesale trade of the city from Pearl, William, Hanover and Broad Streets over to Warren, Murray and Chambers Streets. This change brought for the time a large gain in architecture, accommodations and light. Since then the trade has bulged outward to Worth, Leonard and Franklin Streets, which are now its centers. It has symptoms of breaking over toward Washington Square, Eighth and Fourteenth Streets.

The building of the Hudson River bridge at Twenty-second Street, and the crossing there of six or ten railways, would create a distinct swirl in the current of tall buildings toward the region which has its southern boundary at Tenth Street, its northern limit at Forty-second Street, and its eastern confines beyond Third Avenue. Residence buildings in this district would have to be large and palatial, or their rentals would not enable them to survive in the midst of business blocks and great hotels. The revolution toward high buildings which has thus far only extended to office and insurance blocks, hotels and apartment houses, would in the uprising of the West Side necessarily

extend to the buildings for the manufacture, storage and sale of goods. Dry goods, hardware, and clothing houses could not afford to stay below Canal Street. The high buildings would create room for the manufacture, in close conjunction with the wholesale, of many kinds of goods.

The manufactures of New York already exceed those of any other American city. Those of New York and its suburbs exceed the entire imports and exports of this port. And yet these are about three-fourths of the foreign trade of the whole country.

With the extension of high buildings, so as to furnish ample capacity for manufactures in the heart of the city, incalculable saving of transportation would result. The growth of New York upward would be almost without limit. As a center of manufactures, of American internal trade, of banking and of intelligence, art and culture, New York must continue to tend upward in its architecture even more conspicuously than outward in its means of transit. Rapid transit takes on the perpendicular route as freely as the horizontal.

Capital is thus compelled in its own interest to carry forward just that scale of expenditure and improvement which will do most to refine, exalt, improve and every way advance the common interests of poor and rich. It cannot, if it would, hold back from that form of work which is the most widely useful. The working classes constitute three-fourths of the demand for the products of labor. Capital adds a working power fiftyfold greater than the working power of all our men would be unaided by machinery. Hence our wage rate is a division of a joint product, to which capital contributes say forty-nine parts in fifty of the toiling power and takes a share which tends constantly toward the lowest rates of interest.

If the interests of labor require that capital shall build new houses for laborers at a distance from their place of work and provide cheap transportation to these new homes, capital must build them. If better homes can be created



by going two hundred feet upward than by going ten miles outward, capital must build these central palaces for the toilers. It is said that the worst money sometimes drives out the best. But the best use of money always, in an advancing condition of society, drives out the worst. The best use of time, labor, space, opportunity, commodity, man, is all there is of social economy. Natural selection applied to social events works to bring down salvation to every man's door. Science reaches its acme when this is comprehended, and art attains its perfect aim when it is practiced.

Along with all these tendencies comes the project of Andrew H. Green, ex-Comptroller of the City of New York, and others to unite all the suburbs of New York lying within the State under one municipal government. This leaves out half a dozen New Jersey cities which we are reluctant to spare. Perhaps by the time the city government of New York itself shall rise to "the great height" of such a stupendous theme, a way may be devised to annex these New Jersey cities in spite of State lines. To deserve such honors the metropolis must do something more than to alternately coerce and coddle the vicious at a low tax rate. This is the merit which prevailing politicians chiefly affect. The antidotes to vice are industry, wealth, and joy. The city must be attractive, healthy, profitable, and enjoyable to poor and rich alike. When the poor are happy and the rich industrious, vice has no home.

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### Economics of Dynamic Society.

The science of economics has suffered chiefly from having been studied as if it were the elements of a fixed body. To be sure, it is now known that society is not stationary but progressive, but its progress up to the date of the invention of steam machinery was so slow that observers were constantly losing sight of its movement,

and gave their attention to what they believed to be its fixed conditions. The consequence was that such economic doctrines were formulated as could only be true of stationary societies, and not of advancing societies like those of modern states.

But the human movement has now acquired such speed and is so visible that no economist can any longer afford to treat his problem as one of *status*. He must treat it as a problem of the laws of motion of swiftly advancing bodies rather than of the laws of the existence of stationary bodies. This of course introduces a new set of considerations of extreme importance, calculated to modify existing economic doctrine incalculably.

The views which passed current during the last century, views which might seem to be true even now in China and Arabia, must be revised and qualified in many cases to make them applicable to English or American society.

As an example of this, we may take the doctrine of wages. Formerly, wages were regarded as a certain fixed quantity which was rightly due to labor for its work, and which might be fixed by law or by a magistrate. There might even be a penalty for trying to raise the scale of wages as being an attack upon public welfare, and in a stagnant condition of community the mischief of such a policy would be very slow to appear, as was the case in England from the fourteenth to the eighteenth centuries. Consequently economists were led to think that a wage rate was always destined to remain at the lowest possible figure at which life could be supported. This would be true if society were a fixed body of given and unchangeable conditions. The population would then be fixed at the limits of subsistence, which would remain the same, and a given condition of happiness and misery be as firmly established as the atomic relations of the particles in a block of sandstone. But a consideration of the course of society in modern times, and especially in the last half-century, shows

how mistaken any such conclusions would prove to be. None of the forecasts indicated have turned out to be true, and the whole of society is in a condition nearly the reverse of that which the principles of early economics prophesied. Population has not been confined to its former limits; on the contrary, it has multiplied rapidly. Yet it has not pressed upon the means of subsistence, but has multiplied them far faster than it has multiplied itself. And the old distribution of comfort and misery has changed vastly by increasing the area of comfort beyond expectation and diminishing that of misery correspondingly. Now, the cause of this reversal of expected conditions has been the advance of society as a whole. It has manifested the phenomena of a flying and not of a resting body.

The element of progress which was slighted, if not even altogether forgotten, in the estimate of economists, has proved important enough to negative the value of all the other considerations and turn a prophesied misery into a realized prosperity. Nevertheless, a failure to recognize the full import of this structural error still keeps many economists in a confused state of mind. They still rehearse their dreary fundamental principles of human society and cast the foreboding shadow of their raven wings over our anticipations for the future. They are no way dashed by the fact that every day's experience gives the lie to their prognostications. Like Poe's raven, they would sit upon the bust of Pallas herself in their gloomy wisdom, shaking their heads and sadly crying "Nevermore" to all prophecies of a better condition.

Some writers even invert historic situations to justify their dark predictions, and assert that there never was so much misery as there is at the present day; whereas the truth is that there are more comfortable and happy people on the face of the earth, and especially in this country and in Europe, than were ever before seen among mankind. These people have greater security of life and property,

better homes, have education and books, more and higher pleasures, better sanitary provisions and more conveniences for life and business, and a greater diversity of reasonable interests, than were ever known before.

And this improvement is daily, one might almost say hourly, deepening and broadening through the rapid progress of invention and discovery, which are adding incalculable resources to our civilization and reducing the toils of men beyond the dreams of the most hopeful. The weak point in this pessimistic reasoning is the failure to see that, as machinery becomes more skillful, its delivery of goods must be more rapid, for which there would be no market unless a larger number of people were able to buy, each one, more of these goods, and that to enable them to do this a rise in the rate of wages is necessary, and therefore certain to occur. They do not notice that this rise in the rate of wages, allowing greater consumption, must stimulate greater production, and increase sales so that capitalists can afford to take a less percentage of profits on the larger sale of goods, and still clear larger gross profits than ever before, which will again afford a basis for using improved methods of production and a still further advance of wages.

They therefore do not see that this advance of wages is a perpetual cause and concomitant of an advancing society, as constant a factor in it as are currents of wind in the atmosphere or the phenomena of growth in a healthy tree. And since they do not see these things, they do not reckon wages in their books as sure to be on a continually increasing scale, having all the elements of a progressive evolution.

But the moment wages are considered in their true nature as a progressive element in an advancing society, the whole aspect of the question about them changes, because then they are seen to increase with the increase of population, and with a little more rapidity than people multiply. It also becomes plain that the celebrated

“wages fund” of the old economics was falsely understood, because it was construed to be a fixed quantity available for wages, whereas it was always a growing quantity increasing with the number of workmen, and a little faster than they.

It was and is, therefore, not true that the more workmen there were applying for work, and consequently for a part of that wages fund, the less the share of each must be; but on the contrary it is true that general prosperity grows with numbers, and the more the divisor grows the faster grows the dividend, and the larger, therefore, becomes the quotient, so that in an advancing community wages would be highest where men were most numerous, as they always are in cities rather than in the country.

So the true law of wages as the law of an advancing civilization comes to light under the consideration of wages as an advancing factor, namely, that wages can not rise as profits fall and fall as profits rise, but on the contrary that both must rise or fall together, since an increasing consumption necessarily demands a higher wage-rate to support it, and must result in higher profits flowing from the increased demand for goods.

The law of a fixed community would doubtless be that wages and profits rose and fell inversely to each other, but the rule of a progressive community calls for the advance of both together. We use the question of wages especially, because it is not only the most important question in economics to the larger part of the world, but also because the question of an advancing civilization is at bottom a question of advancing wages and of that almost alone. Wages are civilization because they represent the scale of living in every country, and the scale of living is only another name for development of every kind. Wages, therefore, are, as we said, civilization, which falls or rises as wages fall or rise. And whoever treats wages with an underlying feeling that they are a fixed quantity will be as sure to go wrong as would an astronomer who calculated orbits on the theory of the earth's fixity in relative space.

The same thing is true in our modern society of another economic element, namely, the cost of production. Before steam began to play its surprising part in human evolution, cost of production was more or less a fixed sum. The machine did not change, and the condition of the laborer changed imperceptibly, if at all, and so the cost of production remained nearly stationary from age to age. But this is now altered. The cost of production is constantly falling from the use of improved machinery, and all business must, therefore, be conducted on the basis of a marked tendency to decline in the price of goods. And this tendency goes on all the same, or rather all the more, that wages are constantly rising on the average, since rising wages make larger markets, and, by increasing production on a larger scale, tend to cheapen prices. These two horses, then, of rising wages and falling prices running in opposite directions are what the manufacturer and merchant have to manage, and much skill it requires indeed to so manage them that profits may not disappear. But this part of the problem is a practical one for individuals to determine. Our contention is economic only. And that contention is that the closest economists have a tendency to neglect the moving phenomena of the cost of production, and treat it as if its tendency to fall were an incidental and unimportant factor and not controlling economic development. In their anxiety to fix a firm body of economic doctrine they thus neglect the factor which alone can make such doctrine applicable to real affairs, namely, the recognition of cost as moving constantly and moving downward.

If Henry George had considered the bearing of this movement he would never have formulated his famous falsehood that "material progress does not merely fail to relieve poverty—it actually produces it," because he would have seen that poverty could not be increasing in a society where things were constantly cheapening, unless wages were also falling more rapidly still, which any schedule of

statistics would have shown not to be the case. But he had in mind a society where wages and goods remained about the same while rent was steadily rising and devouring the substance of the poor. Whereas the fact is that wages and rent rise while goods fall, and all three are always moving and no one can possibly calculate the result unless he keep acquainted with the changes of all of them. In fact all these movements together are so complex that one needs almost to construct, after the manner of astronomers, an orrery in which wages, profits, cost of production, and the number of population should be represented as possessing many varieties of motion, each on its own axis, each moving in its own orbit, each also moving in relation to the other, and all together moving with the general social movement as controlled by the invention of better machinery. Out of such an economic orrery, as we said, one might at least derive the general conception that any philosophy of society which regarded social phenomena as arising out of fixed conditions would be sure to find itself grievously confused, as, indeed, in the increasing complexity of social affairs prevailing, economics are daily proving to be. Nothing comes out as those economists prophesy, but everything comes out contrary to the prognostications, since population, wages, profits, all increase together, while prices are the only things that tend downward, and society is benefited and civilization at once advanced by the depression of prices and the elevation of the other three. All the croakings of the old economics, which made Carlyle sneer at it as "the great dismal science," therefore, are found to spring from a misconception of some of its elements as fixed, which made others seem to retrograde when they were really going forward at a bounding pace. So Jupiter once seemed to be retrograding in the sky on account of an unsuspected motion of the earth.

How deeply this error of mistaking the movable for the fixed may affect public policy and, through that, human welfare, may be seen in the recent discussion of the silver

question, where consideration was had of silver as if there were some natural fixed ratio between silver and gold. Were not both precious metals, and must they not therefore remain precious and fit for money eternally? The advocates of the free coinage of silver talked as if there was no change going on in the relative cost of production of the two metals. But if they were once to consider that the cost of production of metals fluctuates with the richness of mines, decreasing as richness increases, they could not but see that the frequent discovery of richer silver ores without a corresponding discovery of gold ores, or the utilization of the lead found in silver ore, etc., must infallibly reduce the cost of producing silver without affecting the cost of gold in any way, and therefore the silver must fall indefinitely and might ultimately come to be worth no more than one half its present value, just as aluminum has fallen from the price of gold to the price of copper within a few years because of improved methods of producing it. The effort to keep two digressing bodies together would then have appeared futile to everybody, seeing that human arrangements can never defeat the tendencies of nature. An engineer knows that if he rivets the two ends of an iron bridge into solid masonry the expansion of heat and the contraction of cold will move, invisibly, so as to shatter his work to atoms. So the advocates of a fixed legal ratio of silver and gold values to each other should have known that such values were by nature movable, and that no legislative power could keep them together under the contractions or expansions of the varying cost of production.

The elements of static forces will not solve the problems of dynamics, and yet statesmen orate and writers argue as if in some way the moving could be kept stationary and the changing unchangeable by the power of legislation.

The recent monetary conference with European nations was an attempt to devise a method by which the price of silver can be sustained at a ratio of  $15\frac{1}{2}$  to 1 de-



spite that the cost of its production is constantly changing. All such attempts are doomed to failure from the outset because of the irresistible laws against which they have to contend. One does not fight with gravitation, and cost of production is to economics what gravitation is to matter, the controlling force toward which all values tend. And when it falls prices must go with it, as they always do.

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### The Incidence of Tariff Taxation.

Many people are at a loss to know who pays a tariff duty; in what instances is it added to the price paid for a commodity by the consumer, and in what instances is it deducted from the price received for the commodity by foreign producers.

This involves a consideration of the degree in which several distinct forces affect price. The true causes of price are not very simple when their ingredients are all stationary in quantity, but when the several ingredients of price fluctuate in their proportions with time and place, the problem can easily be made complex. If in addition there is a political interest in confusing it, the muddle becomes profound.

Each commodity affected by a tariff tax differs in some degree from every other commodity in the tariff schedule in the mode in which the duty will affect its price. If the article be producible only abroad and must be imported, and if the demand for it will compel its importation, as in the case of tea, coffee, unrefined sugar and tropical fruits, the whole duty will be added to the price, but if it has been more largely and cheaply produced here than elsewhere, like hay, potatoes, and grain, the duty will not affect the price in the least. The tariff is merely the dam; and, like a dam, it can only raise a level where it crosses the flow of a vigorous commercial current. The whole nomenclature of the tariff discussion and the terms

used in party platforms on both sides to define the nature of a tariff, such as "tariff for revenue" and "protective tariffs," fall speedily into a muddle in any attempt to apply them to actual cases, because these terms assume a uniformity in the effect of duties when applied over many articles, and in each article over long periods of time, when no uniformity can exist as to either.

Nor do we arrive at any uniformity of effect which will give aptness to any definatory adjectives applied to a duty when we get down to a particular schedule, such as iron and steel, or leather and its manufactures, or wood and lumber. In each of these schedules one duty, for instance that on steel rails, may protect and afford no revenue, while another, viz., that on ores, affords revenue and not protection; one, viz., on engines, may have protected ten years ago, afforded revenue five years ago, become prohibitory to-day, and ten years hence may become a dead letter on the statute book, so that to repeal it or to triple it thenceforth would have no economical effect either on revenue, price, production, or anything else.

No inference can be formed from reading a tariff law as to whether a given duty will prove to be a revenue duty, a protective duty with some revenue, a prohibitory duty, or a dead letter, from the outset, except by those whose minds are largely charged with information concerning the course and means of production of the article on which the duty rests, and the facts apart from the duty which affect its price.

If a duty were imposed on the importation of wooden idols into an idolatrous country, of small constructive skill, the duty might yield a heavy revenue. Imposed by the United States it might be a dead letter, as none might seek importation. But if clergymen began to use them in illustration of their sermons on the heathen, an importation into the United States of the wooden idols would begin, and a specific duty on them of fifty cents each might begin to yield a revenue, in which case the consumer, *i. e.*, the

preacher, would at first pay the whole duty. This was the effect of the duty of three cents a pound on raw cotton when first imposed in 1795; also, largely, of the first duties imposed on glass, steel, machinery of most kinds, watches, shoes, silks, and broadcloths. When the importation became so large that American manufacturers coveted the profit of making the goods and began making them, the duty became protective to their industry. At first the American producer, if he did not glut the market, would be likely to get the foreign price plus the duty for his product.

At this stage the duty would not only be protective, but it would be a tax in favor of the American producer, on his whole output. For a time the consumer would pay the foreign price plus the duty not merely on the foreign-made product, but on like articles of American make. The consumer would pay a tax to the American producer, while the government would reap a revenue only on the products brought in from the foreign manufacturer. The compensation for this tax which would prevent it from being an act of confiscation would be the progressive transfer of the industry in question from some other country to the country imposing the tax.

The tax has acted not merely as a means of revenue, but as a reward for production. Presently, however, the competition of the American producers, added to that of the foreign, reduces the entire American price below the foreign price plus the duty. If the foreign price were fifty cents and the duty fifty cents, the American price falls below one dollar, and leaves the foreign producer no choice but to cut his price. If his lowest cost is twenty-five cents, he can cut his price down to seventy-five cents and still import, but without profit. As the price goes below seventy-five cents he stops importing, and if he must sell in this market to live, transfers his factory to the United States. At this stage the tariff ceases to yield revenue; it is still presumptively a tax, since the article costs more

here than abroad. Imports having ceased, the tariff is also prohibitory.

Even at this stage the duty is fifty cents, and the tax on the consumer, which never consists of more than the increase in his price over the foreign price, is only twenty-five cents. The fallacy of measuring the tax on the consumer by the percentage which the rate of duty bears to the selling price is shown in this case. When first imposed the duty was fifty per cent of the selling price; now it is sixty-six per cent; but the tax on the consumer is only half as much under a duty sixteen per cent higher.

From the time the domestic manufacture became a competitive force in determining the price, the amount of the tax is no longer the same as the rate of the duty; and as the selling price declines, the percentage which the duty bears to it is constantly rising, while the percentage of tax is disappearing.

It was long thought that American duties on agricultural products, lumber, coal, ores, barley, eggs, and live stock, would be nugatory, because our production of these articles would render any importation of them unprofitable. It was observed, however, that while we would export them largely at some ports, we would also import them slightly at others. The public were slow to understand the exact effect of this class of duties. By some it was represented that if they did not raise the price of our domestic product they must be a failure. In a case where the foreign product has no other market than our own, the duty would be found to depress the foreign price. If Bermuda potatoes could only be sold in the States, an American duty would lower the Bermuda price. Bermuda agents appointed to labor at Washington to repeal the duty asserted unqualifiedly that it was paid by their producers. Canadian agents working for the repeal of our lumber duty in 1866-70 confessed also that it depressed prices of lumber in Canada. Sir Henry Parkes, Premier of New South Wales, by coming from Australia to Washington to secure

a reduction of our duties on wool, conceded that Australian wool producers were affected by them.

So far as such duties led to a collection of revenues from the incoming foreign product, without raising the domestic price, the modicum of taxation so collected would not be paid by American consumers, but would be a deduction from the standing price which the importers would have paid had no duty been charged.

Of this economic character are the duties on most of the bulky commodities, admitting of but short transportation, which are brought from Canada, Nova Scotia, and Bermuda into the United States. They comprise chiefly barley, lumber, coal, potatoes, meats, and live animals. The duty collected on these products under our American tariff is not designed to transfer any new industry from Canada here, or to prevent any American industry from being overslaughed by foreign competition.

Such duties have a function absolutely unlike that of the duty on steel rails, silks, hosiery, or woolen cloths, in each of which last-named cases there is a foreign capacity of production which could at short notice, but for the protection afforded by the duty, cover our entire demand. In that case it would stop the domestic production entirely or largely, by under-pricing its product, and so eliminate from our midst an industry now flourishing.

In these cases the consideration which dominates in importance over every question of mere revenue is that the duty shall be sufficient, as a fence, to hold the American market to American producers who use modern methods. This will require a duty equal to the difference in the labor cost here and abroad. The most satisfactory road to cheapness will be in many cases through domestic competition. But whether it will be cheaper or not, in the first instance, it is wise in the interests of the national welfare that so much as we can consume of these products shall be made in our own country. A century ago this argument was restricted to products essential to national

defense, but now that the fighting power of a nation depends on its wealth, this restriction becomes an extension to all commodities whose production promotes wealth. Wool and woollens, iron and steel manufactures, wood and lumber, ships, salt, grains and food of all kinds, provisions, and even tea, coffee, tobacco, liquors, are as important to national defense as guns, powder, and ball.

The incidence of the duty varies greatly in every tariff list. The best means of arriving at it is first to ascertain the rate of the duty from the statute; then take the last volume of our official reports of commerce, immigration, etc., and find out whether the article is one whose imports dominate over its exports, or *vice versa*. If it is one of insignificant import and large export, then the price in this country averages lower than abroad and its major flow is outward. If it is one of large import and little or no export, its price abroad averages lower than here and its average flow is inward. Then take the census or other statistics of domestic production, and by their aid compare the quantity of the importation with the quantity of the domestic production. If the importation is insignificant, the export large, and the domestic product is ten or twenty times larger than either, a strong presumption arises that the domestic production is the controlling factor in fixing the price, and that the cost per unit of product is lower here than abroad. In such a case no duty on the importation can be very potential over the price. If, as in the case of crude sugar, our importation is eleven times as great as our product, the flow is inward and the tariff is a tax to the full amount of the duty. Upon crude sugar brought from Cuba the American consumer (or refiner) pays the whole duty. Upon coal from Nova Scotia he usually pays no part of it. Hence a duty on sugar is protective, on coal purely for revenue.

If foreign and American price lists are easily accessible, as in the case of wool, and of most iron and steel manufactures, a comparison of these will show whether

the foreign and American prices differ by the amount of the duty, or on the contrary maintain nearly the same level. If it is found that the market prices here and abroad are essentially on a level, in an article like wool, in which a considerable importation nevertheless continues, compare the average foreign price of Australian wool, as shown by the board of trade returns of Great Britain, with the average price at which similar wools are invoiced for importation into this country, as shown in our reports of commerce, etc.

In many years the former have exhibited an average price on Australian wools of twenty-eight to thirty-two cents, while our commercial reports have shown about all the fine wool imported to be invoiced at from twenty to twenty-two cents, thus leaving a gap between the current English price and the average invoice price of similar grades of wool coming into this country of ten to twelve cents a pound. If at this period the duty is also ten to twelve cents per pound, there is no difficulty in concluding that in some way the duty causes that invoice price on Australian wools brought into the United States to be somewhat below current English prices on the same article. If then you order three blankets, one from Minneapolis, one from Boston, and one from England, and the price of each at the factory is identical per pound, and the quality the same, you know that the current cost of wool to the English and American manufacturer is essentially the same. Whether the foreign wool-grower sells his wool cheaper here than in England by ten cents per pound or makes a false invoice, the result is much the same.

These illustrations being true, the question whether a duty is protective, or produces revenue, depends on facts extrinsic to the law, and growing out of prices and production. It lies outside the statute. The pretense that a statute can be constitutional one day and unconstitutional the next, according as some American may or may not produce a product which competes with that on which the

duty rests, would be too absurd to be voted for, if all men understood the tariff question as well as they do their private business. A duty of fifty cents per pound on tea levied to-day would be wholly a revenue duty. Therefore, says a party platform, it is constitutional. But to-morrow, owing to the duty, some planter begins to produce it. Lo! instantly the duty, according to the same platform, has become protective, and is therefore unconstitutional! Perhaps the producer who thus changes a statute from constitutionality to unconstitutionality is a Chinaman, or a tribal Indian, who has not even a vote. Such a view of constitutionality is itself unconstitutional in that it makes the constitutionality of a statute to turn upon facts outside of the statute itself.

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### The English Coal Miners' Strike.

For three months and more the attention of the English people has been concentrated upon the coal miners in their dispute with their employers. In the latter part of June the mine owners in a number of districts sent notice to their men that wages would be reduced 18½ per cent, because the state of trade would not warrant the payment of the existing rate. But these reasons had no effect upon the miners. They declared that they could not live on lower wages, and would not try. With that ultimatum, the mines were closed July 28. Then ensued a spectacle similar to what has often been seen in the past, and which, in the present state of thinking, will occur many times in the future. The miners, with probably no personal savings, with funds not very extensive in the treasuries of the trade unions, with little or no sympathy from outsiders, entered upon a long and anxious wait for the end. Soon their small savings were gone, and the funds of the unions began to get low. Clothing, furniture, and other movables were sold to obtain money. Appeals were made to the



public for aid. Starvation and suffering were the lot of many. Ridicule and abuse were heaped upon them. Yet there they stood, firm and determined, ready to starve to death rather than, by accepting a reduction of wages, to receive almost enough to support them as usual. What a picture it was? Work at hand, but they would not accept it. We ask why? The answer is, there was a principle at stake, and the principle is this: shall workmen accept a reduction of wages, consent to a lowering of their standard of living, in order that the profits of their employers may be maintained? The economists who have the largest following say, yes. George W. Smalley, a correspondent of the *New York Tribune*, says by the adoption of a sliding scale "the men themselves and the trade of the country will derive undoubted benefit." Well, if the prosperity of the country is to be increased by lowering wages, let us make a universal reduction at once, commencing with our wise newspaper correspondents who advocate it. Out upon such nonsense. And this is only a sample of the trash that has been written upon the subject.

Whether the economists approved or no, whether the great public sympathized or no, the miners held out until, at last, by the interference of the government, through the formation of a board of conciliation under the leadership of Lord Roseberry, the end has come, and the miners resume work at the old rate until the first of February, 1894. Meantime the board of conciliation will continue its organization, and will endeavor to arrange for a solution of the problem of wages that will be permanent.

Can such a solution be found? We believe it can. And the present strike shows us upon what it must be based. It is upon a recognition of the standard of living. That is the one factor in the situation that cannot be overlooked. It is the one thing permanent and abiding, and until it is recognized there will continue to be strikes and lockouts and misunderstandings.

The sliding scale of wages does not solve the problem,

just because of this fact. Says Vaughan Nash, in *The Fortnightly Review*: "This plausible automatic arrangement by which the worker goes up and down with prices in a kind of switchback undulation has won the hearts of employers, statisticians and economists; but is it not a little hard upon the workman, who is able to influence the course of the markets about as much as that of the planets? The advocates of the sliding scale have never yet worked out the human correlative of the scheme and explained in what manner the miner with his wife and children are to expand and contract their food supply in accordance with the movements of the market."

But the chief objection to the sliding scale is that it endeavors to make stable and uniform what is necessarily fluctuating, that is, profit, which is a surplus always variable, never a fixed quantity; at the same time, it endeavors to change what is constant and permanent, that is, wages. The capitalist deserves his profits, but he must get them himself. That is what he exists for. Place the responsibility of preserving or creating his profits upon some other shoulders, and the community has no further use for the capitalist. It is a law of the situation that he cannot ignore or evade. If he cannot secure profits by his present methods, then he must either improve them or get out.

Laborers may for a time be reconciled to a sliding scale, but only so long as it gives to them enough to gratify all their wants. When it goes below this point, then they object, and will strike if necessary.

It is sometimes said the laborer ought to be willing to share the losses as well as the profits of business. If by this it is meant that the profits are directly divided with or apportioned to the laborers, it is not true. It is only indirectly, through the regular operation of economic law, that the profit is shared with the laborers, and with the entire community. Profit is a surplus, what is left after the fixed charges, wages, rent, and interest are paid. That surplus depends upon the intelligence and ability of the conductor

of the enterprise. To him it belongs. The laborers, the public at large, cannot share it directly. For the same reason, and by the operation of the same laws, the losses fall upon the employer. The workmen and the public cannot be expected to reimburse him. That is out of the question.

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### Tobacco and Clothing Workers.

The cigarmaker and the tailor play a very important part in the labor movement. More prominently than perhaps any other industries have their trades been brought before the public. The name of cigarmaker suggests at once the tenement house worker, while at the mention of the tailor every one will associate him with the sweating shop. And this is as it should be, for these features are the worst evils in the two trades mentioned. For many years persistent efforts have been made to suppress these infamies of our industrial system, but without much avail so far. Such a state of affairs seems almost incredible when we come to realize that the clothing we wear is manufactured generally by Russian and Polish Jews, confessedly not the cleanest of races, while our cigars are beginning to be manufactured by Italian women in New York and by Chinamen in San Francisco. Leprosy, we must remember, is an Asiatic gift to our western civilization, while the "pellagra" is at home in Italy.

The tobacco and clothing trades have many points of resemblance. The cigarmaker and the tailor are generally pieceworkers. Machines do not as yet play such an important part in their work as is the case with many other industries. Both sexes take an almost equal share in the work, and children's labor is used to supplement the work of adults. The division of labor is carried very far, especially in the clothing trade. The standard of living of both the cigarmaker and the tailor has had a downward

tendency for years, and the prospect of betterment is not one of the immediate future.

A glance at the tobacco industry is sufficient to tell us that, in point of numbers, intelligence, and conditions, the cigarmaker stands at the head of it. Limit of space compels us to give him but a cursory glance, and present only the more important facts connected with his trade. Though there are large numbers of cigarmakers in England, Belgium, and Germany, the workmen of this trade are better organized in the United States than elsewhere, and have consequently succeeded in getting better wages, shorter hours and more favorable conditions of work than in Europe. In Australia they have the eight-hour work day, yet little is known about cigarmakers' affairs on that continent. In Canada about the same conditions prevail as in the United States, because the International Cigarmakers' Union of America has jurisdiction there also. This powerful union has members almost everywhere, and is in close touch with the organizations of their trade in Europe. Union members from there, traveling with clear cards, upon their arrival here are admitted to full membership at once.

The great cigarmaking cities of the United States in the order of their importance are: New York, Chicago, Cincinnati, Milwaukee, Binghamton, Philadelphia, and Boston, while the following states may be looked upon as the most important for this trade: New York, Pennsylvania, Ohio, Florida, Massachusetts, Wisconsin, Missouri, and Indiana. Of the 60,000 cigarmakers in the United States, 28,000 are organized and belong to the International Cigarmakers' Union quoted above. It is a fact generally conceded that the union men are better off in their conditions of life, work, and wages than the unorganized members of their craft. There are no organized cigarmakers outside the International Cigarmakers' Union worth speaking of. Being generally better organized in smaller cities and places the cigarmakers are better off than their brethren

in the larger cities, financially to the extent of from \$2 to \$3 per week. The regular hours of work for union men when fully employed are very nearly eight hours a day. There is very little tenement house cigarmaking done outside New York City, but in Pennsylvania much house work is done in the farming districts.

New York City is the stronghold of the cigarmakers as far as numbers and intelligence are concerned. There are, according to the best authorities, about 15,000 cigarmakers in the metropolis, of whom 6,000 belong to the various unions. The sexes are about evenly divided. With regard to nationality the Germans come first in point of numbers, then the Bohemians and the Cubans. The rest are made up of English, Dutch, Russians, Poles, and Hungarians, with a sprinkling of almost every other European nationality. There are thirty large factories employing a hundred or more people each, while the smaller ones employing from a few to less than a hundred people are counted by the thousand. The trade is exceedingly dull just now, more than perhaps one-third of the entire number being out of work at the present time. Where the union men, when fully employed, work on an average eight hours a day, the non-union men have to work from nine to ten hours. The union men and women average \$2 per day, whereas the average wage of the non-unionist does not come up to the \$1.50 mark.

The tenement house cigarmakers on Manhattan Island number about 1,500 persons, who are employed by eleven firms. These tenement house workers are mostly Bohemians, with a very small sprinkling of other nationalities. The conditions of these Bohemians, their morals, or rather their immoralities, are such that the sanitary authorities, the S. P. C. C., the S. P. C., and others, would have their hands full if they would try to effect some reforms in these quarters. Men, women, children, and boarders work, eat, live, and sleep in these tenements, and if ever the cholera should gain a foothold in this city these tenements and the

sweating shops, to be mentioned further on, would make first-class nurseries of the dreaded pest. Three of the eleven firms have also small factories, which are, however, used merely as a blind.

More than fifteen years ago the union cigarmakers began to fight the tenement house system, and they have certainly succeeded in reducing the evil effects of that system. In 1878 they had the first strike against it, and in 1879 they started to advocate legislative measures to wipe it out. In 1881 and 1882 they succeeded in getting some laws passed which did some good, but did not eradicate tenement house work. In 1890 the New York unions tried to organize the tenement house workers, but the president of the International Cigarmakers' Union decided that they could not be accepted as members in that body. Since then various means have been tried to fight this more than nuisance, with strikes, boycotts, and also with the label, with varying success. The factory inspectors, while they accomplished some good, could not do very much in the premises.

The cigarmakers in general are considered to be the most alert-minded of workmen as a class, and are better speakers, debaters and agitators than other trade unionists. While working they employ their minds by discussing the questions of the day, the labor problem as well as other matters of general interest. They are to be found in the vanguard of almost every labor reform movement, and furnish some of the brightest minds to be found among workmen. The Cuban cigarmakers, for instance, employ in many cases a reader who reads, translates and discusses the daily papers to his listeners, who afterward comment upon the matters that interest them.

The manufacture of clothes (outside clothing) in many aspects is a peculiar trade. Its ramifications are exceedingly numerous, and the standard of living among the workers in the various subdivisions is so different, that even a general description of them cannot here be given. There are cut-

ters, custom tailors, ready-made tailors, baisters, trimmers, fitters, operators, cloakmakers, buttonhole makers, vest-makers, coatmakers, pantsmakers, knee-pantsmakers, etc., etc. The custom tailors stand at the head of this trade, while at the bottom we find the cloakmakers. The former average \$15 per week, eleven hours a day, nine months in the year, while the latter work, when they happen to have employment, nearly sixteen hours a day for about \$6 to \$7 a week. The cloakmakers have been idle, however, for nearly five months, and their busy season is not expected to set in before February. There are about 50,000 tailors in New York and its immediate vicinity, of whom 2,000 are custom tailors, 9,000 cloakmakers, and 8,000 pantsmakers. The number of sweating shops in New York City is extremely large, and is said to exceed the number of 1,000. The conditions in them simply beggar description. As near as can be ascertained, the tailors in the United States number about 600,000. No city can be compared with New York as far as sweating shops are concerned, though this evil is also found in Chicago, Boston and Baltimore. The clothing centers are: New York, Boston, Chicago, Rochester, Philadelphia, Baltimore, Cincinnati, San Francisco, St. Louis, Syracuse, Utica, Cleveland, Detroit, and Milwaukee. In the country the clothing workers are better organized than in the larger cities, and have consequently shorter hours and better wages. A new feature in the New York industry is that hundreds of Italians (and women, too) are entering the trade and are driving out large numbers of Germans, Americans, and even Jewish workers.

The custom tailors of England, France and Germany are fairly well organized, and are very nearly as well off as their confreres in the United States. But the case is different with the tailors of the lower grades. In Germany among half a million of tailors we find but 7,000 organized. Their conditions are deplorable in the extreme, and the sanitary arrangements under which they work, live and have their being are abominable. Such a person as a factory

inspector is not known. The hours of work are invariably fifteen a day. Wages for females range from 75 cents to \$1 per week, while the average wage for men is \$2.50. The sweating system is, of course, rampant here. The sweating system prevails to a large extent in England, and to a much less extent in Belgium, Switzerland, and Austria. Everywhere the tendency is manifest to introduce female labor in order to lower the wages. In England the tailors have effected a strong organization and intend to wage a relentless war against the evils in their trade. At the International Tailors' Congress in Zurich in August it was decided to take the most vigorous measures against the sweating system in most European countries where it exists.

The most prominent evils in the cigarmakers' trade are, the tenement house system, the small shops, the large number of the unemployed, and the low wages; while the curse of the clothing trade is the sweating shops, the piece system, long hours, poor pay, pitiable conditions of work, and brutal treatment. The remedies in both cases are nearly identical: thorough industrial organization, the extensive use of the label, the enactment of a shorter-hour workday, and the final extermination of the tenement house and sweating shop systems through public opinion and legislative measures.

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### Is There a New South? Reply to Mr. Mayo.

In the October issue of the SOCIAL ECONOMIST there appeared an article by A. D. Mayo entitled "Is There a New South?" My understanding of the author is that in one sense there is a new South and in another there is not. Whatever difference exists is the result of progress all over the country. While Mr. Mayo undoubtedly disapproves of slavery, his attitude is that of a defender and an apologist.



He says: "The same people that turn out by the cityful to build Lee's monument and to bury Davis are taxing themselves for the schooling of negro children as heavily as the millionaires of Boston for the education of the children of the Back Bay." This statement is extraordinary and demands proof. Mr. Mayo should have presented some statistics of education in the South in support of it. I have investigated the subject, and for some of the facts that I will present in this reply I am indebted to a very able article by Mr. George W. Cable which appeared in the *Cosmopolitan Magazine* for November, 1892, under the title of "Education for the Common People of the South."

In Texas a statute making it "the imperative duty of the legislature to see to it that all children in the State within the scholastic age are, without delay, provided with ample means of education," has been repealed, and its place taken by an act appropriating money and 2,000,000 acres of land for the establishment of the University of Texas and the Agricultural and Mechanical College, to which negroes are refused admittance. In Arkansas the clause requiring a school in every school district has been abolished. North Carolina has a provision that one or more public schools in each district shall be maintained at least four months a year, the county commissioner being liable to indictment if he fails to enforce it. This is a dead letter; many schools are not open two months, and the surrounding property pays scarcely any school tax at all. In Alabama only the cities and larger towns have schoolhouses built or equipped at public cost. A statute in existence there forbids the outlay of more than one twenty-fifth part of the school funds for any other purpose than payment of teachers. In 1889-90 the total fund provided for country children of school age (489,000 in number) amounted to sixty-five cents each. With such a state of affairs the state auditor reports a surplus of \$500,000 and recommends a reduction of taxes! A similar state of affairs exists

more or less in every Southern State, as I could prove if I had the space.

Massachusetts, which Mr. Mayo intimates does no better than the South, spends \$7,000,000 a year on her public schools, and yearly provides every child with twenty dollars' worth of free schooling.

I think the above facts are sufficient utterly to disprove Mr. Mayo's statement. In another portion of the article we find the following: "Any one with a soul big enough to take people as they are, who goes down South with a genuine purpose to know the truth about the situation, finds himself in a Southland so new that the 'dark and true and tender North' appears, for the time, the home of conservatism. Of course, if he knew the South before 1860, he will be astonished to find a new nation within a nation, 8,000,000 strong—our brothers and sisters in black; all American citizens, in so far as law can lift to that pinnacle of modern life." Where has Mr. Mayo been for the last few weeks? He cannot be keeping himself informed of events that are occurring all the time in the South. Has he read of the barbarous lynching and torturing of negroes that occurred as recently as September? It might be well to give the facts in several cases to illustrate how "our brothers and sisters in black" are dealt with down there.

On September 16, in Jefferson Parish, La., near New Orleans, three negroes named Julian were lynched by a mob, their crime being that they aided the escape of a fourth brother, who had shot a judge. The mother and sister of the negro murderer were suspected of planning to take him food into the swamps, where he was hiding. They narrowly escaped lynching, but were finally let off with a flogging and ordered to get out of the parish in half an hour. During the search for the murderer one branch of the posse visited the house of a negro family in the neighborhood of Camp Parapet, and failing to find the object of their search, tried to induce John Willis, a young negro,

to disclose the whereabouts of Julian. He refused to do so or could not do so, and he was kicked to death by the gang. A dispatch dated September 20 gives further news of this affair as follows:

“Jefferson Parish has been declared under martial law by its residents. The sheriff, judges, state senators and representatives are the leaders of the regulators, together with all other white officials. All newspaper men were conducted outside the lines late last night and ordered to remain away in the future. Bloodhounds from the penitentiary are loose in the swamps where it is thought the murderer is hiding. A correspondent saw the preparations made for his reception when caught. A pyre has been built on the exact spot where Judge Estopinal fell and died. An iron stake has been driven into the ground, to which he will be tied. Fat pine and resinous materials surround this. Long irons, like branding irons, are in readiness, and when red hot the man will be tortured with them, while the fire underneath him burns. A rude gallows tree above the pyre has been built from which the murderer will be suspended over the fire by the arms.”

On September 25 this dispatch was received:

“The barbarous cruelties that have disgraced Jefferson Parish have not ended. Last night it was learned that a negro who was arrested Saturday night on the suspicion of being Julian had been bound hand and foot and then tortured by having fire applied to his feet. He was arrested in Kenner, the home of Judge Long, the leader of the regulators, and as his description tallied almost exactly with that of Julian, the murderer, a movement was set on foot to lynch him. Persons in the crowd who knew Julian denied that the prisoner was he, and then the mob decided to torture him with the intention of extracting information from him regarding Julian's whereabouts. He could give none. His feet were horribly burned and swollen.”

This is from Birmingham, Ala., September 19:

“Riley Gulley, a negro, twenty-three years old, was lynched yesterday at Pineapple, below this city, for attempting to assault Mrs. Nored, the wife of a highly respected farmer residing near Pineapple. He was taken from the Pineapple jail by a large crowd of angry citizens and strung up in the jail yard and his body was riddled with bullets.”

On September 20 Robert Smith, a negro, tried to rob and nearly killed Mrs. Henry Bishop, at Roanoke, Va. He was placed in jail, around which a mob of 4,000 people gathered. Mayor Troutman ordered out the local militia. The crowd attacked the jail and the troops fired, killing ten and wounding twenty of the mob. The negro was secretly taken away to the woods by officers. Next day they thought best to return him to the jail. A squad of the rioters rushed upon them and with shouts and yells took Smith to the nearest tree, hanged him to a limb, horribly mangled his body and riddled it with bullets. They then pulled the body down, put it into a coal cart, and hauled it to Mayor Troutman's residence. To show their contempt of the latter for his action in trying to uphold the law, they wanted to bury the body in his front yard. Rev. W. C. Campbell dissuaded them.

“The body during this time had not been removed from the cart, so at the suggestion of some one in the crowd they took it over to the edge of the river to burn it. Fences were torn down, store boxes taken, and some one with an ax cut down several cedar trees near by. The dry wood was laid in a large pile, but arranged so it would burn freely. On this heap the negro's body was laid. On top of all the cedar boughs were thrown and two gallons of coal oil were poured on the dry wood. The match was touched to it and the flames from the burning oil shot rapidly upward.

“It was not long before the crowd dispersed, but all the morning men, in squads of three to five, and occasionally a woman, were seen going toward the place of burn-

ing. Every one seemed desirous of contributing to the blaze by throwing a twig or chip on it. All that was remaining of Smith at noon was a few ashes and here and there a bone, but the fire was still burning fiercely, and those standing around said it should burn until there was not a vestige remaining."

Mayor Troutman was compelled to flee from the city in fear of his life for calling out the militia to put down the mob. The last reports stated he was still in exile. There is more evidence of the same nature, plenty of it, but I think this is sufficient.

Mr. Mayo says: "The great political upheaval that for the past ten years, in various stages of development, has wrought such strange results in almost every Southern State, is the legitimate outcome of this progress among the masses of the Southern people. It signifies that the time is past when a few hundred men, however able and worthy, can manipulate the public affairs of an American commonwealth; that henceforth every State of the South, like every Northern State, is to be governed by the majority, without regard to previous conditions or traditions, however venerable." If we are to get our light from recent events, we are sorry we cannot share Mr. Mayo's belief that the Southern States are soon to be governed by the majority. Not since reconstruction days have the Democratic leaders in the South shown such bitter determination to rule in their section of the country, regardless of the majority. Their rushing through the House of Representatives the Tucker bill, wiping out every vestige of the Federal Election Law, is evidence of this. Although it was more than twelve months before such a law could come into operation, they limited debate in a most arbitrary manner on this measure. And what is this Federal Election Law that excites such bitter hatred among Southern leaders? Simply a statute providing that at elections for the president, vice-president, or congressmen, in every precinct having at least five hundred voters, two super-

visors shall be present, one Republican and one Democrat, to see that the election shall be conducted fairly and according to law. What law-abiding citizen can object to so fair an arrangement?

But why should these Southern leaders care to have this statute repealed? They openly violate it, and it is practically a dead letter in their section. Everybody knows that Mississippi contains an overwhelming majority of negroes. In a fair election they could carry the State. Some are kept away from the polls from fear, and the ballots of those who vote are not counted, with the result that in the excitement of a presidential election seven congressmen were elected from that State on a total poll of 44,910—just about the number it took to elect one congressman in my district in Pennsylvania. General Catchings, of Mississippi, the gentleman who, in conjunction with Speaker Crisp, is arbitrarily ruling the House of Representatives through the Committee on Rules, was elected on a total poll of 2,556, of which he got all but 156. It takes more votes to elect a common councilman in my ward. Georgia in the Fiftieth Congress had ten congressmen on a total poll of 27,000. The chairman of the Committee on Elections in that congress was elected on a total poll of 1,700 votes.

I could go on giving more facts if I had space, but these are enough to show the dreadful state of affairs in the South. Is it not enough to discourage all friends of humanity that thirty years after the war, in this latter end of the nineteenth century, such a state of affairs can exist in this country? I fervently wish that Mr. Mayo's picture of the South of to-day were true, but there is really only a discouragingly slow progress in that section of the country. Mr. Mayo regrets the lack of immigration to the South. It is true that her soil is fertile, her mines rich, her forests vast, her rivers deep and wide, and her climates varied and healthful. But with all these natural advantages, until the South is willing to have fair elections, discontinue lynching, and in other ways obey the law as it is construed in all civil-

ized communities, she can expect to get but a scant share of desirable emigration or make much progress.

MATTHEW GUNTON.

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### A Reply to "Labor's Claims on Organized Christianity."\*

This article seems to have sprung from a misconception. The error which lies at the bottom of most of its sentiments is stated in the following words: "And yet that great moral teacher in whose name they [the clergy] all profess to speak was in the habit of relieving the physical wants first." If I read the Gospels aright, this is what He conspicuously avoided doing. The trend of His teaching and conduct was to turn the mind away from physical wants. The utterance I quote springs from a misunderstanding of the miracles of healing. Their main purpose was not to relieve the sick but to prove the Deity of Christ. In the Gospel of John they are not called "miracles," but "signs."

Now, let these be excluded from consideration.

Twice the multitude followed Jesus into the wilderness, and there, when no food could be found, and they were in danger of fainting with hunger, He miraculously fed them. He would not have done so if they could have obtained food by their own efforts. After one of these occasions the multitude followed Him and He rebuked them, saying, "Ye seek me, not because ye saw signs, but because ye ate of the loaves and were filled" (John vi, 26, Revised Version). In the sermon on the mount He said, "Take no thought saying what shall we eat or what shall we drink or wherewith shall we be clothed. . . . But seek ye first the Kingdom of God and his righteousness and all these things shall be added unto you" (Matt. vi, 30, 32).

The burden of the first part of the article is the squalor and poverty of many laborers, and the wealth and

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\* SOCIAL ECONOMIST for June, 1893.

selfishness of many church members. The author seems to me to draw conclusions from extreme, not average, conditions. He pictures a laborer in his wretched home refusing to go to church because some members of the church are selfish employers who take the lion's share of the product and leave him a bare subsistence. This laborer, he says, has a right to expect sufficient wages to support himself and family, "at least from Christian employers." How can that be? The meanness or liberality of an individual has little to do with the scale of wages. That is produced by the system of doing business. The laborer has no right to ask the Christian employer to pay such high wages that competitors can force him to the wall. Christianity does not demand that any business be carried on at a loss any more than political economy does. The only thing for the Christian employer to do is to conduct the business on the present plan until one more advantageous to the laborer is generally adopted, and contribute of his surplus to hospitals in which the poor man's children can be cared for when ill, and schools in which they can be educated. Thus he uses his money directly in the line of the Master's activity, which consisted in teaching and healing. I protest against any claim that a church member should pay higher wages than other employers. The church is taught not to ask its members to do so. In the twelfth chapter of Luke we read that a man said to Christ, "Master, speak unto my brother that he divide the inheritance with me." The Master replied, "Who made me a judge or a divider over you? . . . A man's life consisteth not in the abundance of the things which he possesseth." He then tells of the man who built new barns for his great crops, but died on the night in which he was congratulating himself on the finished harvest. When the laborer says to the church, "Speak to my brother, the capitalist, that he divide with me," the church, taught by its founder, must respond, "I am not a judge or a divider, and neither your life nor the capitalist's



consists in property." Temporal matters were relatively insignificant in the Master's eye. There is no record of his doing anything to relieve the ordinary hardships of poverty. He gave no food to the hungry (except twice in the desert) and no clothes to the naked so far as we are informed. "I am come," he says, "that ye might have life." He came to be the giver of character. To relieve physical wants is to treat symptoms; to give character is to cure the disease. The mission of the church is to give character, and its duty in relation to human suffering is wholly subordinate to that. Here, it seems to me, is the difficulty with most of the labor discussion. There is no cry for more character, for higher aims and greater usefulness, but a consuming determination to possess more property. The church says, change the man's character and he will improve his surroundings. The popular doctrine now seems to be, change his surroundings and you will improve the man. I waive the question of how much credit would be due a man whose environment made him better, and call the latter doctrine in question, though it may possibly be true if limited to that intense destitution which crushes self-respect. Church experience establishes two propositions:

1. No good is accomplished by advancing a man's prosperity ahead of the development of his character.
2. The change in plan of life which is called conversion generally results in material improvement.

Neither of these propositions is open to question in the minds of those who have served long in churches situated among the poor, nor do they need demonstration here.

A further answer to the article lies in the fact that churches are hard at work alleviating human woe. Around them are clustered all the agencies that can be sustained for helping men and women upward. Lectures, economic and scientific, club and reading rooms, libraries, religious and secular, sewing schools, cooking schools, and day nurseries are among the features of church activity. They are sus-

tained at immense cost, but far more useful than money is the unpaid but arduous service rendered by the great number of church members in these various organizations. They know well the horrors of the home Kemper Boccock pictures, but the difficulty that staggers them is, not that the poor do not know how to live decently, but they are not willing to take the pains necessary for decent living. From one of these workers, a lady who, while keeping up her relations with her family and friends, loves and serves the poor with the devotion of a nun, I learn that out of the children in a certain Sunday-school, who were to take the "Fresh Air" fortnight in the country, many were kept back and told to clear their heads of vermin, some were rejected a second and third time, and there were even some who throughout the summer failed to remove the objection, and gave up the excursion rather than take the care needed to make themselves acceptable. I am told that when a certain establishment for supplying the poor with wholesome food was opened in Boston, the hardest rule to enforce was that requiring all applicants to wash their pails and pitchers clean before bringing them for supplies.

Five resolutions are needed in most poor families before the home can improve:

1. The father's wages shall be used as a trust fund for the whole family.
2. The house shall be kept clean and in order.
3. The clothing shall be kept clean and whole.
4. The family food shall be nutritious and palatable.
5. Every one shall keep clean in body.

If every family with the resources it now has would do its best to keep these five resolutions, New York City would be metamorphosed without increasing anyone's wages. Also, if every family would keep these resolutions as far as its circumstances permit, every person would command more wages. It is the aim and duty of the church to give character, to make people resolute, patient, painstaking,

self-controlled, and honest, and just so far as people acquire these qualities does domestic squalor pass away.

I am not writing in harshness. There are many things I would like to see accomplished for the relief of the laborer.

1. The sweating system is a crime, and should be annihilated by statute. Against this crime church influence should be thrown in every way that is practicable.

2. I would like to see the employment of married women in factories prohibited, or at least restricted to cases in which the husband is disabled and there are no grown sons.

3. I want wages raised to the highest figure, and hours of labor reduced to the lowest that is consistent with social progress.

This last desire will not be attained till laborer as well as employer becomes thoroughly skilled in his business and can be depended on every working day of the year, and both have made more progress than either has yet in regulating their dealings by the Golden Rule, which it is the duty of the church to teach impartially to both.

PHASERD.

## Editorial Crucible.

[Correspondence on all economic and political topics is invited, but communications, either for private use or for publication, must bear the writer's full name and address, and requisite postage must be enclosed for return of manuscripts or answers to communications. The editor is responsible only for opinions expressed in unsigned articles, and reserves the right to criticise freely views presented in signed articles, whether invited or not. Typewritten manuscripts preferred.]

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IN RESPONSE to a question regarding Shakespeare by a writer in the *Tribune*, Mr. Charles A. Dana says: "We tell all men and women that there is no other one like unto Shakespeare. When he entereth the mind and taketh possession of the heart, there can be no place in the thought or in the habit for aught that is mean." Oh! for somebody who can prevail upon Mr. Dana to read Shakespeare.

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AS IF OUR taxing system was not inquisitorial and bungling enough, we are now threatened with an income tax. Of all the uneconomic and undemocratic methods of collecting public revenue an income tax is about the worst. As a means of promoting corruption, fraud, and public immorality, it is only equaled by ad valorem import duties. Are there no other plagues this administration can introduce?

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THIS YEAR the Massachusetts legislature has passed a law introducing minority representation into the municipal election of Boston. It provides for the election of twelve aldermen on a general ticket, but no voter is permitted to vote for more than seven persons, however many names there may be on the official ballot. The twelve names receiving the highest number of votes will be declared elected. All tickets on which more than seven names are marked are to be thrown out. This method is expected

to make it impossible for any party to elect a majority of more than two; that is to say, the board consisting of twelve will never be divided in greater party disproportions than seven to five. Every one interested in proportional representation will watch the experiment in Boston with great interest.

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A revenue tariff is a tariff levied on articles consumed by, but not produced in any considerable quantity in, the country collecting the duties.—*Albany Evening Journal*.

Not so. A genuine tariff for revenue must be levied alike upon all articles imported, whether they are produced in the taxing country or not. There must be no favoritism and no special regard to any interest or to any section of the people.—*New York Sun*.

Not so, Mr. Dana, not so; "a genuine tariff for revenue only must be levied" so as to yield revenue without even incidental protection to anybody. Protection is protection whether incidental or intended. There are only two methods of levying "a genuine tariff for revenue only," neither of which forms any part of Mr. Wilson's haphazard bill, or of Mr. Dana's horizontal thirty-five per cent scheme. One is to confine the duties exclusively to non-competing products, the other is to levy the same duties upon home products as is levied upon foreign products of similar kind competing in our market. Any pretended "tariff for revenue only" which does not adopt one or both of these conditions is a veritable sham born of ignorance or deception.

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THE NEW TARIFF BILL proposes reductions in duties which will cause a heavy increase in importations. This is shown by our historical experience of the effects of similar reductions in former tariffs. In the Walker tariff of 1846, for instance, there was a reduction in the rate from an average of \$2.34 of duties collected on every \$10 of imports, to an average of \$1.99 of duties collected on \$10 of imports. The effect was that the imports rose from an average of \$91,000,000 for the five protective years of

1841-1846, to an average of \$239,167,587 per year for the fifteen years of low duties from 1846 to 1861.\*

Since the Walker tariff increased the imports two and a half fold, at the cost of the total destruction of many of our domestic industries, producing the "hard times" of 1854-1856 and the crisis of 1857, why may we not expect similar results from the Wilson bill, which is modeled on precisely the same plan?

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IN DISCOURSING upon the recent election the *Evening Post* soberly remarks:

"We do not suppose many, if any, votes turned solely yesterday on the Van Alen or Roosevelt appointments, or on the general 'revel in spoils' which has gone on all over the country. But they have undoubtedly deepened the impression of Democratic incompetency and hypocrisy and dishonesty which the general situation has created. The spectacle of Mr. Cleveland struggling with the spoils system would have helped to build up a respect for the Democratic party among the decent classes. No such spectacle has been forthcoming."

This is indeed a sad confession, but alas how true.

What will the *Post* do now that its idol has thus fallen? There surely can be nothing for it to admire either in the Democratic party or Mr. Cleveland after this.

If the Democratic party is "incompetent" and "hypocritical" and "dishonest," of course the *Post* will never again be allied with it. As for Mr. Cleveland, if he is not honest, what virtue hath he left? If he is false to civil service reform, sells appointments and truckles to the spoils system, then besides being commonplace and wrongheaded he is a veritable humbug which the *Post* can never more indorse.

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THE WILSON prelude to the tariff bill says that "in every great line of manufactures we can produce in six months to nine months enough for our home market; we can get rid of our surplus only by foreign trade. So long as we have taxes on the material of industry we cannot

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\* See "Principles of Economic Philosophy," by Denslow, pages 468 to 473, where this point is illustrated by charts and by diagrams.

build up that trade." This astounding statement was constantly proclaimed for campaign purposes, but we hardly thought any one would have the hardihood seriously to put such a statement in a public document. The framers of the new tariff know that manufacturers are not prevented from exporting by the duty on raw materials, because, as they well know, the McKinley law obviates this by giving manufacturers a rebate of ninety-nine per cent of the duty paid on all raw materials used in goods made for export. So that under the present tariff there is only a tax of one per cent on the raw materials of exported manufactures. There are very few industries in which the value of raw material represents more than twenty-five or thirty per cent, and often not more than five or ten per cent, of the value of the finished product. A duty of one per cent on the raw material therefore only represents a duty of from one-tenth to one-fourth of one per cent on the manufactured article. Now, there is not a business in the world which could be handicapped by such a fractional duty. And it is to have such ignorant or dishonest statesmanship as this that the country is suffering industrial prostration, and hundreds of thousands of American laborers are going hungry.

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THE ENGLISH coal miners' strike has driven another large nail into the coffin of the erroneous notion that wages are governed by the supply and demand of laborers, and has emphasized once more the truth that the controlling fact in the wage problem is the laborers' standard of living. Hitherto this has been largely a silent economic force, but in this struggle it has come to the front as the recognized principle by the laborers making it the basis of their actions, and they made all England feel the effect of their convictions.

To a considerable extent editors and economic writers recognized the force of this view, and discussed the merits of the strike from this standpoint. But the mind of the

English clergy, which ought to be in close sympathetic touch with laborers' struggle for improvement, appears to be impenetrable. The Dean of Westminster, in presiding over a meeting of clergymen a few days before the close of the strike, bluntly refused to put to vote a resolution recognizing the standard of living as an essential factor in determining wages. Of course it was not because the Dean of Westminster did not sympathize with the strikers, but he is so saturated with Malthusian-wage-fund economics that to even recognize the idea that the standard of living of laborers had anything to do with determining wages seemed absurd. This shows how deeply rooted in the minds of even educated people the fallacies of orthodox economics are, and how seriously they affect the conduct of well-meaning people on questions of great public interest, making them seem socially heartless when they are only economically ignorant.

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AS WE GO TO PRESS, the text of the new tariff bill is given to the public; we are compelled, therefore, to reserve for a future issue a full discussion of the measure. Only a glance at its leading features is necessary to see that it is distinctly hostile to American interests. Its preamble shows a callous indifference to the prevailing distress which its anticipation has inflicted upon the country. The fact that the fear of its radical character has already cost the country as much as it took to put down the rebellion has made no impression upon its framers. There is no general economic principle recognized in its schedules; it is neither a tariff for revenue only, nor a protective tariff with incidental revenue, nor a revenue tariff with incidental protection. Neither is it a revision of the tariff for the simplification of revenue collection; it appears rather to be an uneconomic hacking at the subject with a purely political impulse. It adopts the worst features of the worst tariff bill we have ever had. By substituting ad valorem for specific duties it replaces a system of definite collectible duties by



one of indefinite uncollectible duties, encourages undervaluation by fraudulent invoices, and puts a premium on bribery and corruption. The chief object of the bill appears to be to promote the interests of two classes; importers of foreign products, and producers for foreign markets.

The reduction of duty on manufactured goods is manifestly to increase the revenue by larger importations, which of course means the displacement of home industry by foreign. The reason expressly given for free raw materials is "to increase the growth of foreign trade." This means lowering wages in order to obtain foreign markets, instead of increasing home markets by raising wages. It is the very essence of Manchester school low-wage economics.

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MR. HARRISON'S jingoism in attempting to hustle the Sandwich Islands into the United States by a snap shot annexation treaty gave Mr. Cleveland a grand opportunity to redeem his fading reputation, but he was again unequal to the emergency. Had he declined to accept the annexation treaty on the ground that it is contrary to the policy of the United States to add to our territory and population by annexing herds of semi-barbarians whose industrial and political influence could only lower the tone of our civilization, he would have occupied an intelligent and defensible position even though he had stirred the ire of Republicans and offended a few jingo Democrats. But, not content with declining the proposition to annex the islands, he assumes the right to dictate the form of government they shall have. And what is worse still, he threatens to depose the existing provisional government, which for eight months has been officially recognized by this and other countries, and re-establish the semi-barbarian monarchy, in violation of the whole spirit and history of our institutions and without consulting Congress, which was in session at the time. If the United States has any duties to perform

toward the peoples of other countries, it is to aid and encourage the advance of civilization and democratic institutions. Regardless of their numbers, the elements represented by the provisional government stands for all there is of wealth, civilization and progress in Hawaii, and if it shows any evidence of being able to hold its position, our duty is clearly to surround it with all the moral force possible. The interest of human progress demands that, by all the means short of war, civilization should be aided in gaining the ascendancy over barbarism. For a republic to interpose in behalf of establishing monarchy and barbarism, where the seeds of democracy and civilization are already well under way, is treason to the very principle of free government and civilization itself.

## Book Reviews.

*American Marine. The Shipping Question in History and Politics.* By WILLIAM W. BATES, late United States Commissioner of Navigation; formerly manager of the Inland Lloyd Register; author of "Rules for the Construction and Classification of Vessels." Boston and New York. Houghton, Mifflin & Co., 1893. pp. 479 oct.

Mr. Bates' work on American marine has the authority of Thomas Jefferson (p. 31) for a mode of computing the loss which a nation sustains by allowing other nations to do its carrying for it, which makes our loss each year in freight charges paid to foreign shipping \$180,679,030, which is about equal to the value of the entire oat crop of the country (\$184,610,237).

"It would take all our fleet in foreign trade (p. 21) twenty-five months to carry products enough to discharge our debt for foreign transport (of freight and passengers combined) for a single year."

The force which is likely to insist upon Americans making these earnings at no distant day is, in the judgment of the SOCIAL ECONOMIST, that of the great through-line competing American railways. These have heretofore been competing against each other for western traffic and connections. It cannot be long before they will compete with each other for eastern or transatlantic custom. Whenever this competition assumes large proportions, the railway that first "pools" and then consolidates with or buys in or builds a leading line of ocean steamers will get ahead. When one trunk line has invested in a line of fast transatlantic steamers, others will follow suit, until the lines of continuous consolidation of steamers and railways girdle the earth. As the larger must swallow the smaller, the ultimate destiny of transatlantic steamers is to be owned by American railways. The evolution of the British maritime power and its close relation to politics

and legislation is shown in Chapter VI, and that of the United States prior to 1816 in Chapter VII. As early as 1381 the drastic navigation law of Richard II provided that "for increasing the shipping of England, the shipping of any kind of merchandise, either outward or homeward, in vessels not owned and in greater part manned by English subjects, should forfeit ship and cargo outright." The instinct of the British nation continued in many ways to give protection to British ships, until in about 1850 the coasting trade of Great Britain was opened to foreign ships. Mr. Bates follows closely the educative forces at work, and the laws "facilitating the investment of capital in ship-owning by dividing the property in a ship into sixty-four shares" (p. 71) and making each share separately transferable. "This is as favorable to vessel-owning as the joint stock system of railroad ownership is to the capitalists of Wall Street." Lloyds' inspection rules, which have all the force of law, are so contrived as to give British ships a higher rating than American, simply because they excel in British peculiarities. They rate British white oak at twelve years' use, and American oak at eight years', though the latter is much the better (p. 73); they provide that no wooden vessels can be given a full class rating unless inspected while building, and they locate no inspectors in the United States, while they do in other countries. Wooden vessels which, if built in Canada, would be rated twelve years A1, if built across the river in Maine, of as good timber by as good workmen, would be rated only at eight or nine years A1. By insuring cargoes in iron and steel ships cheaper than in wood, Lloyds compel freighters to ship in the former, especially across the Atlantic (p. 76), and thus employ British ships, leaving American idle. And yet in the most dangerous of all voyages, around Cape Horn, wood is rated superior to iron. Also (p. 257) that American wood ships lead British iron in economy of losses and of "wear and tear." British iron hulls have 21.74 per cent more peril than

American wood, and it should be worth 25.37 per cent more to insure cargoes in the former than in the latter. British wood ships are 20.62 per cent inferior to American in hull risk and 43.01 per cent more dangerous in freight risk. Mr. Bates gives such a shower of statistics to prove that in ocean carriage American wood is safer than British iron, and that, even among American vessels, the wood are one-eighth of one per cent per ton carried, safer than the iron, that those who talk so glibly of the necessity of the transition of ocean traffic from wood to iron will be likely in the light of his figures (pp. 233 to 264) to revise their views.

Mr. Bates' book is one that envelops both a gospel and a science. Its gospel is that every nation needs for the evolution of its highest life on land a maritime life commensurate in extent and dignity with its life on shore. Its science consists in an unfolding, in due order and with the precision and exactness of history, which is philosophy teaching by example, the true means of maintaining a high maritime excellence and the economy of such a course.

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*Masses and Classes.* By Henry Tuckley. Cranston & Curts, Cincinnati. pp. 179.

In this little book Mr. Tuckley gives us the results of a personal investigation of the industrial conditions in England. He tells in a very interesting way the rates of wages, the hours of work, the conditions and cost of living of the wage-earners, and compares workers in the various trades with those similarly employed in the United States. The impression conveyed is not alone that the former are worse off than the latter, but that they are in a terrible condition, very few receiving more than enough to pay for the poorest kind of a living. In the whole situation there is to be found but one redeeming feature—the wage-earners in all lines are organizing and agitating for higher wages. This is at least hopeful, and presages improvement in many particulars. The statistics are introduced in a most

entertaining manner, and, with the authorities given, have every appearance of accuracy. On this account the book will be useful and valuable to all desiring information as to the conditions of the wage-earners of England. The only way out of this "Darkest England" as seen by the author, is through organization and agitation.

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*The Gothenburg System of Liquor Traffic.* Prepared under the direction of Carroll D. Wright, Commissioner of Labor. By E. R. L. Gould, Ph.D. Government Printing Office. 1893. pp. 253.

Carroll D. Wright's report on the Gothenburg system of liquor traffic in Sweden and Norway, prepared by E. L. Gould, is eliciting some discussion. It shows that under the system in Norway, for the twenty years from 1871 to 1891, the consumption of beer per capita rose from 16.9 quarts to 31.2 quarts, while in Sweden between 1856 and 1890 the consumption of spirituous liquors declined from 10.03 quarts per inhabitant per annum to 7.42 quarts. The correlative figures showing the diminished consumption of liquors in Norway and the increased consumption of beer in Sweden do not seem to be given. In a publication designed to be statistical, and issued at the cost of the government, a few leading figures which afford a basis for comparison would be more satisfactory than a maze of disconnected statistics in which the necessary data for comparison are not supplied. If the Gothenburg system is to make any distinct impression upon the American mind it must be through representations either more complete in their scope or more one-sided in their quality than Mr. Gould presents.

The theory of the Gothenburg system seems to be that a chief cause of drunkenness arises through the interest the liquor sellers have in selling as much liquor as possible. Hence it seeks to confiscate the profits of the liquor trade by confining it to certain liquor companies, which agree to take no profits, but to surrender them for charitable, educa-

tional, and other uses. A part of the system is, however, that the sellers of liquors shall, in all cases, sell prepared and warm food, coffee and tea, and do a restaurant business.

Whatever may be the outcome of such a system in old, poor, and very stationary communities like those of Sweden and Norway, we would not look for thrilling results from it in our more mobile and enterprising societies. It is like the floating grist-mills on the Rhine, or the sickle harvesting in the Tyrol, which would only excite the laughter of Minneapolis and Dakota. The "no profit" element would need careful watching, and the restaurants run with "no profit" grog would be queer.

So far as liquor drinking in America is concerned, the key to the reform lies not in the liquor sellers' profits but in the liquor drinkers' feeling of personal freedom. The saloon is the only rostrum where the vagabond's opinion upon things generally can be expressed with fullness and heard with respect. It is also the exchange where the laborer can find out from his fellow workmen about employment, wages, jobs of work, and other news more local to himself and his interests than gets into the newspapers. It is the one place in all the world where the word "gentleman" is oftenest heard, and the fact is seldomest seen. This is because polite treatment so seldom reaches its frequenters elsewhere that they are sensitive about getting it in the only place where they feel the right to exact it. It is, therefore, the stronghold of social democracy and equality. If the reformers can devise a different place which will fill this bill, they will show that they understand human nature.

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*Albert Brisbane.* A Mental Biography, with a Character Study by his wife, Redelia Brisbane. Arena Publishing Co., Boston, 1893. pp. 377.

Socialism claims to be a philosophy of the material interests of mankind and of industrial society; a political

economy of labor; a theory of social evolution. The philosophy may be unsound, the explanation unscientific, and the theory incomplete; as guides of the conscious life of society, socialists may be visionaries of the wildest type. But the fact remains that socialism is a most important force in the life of modern nations. It contains the promise of better things, and it is not strange that earnest and deep-thinking mechanics as well as sentimental philanthropists join the ranks for want of a safe general to lead the human army in matters industrial and social. It is this fact that renders both interesting and instructive the story of one who was in the very midst of the movement and the soul of one of its phases in this country.

In the account which Albert Brisbane gives of himself, one sees the dawn of a new idea and the deluding enthusiasm which ensues in the heart of this seeker after truth. One can follow his mind through the persistent search and note the growing equilibrium of ideas as the years bring knowledge and experience of the deep currents in the social and industrial life of mankind, and as the range of study and investigation is broadened. The fancies of an almost fantastic speculation are toned down by scientific research. The lesson of mental development is plain to all, and there is delightful entertainment afforded by the naive simplicity alike of the life and of the manner in which its story is told.

Bellamy, Lyman Abbott, and their friends, the scientific socialists, think that human nature can be revolutionized in a few short years; Brisbane came to recognize that all evolution is a slow process. The leading tenet of the socialist is that wealth must be differently distributed to secure justice and industrial peace; Brisbane saw that an enormous increase in the actual wealth of society is the necessary prerequisite of any marked improvement in social conditions. The state is appealed to as the power capable of controlling industry; Brisbane was early convinced of the utter inefficiency of political reforms to effect



permanent results in social conditions. The real wants of the people must be changed and the new social relation and organization will be permanently evolved out of the old.

“What is to save us from the fate of degenerate Rome? Nothing but progressive industry; the discovery and development of the natural sciences; the rise of an intelligent middle class engaged in these sciences, and the gradual elevation of the great working or producing classes.”

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*References on the History of Labor, and Some Contemporary Labor Problems.* Oberlin College Library Bulletin, Volume I, Number 2. By J. WILLIAM BLACK, Oberlin, Ohio, 1893.

Every student of the history of labor and labor problems owes a debt of gratitude to Prof. Black and Oberlin College for this very useful little bibliography. It is not intended to be complete and exhaustive, but simply suggestive. To those who have not had the advantages of wide reading, this manual will be of the greatest value. What problem are you desirous of studying? Is it the factory system? Turn to page 18. Here you have a very concise statement of a few of the more important facts in the history of the system, and then follows a list of references. Twenty books or articles are mentioned as touching upon the subject. A visit to any library, and a few hours' work, will give any student a fund of information, without loss of time by misdirected or ill-directed reading.

128  
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- The New Era, or the Coming Kingdom.* By REV. JOSIAH STRONG, D.D. The Baker & Taylor Co., New York. 1893. pp. 374.

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