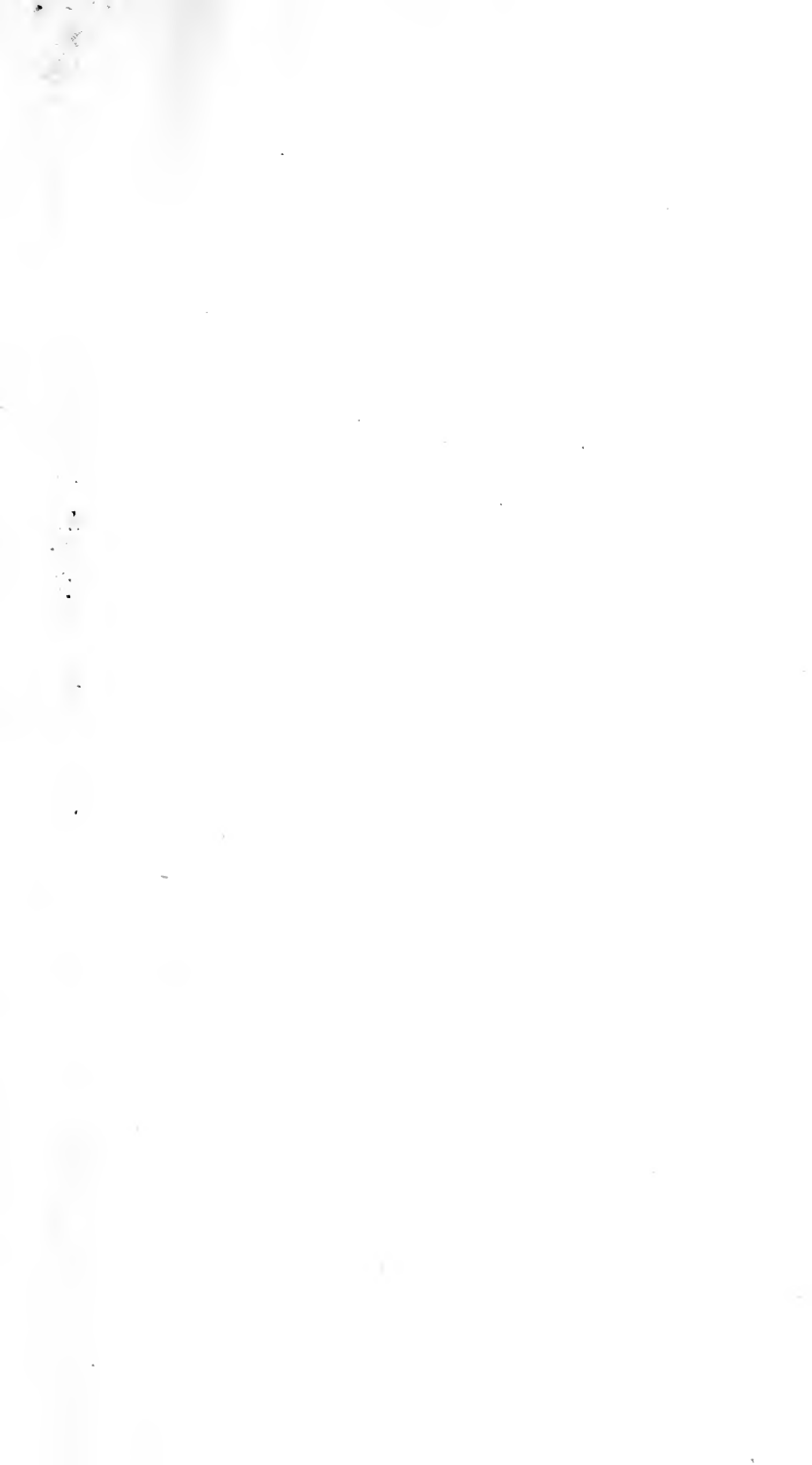


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# GUNTON'S MAGAZINE

GEORGE GUNTON, EDITOR

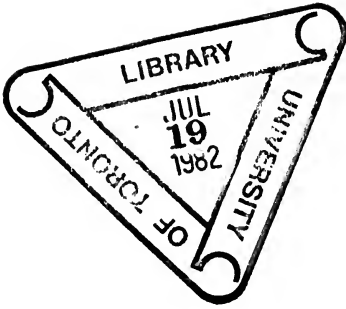
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# CONTENTS.

## JULY.

The Republican convention...	1
Land taxation in Japan.....	5
Economic effects of tipping...	13
Theory of economic progress..	19
Where they make clothing....	26
French labor question.....	37
Labor and injunctions.....	44
New Belgian constitution....	46
State ownership of railroads..	54
Depression among farmers....	64
Editorial Crucible.....	67
Economics in the Magazines..	71
Book Reviews.....	76

## AUGUST.

The Chicago platform.....	81
Who is responsible?.....	85
English reasoning on protec- tion.....	92
Sweating system in New York City.....	98
Labor problem in Japan.....	106
The basis of real bimetallism.	112
Foreign and American banking	116
Cuban war and the Spanish treasury.....	122
Back to Hamilton.....	126
The debt of Great Britain....	133
The American city.....	135
Editorial Crucible..	141
Economics in the Magazines..	152

## SEPTEMBER.

The Crime of 1896.....	157
Professor Gunton's address...	159
Fallacies about gold and silver.	175
Some questions on silver an- swered.....	187
Macaulay on American institu- tions.....	195
England's "free trade jubilee."	202
Swiss banks of issue.....	207
Cross and crown morality.....	214
Editorial Crucible.....	215
Economics in the Magazines..	221
Book Reviews.....	229

## OCTOBER.

Economic effect of appreciat- ing money.....	233
Government by injunction....	242
The foreign market delusion...	249
Strikes in Russia.....	253
Party Government on its trial..	257
Industrial development of the Orient.....	261
The march of invention.....	266
The Cuban negro.....	272
Sweating system in New York City.....	277
The economics of organized charity.....	285
Convict labor.....	290
Editorial Crucible ..	294
Economics in the Magazines..	302
Book Reviews.....	306

## NOVEMBER.

Popular superstition on money and prices.....	309
The anti-capital crusade... ..	319
Who are the creditors?.....	324
The future of English labor...	325
Wages and currency deprecia- tion.....	332
Problems of railway manage- ment.....	337
The American iron industry...	344
New banking law of Mexico...	351
The Saxon land credit system..	354
Early slavery in New Jersey ..	359
Editorial Crucible.....	365
Economics in the Magazines..	372
Book Reviews ..	380

## DECEMBER.

Meaning of Bryanism in Amer- ican politics.....	385
Future of gold.....	396
Common sense on trusts.....	402
The greenback controversy....	408
Evidence of business revival..	414
Claims of Cuba for self-gov- ernment.....	423
Statistics of immigration....	431
Labor insurance in Germany..	437
New political deals.....	442
Editorial Crucible.....	444
Economics in the Magazines..	450
Book Reviews.....	454

# INDEX.

## A

- Act of 1873, 163, 164, 184, 318, 386; increased use of silver since, 185; Bryan on, 219.
- American market appreciated by England, 93; cities, 135; cities, creations rather than growths, 138.
- Anti-Tariff, not silver, cause of business depression, 156.
- Atkinson on depressions, 154.
- Australian electoral method, 221.

## B

- Banking, wild cat, due to Jackson, 4; reform in, 4-5; sound, 66; foreign and American, 116; in England, 117; in Germany, 118; in Canada, 119; in United States, 121; Suffolk system and Indiana State banks, 128; return to Hamilton's system, 129; law of Mexico, 351.
- Bank of United States, fiscal saviour, 4; of England, Scotland and Canada superior, 83; patriotism of the, 146; Swiss, 207; of issue in United States, 378.
- Banknote currency and sound banking, 83.
- Belgian new constitution, 46.
- Bicycle, and improvement in country roads, 65.
- Bimetallic idea abandoned by Silverites, 3; currency favored by Republican party, 3; Balfour's address to English Bimetallic League, 233.
- Bimetalism a compromise, 71; basis of real, 112; lessons in, 145; true, 166; Cleveland Plaindealer on, 217; natural, 225; Wharton Barker on, 307.
- Bond sales and the gold standard, 452.
- Bryan millennium and disaster, 158; and bimetalism, 166-167; and Macaulay's prediction, 200-201; and ruin, 215; stands for nothing in particular, 385; movement composed of social misfits, 388-390.
- Bryan's reckless assertions, 141-142, 300; advocacy of free trade, 158; zeal for free silver, 158; false appeal, 168, 388; errors, 217; economics, 218; want of facts, 219; opposition to capital, 322; unfitness, 324; size of following, 388.
- Bryanism, meaning of, 385-396.

- British glass trade, 329.
- Business revival, 414.

## C

- Campaign of 1896, a land mark, 365; an educational one, 366, 368; character of, 385.
  - Capital and labor, interests of, 25; tirade against, 90; anti-capital crusade, 319; press on, 320; concentration of, cheapens wealth, 323.
  - Capitalistic prejudice, 84.
  - Charity, evolution of, 286.
  - Chicago platform, 81.
  - City government reflects the people, 140.
  - Cleveland's indifference, 84; famous 6th of December message, cause of silver movement, 89.
  - Clothing, where made, 26.
  - Cobden Club jubilee, 202.
  - Coinage, a common for all nations, 153.
  - Commercial relations of the poor, 71.
  - Cooper Union labor debate, 299.
  - Compulsory dishonesty, 375.
  - Condition of country, 1861 and 1896, 81.
  - Convention, Republican, 1; Democratic, 81.
  - Convict labor, 290; systems employed in, 291.
  - Cost of production, Mill on, 311.
  - Courts, use of against strikes, 246.
  - Creditors, who are the? 324.
  - Crime of 1896, 157.
  - Cross and crown morality, 214.
  - Cuba, claims for self-government, 423; annexation of, 444.
  - Cuban war and Spanish treasury, 122; negro, 272.
  - Currency, coin redemption of, 5; non-elastic, costly, 129; early and recent, legislation, 302; handbook on, 308; depreciation and wages, 332; sound, and banking system, 383.
- ## D
- Davis, Mrs. Jefferson, on war prices, 332-335.
  - Debs and other leaders, duty of, 159; and the Chicago strike, 245; and American Railway Union, 295.
  - Democratic press work of, 91; workings of party, 160; party and destructiveness, 161.
  - Demonitization of silver, 185, 310.

INDEX.

**E**

- Economic progress, theory of, 19;  
narrowness of early theories, 234.  
Economics, in Japan, 106; of organ-  
ized charity, 285.  
England's advantages passing away,  
94; desire to be friendly with the  
United States, 148.  
English manufactures, depressions in,  
95.  
Exports and home consumption, 250;  
iron and steel, 350.

**F**

- Factory inspecting system, 27; in-  
spection and child labor, 278.  
Fallacies about gold and silver, 175.  
Farm, leading products, 252.  
Farmers, what is being done for, 450;  
depression among, 64; why, do not  
get rich, 72; in Manitoba, 84; chief  
market of, 158-159.

- Finance, relation of, to industrial suc-  
cess, 222; introduction to public,  
454-456; plank in Republican plat-  
form, 2; American policy, 152.

- Fiscal unsoundness due to Demo-  
cratic party, 3-4.

- Free coinage of silver, 3; opposition  
to, 3; defeat of, does not solve  
money problem, 70; Chicago plat-  
form for, 81; monometallism not  
bimetallism, 81; agitation of, due  
to free trade press, 85-92; advocates  
overstepped the mark, 141; no gain  
to working men, 149; George Fred.  
Williams on, 150; reduces wages,  
151; voters for, enemies of their  
class, 159; at 16 to 1, why demanded,  
167; difference between 1873 and  
1896, 169; blow at wages, 173; in  
France, 186; and price of wheat,  
187; and condition of wage workers,  
194; and Macaulay's prediction, 200;  
and prosperity, 226; joint labor de-  
bate on, 299; would cause industrial  
paralysis, 302; key to doctrine of,  
311; and wages, 373.

- Free Silverites, basis of their claim,  
163; misstatements of, 386.

- Free trade, in Chicago platform, 81;  
jubilee (Eng.), 92, 202; not protec-  
tion cause of depression, 1893-'94,  
96; and free silver, 161; Bryan  
pledged to, 326.

- Future of the Anglo-Saxon race, 225.

**G**

- Gladstone on Armenja, 365.

- Gold and silver, fallacies about, 175;  
the standard, 175; and cost of pro-  
duction, 178-179; production and  
value of, and silver, 180; world's  
coinage of, diminished since 1873;  
185; standard since 1834, 386;  
standard and prosperity, 386; fut-  
ure of, 396-401.

- Government by injunction, 242; Alt-  
geld on, 370.

- Great Britain, debt of, 133.

- Greece, story of, 383.

- Greenbacks, controversy, 408; menac-  
ing part of currency system, 4; in-  
flation of, 166; Cornwell on, 382.

- Gunton on campaign issues, 160;  
suggestions of, to Reinhard Com-  
mittee, 284.

**H**

- Hamilton, 4, 126, 132, 160.

**I**

- Immigration, restriction of, 2; statis-  
tics of, 431.

- Imperial Zollverein, Chamberlain's,  
93, 202, 326.

- Income tax, part of revenue policy,  
84.

- Industries, war upon American, 90;  
American, struck down in 1892,  
158.

- Industry, American iron, 344; tin  
plate, 347.

- Initiative and referendum, 305.

- Injunctions, and labor, 44; bill to reg-  
ulate, 248.

- Insurance, labor in Germany, 437.

- International law and arbitration, 377.

- Inter-State Commerce Commission,  
221.

- Invention, march of, 266.

**J**

- Japan, land taxation in, 6; labor prob-  
lem in, 106; new industries in, 106;  
strikes in, 106.

**K**

- Keynote of Altgeld's Cooper Union  
address, 370.

**L**

- Labor, French, question, 37; child,  
278; troubles in Russia, 143; future  
of English, 325.

- Laissez faire not favored by Belgium,  
52.

- Lennon engineer and Ann Arbor  
strike, 245.

## INDEX.

### M

- Macaulay on American institutions, 195.  
 Machinery, made possible by association, 21; caused increased production in Japan, 108.  
 Manufacturers, Bradford and McKinley policy, 327.  
 Market, determined by laborers' consumption, 235.  
 McKinley, 1, 162, 328, 369; monetary views of, 5; election of, bad for England, 67.  
 Monetary, problem in this country, 4; true reforms needed, 174.  
 Money, question the absorbing one, 2; Clews on, 68; Whitney on, 68; New York *Sun* on, 69; Government fiat paper in Chicago platform, 81; debasement of standard, 70; science of, by Del Mar, 80; the issue, 143; sound, protection, McKinley, 162; production and value of gold and silver, 180; economic effect of appreciating, 233; appreciating, a benefit, 239; depreciation a reduction of wages, 240; under Henry VIII., 245; and prices, 309; history of, and prices, 380.

### N

- New Orleans *Picayune*, inconsistency of, 142.

### O

- Orient, industrial development of the extreme, 261.

### P

- Party government on trial, 257.  
 Parties, Brice on, 259.  
 Political deals, 442.  
 Politics affect business, 447.  
 Popular superstition on money and prices, 309.  
 Price, of silver, 82; fall in, of gold and silver, 179; market of gold and silver, 180; of silver in 1873 and 1896, 191; decline in, of silver since 15th century, 387.  
 Prices, paid in sweat shops, 29; false statistics of, 90; rise of, in Japan, 110; movement of, 165, 176, 177, 314; rise in with free coinage of silver, 193; fall of, 236; and volume of currency, 315.  
 Production, improved methods of, 347.  
 Profit sharing, "Brown System," 37; money and, 309.

- Prosperity, crime against, 159; true cause of, 170.  
 Protection, declaration for, in Republican platform, 2; war upon, 90; English reasoning on, 92; not cause of disaster, 93-94; object of, 160; England's return to, 206; must be maintained, 349.

### Q

- Quantity of money, theory, 309-311; Walker on, 297.

### R

- Railroads, State ownership, 54, 63; traffic of, 251; reforms of, 155; problems of, management, 337; failures of, 339; superior American, 342.  
 Reinhard Committee, work of, 98, 277; testimony before, 104-106, 279.  
 Repeal of Corn Laws, 202.  
 Republican convention, 1-5; party constructive on money question, 3; negative attitude of party, 393.  
 Revenue deficiency, Boston *Herald*, 444.  
 Reviews, Letters of David Ricardo to John McCullough, Hollander, 76; Thinking, Feeling, Doing, Scripture, 77; How to Study and Teach History, Hinsdale 78; The Science of Money, Del Mar, 80; Economics, Hadley, 229; Principles and Practice of Finance, Carroll, 232; The Standard Dictionary, Funk & Wagnalls, 306; Bimetallism, Barker, 307; Handbook on Currency and Wealth, Waldron, 308; A History of Money and Prices, Schoenhof, 380; Greenbacks, Cornwell, 382; A Sound Currency and Banking System, Foote, 383; A Story of Greece, Guerber, 383; Facts I Ought to Know, Bartlett, 454; Introduction to Public Finance, Plehn, 454-456.

### S

- Saxon land credit system, 354.  
 Sewall's letter of acceptance, 369.  
 Slavery, in New Jersey, 359.  
 Shipping, discriminating duties, 2.  
 Silver, question magnified, 2; limited use of, 3; outlook for, 74; price of, 82; standard countries pay low wages, 141, 190; free coinage of, reduces wages, 157; not demone-tized, 164, 186; at 16 to 1, why demanded, 167; fallacies about gold and, 175; production and value of

## INDEX.

gold and, 180; demonetization of, 185; not struck down, 185; production of, increased since 1873, 186; some questions on, answered, 187; demonetization of, explained, 189; price of, in 1873 and 1896, 191; free coinage of, and rise in prices, 193; is the poor man's money, 194; from, to a gold standard in Br. Honduras, 303; what remonetization would do for the Republic, 374; decline in price of, since 15th century, 387.

Silverites' appeal to the "Fathers," 367.

Spanish debt, 123; bond issue, 124; interest of, debt, 125.

Standard of living, index of civilization, 147.

Static condition intollerable, 20.

Statistics, Mulhall, 97; Wright, 94-96; of leading farm products, 252; of volume of money in circulation, 312; of population, prices, etc., 312; of immigration, 354.

Strikes in Japan, 107; in Russia, 143, 253; Ann Arbor and Chicago, 245.

Successful shop management, 372.

Suffrage in Belgium, 48.

Supply and demand, 309.

Supreme Court and government by injunction, 244.

Sweating system in New York City, 98, 277; and charitable institutions, 100-106; forerunner of factory system, 35; conditions in, 277.

### T

Tammany Hall and demagogy, 144.

Tariff, protective in Belgium, 53; for revenue, 84; attempt to justify Wilson, 249; protective, must be maintained, 349.

Taxation, land in Japan, 6; in Cuba and Spain, 123.

Tenement-house workshops, 102.

Tipping, economic effects of, 13-19; unjust and degrading, 18.

Trade, decline of British, 325; unions, London *Times* on, 331.

Trusts, effect on progress, 22; common sense on, 402; *Times* and *World* on, 446.

### U

Unemployed in 1893-'94, 94.

### V

Value of gold and silver, 175-180; of different metals, 178; market and coining, 190; of gold and confederate currency, 316.

### W

Wage earners' condition in Japan, 112; classes strengthened by organization, 159.

Wages, tend to equal cost of living, 17; to strike down, 157; high, and prosperity, 159, 172; profits come out of, under free coinage, 171; a blow at, 173; low in silver countries, 190; Bourke Cockran on high, 216; rise of, 236; high, basis of national prosperity, 331; and currency depreciation, 332; and free silver, 373.

Wealth, increase of, to wage classes, 236; distribution of, 237.

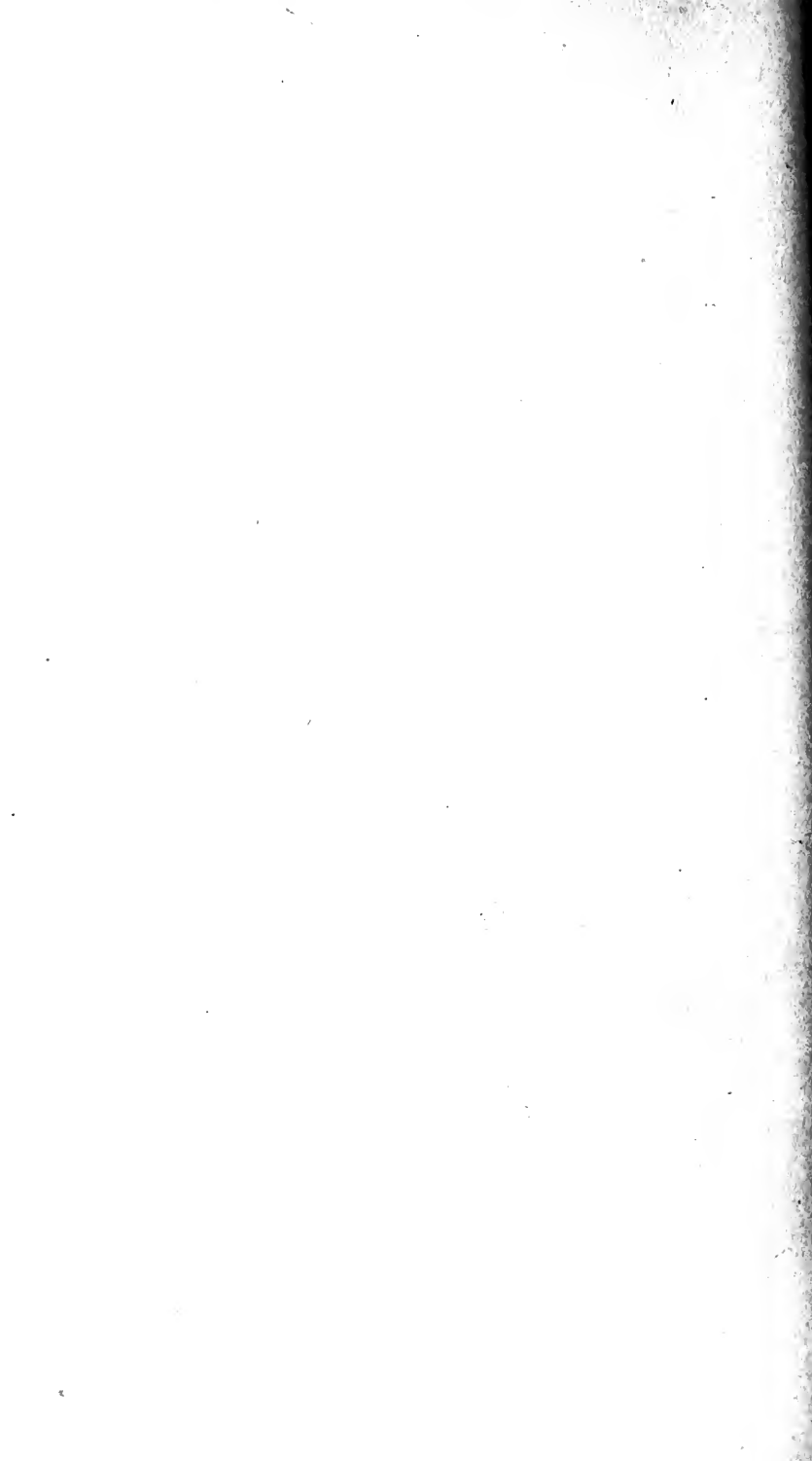
Wheat, effect of rise in price on election, 391.

Woolen, industries, Republican platform on, 2; Flemish, industry, 46.

Workingmen not a debtor class, 149.

### Z

Zollverein Imperial, 202, 326.



# GUNTON'S MAGAZINE.

JULY, 1896.

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## **The Republican Convention.**

The Republican party has announced its principles and nominated its candidates for the national election of 1896. In many respects, the St. Louis convention was an extraordinary event. It was the product of an exceptional state of public opinion. It exhibited unusual unanimity in the selection of candidates.

While Mr. McKinley is a magnetic public man and, perhaps, the best campaigner in the country, his exceptional strength in the St. Louis convention was made possible by the unpatriotic, uneconomic policy wilfully forced upon the country by Mr. Cleveland, whose determination to "reverse the policy of the last thirty years," which was so boastfully announced immediately on his election, succeeded also in completely reversing both the prosperity of the nation and the opinion of the American people upon Democratic statesmanship. For the same reason that the national disaster is inseparably associated with the names of Cleveland and Wilson, the immediately preceding period of high prosperity is associated with the name of McKinley. It was during the two years when the law bearing McKinley's name was in operation that the nation touched its high water mark of prosperity, and it was during the three years of the administration bearing Cleveland's name and the industry-destroying law bearing Wilson's name that the country touched its lowest point of industrial depression and disaster. It is not surprising, therefore, that the revolt of public opinion against Cleveland's administration should find its strongest expression in the nomination of McKinley.

The declarations of the platform on protection are what

might have been expected from a strong anti-Cleveland and pro-McKinley sentiment. Everybody would have been surprised and the great bulk of the American people greatly disappointed had the declaration on Protection been less emphatic. The special mention of the woolen industries, discriminating duties in favor of American shipping and the promise of more efficient restriction to immigration, also give further encouragement that, with the return of the Republicans to power, a broad and comprehensive protective régime will be inaugurated.

The feature of the platform, however, which was most intensely discussed and eagerly watched for was the financial plank. It has been a part of the ingenuity of the administration Democrats and anti-protectionists generally, to distract the public interest away from the tariff question, by forcing the money question conspicuously to the front. To this end a so-called "Sound Money League" was organized in Wall street with Hon. Charles S. Fairchild for president. For years this League has been sending literature broadcast over the country, particularly to editors, advocating "sound money," which meant "gold," to the exclusion of "silver." The animus of this propaganda has been to magnify the silver question and attribute all the last three years' industrial depression to silver legislation instead of to business-destroying and deficit-creating legislation on the tariff. The free silver people of the West eagerly accepted this challenge of the anti-silver movement of the East, declaring with equal emphasis that all our trouble is due to the Act of 1873, demonetizing silver.

Between these two forces, the money question became the absorbing one, but not in the broad, comprehensive sense of reforming our whole banking and currency system, but in the narrow and contracted sense of a fight over the standards, which resulted in a simple and specific declaration against the free coinage of silver and in favor of maintaining the gold standard. This is greatly to be regretted, because it raises a sectional rather than an economic issue. Yet for the narrow and seemingly arbitrary character of the platform declaration, the silver people themselves are chiefly to blame. They forced



the issue to that point. For years they have persistently refused to consider any modified proposition regarding silver. They have issued and reissued their ultimatum for the free coinage of silver at 16 to 1, or nothing. All propositions for the limited use of silver, or for the use of silver at its bullion value, or to change the ratio to put the two metals more nearly in unison with each other, have been scornfully rejected. The fact that the value of silver and gold has constantly grown farther apart, making the free coinage less and less feasible, has received no consideration at their hands. They carried their warfare to the extent of blocking all remedial legislation in Congress, even defeating measures to raise ordinary revenues for the government.

This created a more intense opposition to the free coinage movement than otherwise might have existed among the business people throughout the country, and particularly in the East. The silver advocates denied that anybody was a bimetallist who was not in favor of the immediate free and unlimited coinage of silver. In the United States Senate, Senator Allen, of Nebraska, publicly called Senator Aldrich, of Rhode Island a "liar and a fraud," because he called himself a bimetallist and still opposed the free coinage of silver. During the last twelve months they have almost abandoned the bimetallic idea and have demanded the free coinage of silver, regardless of the fact that it would put the country on a silver basis, and in many quarters they openly favor a silver basis and the expulsion of gold altogether.

Under these circumstances the St. Louis convention was compelled to act as it did or commit itself to the free coinage of silver. It is unfortunate that this narrow alternative was forced upon the convention, because the Republican party has ever been broadly constructive on the money question. It has always favored the doctrine of a bimetallic currency, that is to say, the actual use of both metals, which is the only true bimetallism.

Every unsound feature with which our present fiscal system is afflicted is, directly or indirectly, due to the Demo-

cratic party. Hence, to adopt the free coinage of silver at a time when it would be likely to produce a ruinous panic and give the country a single silver standard would only be adding one more to its list of monetary blunders. If the phrase "sound money" has any meaning, it signifies a sound fiscal or monetary system. Such was Hamilton's Bank of the United States, which gave us the best banking system the world ever saw. Both the First and Second Banks of the United States were really fiscal saviors of the republic. During their existence we had an abundant, elastic and safe currency, with ample loanable funds and a uniformly low rate of interest in all parts of the country. The sub-treasury system and the wild-cat banking were the contribution of that arrogant Democrat, Andrew Jackson. The greenbacks, which are the most menacing part of our present currency system, were rendered indispensable through the Democratic slaveholders' rebellion, as was also the bond security feature of our present national banks, which practically destroys all elasticity in bank currency. It was to enable the government to sell its bonds and raise funds to continue the war for the Union that the national banking law was passed by which government bonds were made the basis of note circulation.

There is a real monetary problem in this country; but its solution is not to be found in a mere refusal to adopt the free coinage of silver; but in the elimination from our fiscal system of those cancerous defects forced upon it by Democratic madness and disloyalty.

Of course, to oppose the free coinage of silver at the present time was indispensable to the financial credit and industrial stability of the republic. Yet this is only one small step towards the solution of the problem. It is merely barring the doors against the sudden, surging flood of disaster. The real sound money reform, which consists in imparting elasticity, cheapness, safety and abundance to our paper currency, is not even implied in a mere declaration against free silver or in favor of a gold standard. This can be accomplished only through a reform in our banking system; a reform that shall

make all paper currency subject to daily coin redemption, take the government out of the banking business, break the "endless chain" which makes possible unseemly runs upon the United States Treasury for gold to pay private obligations to foreigners; in short, a return to the Hamiltonian fiscal policy.

That would make feasible the repeal of the 10 per cent. tax on state bank circulation, the establishment of more adequate and superior banking facilities throughout the South and West, and relieve our agricultural population of the enormous burden they now bear of ruinously high rates of interest. This would give the relief to the South and West which they now mistakenly imagine they could obtain from the free coinage of silver. One year of a Hamiltonian banking system would melt the silver question out of existence and take the money question out of politics for generations to come. This would be good politics, consistent Republicanism and supreme statesmanship.

It cannot but be regretted that the St. Louis platform did not contain some expression of this constructive side of the fiscal policy of the Republican party. But, as we have already pointed out, that was rendered impossible by the acute conflict over the standards. Happily the case is not finally closed. There is still an opportunity for an official expression of the Republican policy of constructive monetary reform; it is in Mr. McKinley's letter of acceptance.

A great deal was said by Mr. McKinley's opponents about his monetary views, with the tacit implication that he had none. Every device known to politics and to journalism was resorted to, to wring from him an expression upon the standards, of course, with the view of injuring him with one party or the other in the conflict. He wisely refused to speak merely to gratify his enemies; he has been nominated, and custom requires that he write a letter of acceptance. It is to be hoped that he will take advantage of the opportunity to demonstrate that he is a statesman of the first rank, whose leadership the republic sorely needs, and for whose election the American people will be ever grateful.

## Land Taxation in Japan.

BY SHIGEYOSHI SUGIYAMA.

Notwithstanding many reforms have been made in the land tax from time to time since the Restoration, it still keeps the highest place in the budget of Japanese taxation. In Japan the burden upon land is three fold: first, the *kokuzei*—the national tax; secondly, the *chitrozei*—the district tax; thirdly, the *shictrosonzei*—the local tax, for a municipality, or a town, or a village, as the case may be. According to the budget of the last fiscal year (1895) 38,353,928<sup>1</sup> yen, which was more than two-thirds of total revenue of the central government for that year<sup>2</sup> were to come from this source. Owing to the absence of the latest statistics of the second and third classes of land tax, I must go to those of many years before and content myself with giving the reader a general idea of the subject. In 1894, the land bore its share in paying yen 7,757,921 for the district taxation; the amount collected for the local purpose from the same source in 1892 was yen 6,303,200. Besides these taxes, there are others which bear indirectly upon land. Especially, any person who has an income upwards of yen 300 a year is liable to pay an income tax there being no discrimination as to what sources it comes from—real estate or personal property. Hence, I can say safely that the land is contributing not less than yen 55,000,000 in all, for the maintenance of our governmental functions. This is, no doubt, quite a heavy tax imposed on land. No wonder that there has been a loud cry for the reduction of the land tax among our land owners during many years past, so that at last there arose political parties which have adopted this cry for their platform.

Before going further, let me give here a short glance into the history of land taxation in Japan.<sup>3</sup> In ancient times, the

<sup>1</sup> The silver yen is worth from 50 to 55 cents in the United States gold.

<sup>2</sup> The total revenue of that year was yen 90,94,658.

<sup>3</sup> The following facts were taken chiefly from Mr. Koike's "Lecture on Taxation."

land was not merely a possession of the crown theoretically, but it was so practically, and it was allotted to the subjects of the crown for some duration of time. The history of land taxation in Japan may be properly divided into four distinct stages of development. (1) The period of taxing an area of land; (2) The period of making some allowance on the fixed rate; (3) The tax on the products of the land; and (4) The tax imposed on an appraised value of land, which is the system in force at present. The first stage comes down to the beginning of the reign of the Emperor Kwammu, who reigned in the latter part of the eighth century and the beginning of the ninth of the Christian era. Although many changes took place during this stage, the burden upon land was always very light, and the average rate of taxation was not very far from three per cent. of the gross products of soil. After the time of the same emperor, all agricultural land was divided into a number of classes and kinds, and system of making some allowance on it was introduced. Though thus land was classified according to its capacities, the rate of the taxation still remained unchanged, for the amount of the tax which was paid by every cultivator was so small that there was no need to make any discriminations at all. This was the transition stage from the stage of the taxation on an area of land to that on products. Such a light tax on land may be explained partly by the fact, that in these ages the functions of the government were very simple, and so did not need a large revenue for running it; but chiefly, that even then our system of taxation was so developed that the land was by no means the only source of the governmental income.

But, in the course of history, the nobles and the military classes, who had been merely the tenants of the crown, grew into power and strength, and began to usurp a large part of the land, so that at last there resulted the establishment of the feudal system by Yoritomo, A.D. 1186. The feudal system, as everywhere proved, means nothing but a division and a strife. In this anarchical period, of course, there was no universal law whatever. In fact, hundreds or even thousands

of petty kingdoms existed in the country, entirely independent of each other. Even in the time of peace, the welfare of the people was only under mercy of avaricious feudal lords. No wonder that the land was taxed to its utmost capacity by them in a time when a war caused the necessity for doing so. But it was in this period that great progress was made in the mode of land taxation, and the system of taxing the land on its products instead of its area was introduced. Making a rough estimate, in the time from the Kamakura to the Ashikaga Shogunate (1186-1573), 40 per cent. of the gross product of the soil was the average rate of taxation. During the period in which the Oda, and succeedingly the Toyotomi families were in power (1573-1603), the highest point of taxation was attained; and it is said that the cultivators of the soil were allowed to reap only one-third of the fruit of their own toil. But after the Tokugawa government was firmly established in Yeddo, and order was restored throughout the country (1603-1867), the rate of taxation was somewhat reduced, about fifty per cent. being the average rate of land taxation imposed either by the Shogun government or the feudal lords under it. But in these times, however, the rate was cruelly heavy, there were, on the side of the people, some means to escape from the exploitation by their lords, for the system of taxation was so imperfect as to afford them many opportunities of deception and evasion. This was to neutralize, to some extent, the cruel deeds of the tax-gatherers. The methods of land taxation, used in the time of the feudal system, were of two kinds: One, the *Jomen*, which assessed some fixed rate of tax, during some duration of years, and the other, the *Kemmi*, which examined the field at the time of harvest, and assessed more or less, taking account of crops and some other conditions.

Soon after the Restoration of 1868, all the lands throughout the country were restored to the emperor, all the lords of feudal times reserving only an honorary name among the peerage, and receiving a pension from the government. In 1873, the new government issued the *Chiso-Kaisei-Jorei*—The

Land Tax Reform Act—and introduced the present system, which is to tax the land according to its appraised value, instead of its products. This was, of course, very hard work for the young government. But after a very expensive and wearisome work of nearly ten years it was completely done in 1881. To give a general idea of the work done: it was to make a thorough survey of all the land under the cultivation, and classify it into many grades, taking their respective capacities, locations and all other important conditions into consideration. Then making the appraisement of every portion of the land most impartially and most cautiously, three per cent. of the the appraised value<sup>4</sup> was fixed as the uniform rate of land taxation throughout the empire. This rate, however, was reduced to  $2\frac{1}{2}$  per cent. afterward. Thus the uniformity and the universality of land taxation was first attained. Since then every person who had occupied his land in a very ambiguous way under the feudal system, was allowed to own it in *fee simple*, and to sell or to buy at his own will. This was the first time in the history of Japan, in which the land became an individual property in the true sense of the words. I must not omit here to say that since this reform all private lands in the empire have become equally taxable, in contradistinction to the former system, in which the whole burden had been thrown upon the agricultural land alone.

Such being the history of the land ownership in Japan, the nature of the land tax in our country must be somewhat different from that which is called by the same name in other countries in the world. Land was taken from the feudal lords to the crown, and the crown granted it *gratis* to him who actually occupied it. Therefore, right or wrong, some of our economists think that landed property in Japan has, to some extent, a character of national ownership, and, consequently, that the land tax is something more than a common tax, *i. e.*, tax plus rent. It is superficial, therefore, I think, to view our system of land taxation which has such a peculiar history,

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<sup>4</sup> Not the market value, but an appraised value for the purpose of taxation, and so, naturally lower than the former.

from a purely foreign standpoint, and to condemn it as an exorbitant and unjust taxation. History alone can explain the true meaning of the fact.

Is the burden upon land heavier in Japan than in other civilized nations in the world, as it is often supposed to be? A thorough investigation reveals quite the contrary fact. Mr. N. Okoshi, once our consul in London, England, made a very valuable investigation on this matter, during his official stay at the English capital. According to his statistics,<sup>5</sup> the average burden upon land per *cho* ( $2\frac{45}{100}$  acres) in England and Wales is yen 41, while in Japan it is only yen 11.25. The proportion of it to the net production of land is 37 per cent. in the former, while it is only 20 per cent. in the latter. The rate *per capita* of the whole population to the tax on agricultural land in different countries is as follows: Japan, yen 0.84; England, yen 12.40; France, yen 1.73; Italy, yen 2.14; Belgium, yen 1.02; and Holland, yen 1.55. If the rate of agricultural population only is taken, the contrast is still greater: In Japan, *per capita*, yen 1.13; England, yen 43.88; France, yen 3.60. Of course, the wealth and other social conditions being entirely different in different countries, these statistics do not tell us that the Japanese land taxation is the lightest one in the civilized countries. But I think it quite safe to say here that at least it is not so heavy and so exorbitant as some persons are apt to suppose.

In the United States, all property—real and personal—is taxed equally under the very impartial name of the “general property tax;” but it is an open secret that it is a source of fraud and deception, and that, in fact, realty is bearing the most part of the burden, owing to the evasion of personalty, so that an eminent economist of this country admits “that the general property tax of the United States is a dismal failure.”<sup>6</sup>

<sup>5</sup> His book entitled “The Burden of Farmers in Japan, England and France.”

<sup>6</sup> *Vide* the chapter on the General Property Tax of Prof. Seligman's *Essay on Taxation*.



The general property tax, then, is, to a great extent, a real property tax. Then I must say that a land tax, clearly defined and recognized as such, is not worse than a general property tax, which is nothing but a land tax in disguise.

Let us now see what great reductions have been made upon our land tax since the day in which the reform tax system was adopted.<sup>7</sup> The average amount of land tax in the three years preceding 1873, was 11,373,630 *Koku* of rice, which, calculated in the rate of yen 4.18 per *Koku*, which was the average price of the time, equals yen 52,368,054. As the result of the reform system coming into effect, it was reduced to yen 49,462,945, making a difference of yen 2,905,109 from that of former times. Even after that time some reductions have been made from time to time—in 1877, yen 8,243,806; in 1880, yen 413,425, and in 1889, yen 3,196,682. Therefore, the sum which was taken from the land tax since the Reform Act of 1873 amounts to about yen 14,759,024, although some new tax has begun to be assessed on land for local and district purposes since then. At present the average price of agricultural products being very high, the difference may be still greater than was stated. Still more, if we take account of the fact that in former times the agricultural land alone had borne the burden of taxation, but now all private land is sharing it equally, it is quite clear that our present farming people are far better off than their ancestors.

As a matter of fact, the expenditure of our government is not diminishing, but increasing more and more every year. However, as new sources of revenue are presenting themselves with the development of the country, especially the power of fixing the rate of the customs duties, which had been restricted very unjustly to a trifling rate<sup>8</sup> by the imperfect treaty which was forced upon us by so-called civilized nations, in the days of our ignorance and weakness, will be restored to the hand of our government a few years from now, there is reason to be-

<sup>7</sup> Mr. Hosokawa's valuable work on "The Finances of the Meiji Regime."

<sup>8</sup> 5 per cent. of the price was fixed as the maximum rate.

lieve that the burden upon the land will not be increased any more.<sup>9</sup>

No doubt, the rate of our land tax may be comparatively heavy, as some economists think. It may be rather a primitive form of taxation, to impose such a heavy share on land. But I am rather glad that our government did not make a radical change of it (as might have been expected at that time), but reserved its singular character, which was nothing but the outcome of long history. Of course, I do not favor the theory of the single tax and land nationalization held by Mr. Henry George and his followers, and I am still further from sympathizing with the violent method of the confiscation of land to the state. There is no need of the confiscation of land in our country, but all people admit that it is more than a pure individual property, *i. e.*, that it partakes historically some economical character of national property. Thus, the state is recognized, in some sense, to be a sleeping partner of all land, and is entitled to some share of its products for that reason; but it does not, by any means, interfere with the rights of individual ownership whatever. The two apparently antagonizing principles of national and individual ownership of land are thus peacefully reconciled in the system of Japanese taxation. Either the single tax of land or the general property tax without any discriminations is not a good system of taxation. They are the two extreme points of the oscillation of a pendulum.

The equilibrium must be found in a point between them. There is a growing sentiment to-day in the civilized countries in general, that land is very different in its nature from all other forms of property, and so it must be taxed in a different way from a different principle. I believe that there will be a day in which this most difficult, and at the same

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<sup>9</sup> The Imperial Diet did not hesitate, in the session of the present year, to increase the rate of the tax on liquors and spirits to a maximum point, to make the tobacco trade a governmental monopoly, and to introduce many new taxes, but it dared not place even a finger upon the land tax. Nevertheless, the continuous rise of the value of city land will justly lead the government to increase its share of the burden some time in future.

time most important question, will be finally settled after a thorough investigation of the true nature of landed property, by the economists and the sociologists. Not until then will the time come for us to introduce a radical change from the present system of our land taxation for the sake of justice and equity, if it be proven that they are violated. As a compromise of such two distinct principles—national and individual ownership of land—I am deeply convinced our present system is a good one, though not the best to be conceived.

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### **Economic Effects of Tipping.**

The practice of tipping which is daily becoming more prevalent among certain classes of workers in this country is a remnant of the later Middle Ages. It was born of the sympathetic, patronizing instinct of "masters" to give the laborer six pence in appreciation of special attention, or out of sympathy for exceptional hardships arising from an unusually large family, sickness, or other social disadvantages. As wage conditions developed and laborers became more definitely grouped by industries in which uniformity of wages prevailed, the patronizing habit of giving an extra groat declined. Very naturally so, as the effort of the laborer to obtain more wages involved friction with the employers which tended to destroy the motive to drop the laborer an extra sixpence.

The feeling that laborers were making imperative demands for specific amounts of wages tended to produce among the employers the disposition to give only the contracted price or wages. In other words, the recognized rights of laborers to enforce their own demands for wages, segregated them off into an industrial class which tended to destroy the conditions of wardship and also to stop the patronizing presents from the "masters." The laborers learned slowly, and imperceptibly, perhaps, that what they received from the employers in perquisite cost them more than anything they bought with wages, because the acceptance of patronage always carried with it a

degree of obligation which destroyed the freedom to make imperative demands. Consequently, as labor organizations grew, patronizing presents from employers, which now take the form of tips, declined. They preferred a definite price for their labor to an uncertain sympathetic contribution.

We find, therefore, that in all the complex industries where the highest organization, best wages and greatest freedom among the laborers exist, tips have long since disappeared. And conversely, where wage conditions are less developed and the sentiment of wardship and the minimum individuality exists among laborers, the tipping system is most prevalent. In Spain, Italy and on the European continent generally, it is so prevalent as to amount almost to mendicancy. In England, it is sufficiently prevalent to be offensive to one not reared in the atmosphere of aristocratic institutions.

But there is a striking difference in this respect between the people of the North and those of the South of England. In the south-eastern counties, including London, which constitutes the agricultural section, where wages have not perceptibly increased for fifty years, laborers are servile supplicants for perquisite pennies; and in London, outside of the organized trades, they act like a herd of lackies who can hardly perform the ordinary courtesies of life without revealing the offensive expectancy of a tip.

In the North of England, on the contrary, where all classes of laborers are organized and energetic, and where wages are treble what they are in agricultural sections, tipping is almost obsolete. There is a somewhat blunt, but wholesome, independence and individuality pervading the entire population.

In the United States we have been comparatively free from this offensive semi-mendicancy. During the last few years, however, the tipping habit has been gradually on the increase among a certain class of laborers. The occupations in which this system is chiefly practiced are domestic servants, coachmen, barbers, waiters at hotels and restaurants, and porters on railway trains. It will be observed that these occupations are nearly all filled by foreigners and negroes who for the

most part have been reared under the patronizing and semi-feudal influences of paternal or ante-wage conditions. The colored people represent the remnants of menialism resulting from centuries of slavery. The Italian, Spanish and French waiters and English and Irish coachmen have the same menial impress, received in the atmosphere of the aristocratic, patronizing conditions of Europe.

This tipping system, which, as we have said, is the remnant of feudal conditions, is wholly un-American and highly uneconomic. It is an encouraging sign of wholesome progress among the tip-receiving class that they are beginning to realize this fact, and to question the economic and social expediency of the practice. Barbers, coachmen and waiters are beginning to enter the ranks of organized labor; and in discussing the means of reform for their class are beginning to consider the question of tips. And the more they discuss it, the greater is the tendency to make war upon it, and insist upon being paid in fixed wages instead of contingent perquisites.

The secretary of the Journeymen Barbers' International Union of America, Mr. L. T. Van Fleet, of St. Louis, has begun to make open war upon the tipping system. In advocating its abolition, he says:

"I detest this "tipping" custom; it is base, wrong, unjust, and degrading, and the barber who willingly accepts "tips" simply does so by bowing in humble supplication to receive them, because he has done or intended to do work for which he cannot demand a recompense.

We should not allow a customer to pay us just what he thinks our labor is worth, and if it is done for charity I consider it an insult. This "tipping" business is an indication that they want their work done for less than the standard price, and it has been practiced and encouraged by barbers to such an extent that prices have been decidedly lowered. This, no doubt, is one of the many reasons for our low wages and long hours.

Every barber should stand absolutely free and independent, and be too dignified to accept "tips." It is far better to

resist the temptation at first than to suffer the result later besides, it is more manly to earn your living than to receive charity or bribes."

This has the true ring, and shows that the secretary of the Barbers' International Union of America has taken on the true American spirit, which is the spirit of personal freedom and dignity—the spirit of working for wages instead of fawning for favors. The barbers of New York City appear to be opposed to Mr. Van Fleet. They evidently think that being in addition to their wages, these tips are so much a gain to them, and hence, to refuse tips would be permanent to lessen their income. This, of course, is the view entertained by all who consent to work under the tipping practice. But it is a mistaken notion. There is no class whose general income is increased by tips. The income is made precarious and fluctuating, depending on the whims of customers and the degree of servility of the laborer. But its permanent effect is not to enlarge the income, but rather to lessen the margin. Tipping, as a practice, is offensively un-American and positively uneconomic. It is un-American, not merely because it did not arise in America, but because it is contrary to the whole spirit and genius of American life and institutions. It is a system of paying for services partly in charity, which is always injurious, both to those who give and to those who receive; it injures those who give, in tending to create an austere sentiment that they are giving something for nothing for which the recipient is under personal obligations; it is degrading to the recipient, because it is a voluntary gift, which he can put in no economic claim, and consequently must pay for in personal gratitude or obligation, which always means the surrender of personality; it is especially offensive in this country, because it rests on no recognized principle of equity or payment of equivalents.

Under the tipping system, one never knows when he has paid the proper amount for the services received, or what will be necessary to pay to get even fair attention. One going to a hotel, pays the full schedule price, and gives a tip co

mensurate with his means, but frequently finds himself neglected because somebody else gives a larger tip. He does not know what size of tip would be necessary to command the proper attention, and so has to be bled enormously or fail to get the service for which he has more than paid. In fact, the schedule prices at hotels, restaurants, stables, etc., are ceasing to be any real guide to the expense involved. This uncertain semi-charity mode of payment is satisfactory to nobody. It is a nuisance to those who pay, except they are inordinately rich, and it creates in them a domineering and often despotic attitude, and it creates in those who receive it correspondingly cringing, menial demeanor.

Tips are uneconomic, because they make the laborers' income precarious and accidental, without making it larger or bringing any other corresponding benefits. The truth is, and it is gradually coming to be recognized, that the laborers gain absolutely nothing by tips; what they gain in tips they lose in wages. All the menialism exercised to obtain tips, and the inconvenience resulting from the uncertainty and unevenness of the amount of income, is so much disadvantage due to the tipping system, for which the laborers receive no equivalent.

In all the occupations where tipping is prevalent, so far as any permanent tendency exists, it is to reduce the wages proportionate to the size of the tips, so that the larger the tips, the lower the wages, and the smaller the tips, the higher the wages, and where no tips exist wages are highest of all. This is a necessary part of the economic principle governing wage distribution. Wages everywhere tend to equal the cost of living of the laborers; if the income is from two sources instead of one, then the tendency will be to lessen one or both of the sources, until they jointly equal the cost of living. If one source is fixed and the other contingent, as one wages and the other tips, the fixed will diminish in proportion as the contingent increases, and *vice versa*.

This principle, which was recognized by Adam Smith, Ricardo and Mill, has been increasingly demonstrated as wage conditions have extended. Thus, in England, where the farm

laborers have the privilege to keep a pig or a cow or grow a few potatoes, the wages are commensurately lower than in those districts where no such perquisites are given. So, in industries where women and children work, the wages of the man are invariably lower than in those industries where the support of the family is earned by the man alone.\* So, too, if we follow the occupations in which tipping is prevalent, we find the same disparity. In hotels where the guests are chiefly transient, the stipulated wages of the waiters are very much lower than in family hotels where the guests are permanent. The reason is that with transient guests, tips are given with every meal, or every day, whereas in family hotels the tipping is weekly or monthly, and consequently aggregates much less; and the wages are proportionately higher.

In certain hotels in London, Paris and New York, waiters will take a position actually without wages, and it has been said in some instances will give something for the position. The last time the Delmonico waiters went on strike they carried transparencies through the streets of New York on which was inscribed, \$18 a month. Of course, they would not be expected to work at any occupation where there were no tips for any such amount. Their wages were down to \$18 a month because of the amount they received in tips. In reality, their tips were deducted from their wages. In the long run, then, laborers gain nothing by tips, but always have to suffer great inconvenience and uncertainty as a penalty for accepting tips in lieu of wages.

The secretary of the Barbers' Union is entirely right in stigmatizing tips as "unjust and degrading." They are, in fact, inequitable, uneconomic, inconvenient, contrary to the entire spirit of American life and institutions, and inconsistent with personal dignity and individual freedom. The sooner the whole system is repudiated, the better it will be for the laborers as well as the public.

It is encouraging to know that one large corporation in

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\* Mill. "Principles of Political Economy," Vol. I, pp. 450, 452 and 488. "Wealth and Progress," 168-171.



New York City has taken the first step towards the abolition of this tipping system. The New York Central Railroad Company has provided a staff of porters to aid passengers with their baggage from its cars to the waiting rooms, hacks and street cars. These porters have a special uniform, a conspicuous feature of which is a red cap. The company takes great pains to inform its patrons and the public that these porters "are paid by the company," and need not and "*should not be tipped.*" If the public will co-operate with the company this reform will be a success, and may be expected soon to be adopted by other corporations throughout the country, and so, ultimately, rid the American public of a European nuisance which everybody resents but few can individually afford to resist.

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### **Theory of Economic Progress.**

The American Economic Association has for some years published monographs on economic subjects. These monographs have consisted largely of papers read at the annual meetings, and have been issued with considerable regularity three or four times a year. At the last annual meeting, however, it was decided to issue a regular bi-monthly publication, under the title of "Economic Studies." The first number was issued in April, 1896, and consists of two papers; one by Professor John B. Clark on "The Theory of Economic Progress," and the other on "The Relation of Changes in the Volume of Currency to Prosperity," by Gen. Francis A. Walker. Seldom have two articles appeared in one publication of such unequal merit. General Walker's article is a defense, or to speak more correctly, an assertion of the old and ought-to-be obsolete quantity theory of value. We defer comment on General Walker's article to some future number, confining ourselves for the present to the article by Professor Clark.

Unlike some of the productions of Professor Clark which we have had occasion to notice, this article is a clear, comprehensive and philosophical statement of the theory of eco-

conomic progress. It is entirely free from the maudlin anti-capitalistic sentiment which flavors so much of the recent economic literature, and shows insight into the character and tendencies of the economic evolution of society. Professor Clark is not frightened off by the bug-a-boo of trusts and monopolies. On the contrary, he sees that trusts, as has been so frequently emphasized in these pages, are but larger aggregations of capital whose very success and permanence depend on their rendering superior services to the public. The unqualified recognition of this principle as a part of "the theory of economic progress" is a distinct advance in economic science.

In describing modern progress, Professor Clark says: "The forward movement of society and the hopeful attitude that goes with it, are necessary to make life in the present worth living. A static condition, though it were full of comforts, would be intolerable. The picture of a stationary state presented by John Stuart Mill as the goal of competitive industry is the one thing needed to complete the impression of dismalness made by the political economy of the early period. A state could not be so good that the lack of progress would not blight it; nor could it be so bad that the fact of progress would not redeem it. A static paradise would be intolerable; but a dynamic purgatory would have at least one supreme charm, and would be the better state of the two.

The decisive test of an economic system is the rate and direction of its movement. How will our own system bear the test? Has it the power always to progress? It is now what it is, neither as good nor as bad as it might be; but if it is sure always to improve, what it is now is of secondary consequence.

Theory should give an *a priori* answer to the question. Certain forces are now acting, and at present they ensure improvement. The progress begins with the formation of society. Association is a dynamic fact. A man must consume a variety of things, if his income is to do him much good. Effective production demands specialization. A man should

produce only one thing or a part of a thing. Isolated life would be static. The law of consumption, demanding diversification, and the law of production, demanding specialization, would work against each other and bring economic progress to a halt.

“Competition is rivalry in mutual service. It is all men striving to outdo each other in benefiting all men. It is emulation, but not normally war. It is the social guarantor of progress. It compels the directors of industry forever to improve their methods. Specialization opens the way for the use of machinery. Mechanical genius, when solitary, is sterile. This is not merely because an isolated man would not think of machines; it is because he would have no use for them. The machine is *par excellence* a specialist, and requires a market. It puts its one minute touch on an endless series of goods all of one kind. It must find a place in which to sell them. It must work for society. Association made machinery possible, and machinery furnished a nexus that has made the social connection close and perpetual.”

He then speaks of the capitalistic forces as follows:

“The employer’s position is strategic and gives him a command over the methods of industry. He decides what shall be produced, and how it shall be produced. His position is also critical, since his commercial life depends on his efficiency as a co-ordinating agent. He can keep his place only by being as efficient as his competitors; and that means that his methods must become continually better. He cannot survive by merely directing his industry as well as he did when he assumed his control of it; he must direct it better and better. The condition of being employer at all is that of using methods that in efficiency are on a plane with those used by others. One must march abreast of the general rank in order to survive; and he must sometimes step in advance of the rank, if he is to make a profit. The rank will then overtake him in his advanced position; and the result of the whole movement will be a universal forward step. New machines, new materials, new motive powers are used, at first locally. One employer

introduces them and thrives by the means. Then all competitors get them, and in the end the public has the benefit resulting from cheapened goods. In the front rank of employers, mere survival; in advance of the front rank, gain; by the advance of all to the position of the foremost, social progress—such is the sequence. Competing employers develop a rivalry in compulsory beneficence. It is an effort born of self-interest to outdo one's fellows in effective altruism. *Take that character out of the entrepreneur's action and progress will stop.* The peril that the rivalry entails for employers secures society against the stopping of the movement. The employer must never leave the critical position that forces him to beneficent activity. Security for employers would mean paralysis for society.

Economic monopoly would mean such safety for the employing class, and it would check the race for improvement. We noted the fact that the combining of artisans under one employer creates the first commercial pool, and cuts off competition among men who would otherwise be vendors of wares to the community. Combinations among employers continue the process. Pools and trusts of the modern sort look like monopolies. Are they so? Do they make employers secure against the effects of competition? Do they stop progress?

The vital problem is the effect of the unions on industrial progress. If they give an impetus to the dynamic movement of society, they are to be welcomed, though they secure enormous profits. If they retard or stop the movement, the state should strain every nerve to suppress them, even though they exact no profit at all. The hope of the world lies in the forward movement. The gains that the whole public get from it must soon obliterate the injury received by paying to a federation of producers even a large profit that is fixed in amount. The exaction of the trusts works arithmetically; it takes from the public a mathematical sum. The forward movement works geometrically; it multiplies every day the fruitfulness of industry, and this continues forever. We can

stand any fixed exaction if we gain thereby an unending increase in productive power.

Now if the extreme possibilities of the new regime be tested, it will be seen that profits and the dynamic movement go together. The ultimate guaranty that the movement shall never stop lies in the fact that the gains of trusts must become capital if they are to do them much good; and to be capital, these accumulations must enter the field as producing agents. \* \* \*

There is no risk in the assertion that the growth of capital in the world keeps the essential power of competition active. It is a practical fact that managers of trusts recognize. New capital keeps progress alive by its perpetual intrusion into the industrial field. For its security it must take on the most efficient forms. If new machinery is built to compete with a powerful trust, it must be of the latest and best type. The whole power of the company that is back of the new venture must be expended in utilizing the best devices that are known, and in discovering others. In the extreme case that we imagined, in which the only competitor that could contend against one trust was another kindred combination, the power and shrewdness of the second would be used in excelling its rival in method, just as, in the primitive system, would be done by an individual competitor.

As the gains of one trust, taking the form of capital, may not only enter the territory of a rival combination, and keep down the prices there enacted, but may force its rival into a race of improvement, and so keep the dynamic movement of society active, it follows that the only combination that can stop progress is one that should include, with one trust, the other trusts that are its possible rivals. *These latter trusts include or employ the men who are the customers of the former, on whom its exactions are to be practiced.* Such a combination is impossible. I venture to formulate these propositions as expressing the facts about producers' combinations in which humanity is chiefly interested:

1st. Latent competition holds the exactions of a trust in check.

2d. It is not necessary and not desirable that this influence should annihilate the gains that come through combination.

3d. Accumulations of capital afford the ultimate guaranty of industrial progress.

4th. The fact of progress renders any exaction from the public which is fixed in amount a matter of secondary consequence. \* \* \*

The effect of development, then, has been to draw a line between two parts of what formerly made up a mechanic. Here is the man at work; and the tool in his hand is virtually a part of him. In this composite worker, man and tool, there is an element that ties him like a serf to his place of labor; while there is an intellectual element that, of itself, would make him free. A separation of these elements has come. The tool has grown in the man's hand. It has taken on complexities and become an intricate appliance; and, as this change has gone on, out of the man into the machine has gone the element that binds, the capacity to do one thing and that only. Within the man has grown the higher element that releases, ingenuity and adaptability. The machine is now a slave indeed; it is tied to its place; but for the man, the change means emancipation.

Capital might rebel, if it could, against taking on itself the wastes of progress. We have seen that such rebellion would be useless. The opposite policy, effectual and certain to be adopted, is to make the improvements, take the loss, and get a profit that more than makes it good. The locating of wastes where they can be borne is a triumph of industrial evolution. Bold strategy makes capital safe. It makes industry productive, and does so without putting the incidental burdens of it mainly on displaced labor.

The result hinges on the irrepressible nature of competition, and that again on the necessary action of those masses of capital that, in the new régime, are thrusting themselves

into the field. So long as they come in abundance into the field, the competition that results is also abundant and effectual. We shall not find ourselves trying to make a salvage from the wreck of a formerly dynamic system. We shall not resort to legal forces, whose action is uncertain, in order to stay the ruin resulting from economic forces whose action is sure. It is economic force that guarantees progress, and unless it be thwarted, it ensures it in ample measure. It is honest capital—productive wealth that is not filched from former owners, but is conjured out of non-existence—that, in the especial interest of labor, needs to be protected. Protect new capital, and let that act according to its nature, as a competing force. Then, instead of holding with slippery fingers the vanishing remnants of competition, you will find this dynamic force acting with full energy, and even more than in any other interest, in the interest of labor.

It is an old and cant saying that the interests of labor and of capital are identical, if men were only wise enough to see it. In some relations they are not identical, and workmen see it more clearly than their critics. The adjusting of wages at the time of a strike is one illustration. The point of permanent identity of interest is in the increase of capital, and in its dynamic action. On that all interests are dependent.

This fact draws a new line of economic conflict for those who see it in its full significance. The battle of the future, as intelligently ordered, will be between honest wealth and dishonest wealth, with labor on the side of that which is honest. This means, indeed, that if a trust be acting in a predatory way, if it be crushing competitors unjustly or illegally, labor is the natural ally of the honest wealth that opposes the combination. It means, also, that workmen are natural allies of stockholders as against swindling directors. They are equally the allies of massed capital, wherever it may be, so long as it acts according to the spirit of the law and in the interest of progress. Everywhere the battle for the protection of labor is the battle for righteousness; and that, wherever it is successful, protects honest wealth from that which is predatory.

Much honest wealth of the future may be massed in great holdings; and the argument that makes the workman its ally would seem to ask that he enlist on the side of a plutocracy. This is reasonable, if in any important way massed wealth is compelled to act democratically. If the worker can see that the more the new capital grows, the more it ministers to him, he can be comfortable among billions and billionaires. Labor will still demand every dollar of wages that it can get. It will press its employers by the power of labor unions. It will strike, until a better way of adjusting claims is available. Through its most belligerent actions it will see, when its eye shall be clear, the undetected harmony of interest between itself and honestly increasing capital. It will fight over distribution; but it will protect capital as such. It will see in all legitimate accumulations a power, first to make present wages high, and secondly, to make future progress sure."

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### Where They Make Clothing.

If one places himself under the charge of Deputy Factory Inspector of New York Frank S. Nash, with a request to be shown the shops where ready made clothing is made, he may be led down the Bowery and perhaps Grand street into the Hebrew and Hungarian district about Ludlow, Essex, Ridge, Forsyth, Rivington, Jefferson and Delancey and other streets, and then returning westward across Broadway into the Italian colony centering among the old and once "grand," now only "gloomy and peculiar" residences on Bleecker, McDougall and Wooster streets of the west side. On the east side the buildings devoted to the purpose are frequently back buildings, from four to six stories high, erected behind tenements and in the interior of blocks, and approached by narrow alleys or passage ways. These buildings have their several floors leased, each to one or more tenants, who hire them for the purpose of carrying on in them some special department of clothing manufacture, through the services of men, women and girls,



each of whom takes some small subdivision of the work on every garment that is made, confines herself to that exclusively, and is paid for it by the piece system. The shop or factory under the correcting influence of the Factory Inspecting system is not now ordinarily a place of squalor or of any repulsive symptoms. It generally has good daylight, for when located in the interior of the block its windows all around, dispense with the necessity of much use of gas light. Its several floors are reached in some cases by iron stairs winding upward on the outside, not unlike improved fire escapes. This is the better construction.

In other cases the hallway bisects the building midway, and stair rises over stair from basement to roof. In these buildings there are apt to be water closets at the end of each hallway, and our guide, the Factory Inspector, darts into each of these as we pass to point out to us and to the proprietor whether it complies with the law. His suggestions are always well received by the contracting shopmen. Altogether he seems, in representing the interests of health, fair play and social decency, as he does, to have the friendly interest and sympathy of the workers and of the contractors.

The air of some of the shops is closely laden with the odor of steaming woolen cloths, dyes and chemicals; but, on the whole, visiting them in April or May, when most of the windows can be kept open, one is impressed by their freedom from needless impurities or offensiveness.

Perhaps the first shop into which we enter is rented by a Hungarian Jew, who supplies the work for twenty hands, mostly women and girls, in making up an overcoat or "ulster" of coarse, heavy material for Canadian, Western lumbering or "cowboy" wear, which is sold by the manufacturer at a wholesale price of from four to five dollars per coat.

The proprietor speaks no English, and refers us for answer to our inquiries to his daughter, who is at work among the girls, and who, girl-like, contrives to see material for a shrewd, quizzical smile or downright laugh, at the idea that anyone should be so utterly unsophisticated as not to know the facts

we are inquiring about. She has the absolutely fashionable color on her hair—a bright reddish yellow—a complexion which, with more exposure, would freckle, but being without much sun is a trifle too pale, and, while her features are thin and sharp, her voice is fine and low.

“At what price do these overcoats sell in New York?”

“We don't know. It is none of our business what they are sold for,” replied the sharp-eyed girl, with a smile which contradicts her words outright and changes them in effect to, “I know perfectly well what they sell for, but what profit is it to me to tell you.”

“How many months of the year are you at work on these goods?”

“They are winter goods; we will be making them all summer. Then in the fall we will turn to summer goods.”

“You don't work on these goods six months of every year without knowing better than I do what they sell for? I do not need the exact price, but within a dollar or two!”

“Why, of course, we know better than you do,” laughed the girl, as if the bare thought that we could know aught concerning prices of overcoats were just too funny for anything. Then she remarked:

“The wholesale price is somewhere above four and less than five.”

“Dollars, I suppose you mean,” I replied.

“Why, certainly, what could it be but dollars,” she exclaims pertly, so much amused that she is compelled to share her giggle with the rows of girls sitting on each side of her.

“As you are Hungarians I thought it might be marks or florins or the deuce knows what?”

This reply is received with a demure skepticism which seems to mean, “There is not a word of truth in what you say, but whether you will tell the truth or not is your own little affair,” and then she remarks quietly, “My Papa is Hungarian, but I am not.”

“Were you born in New York?”

“Why of course we were. Can't you see that we are

American? Don't I speak your language? What are you giving us?"

"You might have learned your English in England," I suggested.

"Might, but didn't," laconically.

"What does it cost to make one of those coats; just for the labor done here?"

"Thirty cents," she replies, promptly.

"Is that the contract price which your Papa gets from the Clothing House?"

"It is."

"What does he pay to get the work done here?"

"Twenty-seven cents."

"And does he make only three cents profit on a coat?"

"He irons them, expresses them here and back, and gets from one to three cents a coat for profit and for his work."

"How many can all the people now here make in a day?"

"From a hundred and sixty to eighty to two hundred coats a day."

"And how many persons work on one coat?"

The young girl looked rapidly over the men and women at the machines, and tapping off the tally on her fingers, concluded:

"About ten, or including Papa's work, eleven on each coat."

"Are you paid by the week or by piece?"

"Some by the week and some by the piece."

"Is the work cut here?"

"No, it comes already cut."

"What are the ten processes and what is the workman paid for each?" we asked.

"Basting, two cents; lining, three cents; sleeve lining, four cents; sleeves, two cents; four pockets, four cents; stitching, three and one-half cents; button holes, two cents; filling, two and one-half cents; buttons, one cent; busheling, two and one-half cents; expressage, one cent—the whole is twenty-seven cents."

“And how much can you earn in a week at these rates?”

“About eight or nine dollars, some seven or eight dollars.”

“And when you pay by the week, what do you pay?”

“About the same, some nine, some ten a week.”

“And what does your Papa average a week for his own time?”

This question she repeated to her sire, who threw up his hands in a despairing way, as if he were getting nothing.

“He says sometimes he makes nothing at all, sometimes only his rent, and sometimes ten or twelve dollars a week; not more!”

“Do you never employ more hands than are here now?”

“This is the average since the hard times; from sixteen to twenty.

“How many did you employ four years ago?”

“Oh, 200, sometimes more!”

“And how many coats like these would you make up then?”

“About a thousand a day; from 800 up to 1,100.”

“Were the prices the same then as now?”

“Oh, twice as much. Sixty and seventy cents a coat.”

“And your weekly rates of wages were higher?”

“Proportionately.”

“What has become of all the hands that used to work here?”

The girl pursed up her brows as if to say “What an impossible question to answer,” and shook her head.

“We cannot tell. Some have gone to Williamsburgh. Some to Hoboken—many to the old country.”

Our last question to this golden-haired and bright-witted daughter of Israel brought another of those sharp commercial answers which conveyed a suggestion of fencing.

“Is this a healthy place to work in?”

“Why, certainly! Why should it not be? Don't you see us? Does anybody here look sick?”

Retiring, we entered the room on the floor next above, which we found divided between two contractors—one with

a dozen hands working on children's summer suits, very light and small, and another, with thirty hands working on a genteel men's suit of light woolen checks. One of them would retail in the New York stores on Broadway at from \$16 to \$18; another would sell at from \$12 to \$14 on Eighth or Third avenues or the Bowery.

The firms for which these suits were being made included some of the best known dealers in ready made clothing in the city, and the suits themselves would have satisfied a fairly fastidious taste.

“What do you get for sewing up these suits?”

“From \$2.25 to \$3.25 a suit, according to quality and work.”

“Is the cloth of which they are made American or foreign?”

“Generally foreign now; I should say two-thirds foreign now. Until within a year six-sevenths of it was made of American cloth.”

“You attribute that to changes in the tariff?”

“Of course; there could be no other cause.”

“Are we importing any ready-made clothing?”

“Not yet. Foreigners would have to learn how to make it before they could send us clothing ready made. At present few Americans would wear an English tailor-made suit, still less a ready-made.”

“That is because their work in cutting is clumsy and lacks style, and their making up is without finish or elegance?”

“Exactly. When an American wears an English-made suit his friends gibe him on it, asking if his wife or his mother made it.”

“It appears, then, that the clothing trade ought, of all others, to profit by the free trade theory. Its finished product, clothing, is virtually not importable at all, its finished raw material, cloth, has low duties, and its ultimate raw material, wool, is on the free list. Under these favoring circumstances, the clothing makers ought, according to the tariff re-

formers, to be making up twice as many goods and the people ought to be wearing twice as many."

"It don't work that way. Prices of clothing are the same as they were before the hard times. But the people don't wear as many."

In one shop nearly all the hands seemed to have left; but one slim, pallid woman, with half toothless gums, was bending over a pair of trousers trying to keep away from burial expenses for the present. In front of her was a child of twelve, also trying to do some of the work on another pair.

"What is that child working here for?" demanded the Inspector sternly. "You see she is not fourteen."

"Ah, poor thing," replied her mother, feebly, "you see it isn't work she's doing, she's only helping me."

"Helping you is working, as you well know," replied the Inspector. "You must not bring her here again, or it will make you trouble, and you must send her to school. Don't let me see her here again until she is a good deal older than she is now."

The woman had the usual plea to make of the size of her family, and the illness of her husband, but the law would not be thrown off the track by any such plea.

Visiting about ten shops in this building we got essentially similar replies. Most of them were working a very light force, owing to the pressure of the times, the number of machines being small compared with the room at their disposal.

One of these contractors, when asked why he paid rent on so much more room than he needed, said:

"I pay \$450 rent here, de same I paid before Grover Cleveland was elected. I hab no politics. I cares notting mid bolitishuns. But I would be five tousand tollar better off if I sdop verk de day Grover Cleveland vin, and yust do nutting till now."

The results were very nearly alike in every shop and in all respects, including the division of labor in the work, the average prices and earnings, and withal the doleful excess of room hired over occupants to fill it, and the contempt felt by the

contractors for the Cleveland administration and the Wilson tariff. A like conversation followed with the workers in about twenty of the class of shops which, under the operation of our factory laws, have now become "factories" in every essential sense, except that there is generally no ownership by the contractor of either the building in which the work goes on, or of the materials on which the work is done, such as holds true of most "factories."

"Can you show us," we then inquired of Inspector Nash, "a house or two in which contract work on clothing is being done in tenement houses in the manner forbidden by the statute, and technically known as the 'sweating system?'"

"That would be to show you a running violation of the law, such as it is our business to prosecute and suppress," replied the Inspector. "It is not always easy to have a criminal offense ready for us to exhibit to order! But we will cross over to the Italian colony on the west side, where they were working in tenements only a few weeks ago, and where part of the rooms in the same building are still rented for workshops and part for tenements, in a manner which was illegal, but which the Legislature is now considering the expediency of making legal."

We soon reached Bleecker street, near the point where D. O. Mills is clearing away the debris of a row famous for its descent from aristocratic gentility to squalor, and which he hopes to lift again into respectability, by constructing upon it a working men's hotel. The Inspector pauses in front of one of those old Bleecker street mansions, whose large rooms, high ceilings, anciently embellished cornices and wide halls indicate that sixty years ago, a lacquey in livery would have met us at the door way, and we must have had some social merit or important business if our card gave us admission. To-day the parlors are a manufactory of paper boxes, the second floor front is devoted to artificial flowers, and upon the third floor front and rear we meet the familiar odor of steaming woollens, which indicates that clothing work is going on here. There is more of dirt, gloom and "misfitness," disorder, savagery and

the appearance of being out of sorts with the course of events, and sullenly angry at fate among the people here than we met with in the shops on the east side. The Inspector shows his badge, but it is looked upon less cordially, more like a policeman's badge among rioters. The small knowledge they have of English is made smaller by their distrust of the true object of our inquiries. They make it plain, however, that they regard themselves as hampered and required to pay too much rent by the law against "sweat shops." "Why pay two rents, one for my work and one for my family," asks the best speaker, who is a Neapolitan. With violent gesticulations, as if he were fighting an invisible bear and had all he could do to survive, he pointed out to our imagination his suffocated family living close under a roof, and he working in this place, made preternaturally dark by piles of bales and boxes, paying two rents, whereas, if he could work where he lived and live where he worked he could make a better living and live in a better place.

"I do not so well here as in Ne-ap-o-li," he remarked.

"Did you work in the house where you lived in Naples?" I inquired.

"Aye, so," he responded. "All is better there now as here; all so different."

"Was it better here than in Naples when you came?"

"Yes, better then. I do well a little while. Now I must go back or I starve. I cannot live here. All for two rents; I go back. Give me one rent I can live! Two rents. Ugh! Horrible!"

It was clear that the factory inspection system did not suit this recent resident of Naples. He wanted the privilege of cramming his family, his workmen, his sewing machines, cooking stove and sleeping pens all into one room, and did not perceive that when he had thus adapted himself to the lowest possible wage the manufacturing employers who gave him his contracts would expect him to work at that lowest figure, as if it were the normal rate. He had not discovered that it is everywhere the slaves that forge their own chains, and that



the way to a good living is to live well, just as the road to righteousness is to do right.

Dr. Samuel Johnson, in his nearly forgotten dictionary, is said to have defined a garret as "the highest room in a house, the room directly under the roof," and a cock loft as "the room over the garret." If so, the house in Bleecker street had a garret which reached the roof and was divided into numerous small rooms, bevelled as to their ceiling on one side, in some of which families were living, and in others of which the numerous sewing machines were whirring like buzz saws in a sash factory. Over this in the cock loft were more families which had recently removed from the floor below, to give exclusive possession to the machines. The others, we were told by the Inspector, would soon follow or vacate the building.

This suggested that when, by operation of the inspection system, the sweat shop was compelled to disperse, the machines, the cloths and the odors would be likely to hold on to the best rooms in the garret, while the families, children, sleeping and cooking would betake themselves to the still cheaper rooms in the cock loft. This would be like the sheep in England, which were the property of the land owner and therefore a means of profit, driving out the poor cotters, which were only a subject of commiseration and of public prayer. Perhaps the full demands of economic reform will not be understood in large cities, until instead of merely factory or building inspectors, we shall have inspectors of the standard of living, authorized to go into the very homes of the squalid and prevent people from living as meanly, darkly, dirtily and unhealthily as they would be willing to do under pressure of poverty and discouragement if let alone.

The impression produced by a day spent among these working shops, is that the sewing machine has sturdily begun the work of transferring the manufacture of men's, boys', and children's clothing, from both the home and the tailorshop to the factory; that these sweat-shops are the forerunners of a factory system which will increase the application of machine power to the manufacture of clothing in a much larger degree

than has yet been done; and that when this has been done the country which leads in this branch of manufacture will have a purchase and a leverage on the markets of the world which the mere manufacture of cloths, whether of cotton, woolen or silk, would never confer.

It is everywhere the fully made garment, and not the cloth from which to make it, that the world's markets are waiting for. The African to whom Stanley sold the yard of cotton cloth knew little of how to shape it into a garment, and therefore used it as a charm to keep off evil spirits. But with a fully made garment in sight he is not long in learning that his legs go into the trousers and his arms into the sleeves, and that in the case of a dress-coat, the swallow-tails go behind instead of in front, notwithstanding the scanty antecedents connected with his breech-clout would have led him to see greater wisdom in the reverse use of the article. When he has robed himself for the first time in civilized attire the savage is already half civilized. Who will say, therefore, that the American system of dressing in ready made clothing may not contain within itself the promise and potency of a more world-wide influence than the United States has yet exerted, or than it could ever exert in any other way. Even where the missionaries have failed the dress reform may sweep the heathen countries like a whirlwind.

There is only one drawback from the comprehensiveness of the scheme of salvation through ready-made clothing, which now offers itself to a sin-sick and suffering world. This is the fact that the clothing of women has not yet come under the multiplying and cheapening influences of the factory system.

## French Labor Question.

BY H. K. LANDIS, E.M., NEW YORK.

A very serious issue of modern times is the labor problem, both on account of its effect on society in general and on individual industries in particular. Strikes and lockouts have tested the strength of both employer and employed and have but resulted in more rigid discipline and still more determined labor organizations. As methods they may be regarded as unsatisfactory, in that they do not attain the end desired, and result but in irritation and misery. Lately, however, a different condition has become apparent. The tendency seems toward making things easier for the workman by doing away with harsh methods and paying more attention to the instruction of skilled labor. For years, accident benefit societies, company hospitals, and in a few cases instruction, have been in successful operation at many large works and mines in this country, but strikes nevertheless exist. However, such troubles are rare or unknown where "the old man," as the workmen usually call him, is superintendent. The fact is, that just as human consideration is the basis of gentlemanly conduct, enabling men to mingle without friction, so a regard for the happiness and contentment of workmen is certain to be appreciated, and a bond of mutual interest established in which wages play no part. An up-to-date application of these principles may be seen in the establishment of railway-clubs for enginemen, conductors, etc., reading rooms at terminals where the employés are required to wait, and also rooms where they may heat and eat their luncheon in comfort; the encouragement of founders' associations, enginemen's technical societies, and technical societies for all classes of wage earners, where, instead of inflammatory speeches, they gain knowledge which makes them higher priced men in a natural way. The "Brown system," which has lately received so much attention, discharges a man only for proved incapacity; errors are treated as educators by posting them periodically as bulletins without the employé's name, and where every man on the force can see

and read; a private record is kept of each man's mistakes, which can only be erased by continued fidelity and skill; prizes are given where no errors have been made during the year. This system is not only logical and just, but possesses the valuable virtue of being a success. A workman's natural pride and the possible errors incident to the personal equation of each man, are facts and must be met as such, for in the words of Deacon Swan, "whoever refuses to recognize the natural consequence of such action is doomed to disappointment." Of course, such methods must not be extended to any kid glove and free flower distribution system, but an employer must consider that though his "dago" drives spikes for a dollar a day, "a man's a man for a' that."

Any system of treatment will depend largely upon local conditions and upon the ideals of those concerned. It has always been a problem with those who would solve the difficulty by high wages or short hours, how a people could put up with the wages received at Continental works; so it might be instructive and interesting to the superintendent to see just how this is done and under what conditions. Let us take, as an example, a hydraulic cement works, having a capital of \$1,760,000, in France, along the Rhone; that of the Société J. & A. Pavin de Lafarge. It is not because the work is pleasant or easy that there is such a lack of labor troubles at this works. Though the ordinary operations of quarrying at a 300 ft. face are not as dangerous as underground work, yet the heat and carbonic acid gas of the kilns, and the dust in grinding and sifting the cement, make the work quite fatiguing and undesirable.

About 50 to 60 per cent. of the workmen always have lived in the neighborhood of the quarries, spending their spare time in agriculture on their own or on some peasant farmer's land. During about three months of cold weather the work relaxes, and the employés at the works, instead of being discharged, are given three or four days' work per week. In order to give the workmen the liberty necessary for harvesting or sowing, two other classes of workmen were instituted:

families living at the works, and transient workers, who are usually bachelors.

Families of employés having no home of their own live in the *cité ouvrière* and in lodgings set apart in various parts of the works. The *cité ouvrière*, accommodating about thirty families, extends along the Rhone upon a boulevard promenade, and includes a place for bowling and playing at skittles, with one-fourth acre of land attached to each home for each family to cultivate. One of the houses of this block of dwellings can be obtained only by a father having at least three children, and whose trade will not take him away from the works; he is selected on account of good moral character and his usefulness as a workman. The rent of a house in the *cité* is from \$2.30 to \$3 per month, while in the works lodgings the rental is \$1.40 to \$2 per month.

At the center of the *cité ouvrière* we find the *cercle*, where, at certain hours of the day and all day on Sunday and holidays, workmen can get excellent drinks at moderate prices. The manager is an employé of the company, receives a salary and is not expected to receive tips. Here the workmen and foremen find the journals, reviews and various games with which to spend the time. A fencing school has recently been established, frequented by young men, where excellence has been stimulated by prizes. The workman has no excuse to desert his home on either week days or holidays, as he can take his meals at his own table and have his papers and amusements near by. These families are the élite of the working population.

It is necessary to have a certain number of transient laborers, and they are secured in a hundred ways, and engaged until the month of October. It is difficult to discipline this contingent, but a large part of the success is due to the interest that is taken in their moral and material welfare. For them there has been built a *Cantine*, or building with dormitories and eating rooms, accommodating 200 workmen. The workmen are here classed according to the province they come from, and their age, in order that the tastes of associates should

be as near as possible alike, and conducive to general contentment. At the foot of each bed is a box, with lock and key, serving as a trunk, and at the headboard the name of the workman and a bag for his linen. The dormitories are lighted at night, closed during the day, and always under the eye of a watchman.

For lodging they pay a cent a day, or two cents when they have a separate room. A bill of fare is fixed upon the door; no outsider is accommodated. During winter months two meals per day suffice, but three are required in summer, at which time the tables are placed along the Rhone, where the air is cool and pure. About 100 workmen are lodged in this manner, and twice that number come to the midday meal. The following is a typical bill of fare:

Wine, 1 pint.....	4 cents
Bread.....	6½ "
Meat, per 3 1-3 lbs.....	4 "
Soup, per quart.....	2 "
Vegetables.....	2 "
Cheese.....	2 "
Fruits.....	2 "
Coffee, with sugar.....	1 "

Under these conditions the laborer spends for his food about \$7.00 per month in winter and a little more in summer, paying from money which the foreman advances them from their monthly salary, which they can spend but at the *Cantine* or at the stores if necessary. The workmen living a long distance away from the works, who go home on Sunday only, also lodge at the *Cantine* and act as an element of good order on the regular inhabitants.

The company has also founded a hospital for the care of their dependents, and the distribution of medicines in case of accidents or sickness. Old and infirm workmen, whose past record is good, are pensioned two dollars to six dollars per month; the first rate being paid to the old women. About twenty persons receive pensions.

The care of their employes not only extends to the material wants, sickness, death, or moral and intellectual

needs, but also to the spiritual. As most of the workmen are Catholics, they have erected a church, crowned by a statue of the Virgin, in which religious worship is held, and the work of the week is generally begun by a mass.

Girls, five to fourteen years of age, about sixty-five in number, are taught in a school conducted by the Sisters of Trinity. From fourteen to twenty years they are taught in a workroom to perform all the necessary domestic duties, there being about ten in this class. The boys, aged fourteen to twenty, to the number of about eighty, go to a school conducted by the Frères Maristes; while during the winter seventy or eighty workmen, joined on Sundays and holidays by about forty young men up to eighteen years of age, attend a school taught by one of the brothers.

The *Cercle de Jeunesse* was established for the purpose of procuring for ambitious young men, in connection with useful employment during leisure hours, a course of instruction which prepares them later for the position of foreman. To this school is joined instruction in fencing, *fanfare*, a library, etc.

All the institutions were created and maintained by the patrons, a fixed sum of one cent per ton of cement made being contributed to the support of schools and divine service alone, and when not sufficient, added to by voluntary gifts from the company. The existence and development of these institutions lie with the workmen themselves, and their possibility with the generosity of the company.

The *Caisse d'épargne* or savings bank is the most useful relief method to the workman. He rarely has the time or courage to dive into the, to him, intricacies of a bank account, and prefers to leave it in the hands of the company. This saving begins in the boys' school, where one of the patrons distributes every month credits to the boys in this savings bank, and by the time a scholar becomes a workman he usually has up to \$5.00 to his credit, and he, if economical, adds to this, receiving  $4\frac{1}{2}$  per cent. interest for it, which is better than he can get in the State Banks. The deposits amount to over \$20,000.

As the *Cantine* meets the wants of the floating labor, the relief fund or *Caisse de secours* deals with those whose families are at a distance, and who are not so easy to class with those in the immediate vicinity of the works. The fund is fed by: First, the retention by the company of 1 1-2 per cent. of the workmen's earnings; second, by a sum equal to one-fifth this amount, which the proprietors donate. It is governed by a council of 10 officers and workmen who appoint an auxiliary board of 10 to look into cases requiring assistance. The fund is applied to two purposes: First, temporary assistance with money or help in cases of sickness or accidents. The amounts fixed are 25 cents per day for men with families, 15 cents per day for bachelors or widows without young children, and 10 cents per day for workers less than 15 years of age. These benefits continue for six months, and then decrease progressively until they cease at the end of a year. Help is rendered by visits of the works physician to a distance of 50 miles from the works, the gratuitous distribution of medicine and a bed in the hospital when necessary. Money benefits amount to about \$1,000 yearly. About 1,000 visits are made yearly by the physician to workmen, 1,500 to their families, and 700 trips to 68 workmen in the hospital. Second, insurance against accidents, one-third payable from the *Caisse de secours* and the other two parts by the company. They are placed with various insurance companies, and provide only for accidents causing death or permanent disablement. The company thus pays out about \$1,600 yearly. The money of the relief fund constantly augments, so that it has been possible to establish a grocery store and a bakery, involving yearly an investment of \$14,000, and rendering a profit of \$500, notwithstanding the fact that the bread and groceries are the best and are sold at prices below that of other retail stores. In order to avoid a charge of oppression, outside vendors are allowed to sell to the workmen. Terms at the store are cash, though a very limited credit is given to those living at the works.

Twenty to twenty-five thousand bags per day are needed by the works, in which to ship the finished cement, and seventy



to eighty women of family are employed, the more active earning \$5 to \$6 per month. These women are chosen as being the ones most in need of the money.

The works are divided into two parts, the calcining kilns, and the division of subsequent manufacture. The workmen are usually paid by the piece work system, and are allowed the full liberty of the works. They are directed by twenty foremen, employed at \$20 to \$46 per month, including lodging and heat; nineteen of these foremen have grown up with the works. Promotion always follows diligence, honesty and intelligence, though preference is given to sons of old workmen. The foreman hires no hands, but each applicant is examined by the superintendent himself—a custom which might well be followed in this country—and here again the sons of aged workmen are shown the preference.

It is hard to appreciate the order and harmony that reigns in this works.

The attachment of the employés to their employer is certainly one of the causes for the harmony and prosperity in this works. Contentment is not secured by large salary as much as by the solicitude shown by an employer for the health, comfort and happiness of the workmen. Inducement to take to agriculture on a small scale in the above case has succeeded admirably in keeping a constant supply of workmen close at hand. This is but one case of the policy adopted by continental manufacturers and it is one prominent reason why they can compete with us in our own market, and at our own works.

## Labor and Injunctions.

Mr. Evans Wooley, in the *Yale Review* for May, shows that in consequence of the decisions in the Oakes case and in the Debs case, an act of Congress has been introduced depriving the courts of the United States of the power to issue any order (injunction) forbidding the commission of an act already made criminal by law.

The act is framed by the Federation of Labor, and its passage will be pressed during the next session. Its theory is, that if an act is criminal by law, whoever performs it should be left to take his punishment at the hands of a Criminal Court, but that it is no part of the business of a Court of Equity to prevent it. The effect of such a change in the law would be that a person proposing to violate or resist the legal rights of others or the commands of a Court of Equity, could divest the Court of Equity of all jurisdiction to restrain him from doing so, by simply making the form and extent of his resistance such as would amount to a crime. As the proposed statute is not limited to labor disputes, but applies to all cases in which the court could be asked to grant an injunction, it might be paraphrased thus: "Any person desirous of resisting the orders of the United States Courts, may divest those courts of all power to subdue or prevent his resistance by resisting with enough of violence or illegality to amount to a criminal offense.

The passage of such an act would be equivalent to saying "The Federal Court having used their equity powers unwisely in the Ann Arbor and Chicago cases, it is hereby enacted that the equity powers of Federal courts be abolished. This would be more than the Federation of Labor need ask. To ask it would be to make the same mistake which the Prohibitionists made in Iowa when they got the legislature to enact that every house in which spirituous liquors should be sold for any purpose or in any quantity, should be deemed a public nuisance, which every private citizen should have the right to abate by

force, and which every Court of Equity could order abated by injunction. It was carrying the injunction process further than it would bear. The only restraint upon the practice of courts which the laboring classes need would be an act limiting Courts of Equity from issuing injunctions to restrain working men from leaving their work individually or collectively as a means of negotiating with their employers for better terms of employment. In short, no Court of Equity should be permitted to issue an injunction to forbid a strike, any more than to forbid a merchant to change his price on a commodity, or to forbid a landlord raising his rent.

Meanwhile, the mere fact that a bill of the above description has been drafted in the interests of labor, and is perhaps as likely to be passed as not, should serve to make it clear to the courts that after all the court of final resort, which has the "last guess" as to what the law ought to be, is the voting constituency. If the courts wish to keep the injunction power from being limited, or even abolished, anarchic as that result would be, they must not use it to deprive wage workers, who form three-fourths of all voters, of the power to say effectively at what rate they will sell their labor, or at what time or in what numbers, if the rate they ask is not paid, they will quit work. Freedom, in the last analysis, means the right to quit work if one is not paid what he asks. The right to be free is not one which courts of equity can, with any good results, restrain by injunction. Attempts to do so, like the far-famed mistakes of the Star Chamber, might put in peril the very existence of the courts. Of the two, if one or the other must be sacrificed, people will sooner do without courts than do without liberty.

## New Belgian Constitution.

BY H. HAYES ROBBINS.

Belgium is rightly classed as one of the most hopeful nations of continental Europe. As far back as the time when Edward III. sought to transfer the Flemish woolen industry to English soil, it had a powerful commercial influence, while its strategic geographical position made its political attitude important throughout all the long wars between England and France. Its history as an independent nation, that is, since 1831, has been marked by efficient and statesmanlike government, evolution of political ideas, and industrial progress. Small in area and population, its present sovereign is nevertheless the ruler also of an empire on the Congo river larger than France, Germany, Austria and Italy combined. The two Leopolds have been men of honesty and ability, and have displayed patriotic interest in the welfare of the little kingdom.

The American Academy of Political and Social Science has recently published a translation of the Revised Constitution of Belgium, as promulgated in September, 1893. It is a document of remarkable liberality, and contains some novel features which will interest students of constitutional government everywhere.

For sixteen years after the fall of Napoleon, Belgium and Holland were governed jointly as the kingdom of the Netherlands, but the friction resulting from religious differences and political and financial inequalities rendered the success of such an arrangement impossible. In 1831, after a brief revolution, Belgium regained her autonomy, and framed a separate constitution based largely upon the French charter of 1830, the foundation of the Louis Philippe monarchy. Duke Leopold, of the German province of Saxe-Coburg, was called to the throne, to govern with this constitution, which continued until the new one was promulgated in 1893.

The 131 articles of this new body of fundamental law are grouped under seven general Titles. The first provides merely for the political division of Belgian territory. The second

relates to citizenship, and declares the equality of all Belgians before the law; prohibits distinction of classes, illegal prosecutions or penalties, and total deprivation of civil rights; and expressly guarantees individual liberty, inviolability of the home, freedom of opinion in teaching, a free press, the right of peaceable assembly and free association, and complete religious liberty. Belgium has no state church, but as a matter of fact the government pays the salaries of the ministers of all religions, as is provided in Title IV. Since over 99 per cent. of the population is Catholic, that organization can well afford to compromise with the Protestants and Jews on such terms as the above. But this feature has in it the germs of future trouble, however well it may operate now. While the arrangement is more liberal even than that of England, the expense of the Belgian clergy is met by public taxation, and not, as in England, by the income from church lands. Such a system of paternalism could not succeed in a country where any real diversification of religious thought existed.

Title III. begins with the important declaration that "All powers emanate from the people," and are to be exercised as constitutionally provided. Evidently the Divine Right theory of William II. never gained much hold upon the Belgian mind, even though the reigning prince of the little kingdom is a German lord. One is reminded here of the well-known preamble to our own Constitution: "*We, the people,* \* \* \* do ordain, etc."

The King, the Chamber of Representatives and the Senate, are all collectively invested with the legislative power, while the executive authority of the King is wholly subject to the Constitution. As in this country, all measures relating to government finance must originate in the popular chamber.

Article 32 declares that "The members of the two Chambers represent the nation, and not the province alone, nor the sub-division of the province which has elected them." Thus the Belgian Constitution recognizes the true principle of a legislative body; that is, a congress of lawmakers whose

aim is to promote the advancement of the whole body politic as an organic unit; and not, as is sometimes the case with our own state legislatures, a collection of individual claimants warring for the supposed interests of segregated "constituents," whether to the benefit or injury of the rest.

The detailed provisions regarding the conduct of legislation, personal security of representatives, etc., are very similar to our own. Much of this portion of the Constitution, indeed, reveals unmistakably the strong influence of the instrument devised by our forefathers more than a century ago.

But the next section, establishing a new suffrage system, is the one of especial interest. The main battle on the revision was fought over these provisions, and the outcome was a compromise. Suffrage in Belgium had therefore rested wholly upon a property qualification, and in recent years under that system all but about 133,000 voters, out of a population of nearly 6,150,000, had been disfranchised. The new provision has the appearance of granting universal suffrage, and yet, by the novel device of allowing more than one vote to certain classes of citizens, much of the old principle is in effect retained. The first class of voters comprises all citizens twenty-five years of age and over, and resident for at least one year in the same community. These are allowed one vote each. The next group includes all in Class I.\* who have reached the age of thirty-five, have legitimate offspring, and pay a state tax of not less than five francs as householders, unless otherwise exempted; or, in Class I., owning or possessing revenues from real estate to the value of at least 2,000 francs, or who are creditors of the government. These are privileged to cast one additional ballot. The last group is composed of all in Class I. who may hold diplomas from institutions of higher learning, or certificates showing certain other lesser educational attainments; or, who shall be filling or have filled a public office, practicing or have practiced a private profession which presupposes an advanced education; a special law enu-

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\* The use of this term is arbitrary and is not in the constitution.

merating nineteen different professions which may be recognized under this head. These may have two extra votes, that is, three in all.

It will be seen that if at any time these three classes should become approximately equal in numbers, the relative effect would be the same as if two-thirds of Class I. and one-third of Class II. had remained unenfranchised. But as the lower order will always outnumber the rest, the actual result is to give them a large share of political power. Still, the device is a very clever one for conferring a larger relative strength upon the classes supposedly interested in the permanence of existing institutions. While somewhat peculiar, it is not radically different in principle from the educational requirement in Massachusetts, Connecticut and Mississippi, and seems to have worked smoothly so far. At least, it raised the number of eligible voters at the first election to 1,370,000, with 2,111,000 votes. But if the object is chiefly to promote thrift and learning, the suffrage does not seem a proper instrument to make use of. The justification for this rests upon broader grounds, namely, the sociological advantage of having political institutions conform to the tastes and ideas of the people affected by them. And, as industrial interests become more and more interwoven with political, the desire and necessity for maintaining this equilibrium of control grows more intense. These were the fundamental principles which underlay the whole struggle for representative government in England through more than six centuries.

The proportion of representation in the lower chamber is to be fixed by law, but it must not exceed one to every 40,000 inhabitants. The people may also elect by direct ballot one-half as many Senators as Representatives, the balance of the Senate being chosen by the local councils; each province is allowed two, three or four Senators, according to population. Here, too, is a slight resemblance to the American system. Under the old Constitution, all Senators had been elected directly by the people, but only those were eligible who paid a tax of over 2,000 francs to the state. Under the new Con-

stitution, while a tax payment of 1,200 francs is still required for Senators elected directly from the people, those chosen by the provincial councils are free from any property qualification whatever. Very ingeniously, however, the same result for this new class is practically attained by depriving Senators of any salary or emolument, while Representatives are allowed 4,000 francs per annum, and free transportation on all state and concessionary railways. Thus the man of small means is excluded from the Belgian Senate as effectually as he is from England's Parliament. Nevertheless, the Belgian system is the more representative of the two, since it contains no hereditary features, and pays the members of its lower chamber. Neither is any property test required in the latter case.

The alternate election system of the American Senate is applied to both chambers of the Belgian congress. Representatives are elected for four years and Senators for eight; one-half of each body being chosen every two and four years respectively. The King, however, is invested with the exceedingly important privilege of adjourning or dissolving the chambers at will, and ordering new elections.

The office of King is made hereditary in the male descendants only of Leopold I., Duke of Saxe-Coburg. Thus Belgium perpetuates the ancient Salic law, and thereby reveals an important element of French influence. But aside from this, the Belgians evidently intended to make the kingship useful as well as ornamental, and to prevent the executive function from passing wholly to a body of ministers, as is virtually the case in England. Aside from the right to dissolve the chambers, the King is invested with various duties and powers not greatly in excess of those assigned to the President of United States. The Belgian ruler, however, is individually charged with the functions of declaring war, making treaties of peace and alliance, and the coining of money. His person is inviolable, and if ever affairs of the state are mismanaged, the ministers alone are responsible.

The section devoted to the Ministry, by the way, reads



almost like an extract from the penal code. These gentlemen are denied the privilege of voting in the chambers unless actually members; they are liable to be summoned before the chambers at any time; they are responsible for everything, the King's exemption notwithstanding; they may be arraigned by the lower chamber before the Court of Cassation for political offences, and judged by it, and the King cannot pardon them except upon request of one of the chambers. As a matter of fact, moreover, the ministry has been dismissed once by Leopold I. and twice by Leopold II. when there was actually a majority behind them in the chambers. This action was taken in each case solely because of popular outcry against pending measures, and shows how effective is public opinion even when the mass of the people are unenfranchised. As compared with France and Italy, however, or even England, the troubles of the Belgian ministers have been comparatively light.

The permanency and independence of the Belgian judiciary is well guaranteed. There is a high Court of Cassation for all Belgium, three courts of appeal, and various civil, military and commercial tribunals. The judges are appointed, under certain restrictions, by the King, and hold office for life. Their salaries are fixed by law, and they are prohibited from holding other office unless they discharge its duties gratuitously. The right of jury trial is guaranteed in all criminal and political offences, and the establishment of any extraordinary tribunal is prohibited.

Equally well guarded are the finances. "No tax for the benefit of the state shall be imposed except by law." Taxes must be voted annually, and the amount of the King's civil list is definitely fixed by law for each reign. No privileges are allowed and no exemptions from taxation, except by law. All budgets and government accounts must be made public.

Revision of the Constitution is a much simpler matter in Belgium than in the United States. No *plebescite* or provincial concurrence is necessary. Revision may be proposed by the legislature, but only at the cost of being at once *ipso facto* dis-

solved. After a dissolution, the next legislature must be entirely renewed. This body may then, with the approval of the King, consider amendments, and, if two-thirds are favorable, the revision is accomplished.

The provinces of Belgium, of which there are nine, are governed in many respects like our own states. The particular institutions are determined by special laws. Provincial legislatures are free to control all local affairs not conflicting with or expressly reserved by the central authority. Each commune, moreover, has its little council, and manages its own revenues and expenses, directs public works, encourages trade and agriculture, and, with the King's consent, may levy local taxes. With certain exceptions, no public charge can be made upon a province without the consent of its council.

The communal governments are thus a particularly important feature of the Belgian system. Laveleye, writing upon this subject, quotes de Tocqueville's saying:

“The strength of a free people resides in the commune. Communal institutions are to liberty what primary schools are to science—they bring freedom within the reach of the people, they teach them the peaceful use of it, they habituate them to its practice.”

But the Belgian nation is not to be regarded as a federation of otherwise sovereign states, of the same nature historically and politically as the American Union. The French Directory in the days of the Revolution blotted out forever the old three province division lines, and now the Kingdom is the supreme organization; apportionments of national territory emanate from it.

The Belgian general government, as well as the communal, exerts an active influence in the national life. This little state has never looked with much favor upon the *laissez-faire* and no-state-interference theories of the later English school. Rather, it has acted upon the principle that government may serve some greater utility than the maintenance of an army, courts and constabulary. Declaring in its fundamental law that all powers emanate from the people, it dis-

covers no scientific or moral reason why those powers may not to advantage be exercised collectively in many lines of action wherein individual effort is impracticable and ineffective. Accordingly the Belgian government has always taken an active interest in education, industry and commerce. It supports, out of the public funds between 6,000 and 7,000 primary schools, 150 of higher grade, several military, agricultural and normal schools, and owns the great universities at Ghent and Liege. In the Royal Academy of Fine Arts at Antwerp the tuition is free, admission being by competitive examination. Government inspectors supervise all educational work in the public schools, while prizes and scholarships are open to ambitious students. There is also a state council of agriculture, whose most important work probably is in furthering the introduction of improved systems and instruments of cultivation; the Belgian farmers themselves being somewhat slow to adopt improved methods. Chambers of commerce exist in all important cities, the members of which are appointed by the King. Most of the railroads also are owned and operated by the state. From the American standpoint we should, of course, place these last two functions in the field of private enterprise; but in a country so small and homogeneous as Belgium, where virtual uniformity is sure to exist, the dangers of ultra-paternalism have much less opportunity to manifest themselves. Competition with private railroads has also done much to keep up the standard of the state systems.

Still further, Belgium encourages her manufactures by a protective tariff. From this policy she has derived many practical benefits, though it is doubtful if any great national development can ever take place within so small limits. The industrial and social diversification is too restricted, the market too narrow, to fulfill the conditions of success necessitated by modern methods of production. Under these circumstances, no such results can be expected from the application of any economic policy as would be obtained say in the United States. The Belgians cannot be said to represent any distinct type of civilization or institutions, and their industrial interests

could perhaps be merged, without injury, with those of her more powerful neighbors, in the form of an international Zollverein. This might be one step at least toward furnishing the market conditions necessary for progressive home development.

Perhaps the best summary of the political life of Belgium is found in Professor Vincent's brief quotation from a recent writer: "Our progressive liberals prepare the reforms, the moderate liberals realize them, and the government Catholics do not dare undo the work." The Belgian constitution is well adapted to the smooth operation of such a programme. Just how the various new features will work it is too early to judge. Certain novel applications of constitutional policy have been put on trial, and the result can be determined only by experience.

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### State Ownership of Railroads.

FRANK L. MC VEY, PH.D.

THE rapid growth of the railroad immediately after the war, and the granger agitation and legislation of the seventies, brought railroad matters and the question of their ownership by the government before the people with a good deal of force. Since then this question has grown in importance, the workmen have taken up the question, and a party has made it the subject of one of their planks. The magazines and papers never tire of discussing the advisability of such an experiment. There is a quietness about all this movement, agitation if you wish to call it so, which is apt to give the casual observer the impression that it is not deeply rooted. But the indications are that should the matter come to a vote the question would be carried in favor of government ownership of the railroads. Popular opinion is likely to break out at any time and secure the thing desired. Probably the reason that it has not reached that stage lies in the multiplicity of problems before the public which need solution far more than does the railroad question.

There are some decided advantages to be gained by state

management of an industry. The state has stability, permanence and the power to secure unity more than any other agency within its jurisdiction. But, on the other hand, the state is handicapped by its lack of personality. It is unable to exert any great personal check upon wastefulness; is slow in noting public opinion, and in conducting business invariably falls into the ways of routine and red tape which it is impossible to avoid. The government has, to a great degree, a disregard for the public, and at the same time does not have the same interest in reducing expenses that a private concern would have. The post office is an industry that is routine in character and offers very little opportunity for corruption, and consequently has been made a success, but, as shown before, the railroad does not belong to that class of enterprises in which the greatest faults of the government do not enter.

If a government insists on managing the railroads there are only two ways in which it can be done—either the state must own the roads and lease them to private companies, or it must own the roads and manage the traffic itself. In the first case the lessee would be responsible for very little, and free, after having sold the lines to the government, to make a profit without the risk and responsibility which owning them would involve. On the other hand unity of management, the very thing for which government ownership is urged, would be missing. Such a plan would involve the disadvantages of both private and public ownership. Upon the whole, then, we are justified in dismissing this scheme and taking up the more feasible one—that of owning and managing by the government. The advantages to be derived from such management are stated as follows: 1. The worst existing abuses of personal discrimination and sudden fluctuation of rates would be avoided. 2. The public business would be carried on for the public good, and no one would be given an advantage over another. 3. There would result a harmonious unity of system and management not now possible. 4. State and national politics and legislation would be relieved of the cor-

rupting influences of the railroad. 5. There would be a saving to the whole country in the lower rates and better management of the roads by the government.\*

These five statements fairly cover the ground advanced by the adherents of government ownership. In discussing this question from a free and unbiased standpoint, the first three statements can be granted, but issue must be taken with the fourth and fifth. These points in reality cover at least parts of the other three, if not all of them, and are, in consequence, the strongest points of all and the most difficult to maintain. Could such a condition of things be shown to follow from government ownership, the opposition to it would in a great measure cease. The experience, however, of every country which has tried the ownership and management of railroads by the state has been contrary to the statement. The success of a government enterprise depends upon who is in control. The whole people never did and never will manage an industry.

The advocates of government ownership continually refer to the low passenger rates which exist in Europe. The only true basis by which the railroad service of one country can be compared with that of another is in regard to the service rendered to the public. This service consists in the number, frequency and speed of the trains in relation to the price paid. On this basis the United States give the best service in the world. In the following table the United States has the highest rate and India the lowest, but a study of the number of trains run in the respective countries will show that the United States stands first and India last, and the other countries in nearly the order given:

United States.....	2.12	cents	actual rates.
England.....	2	"	"
France.....	1 $\frac{2}{3}$	"	"
Belgium, Prussia...	1.3-1.4	cts.	"
Austria, Hungary.....	1.2	"	"
India.....	0. $\frac{2}{3}$	"	"

In the United States, in 1893, one train was run ten miles

\* *Cosmopolitan*, Vol. II., 369.

for every man, woman and child in the country; in England,  $7\frac{1}{2}$  miles; Belgium, 5; Germany,  $3\frac{1}{2}$ , and France,  $3\frac{1}{4}$ . The railroads of the United States give more service, and naturally the rates are higher. But the service given is 25 per cent. greater than that of England, while the difference in passenger rates is only 5 per cent.

The discrepancy is greatest in those countries where the fares are the lowest. The railroads of this country could reduce the fares very considerably if the public would permit the number of trains to be cut down, but the American demands a train when he is ready to take it, and in return for this great accommodation he is compelled to pay a little more than in those countries where the trains are not so frequent.

In regard to speed, the railroads of our country occupy the second place among the countries of the world. England ranks first with an average speed of  $41\frac{2}{3}$  miles, including stops for her express trains; the United States  $41\frac{2}{5}$  miles; while the countries which have government ownership and lower rates have also slower trains; France  $32\frac{4}{5}$  miles, Germany 32 miles per hour for express trains. In regard to freight rates the statistics show the United States to have the lowest rates per ton, and England the highest. But this is due to the fact that in the United States the longest hauls exist, and the shortest ones in England. As terminal expenses form about one-half the freight rates, the division of the rate by a large number of miles lowers the ton mile charge, and gives the United States an exceedingly low rate, less than one cent per ton per mile. England has a rate of 2.8 cents per ton mile. But the difference in reality is much less than this, and England and the United States stand side by side in regard to cheapness of freight rates. The railroads of the United States have been able to do in the matter of freight what the railroads of Europe do in regard to passenger business; that is, run few but heavy trains. In consequence, the United States railroads have a low freight rate. There is a great deal said in regard to equal mileage rates, but there is no great advantage in having them, for they generally act in such

a way as to give geographical protection. The coal and iron fields, which have been opened at a distance, would be compelled to close on account of such an arrangement. In Germany this rate was abandoned, for there were so many exceptions that the general application was destroyed.

There are many conveniences and comforts on the railroads of the United States which are not to be found on the railroads of Europe. We have made the greatest advances in the matter of railroad appliances. Among these are the system of longitudinal car construction, telegraphic system of train orders, the air brake, great improvements in track and heavy locomotives. These improvements originated in the United States, while the railroads of this country were equally ready to adopt any improvements originating in other countries. By 1880 the railroads of the United States and England were equipped with air brakes, but France and Germany were just sending out commissions to examine them. Taken all in all, the people of the United States get a better service in the way of speed, number of trains, comforts and conveniences than any other country. From these facts we come to no other conclusion than that the railroads of the United States surpass in excellence any state road in existence.

So far as management is concerned, we can only conjecture what the probable result would be, since state ownership has never been tried in its fullest sense in any country up to the present time. But the experiments here and there in this line and the result of the activities of the state in others are reliable indices as to what we may expect. The United States government is far from being economical in its expenditures on the army and navy. Stores are more or less wasted. Large sums of money are spent for the deepening of harbors and rivers, but the result achieved is not what would have been if conducted for the benefit of a private individual. There are many other incidents of expenditures which are not economical, but these suffice. How can we expect a great change in a government when another department is added?—one that would permit greater waste with the smallest chances of re-



ducing it. In those countries where state management has been tried, the operating expenses have been found to have increased considerably over those of private management. There would still remain the same difficulties concerning land troubles and compensations which are the principal cause for the contests between railroad and citizen in the courts. The hatred and opposition which now exist against railroads would be shifted to the government, and many an unpleasant task with which the government does not now have to deal would come under its immediate jurisdiction. The varied interests of the sections would force the matter of railroad policy more or less into the hands of Congress, and business would be delayed by the slow action of the legislative department. A change of rate could be made to change elections. Such things have been done before. These things are not imaginary. They have come to pass in a degree in Prussia, but are there hindered by the character of the government. State railroad management is most successful in Prussia, and its success is due to the compact and concentrated form of government. There the government is largely under the control of one man, and is not susceptible to the changes of public opinion as is the United States. A well-developed system of civil service enables the difficulties of railroad management to be fairly overcome. But with our system of majority rule we cannot expect any such freedom from interference as there is in Prussia, and the autonomy of the railroad could never be maintained to a degree compatible with the highest success. The policy of management would change with each administration, while in European countries the policy remains virtually the same, at least as long as the life of emperor or king. The United States could not hope to be free from such interference unless there was a change in her form of government, which it is far more important to hold intact than to have a government railroad system.

Granting all that has been said concerning the usurpations of power on the part of the railroads, of discriminations, stock watering and the formation of pools, the question narrows

itself down to this:—is it expedient in the light of our present knowledge of governmental functions for the government to own the railroads? With reference to future bearings, is it best for the government to engage in such an undertaking? Both in England and the United States private management has become better, more honest and more responsible as it has grown older, but no difference whether the question is considered from a Populist's view, that railroad ownership by the government will be the means of paying the national debt, increasing wages and bring prosperity to all classes, or that the facts lead one naturally to such a conclusion, the following facts must be considered:

I. The roads under the government management must be not only as well conducted as now, but better. If they were not, there would be no advantage, but a burden.

II. There would be a loss to the states, cities, towns and townships of \$28,000,000, which are now paid into the treasuries of these various political divisions for the annual taxes levied on railroad property. It must be remembered that Government property is not taxed; the necessity for the \$28,000,000 would be just as great as before and would have to come from the pockets of the people.

III. The possibility of losses must be considered at all times. At present the loss falls upon stockholders; in case of government ownership it would fall upon the government. Again, would the people, where successful roads exist, want to pay for the losing experiments in the South and West? Again, those who use the railroads most, now make up part of the loss if there is one; but in case of government ownership, when such a thing happens, the loss is shared equally by the property owners.

IV. Would the government assume the responsibility which the railroads of the present do? It is now possible to sue the railroads and secure judgment through the courts. It must be remembered that a state cannot be sued.

V. Profits, payment of public debt, very low rates and

free freights are not compatible with low fares and cheaper rates than exist at the present time.

VI. Between private ownership and government ownership there is another stage—that of government regulation. Under the reasons which have been urged, it is certainly far from expedient to pass over one stage which has not been thoroughly tried in order to take up one we know little of. Government regulation, wisely applied, is a better solution for the railroad question than any other means. Massachusetts found it possible to prevent stock watering and excessive dividends, and these are acknowledged to be the basis of the existing evils. If Massachusetts can thus wisely govern her railroads, why is it not possible for the United States, as a whole, to do so? Government regulation has not failed, but only seemed to fail; but in reality, as pointed out in the very beginning, the failure is due to the unwisdom of the regulations proposed rather than to an inherent cause. Until further experience shall prove regulation impossible, it will remain to us as the best solution of the problem.

#### COMMENTS BY THE EDITOR.

Professor McVey's argument so ignores the magnitude of the objections to the government ownership of railways, as to leave his essay relatively almost an argument in favor of "Government ownership." He damns so faintly that it amounts to praise.

The severer objections to government ownership are:

*First.* That to buy the railways is a capitalistic investment three times greater than the subjugation of the rebellion since it would require the government to incur debt to the whole value of the railways, say ten thousand millions of dollars.

This sum, being three times as large as was the debt involved in the subjugation of the rebellion, which itself was large enough to send gold to a premium of 180, and to make our bonds worth only 40 cents on the dollar, would wholly extinguish, as the rebellion did, until after the war ended, our

power to borrow abroad. As we had to fight the war wholly with our own resources, we would have to buy the railways wholly with the resources of the American people. In short, the purchase by the government would consist in asking the very people who now own the railways—the Vanderbilts, Goulds, Sages, the Astors, Rhinelanders, Hearsts, Stanfords, Huntingtons and Carnegies—to take the bonds of the government in such sum as would make it seem profitable to them to part with the railways. Who that has ever run in debt and felt the force of the maxim, “borrower is servant to the lender,” does not know that these capitalists, having loaned the government the means (credit) with which to buy the railways, would thenceforth own the railways as creditors more effectually than they had ever owned them as shareholders, for the government would need their skill and could only get it on their terms. Never has an aristocracy of barons been clothed with equal powers to those which these government magnates, selected from among the railway class, but dependent on federal appointment, would exert.

*Secondly.* Long before the Government had succeeded in purchasing the railways, it would be perceived that there is just as good reason why it should own the mines, factories, furnaces, farms, fisheries, stores, shops, banks and ships, as why it should own the railways. The abyss would be far more immediately and logically bottomless than was the South Sea bubble in 1720, or the issue of Assignats in France in 1790.

*Thirdly.* It would add to the burden of the government the necessity of standing all the losses incurred by railway capital, such as that of \$150,000,000 in six years in the Atchison, Topeka & Santa Fé; \$100,000,000 in Erie, etc. These losses are now borne by individuals, many of them by European investors. There would be no source out of which the government could make up these losses except taxation or repudiation. Either would be ruin and chaos, to the government and to its creditors.

*Fourthly.* The annual interest charge on a debt of

\$10,000,000,000 if it could be placed at six per cent., would be \$600,000,000, but there does not exist the government that could place a loan of anything like this magnitude, as one transaction, at any rate of interest whatever. The various additions to the debt of England have been made through centuries of time, and each addition to the debt has had time to become incorporated into the credits of the country before another was made. Yet the debt of Great Britain, the largest in the world, is only a third as large as that required to vest the title to American railways in the government. To attempt it would raise the rate of interest on government bonds to a figure which would swamp the whole project in its incipiency. One-half the interest burden incurred by the government would be incurred to pay interest on railways that do not pay interest and operating expenses when run by private owners, and would, therefore, be a sure loss. The prospect of profit out of the other half would be less than if the government had selected factories, mines, or furnaces for ownership, since the profit averages less as now owned.

*Fifthly.* The change would add to the government employes a force of 800,000 railway employes, thus multiplying the present difficulties of the Civil Service four fold, and bringing up the entire "standing army" of civilians in government employ to one million men.

The scheme in its magnitude falls like the project of the deportation of the African race, because its details involve it in a vastness which renders it unmeasurable and unthinkable. It is beyond the purview of intelligent reasoning mensuration, and is to be classed with such projects as draining the Gulf of Mexico and leveling the Alleghany mountains. It is quixotic, chaotic and chimerical. It is not merely true that the event would be disastrous, but the attempt to enter upon the transaction even on the part of a lunatic could not occur in a lucid interval.

### Depression Among Farmers.

The Association for Improving the Condition of the Poor in the city of New York finds so many people from the country coming into the city for permanent residence, that it has regarded it as germane to its principal work of relieving the poor of the city, to expend a part of its funds in employing Mr. Geo. T. Powell of Ghent, Columbia County, N. Y., to inquire into the causes of agricultural depression, in short, to tell us what is the matter with the "hayseeds," that they cannot keep on making hay.

Mr. Powell quotes from one source that the state of New York in 1854 lost fifteen millions of dollars from the wheat midge, (this if true, occurred too long ago by forty years, Mr. Powell), and from another that the wheat destroyed in Illinois in 1864, by the chinch bug was seventy-three millions of dollars, (too ancient by thirty years); and from another that the locusts in 1874, destroyed crops west of the Mississippi to the value of fifty-six millions of dollars, (too musty by twenty years); and jumps at the guess that if the crops of 1894 were injured ten per cent. by insects, as somebody guessed they were in 1889, then the farmers two years ago lost four hundred millions of dollars by insect depredation.

If Mr. Powell will consult the statistics showing the effect of large crops of wheat, corn, potatoes and cotton to so depress prices that a small crop in bulk brings a greater return to insure the farmers in the country at large than a large crop, he will see that the American farmer has long since passed the point where weevil, midge, chinch or other insect can do him harm. What harms him financially is that his market, foreign and domestic, is so much below his capacity to produce that, as shown by the aggregate returns of about twenty different years, he is fined heavily in price for raising too much.

Obviously, when this is true, relief must be found in expansion in some form of our demand for consumption, the chief avenue to which has, until recently, been the growth of our American manufactures and the transfer to our midst of

manufacturing or agricultural or other industries hitherto conducted abroad.

Among the industries now carried on by foreign capital and labor, and which afford a field in which further transfers can be made in time, by the right means, are the following:

The ocean carrying trade, worth annually.....	\$150,000,000
The production of the raw sugar consumed by us but imported, worth.....	80,000,000
The competing foreign manufactures, which we have all the natural facilities to produce.....	500,000,000
Total.....	<u>\$730,000,000</u>

If we can produce in this country \$730,000,000 worth of the products which we now import, without lessening the production of the commodities which we now send out in payment for them, we would distribute among our own people just so much additional values annually for their support, and would quicken the activity of the societary movement in our own midst by the fact that the commodities which we now import furnish a market, in the course of their production, for only 4 per cent. of American values, but if produced here would afford a market for about 95 per cent.

The tendency of American populations during the last quarter of a century to concentrate in cities forms the hopeful side of the "Farmer's Question," rather than a part of his grievance. To the extent that they can support themselves in town life, they are removed from being competitors of the farmer and have become his customers. That this process has not been as rapid as was required to maintain the farmer's prosperity in no way lessens the farmer's debt for the fact that it has been as rapid as it has actually been, or his interest in maintaining the momentum of the movement toward city life in the future. The improvement of country roads and amusements, largely due to the bicycle, is rapidly opening up the country to the attractions of city life. Theatres and opera houses are getting into every village of from 2,000 to 5,000 people, and seem likely soon to cover the crossroad corners. When young people can easily go by their "bikes," ten miles

to an opera house, where formerly they waded through mud half a mile to a "spelling school," they will not lack for city amusements at country homes. Under this influence, too, manufacturing establishments of large dimensions are planting themselves in remote country localities, in sufficient numbers to indicate that the country districts will soon cease to be exclusively agricultural. The wide dispersion of industrial centers carrying the industries of the city into the midst of those of the country cannot fail to equalize conditions and give a healthier life to both.

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### Sound Banking.

"It may be that many of the advocates of silver coinage hardly know themselves what they want, but it is probable that outside of those interested in creating a market for silver the whole agitation turns upon a desire for more ample credit facilities and a more elasting currency, \* \* \* a well regulated freedom for every community to enjoy the banking facilities which it can safely offer, would do more than all argument and all political pressure to put an end to the agitation for free silver."—*Journal of Commerce and Commercial Bulletin*.

"The future prosperity of the country and the welfare of the people demand not only that the gold standard shall be maintained, but the currency system now in use shall be so changed and remodelled as to meet and adapt it to the increasing needs of commerce, and equal in security and credit with the best in circulation by any of the civilized nations of the earth."—*Resolutions of the Savings Banks' Association, (N. Y. State), May 20th*.

"When money commands 10 or 12 per cent. interest there (South and West), and is almost unobtainable on any security even at that figure, at the very time it is a glut in New York at 3 or 4 per cent., it is natural for those people to feel that something is wrong. The true remedy is in a banking system, something after the pattern of that in Canada, with additional guards such as are suggested by the Scottish system, which while perfectly secure shall meet their local needs."—*The Reformer, Brattleboro, Vt.*



### Editorial Crucible.

THE *Springfield Republican* thinks if "Senator Lodge had not had a hand in making the gold plank (in the St. Louis platform) the *New York Evening Post* would regard it as entirely satisfactory." Does the *Springfield Republican* realize the risk it incurs by thus innocently telling the truth even in jest, or doesn't the law operate among the Pharisees?

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IN A LEADING EDITORIAL, under the caption "Mr. McKinley's Winning Lead," *The London Courier* says: "That Mr. McKinley will be the next president of the United States appears at the moment to be a foregone conclusion. The advent of this fanatical protectionist to supreme power across the Atlantic *will be a bad thing for British trade*. In the manufacturing centers of England the steps preliminary to the election next November are being *watched with keen anxiety*. \* \* \* *It is a bad sign for the business of this country that Mr. McKinley's chances of election are so good.*"

Tom Moore's recipe for making English patriots was, "Find out what the Tories want and vote against it." Should the American people adopt the principle, "Find out what England wants and vote against it," we fear McKinley's majority would not need counting. It is so difficult to teach the people of the United States properly to appreciate the advantages of industrial depression.

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THE PUBLIC is informed by Mr. Debs that the members of the Railroad Union will vote against Mr. McKinley because Mr. Hanna is a rich ironmaster. What a pity Mr. Debs and his friends are unable to abolish millionaires in this country. We fear this cannot be attained in the United States, but there are a few places where such a millennium can be realized. They could find a close approximation to it, for instance, in Ireland, Poland or in Armenia. They could secure the genuine article without a blemish in several parts of India, China and South America. Lapland and Borneo are proof against millionaires. If Mr. Debs and his friends really want to live where mill-

ionaires are impossible, they can obtain their object much quicker by emigrating to some of these points than undertaking to eliminate the millionaire evil from the United States. We can confidently assert that no effective objection will be made to Mr. Debs' departure in order to realize his ideal. The United States will endure the loss as best it can, that his happiness may be complete. Perish the thought that such sensitive souls as Mr. Debs' should be forced to live in a country with millionaires, when so many poverty paradises can be had for the taking!

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IT IS ENCOURAGING to note that the necessity for a more comprehensive view of sound money than is expressed in a mere gold standard declaration is at last finding its way into Wall street. In a recent financial circular Mr. Henry Clews says: "That some substantial concession will have to be made to the West and South there is no question; but that concession is not likely to be free coinage. \* \* \* More currency is undoubtedly needed for facilitating cash transactions in those sections; but that want can be easily satisfied through such modifications of our banking legislation as will cause the note issues to respond readily to every real need for currency." This is a hopeful word from the center of finance.

If the bankers will really take hold of the question and demand a reform in our banking and currency system on the lines of giving elasticity to our bank note circulation and the elimination of fiat money from our currency, the money question would be easily and promptly solved. The money question is a banking question, and the bankers should take an active part in settling it. If they continue to neglect the question, it will be dealt with by others, and perhaps less to their advantage.

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IT IS CREDIBLY reported that Mr. William C. Whitney, clearly the most popular and powerful Democrat in New York state, is working to have the Democratic state convention at Saratoga declare for "sound money;" *gold and silver the only*

*legal tender*; no currency inconvertible with coin; *gradual retirement and extinction of the greenback currency*; no free and unlimited coinage of silver." This is by far the best "sound money" declaration that has yet been made by any prominent political leader of either party.

It is brief but it covers the ground. It is truly bimetallic and unqualifiedly opposed to free silver. It contains the correct idea of "sound money" in its declaration that "only gold and silver coin should be legal tender." It contains the background of "sound banking," in the declaration against inconvertible or legal tender paper and its demand for "the retirement and extinction of the greenback currency." This declaration cannot be put into practice without a thorough reform in our banking system which shall put all paper money on a current, coin redemption basis. Such a reform would solve our monetary problem and nothing else will. It is gratifying to see a Democratic statesman heading a really "sound money" movement, especially as the Democratic party has forced upon the country all the bad money it ever had. May Mr. Whitney succeed.

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ON THE MONEY question, the *New York Sun* appears to be training for the acrobatic feat of walking on the narrowest edge of the narrowest platform constructable. It is very much alarmed at Mr. Whitney's masterly "sound money" declaration. It says, in discussing Mr. Whitney's proposition: "The *New York Democrats*, according to the report we mention, propose an indisputable contraction of five hundred million by destroying the legal tender currency." If such a declaration were made by a Western free silver editor, it might be regarded as indicating great ignorance of the banking and currency question, or unusual stupidity; but in the *New York Sun*, what can it be called?

Of course, neither Mr. Whitney nor anybody else proposes the retirement of the five hundred millions of greenbacks and put nothing in their place. Such an assumption ignores the whole discussion of the subject by those who propose the

elimination of the menacing fiat greenback from our currency. In assuming that the "retirement of the greenbacks is an indisputable contraction of five hundred millions," the *New York Sun* is talking to the galleries. Of course, any scheme for retiring the greenbacks must provide for replacing them, dollar for dollar, with bank-notes or with coin. Nor does this necessarily involve issuing five hundred million dollars in bonds. The greenbacks can be retired and be replaced, dollar for dollar, by safely secured bank notes without increasing the public debt a single dollar, or perceptibly adding to the burden of the banking institutions of the country. This is evidently one of the instances in which the *New York Sun* is lagging behind the best opinion on an important problem of statesmanship.

THE *Philadelphia Press*, which is one of the best conducted papers in the country, is doing excellent educational work on the money question. Its idea of "sound money" is not limited to the defeat of the free coinage of silver or the establishment of a single gold standard. It sees that the money question is more a question of banking than of the standards. It says, "It is the business and office of a sound banking system to provide trade with currency as it is wanted. It is the office and business of the federal treasury to see that all parts of this currency are kept at parity with gold. The treasury ought neither to expand nor contract the currency, but leave changes in it to the action of the banks and the cost of trade." This is good monetary doctrine. If Mr. McKinley would embody this idea in his letter of acceptance, the Republican position on finance would be as sound as it is on all other important national issues.

### Economics in the Magazines.

**BORROWING.** *Commercial Relations of the Poor.* By James B. Reynolds, in *The Yale Review* for May. Mr. Reynolds regrets that we have no institutions from which the poor can borrow money in hard times except the pawnshops, which lend only at 30 per cent. per annum, and no means by which the poor can furnish their houses except through the high rates of interest which are concealed under the disguise of prices by our installment plan. Mr. Reynolds would do well to study the German system of Banks for the Poor, as elucidated in our May number, under the title of "Credit Associations in Germany." The poor can borrow the money of the poor at five per cent. as easily as to loan it to the rich at four per cent. through the savings bank, while those of their own class pay thirty. The article on credit associations shows how it is done.

**BIMETALLISM.** *Bimetallism a Compromise—is it a Solution?* By Daniel Strange, in *The American Magazine of Civics* for June. Mr. Strange believes in the free coinage of both metals, and the equal, *i. e.*, half and half use of both by governments, in all receipts and payments, instead of giving the creditor the power to choose in which sort of dollars he will be paid. He regards the depreciation in silver as due to legislative action rather than to causes connected with its production, and in behalf of this proposition cites tables of relative production of the two metals in weight and value, from 1661 to 1882 from Soetbeer, and from 1882 to 1891 from our director of the mint, and sums up the result as follows:

"It is thus seen that for 190 years, from 1660 to 1850, we (the world) produced about thirty tons of silver to one of gold, or 3,485,470 kilos of gold to 103,335,750 of silver, or in value two dollars in silver to one of gold, while the ratio remained nearly constant. Then for twenty years, from 1850 to 1870, we produced three dollars in gold to one in silver, or by weight 3,826,105 kilos of gold to 21,156,700 of silver,

only five and one-half to one in weight, and still no marked fluctuation in their ratio of value. While since 1870 in twenty-one years we have produced of gold 3,531,732 kilos, and of silver 57,832,209, *i. e.*, by weight sixteen and one-third times more of silver, but by bullion value a little more of gold than of silver, while their ratio of value has changed as never before, and now stands at about 32 to 1."

These figures do indeed show that the relative value of gold to silver may remain at sixteen to one, while the relative quantities of the annual production of the two undergo all sorts of variations, and that the relative values of the two may stand at thirty-two to one during a long period in which the quantity annually produced has remained very steadily at sixteen and a half to one.

FALSE STATISTICS. *Why the Farmer does not get rich.* By Nelson Baldwin, in *The American Magazine of Civics* for June. An article so misconceived and full of blunders should be accompanied by some editorial exposure and correction of its errors.

In discussing the Tariff question Mr. Baldwin says that when the farmer purchases a pound of American nails, he pays just as stiff a tax on them as he would pay on imported nails, the only difference being that in the former case he pays the tax to the nail trust, and in the latter to the government. All this is fable without the fable's useful lesson. There is no nail trust. We import no nails. On the contrary, we exported in 1896 over 916 tons of cut nails and spikes. Our total export of manufactures of iron and steel for 1896 were \$33,365,674, or about fifty cents' worth per capita for our whole population. And yet the writer of this article supposes that the duty on nails is a tax!

FOOD. *The Peoples' Food—A Great National Inquiry.*—Prof. W. O. Atwater and his work in *The Review of Reviews*, for June. Discusses the efforts making in Europe and America to perfect a science of the economy of human nutrition which shall cover the fields of food production and food

selection, with the view to attaining the largest ratio of nutritive force in food with the least cost in labor. The unit of measure of potential energy, is the calorie, being the amount of heat which will raise one pound of water about 4 degrees Fahrenheit (viz., 1 kilogram 1 degree Centigrade). One calorie corresponds to 1.52 foot tons of mechanical energy. The nutrient foods are divided into protein, fats, carbohydrate and mineral matters, and these sum up into two functions, viz., flesh-formers and fuel. The fats and carbohydrates are fuel; the protein forms flesh, bone-fibre, etc. "A pound of fat sirloin of beef contains about 900, a pound of butter 3,500, a pound of wheat flour 1,600 and a pound of potatoes 340 calories." The doctrine of the article is that, in proportion to cost, the meat foods contain little nutrition, and the grain or starch foods much. The writer says of the housekeeper, "If she spends her dime for beef steak at 20 cents a pound, she gets half a pound, which supplies 0.08 pound of protein and 550 calories of energy; but if she invests the same money in flour at 2½ cents a pound, she has four pounds, with 0.44 of protein and 5,680 calories of energy." The writer does not make it clear whether he means that the energy actually communicated to the consumer of food is thus measureable, or only whether the capacity to produce energy, if all the energizing power is assimilated, is thus measured. If he means the former, that flour furnishes five times more material for structure, and ten times more energy, in return for the same cost, and that all this potential energy is assimilated and converted into actual human energy in these proportions, how is it that the industrial energy of nations and races increases in the direct ratio that their diet is diversified and almost in the ratio that they consume animal food. The vegetarian races, the non-life-taking races, manifest a race energy much below that of the life-taking and meat-consuming races.

MONEY. *The Ship of State Adrift.* By Andrew Carnegie, in *The North American Review* for June. Mr. Carnegie

now thinks "there was probably never such a fraud perpetrated as the Wilson Tariff bill." Yet he sailed away from New York soon after it was introduced, volunteering a published letter of unasked advice, recommending Republicans to vote for it in all its original hideousness, and before the 600 amendments introduced by Senator Gorman were added, without which not even Democrats could stomach it. In fact, with all its injurious qualities, the one base quality which the Wilson bill, especially in the form in which Carnegie endorsed it lacked, was fraud. It was an open, frank, guileless manifestation of economic ignorance which might ruin millions, but could deceive no one. Carnegie charges it with fraud, as an attempted apology for his own mistake in having timidly leaped to the conclusion that it was the best thing to be got, leaving it to men of greater courage and sense to mend or end it.

The true evil connected with the condition of public thought upon the money question is that boundless arrogance in the assertion of the value of one's position is so often made the cloak for a total vacuity and emptiness as to all really remedial measures or ideas amounting to a position. Thus, Mr. Carnegie, with an infinite deal of trumpeting, says, "hold on to the gold standard," as if we had it, and "rise up to the gold standard," as if we had it not. He fails to tell us whether a condition of things in which nobody pays gold, except the government, is the condition that he connotes by the terms "gold standard," and if it is so, whether, in his view, this is a good permanent condition to be in, and if we can only keep ourselves in this condition by continually issuing more bonds for the purchase of gold, whether all this is not now in fact a condition of sinking steadily toward at least the greenback standard and possibly the silver standard.

SILVER. *The Outlook for Silver.* By Dr. Otto Arendt, member of the German Silver Commission of 1894, in *The North American Review*, issue of June. Dr. Arendt believes the true policy of those who desire to see silver bullion restored to its parity with gold is to throw England overboard,



so far as conference or co operation is concerned, and form a new union between the continental nations of Europe and the United States for the free coinage of silver at the ratio of sixteen to one. He declares that "One land after the other makes abortive efforts to introduce the gold standard and lapses into fiat money," and regards the United States as facing toward a collapse into fiat money. He thinks an adoption of the free coinage of silver by the United States would only perpetuate the gold standard in Europe. He says, however, "The dispute is no longer whether silver is to be restored to its function as world's money, but merely how it is to be done." The article handles the question as one of politics or numbers rather than of theory, and seems to ignore the fact that the largest annual productions of silver ever known have occurred since its commercial value fell to less than three-fourths of its coinage value. How can nations give free coinage to silver on the theory that an ounce of it is worth one-sixteenth of an ounce of gold when the mines stand ready to turn it out in unlimited quantities at the rate of two ounces of silver for one-sixteenth of an ounce of gold?

### Book Reviews.

LETTERS OF DAVID RICARDO to John M'Cullough; edited by J. H. HOLLANDER, PH.D. Published by Macmillan for the American Economic Association; Price, \$1.25.

As a gleaning up of the remnants of Ricardo's utterances, this publication is interesting, but in any other sense it can hardly be regarded as an important contribution to economic literature. The letters relate to the topics treated in his book, but really throw no light upon any of the points upon which modern economists have taken exception to Ricardo. On the contrary, almost everything he says in his book is better than anything contained in these letters.

He emphasizes the doctrine that a tax on wages or on commodities which are necessities in the laborer's standard of living is not ultimately paid by the laborer but are transferred to the employer. But he has said this quite as strongly in his book; as did also Adam Smith in his "Wealth of Nations." As it is among the best things Ricardo said, we are glad to see it repeated in this collection of letters.

Ricardo was unquestionably one of the best thinkers among English economists. He was more original and more fearless than any other English writer of this century. His chief defeat was in not elaborating his views into perfect working theories. He was too willing to be contented with an unverified hypothesis, hence many of his propositions, while containing the element of an economic principle, through incomplete development, have been made into economic heresies. His principle of rent, which he failed to apply to either profits, interest or wages, really contains the fundamental principle of all economic distribution. The more perfectly economic science is developed, the clearer it will ultimately become that Ricardo was in many respects an economic seer. He had the economic instinct, though he lacked the faculty of scientific induction and verification. Notwithstanding the divergence and seeming antagonism to Ricardo among continental writers, and some American, it is doubtful if a single new, fairly well established postulate has been added to science, the germ of which is not to be found in Ricardo.

THINKING, FEELING, DOING. By E. W. Scripture, Ph.D. Flood & Vincent. The Chautauqua-Century Press. 150 Fifth ave., New York.

This book is the answer to the question, "Are you not afraid that all this accurate and fine work in the laboratory will scare away the public?" It gives the methods and results of the so-called new psychology, and is written in such plain English and perspicuous style that ordinary readers can understand and enjoy it. The facts considered in this little volume are facts of mind, not of the physical world. It is called new psychology, says the author, because it employs a new method in the history of psychology, although not new in the history of science. The newness is not in the material, but in the substitution for mere observation and guess work of the experimentation of the laboratory. Herbert led the revolt against the old fashioned psychology; Fechner was the founder of the experimental phase of it, and to Helmholtz the science owes more than to any other scholar. Psychology is now studied in the laboratory; and the one in Yale University is the most extensive and perfect in the country. The book describes the experiments by which is shown how far behind an act of will is the movement willed; also, the length of reaction-time in the case of a runner, in the case of touch, and even of thought. By means of certain instruments, these facts can be ascertained with marvelous accuracy.

Rapidity in all the elements that make up thinking-time, reaction time and action-time is a matter of education; experiments are described showing how attention can be measured, and what its regulating laws are.

To touch is experimented with, till what is called the "threshold of intensity" may be discovered in the case of any individual. Such an important factor as the rate of change, which enters into nearly every experience of life, was not made known until experiments in the laboratory revealed it. The changes of the pulse under emotion of anger is accurately depicted by means of a diagram. The fundamental laws of memory are set forth, and by some ingenious experiments the average memory change is obtained.

So, too, how to measure a suggestion and its effects is shown to be possible. The book fascinates the reader and

makes him feel as if he stood at a doorway leading into a new world of science with unknown possibilities. Instead of the vague observations of the speculative psychologist, we have here the new psychologist investigating and verifying every fact reported. The aim is to make all this bear on the training of the rising generation for a more intelligent and useful life. The result is, we are going to know more about mental phenomena, how they are produced, how they can be modified if desirable, and with this knowledge will come a better understanding of how to live.

Once psychology was an armchair science and almost anybody could teach it; now only a specialist, at home in the laboratory and able to demonstrate the facts and forces which underlie all mental life, is competent to teach it.

HOW TO STUDY AND TEACH HISTORY. With particular reference to the History of the United States. By B. A. Hinsdale, Ph.D., LL.D. Appleton & Co., New York.

This volume belongs to the fourth division of the International Education Series. The latter includes works under the following four general heads: 1, History of Education; 2, Criticisms of Education by Educational Reformers. 3, Systematic Works Presenting the Theory of Education; 4, Art or Practice of Education. The latter has also four subdivisions: (1) Books on the Methods of Instruction; (2) On Methods of Government and Discipline; (3) On Methods of Organizing Schools; (4) On Supervision of Schools. The above scheme indicates the widening interest in all educational matters, and this book is not the least important in an already elaborate series. Its aim is practical; that is, it states the uses of history, defines in general its field, and emphasizes the selection of facts with reference to the three principles of association. Then, in addition, it undertakes to describe the qualifications of the teacher, and to illustrate causation and the grouping of facts by outlining some important chapters of American history. It is really a pedagogical work, adapted mainly to the needs of elementary and secondary teachers. It strikes us as singular that our author starts out with reasons for teaching history at all, and then proceeds to show its disciplinary value and how it supplies motive power as well as guidance. We had not sup-

posed that there was any doubt as to the importance of the study and teaching of history, least of all among those whose province it is to instruct in our secondary and higher schools. There is, however, great need of ascertaining the most effective method of teaching history. Just here, if there is any light to be offered, it will be a most valuable contribution to pedagogy. Rightly, in our judgment, does our author object to the limitation of the field of history to a mere detail of public transactions. The democratic theory of history is the one now most current, which gives the first place to the people or nation. Freeman keyed his historical writings to the motto, "History is past politics; politics, present history;" and that is the governmental theory. R. Green is an example of the former, and so aptly names his work, "A Short History of the English People." It is, however, the social aspects of history that are of prime importance in schools, and that teacher is most successful who can correlate causes and effects, and lead the pupils to see in the study a report of the evolutionary process going on in nations, societies, and the world at large. The chapter on the organization of facts is a suggestive one to the teacher, for much depends, in the use of historical facts, on their chronological, their geographical, and their causal relations. The time element in history cannot be overlooked by the teacher, since history is dynamic, not static; and at this point follow some pertinent suggestions as to overcramming the pupils with dates. His *Conspectus of the American Revolution* is a good illustration of how the author would have a teacher seize upon the salient features of a great movement. His chapter on the territorial growth of the United States is an instance of the succinct presentation of the enlargement of our national domain, and of the causes which favored it, so far as we were concerned. The industrial political development of the United States is really one of the most important chapters of the book, and is deserving of even greater emphasis in the scheme of teaching our author advocates; while the section on the teaching of civics brings to a prominent place what has only of late been accorded a place in our curriculum of school studies. But nowhere does the teacher need to be more skillful than in this department. The volume is worthy of its place in this educational series, and, as history is both for pur-

poses of discipline and guidance now conceded a foremost rank, there is the more need of the teacher becoming an adept in the art of teaching it. There is a happy combination in this treatise of theory and concrete illustration, with a very valuable chapter on the bibliography of the subject.

THE SCIENCE OF MONEY. By Alexander Del Mar, M.E. Macmillan & Co., New York. 1896. 205 pp. \$2.25.

In this book, Mr. Del Mar controverts all modern ideas on value and money, and affirms nearly all the heresies that have ever found currency on this subject. He says (page 15): "There is no source of value any more than there is a source of distance. There is no cause of value any more than there is a cause of distance." If value has neither source nor cause, it cannot be a social or economic phenomenon, and consequently cannot be influenced by societary conditions. He denies that the cost of production affects value and asserts that the cost of production of precious metals is generally double or treble their value. He affirms the same thing regarding wheat and pork. Just why people continue from year to year and generation to generation producing gold and silver and raising wheat and hogs at a loss of from 50 to 100 per cent., Mr. Del Mar does not feel called upon to explain. If the reader wants to study something wholly out of the beaten track of thought, where there is a surprise on every page and through all of which the mind of the wizard who leads him continues fertile and apt in illustration, and apparently exhaustive in resource, so far as learning goes, he will find it in Del Mar's "Science of Money."

# GUNTON'S MAGAZINE.

AUGUST, 1896.

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## **The Chicago Platform.**

THE platform adopted by the Democratic convention at Chicago is the very embodiment of economic heresy, fiscal insanity and national disgrace. Before the convention met, Mr. Whitney said the condition was analagous to that of 1860. The character of the convention has justified Mr. Whitney's remark. Its platform records the result of its ignorant, reckless malignity towards existing institutions, vested rights, industrial prosperity and national integrity. It declares for Free Coinage of Silver, Government Fiat Paper Money, Free Trade and an Income Tax. It would be difficult to construct a platform more thoroughly charged with the elements of national disaster.

The free coinage of silver is not only a reckless fiscal proposition, but it has all the appearance of being dishonestly demanded. This plank is advocated under the pretence of maintaining bimetallism in the United States. One might as well advocate the suppression of public meetings in order to promote the freedom of speech. These people all know that the free and unlimited coinage of silver at 16 to 1, with the present disparity in the bullion value of the two metals, does not mean bimetallism. They know it means silver monometallism, or what is the same thing, a silver basis for our currency and business, with gold either driven out altogether or at a high premium. They not only know this, but many of them openly declare that this is what they want.

Therefore, when they refer to the fact, as every speaker does, that under free coinage prior to 1873, there was bimetalism and that the mere opening of the mints of the United States to-day would re-establish the parity between the two

metals, it is difficult to regard them in any other light than that of trying to humbug the great mass of the people who have not technically studied the subject. They refuse to recognize the fact that the value of silver in a dollar to-day is but a little over half what it was in 1872. The average market price of silver in 1872 was  $60\frac{5}{8}$  pence, or \$1.322 an ounce. To-day (July 10, 1896) the market price of silver is only 69 cents an ounce, or 47.80 per cent. less than it was in the year before the demonetization. To put it in another way, in 1872 the silver in a dollar ( $371\frac{1}{4}$  grains) was worth \$1.022, while to-day the silver in a dollar is worth only  $53\frac{4}{10}$  cents, a fall of 48.8 cents.

Of course, it is obvious that the free coinage of silver could cause no lowering of the value of the standard, when the silver to be put into the dollar was worth  $2\frac{2}{10}$  cents more than the coin itself. If we had changed from a gold to a silver basis at that time, the dollar would have been worth a little over two cents more than it was on a gold basis, consequently no depreciation of the standard could have occurred. To-day, the case is over 47 per cent. the other way. The metal in a silver dollar is now worth nearly 47 cents less than the metal in a gold dollar, and 48.8 cents less than was the metal in a silver dollar in 1872, when it was worth over two cents more than the metal in a gold dollar. Consequently, if we change from a gold to a silver basis, in which case the the value of the dollar could only equal the value of the metal of which it is made, as the gold dollar does now, the standard dollar would drop to about 53 cents, and its purchasing power would of necessity be adjusted to that value. It is, therefore, strictly true to say that the free coinage of silver is not bimetalism but monometallism, with a 53 cent standard dollar. Nothing short of a miracle could prevent this result under the free coinage of silver, with present relative value of the two metals. But the downright audacity of the Democratic platform makers consists in the fact that this is what they really expect and desire to bring about, while pretending to be advocating bimetalism.



Their declaration in favor of Government legal tender paper money is the acme of fiscal insanity. Yet they stand upon Democratic precedent. For this reversal of every principle in sound banking, they get their inspiration from Jackson's fanatical and wholly selfish antagonism to the Bank of the United States.

"Congress," they declare, "has the power to coin and issue money, and President Jackson declared that this power could not be delegated to corporations or individuals. We, therefore, demand that the power to issue notes to circulate as money be taken from the national banks, and that all paper money shall be issued directly by the Treasury department." It is to this Jacksonian Democracy and monetary idiocy that we owe about all the defects in our present banking system. In his overthrow of the Bank of the United States, Jackson destroyed the only sound currency regulator of the country, and gave us an era of wild-cat banking. But for this the greenbacks, which are the menacing element in our present paper currency, would never have come into existence.

In short, this Jacksonian declaration in the Chicago platform for Government paper money is directly contrary to every principle of sound banking, elastic and safe currency, known to mankind. It is a device appealed to only in times of war or revolution, and always one to be gotten rid of with a first return to peace, industrial progress and sound banking.

It would have been very difficult for the makers of the Chicago platform more completely to have combined the worst elements of monetary disturbance and wild-cat currency than are contained in their free coinage of silver and Jacksonian paper money declarations. The principle of non-legal tender bank note currency, held subject to daily coin redemption, which Jackson overthrew, in his destruction of the Bank of the United States, and which the Chicago platform denounces, is the vital principle in sound banking the world over. It is this principle which makes the Bank of England, the Bank of Scotland and the Bank of Canada so pre-eminently superior to the national banks of this country. It is this principle that

enables the farmers in Manitoba to get the same money accommodations and at substantially the same rates of interest as the manufacturers and merchants in the commercial centres. It is, in short, the only principle which gives elasticity with safety in paper currency anywhere. Yet, through their prejudice against capital and consequent hatred of bankers and successful business men generally, these semi-socialistic fanatics have denounced the fiscal principle which is the very soul of sound banking, and the cheap, elastic and safe currency which the South and West so greatly need, and have declared in favor of Government legal tender fiat paper currency, the very worst kind of money the world ever saw.

As if free silver and fiat currency were not evils enough, they add a declaration in favor of free trade. In this, however, they do but reaffirm the destructive policy of the present administration with which the nation has been so sorely afflicted since 1892. Tariff for revenue is the name under whose guise every manufacturing interest in this country has been attacked. Some of the industries have been mortally wounded; all have been seriously injured. During this whole period Mr. Cleveland and his administration have acted with utter indifference to the widespread disaster their policy has created, and this mob convention at Chicago, though not in accord with the present administration on silver, is loyal to its business-destroying tariff policy.

In order to complete Cleveland's programme, and further atone for the "inefficiency for evil" of the present administration, the Chicago platform declared in favor of renewing the efforts to establish an Income Tax as a part of the revenue policy of the nation. This tax has been well designated as "a penalty upon integrity and a premium upon vice." Besides creating fraud and personal dishonesty, it tends to destroy patriotism and inspires opposition to public improvements. It was born of socialistic antagonism to wealth. It is the child of class hatred, whose mission is to injure the successful and thwart the growth of public welfare. It was put in the Chicago platform solely as a means of punishing the rich

whose wealth the convention did not see its way more sweepingly to confiscate. In thus combining the chief heresies of Andrew Jackson, Jefferson Davis and Grover Cleveland into one platform, the Chicago Convention showed a taste for political depravity, and a power of selecting the worst, seldom equalled in any similar gathering.

After twice electing to the presidency a politician of Mr. Cleveland's calibre and character, it is not surprising that queer and unaccountable political conduct may be expected from the people of the United States. Yet, it is difficult to believe that, while still smarting under the lash of his incompetency and unpatriotism, the American people will deliberately vote for a platform made up of the worst features of Clevelandism with the most conspicuous blunders of Jackson and Davis added. Although it is true that Democrats are famous for "voting their ticket straight," there is throughout the country a large sprinkling of them who will not support a platform made up exclusively of Democratic mistakes with only socialistic seasoning and an eloquent populist for a candidate. A platform consisting mainly of conservative assertions and straddling phrases might have a plank or two of fanaticism, but if one composed wholly of business-destroying dynamite, supplemented by threats of economic anarchy and political recklessness, can secure the endorsement of the American voters, the Republic is surely in danger and can hardly be worth saving.

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### Who Is Responsible?

IN adopting a free silver, free trade, fiat paper money platform and a Populist candidate for president, the Chicago convention has made the Democratic party again the party of revolution. At first sight, it looks like an uprising of the masses in the South and West for a fiscal principle. Indeed, some have endeavored to explain this extraordinary departure on the theory that "the East has ignored the growing significance of the silver question, while the South and West have been diligently studying it, and are, therefore, much better in-

formed upon the subject. Hence, their speeches and literature have created a more wide-spread conviction among the people."

Intensity and a unanimity of convictions are not necessarily evidence either of correct information or of good thinking; it is too frequently but the expression of ill-informed fanaticism. On all questions of great, social, political and religious importance, the most ignorant nations are usually the most unanimous. Their unanimity of conviction is frequently proportionate to their lack of knowledge upon the subject.

Will anyone seriously pretend that the unanimity of the free silver opinion in the Southern States is the result of well-informed conviction? The South is solid now for silver as it has heretofore been for Democracy. But everybody knows its solidity is due not to its political intelligence, but rather to the density of its ignorance and the intensity of its prejudice. It is not true to say that the South and West have intelligently studied the money question. What they have really done is to accept a series of emphatic but erroneous statements regarding the cause of the decline in value of silver, and its effect on farm prices and industrial prosperity. Nothing could more conclusively demonstrate their ignorance upon monetary questions than the unanimity with which they declare against bank-note currency and in favor of Government fiat paper money—a position impossible to people well-informed upon the principles and history of monetary experience. Everything in the platform, in the speeches of the candidate and in the frenzied conduct of the convention, shows that it was the culmination of a growing, wide-spread feeling against the established industrial order rather than of any intelligent conviction on the money question.

That the Chicago gathering was more of a Socialist or Populist mass meeting than a serious political convention is obvious, but how came this to pass? Who is responsible for this flood of economic insanity? It is no answer to say, "The convention was captured by the Populists." How came the Populists to capture the convention? There was no fusion of parties; everything was done within and through the

machinery of the Democratic party. The primaries and State conventions throughout the country, which elected the delegates to attend the Chicago convention, were Democrats, and were controlled entirely by the machinery of the regular National Democratic organization. If the Populists captured the convention they must have captured the Democrats themselves by converting them to Populistic doctrines. Indeed, all the facts of the case show that this is really what occurred.

The Democratic convention was not captured by Populists hitherto outside of the party, but the Democratic voters who, in the South and West, and to no small extent in the East, have become converted to the Populist doctrines. Who, then, is responsible for this change in the convictions and conduct of the great mass of the Democratic voters? Where did they get their education in these Socialistic theories? It could not have been from the Republicans, because it is a part of Democratic tradition and education not to listen to Republicans on matters of fact, much less follow them on matters of principle. One of the tests of a good Democrat is always to oppose Republican propositions on principle. Moreover, if it had come from the influence of Republicans, it would have shown itself in the doings of the Republican convention. There were, indeed, a few in that convention who were affected by the malady, but they were too insignificant to exercise the slightest influence upon the doings of the convention, and when they withdrew their departure produced scarcely a ripple.

Nor is it from the Peffers and Herr Mosts that this movement has come, for their followers have not perceptibly increased. It is with the rank and file of the Democratic party that the revolution has taken place. It is, therefore, to the teachings of the leaders, those who have influenced the conduct and commanded the following within their party, that we must look for the responsibility of this movement of madness.

Who have been the leaders of the Democratic party during the last ten years, while this movement has been brewing?

Not the Bryans and Blands, Boies, Altgelds and Tillmans. These are the mushroom leaders made by the movement. The leaders of the Democratic party under whose influence this political pestilence has arisen are the Clevelands, the Wilsons and the Carlises, inspired and sustained by the Mugwump press under the leadership of the *Boston Herald*, *Harper's Weeklies*, *Brooklyn Eagles* and the *New York Evening Posts*. We shall doubtless be told that this can not be correct, since these are the very people who are leading the bolt against the Chicago platform and nomination.

It is true that they are now the bolters against free silver, but they have been the real propagandists within the Democratic party of Socialistic doctrines, of which the free silver craze is but an expression. They have sown the wind and they are now reaping the whirlwind. By their unconscionable attacks upon the integrity of American industries and American capital, they have laid the foundation for the universal distrust of American business men among the farmers and laboring population generally. The eggs of suspicion stealthily laid by these enemies of American industries have been hatched out into all forms of revolutionary propositions which make up the general movement against modern society.

It, of course, includes the Socialists proper, the Populists, the Grangers, the Export Bounty Advocates, the Single Taxers and the Knights of Labor. These are not equally animated for a particular measure, but they are all in general agreement in their opposition to existing industrial and fiscal institutions. The fact that the free silver idea was caught up by the farmers gave it the lead, and made it the point upon which the popular sentiment concentrated. It will be observed that all the factions of the movement endorsed the Chicago convention; not that they know or care much about silver, except that it is against what the bankers and capitalists and business men of the country want. Herr Most was elated with it. Henry George applauds it and praises the skill and integrity of the Altgeld-Tillman managers. The Populists are elated, and are preparing either to vote the ticket

or endorse its candidates. The Knights of Labor and the Federation of Trades Unions are expressing their friendliness to the programme, not that they regard free silver as any special advantage to the wage workers, but that they see in it a blow at the capitalists of the country, whom they have come to believe are their enemies.

That the growth of this destructive movement within the Democratic party, which culminated in Chicago, is traceable to Clevelandism and its concomitants during the last dozen years, is easy to demonstrate. It did not begin with the advocacy of free silver, or the government ownership of railroads, or single tax, or the Sub-Treasury plan, or fiat paper money. These were the products of individual "geniuses" in different localities, to whom industrial discontent gave inspiration. The real movement which led to Chicago began in 1887, with Cleveland's famous 6th of December message to Congress attacking the tariff, which committed the Democratic party to free trade as a national issue.

At that time, opposition to American business men as plunderers of the "common" people had no existence, except as a theme of doctrinaire economists and a few journals with European ideals, interested more in foreign importations than in domestic productions, but it had no concrete existence as a political policy. With Cleveland's message, the sentiment which had previously but an academic existence was converted into a party policy. Immediately thereafter, almost as if by magic, the entire Democratic press throughout the country, as a matter of party loyalty, abandoned protection and assumed the role of free trade propagandists, taking their cue from the doctrinaire journals of New York and Boston.

Upon this issue the campaign of 1888 was conducted, with the result of 233 electoral votes for Harrison to 168 for Cleveland, although the popular vote for Harrison was only 4,444,216 to 5,538,233 for Cleveland. The large popular vote for Cleveland being, of course, chiefly made up by the "solid South," which is a dense block of impenetrable igno-

rance, always ready to be counted for anything called Democratic. This year it will prove to be a solid chunk for Bryan and free silver because they are labelled Democracy. The evenness in the division of the popular votes between the two parties gave great encouragement to the anti-protectionists, and immediately after the election they formally announced their purpose to redouble their efforts for a successful free trade campaign in 1892. Some of the more conspicuous organs, like the *New York Times*, kept this announcement standing for several months at the head of their editorial columns.

The war upon protection now began in dead earnest; every means, fair and foul, were resorted to, to convince farmers and laborers that the tariff was a system of robbery for the benefit of manufacturers and employers. In order to sustain this position and create a sour prejudice in the minds of the masses against protection, a persistent attack by Democratic papers throughout the country was made upon every protected industry. Fictitious statistics of prices and profits were created; no misrepresentations were too vile to be used in order to bring American manufacturers, business men, and particularly large capitalists, into disrepute with the public. What with the eagerness to make a plausible case against protection and the ignorance of the greater part of the writers and speakers upon the subject, the agitation rapidly grew into an indiscriminate war upon American industries. Business success was made the synonym for dishonesty. The greater the prosperity of an industry, the more was it attacked as a public evil. The conductors of every great enterprise were pointed to directly or by inference as accumulating fortunes out of the unpaid wages of labor. By this general tirade against capital, the business men of the East were held up in the light of pirates who were preying upon the farmers of the West. Since railroads connected the two sections and their stocks were quoted in Wall Street, they, too, came under the bann as common enemies with protected industries.

By this means, fuel was constantly added to the Social-



istic fires that were already being kindled and urgently fanned by the alien propagandists in our cities. The Single Taxers could quote the daily press in proof of the robbing daily perpetuated by land owners, railroads and other corporate monopolies, reducing the masses to poverty, from which "free trade and free land" were the only means of emancipation. While the Socialists among the Trade Unionists did not believe much in the virtues of free trade, they regarded the work of "spoiling the Egyptians," so successfully being done by the Democratic press, as aiding the "grand revolution," and hence gladly helped to disseminate the poisonous distrust of American business men among the wage workers everywhere. The farmers were easy converts to this movement. It took but little to convince them that they were being "robbed, through unjust taxation, to enrich Eastern manufacturers;" that the railroads were huge monsters, reaching out their fangs from Wall street and taking the very life blood of the "honest, industrious farmer."

Little wonder, with the Confirmation and elaboration of this in the press 365 days in the year, that a deep, sour, anti-capitalist conviction among the farming population was created, which honey-combed the West and South with organizations under various names as: Husbands of Industry, Farmers' Alliance, Grangers, Populists, People's Party, etc., all seeking a remedy for their ills in some revolutionary programme of an essentially Socialistic character. Some demanded the public ownership of railroads and telegraphs; others, export bounties on farm products; others, the "Sub-Treasury plan," by which the Government was to open a pawn-shop for farm products; others, as the Greenbackers, demanding the abolition of national and state banks, and the inflation of paper currency by the unlimited issue of greenbacks. The last and apparently most potent device for this purpose yet discovered is the free and unlimited coinage of silver at 16 to 1.

This is because, through recent economic changes, the fall in the value of silver has been sufficiently great to make "free coinage" a revolutionary proposition, whose adoption

will injure the "robber barons" by crippling productive enterprises, and above all, because it is opposed by Wall street. In proportion as the fear of free silver has increased among the commercial and manufacturing classes, so much the more is it demanded by the disciples of the "grand revolution."

As we have said, the Chicago platform and candidates are not the outcome of a growing conviction of the people on any particular fiscal doctrine, but are the culmination of a class prejudice, fostered and fed, and in many cases created, by the wide and persistent warfare upon American industry. It is the logical spirit of Clevelandism. The very so-called sound-money Democrats who are now railing against it and threatening to bolt from it, in order to prevent the election of its ticket, are, more than all forces combined, responsible for its existence.

Of course, the Clevelands, Wilsons, *Harper's Weeklies*, *Brooklyn Eagles* and *Courier-Journals* did not mean to produce this result. What they intended was to Englishize American industries, to accomplish which they were willing to undermine and destroy the confidence of the people in American industrial institutions. The seed of class hatred and industrial anarchy thus planted, connected with panic and bankruptcy, has borne fruit within their own party in the form of a programme of revolution which, besides more industrial disaster, means national repudiation and disgrace. The only means of partially repairing the evil they have done is for them forever to abandon their nagging at American industries, and from now on to work for the election of McKinley and Hobart.

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### English Reasoning on Protection.

THE London *Daily Chronicle* of June 27, in an editorial upon the celebration of the Jubilee of Free Trade, makes some important admissions. It admits that the United States, being an empire in itself, may be prosperous under protection, or under free trade, if either policy is consistently and firmly maintained. But, of course, the *Chronicle's* idea

is that our prosperity would be greater under free trade. If we concede that the vastness and richness of America's resources are what give it prosperity under protection, there is great force in the argument that if the vaster resources of the world could be reached by America under the practice of free trade, its prosperity would be still greater. To be sure, free trade exists between all parts of the United States, and prosperity has followed. The people of one part of the nation have not been benefited at the expense of those of the other. All have been prospered alike. But this has been because our population is substantially homogeneous. A similar wage level prevails throughout the nation. There has been no underbidding of one manufacturer by another, because the latter has the advantage of obtaining labor equally good, at a lower price. As soon as this condition is universal, free trade may be universal also; and as soon as any other nation reaches our wage level, so soon it would be safe to remove all protective duties from the imports of that nation. And a wise national policy would dictate such a course. In non-competitive products the freest trade is desirable. But if a competing foreign manufacturer wishes to lay down his wares in this country, let him pay in protective duty what he saves by paying lower wages to his operatives. Then the foreign and the domestic manufacturer are placed on an equality. Each bears equal burdens, and the race will be to the swifter.

The *Chronicle*, while admitting the growing incredulity about the advantage of free trade to England, yet strongly opposes Chamberlain's proposed Imperial Zollverein. It naively remarks, "Are we to give up the market of seventy millions in the United States for five millions in Canada? Is it common sense to do so?" Evidently the English appreciate the value of the American market. And yet some Americans are willing to throw it away in the hope of gaining the fabulous and mythical "markets of the world."

The importance of the firm and consistent application of the protective theory, if it is to prove successful, is well

pointed out by the *Chronicle*. And yet the *Chronicle* fails to perceive that the distress and disaster of 1893-94 were the result, not of protection, but of the fear that protection would not be consistently maintained.

The *Chronicle* re-echoes the old argument against protection, that it gives rise to militarism, apparently forgetful of the fact that no such tendency towards militarism has been manifested in this country, and that our standing army is smaller than that of any other first-class nation on the face of the globe.

The advantages which England formerly possessed by reason of her superior machinery and trained mechanics are rapidly passing away, and as the conditions which rendered her free trade policy advantageous vanish, she is forced to inquire how she may maintain her supremacy in trade. The very foundation of her industrial system is shaken, and whether the old system shall be shattered and over its ruins shall be erected a new structure, whose corner-stone is protection, time alone will determine.

The workings of the English mind on American affairs, and particularly on the effect of protection on American prosperity, is indeed a puzzle. The *Chronicle* realizes that the United States is the best market in the world for England to sell goods in, which means that it is the most prosperous; yet, it cannot refrain from assuming that we must be a poverty-stricken people because we have protection. It says: "But rich as America is, boundless as are her resources, it is quite certain that, during the last ten or a dozen years, with wealth increasing at an unprecedented rate, there has been immensely more suffering among the laboring population, immensely more dislocation in business, than in this old and crowded country. Dr. Carroll D. Wright, than whom there is no more trustworthy authority living, declared officially that, in the crisis of 1886, there were some two millions of unemployed. In the later crisis of 1893-94 the number of the unemployed rose to over three millions, and in some cities the streets were almost blocked with the masses of men out

of work. The process which conducts to this condition of things in the American industrial centres is in this wise: Protectionism is the most formidable agent in the building up of huge capitalist monopolies. These monopolies when completed rush on production without the slightest reference to the needs of the community, being aided by the wonderful development of machinery, in which America is ahead of the rest of the world. Immense stores are accumulated for which there is no effective demand, when a general cut in wages takes place, thus rendering the consumer even less able to make a demand for commodities than before. Then a wholesale "shut down" takes place, and there is the spectacle of idle mills, unemployed workmen, and enormous masses of goods crammed in warehouses. The natural thing would be to sell this surplus to foreign customers, to tap the rich markets of South America, China and Australia, which the United States ought to be able to do more easily than any European country. But protectionism which has built a great Chinese Wall of tariffs around the United States forbids this."

The *Chronicle* would not venture to discuss English affairs in such an ill-informed and illogical manner as the above. But when talking about American affairs in England, it would seem that neither accuracy nor sense is required. The statement that "during the last ten or a dozen years . . . there has been immensely more suffering among the laboring population" in the United States than in England, is evidently meant for an audience utterly ignorant of the facts. The *Chronicle* knows that for the last twenty years, in many lines of manufacture in England, particularly cotton, depressions have become almost annual events. It knows that "short time," which means working three or four days in the week, is resorted to almost every year. No such condition exists in the United States.

The *Chronicle's* statement, attributed to Carroll D. Wright, that "in 1886 there were some two millions of unemployed" in the United States, has no foundation in any of

Mr. Wright's published statistics. The *Chronicle* writer must have been using a statement second-hand, or else he allowed the printers to play havoc with his copy. The highest figures Colonel Wright ever gave were in his Report on Industrial Depressions in 1886, when he said that at one time in 1885 there were estimated to be nearly one million out of employment; not two millions, and that was for but a brief time.

The *Chronicle's* next statement that "in the later crisis of 1893-94 the number of the unemployed rose to over three millions, and in some cities the streets were almost blocked with the masses of men out of work" is really refreshing, especially as it attributes it all to protection. We are not willing to charge this to the ignorance of the *Chronicle*, we insist that it knows better. It is impossible for it not to know that the crisis of 1893-94 was directly the result of Cleveland's attack upon the protective system. It cannot plead ignorance to the fact that the day after Cleveland's election was definitely known, the industrial depression began by cancellation of orders throughout the country. It could not fail to know that the shutting down of factories, discharging of laborers, refusal of the banks to discount commercial paper for protected manufacturers and an unparalleled series of bankruptcies all came in less than three months after Cleveland's inauguration. The *Chronicle* ought to know, because the facts were revealed in the subsequent statistics published by the *Journal of Commerce*, *Bradstreet's* and other purely statistical publications, that this was not due at all to monopolies, over-production or inflation of any kind. On the contrary, such papers as the *New York Evening Post*, the most rabid free trader in the lot, also the *Journal of Commerce*, admitted that the business of the country was never more solvent or freer from speculative inflation. The fact is, that the industrial depression or panic of 1893-94 was suddenly created out of a most wholesome state of industrial prosperity by a reckless effort to substitute free trade for protection. In other words, we have had three years of the

severest industrial disturbance of this generation simply and solely as the penalty of trying to adopt the *Chronicle's* advice.

Its description of the "process which conducts to this condition of things in the American industrial centres," is a pure invention. None of the conditions it there describes existed in 1893. If the *Chronicle* had taken pains to be fairly informed on matters in this country it would know that the continued prosperity of the twenty-five years preceding Cleveland's election in 1892, which was the period of pronounced protection, has no parallel in the history of any country. For this, he need not rely upon American authorities, but can turn to England's own statistician, Mulhall. Then, with the superior air, so characteristic of his countrymen, the editor of the *Chronicle* naively remarks, "the natural thing would be to sell this surplus to foreign customers, to tap the rich markets of South America, China and Australia, which the United States ought to be able to do more easily than any European country." How "spider-like" this advice is.

The *Chronicle* sneers at Mr. Chamberlain for asking Englishmen to exchange the market of the United States for that of Canada, and yet almost in the same breath sagely advises American manufacturers to sacrifice the American market for "the rich markets of South America, China and Australia," when 10 per cent. of the American market is worth more to our manufacturers than the whole of these put together. New York city alone is worth more as a market for modern manufactures than South America, and Australia is not more than equal to Massachusetts. If the markets of "South America, China and Australia" are so rich, why does not England turn her attention to those and leave the American market where the people are constantly in such poverty and distress to American capitalists. This talk about the richness of the markets of "South America, China and Australia" is so much sophistry.

It would, no doubt, be delightful for England if the United States would take the *Chronicle's* advice and adopt

free trade for the purpose of "tapping the rich markets of South America, China and Australia," because by so doing England would be enabled to "tap the market" of the United States. Oh, no, dear *Chronicle*, the last experience in that direction is too fresh in the memory of the American people. Mr. Cleveland has taught us that the American market is worth more to Americans than are all the other markets of the world put together. We have decided to keep our own market and occasionally have our share of the others also. But not again in this generation will the American people be lured by the charms of sacrificing the American market to England in order to "tap the rich markets of South America, China and Australia."

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### **Sweating System in New York City.**

JULIUS M. MAYERS.

(Counsel to the Reinhard Committee.)

#### I.

In March, 1895, a Committee of five members of the Assembly of the State of New York was appointed to investigate the condition of female and child labor in the City of New York, with all the necessary authority of subpœnaing and examining witnesses. The members of the Committee were Messrs. Philip W. Reinhard, Jr., Harvey T. Andrews, Seth Wilkes, Charles Steinberg and Jacob Kunzenmann, all of New York City, and the Committee has been popularly known, from the name of its Chairman, as the Reinhard Committee. Its inquiries were directed to two fields; first, to manufacturing establishments; second, to mercantile establishments, so called; that is to say, places where goods are offered for sale, as distinguished from places where goods are manufactured. The Committee held thirty-six hearings in the City of New York, heard the testimony of 258 witnesses, and made numerous personal investigations, visiting a large number of work places in the City of New York. The report of the Committee was made to the Assembly on January 16th, 1896, and is "Assem-



bly Document No. 29." As a result of its labors, two bills introduced by Mr. Harvey T. Andrews, on behalf of the Committee, were enacted into laws, the "Mercantile Employment Bill," almost unanimously, and the "Anti-Sweat Shop Bill," unanimously by both houses.

The Committee entered upon its investigations without any fads or hobbies, prepared conscientiously to make itself thoroughly acquainted with conditions only as they really existed, and to make such recommendations to the Legislature as the facts ascertained and the advice and suggestions of acknowledged experts would warrant. The inquiry into the condition of manufacturing establishments led to a thorough and exhaustive investigation of the sweat shop and the sweat-shop system.

In endeavoring to describe the sweat shop I shall use the report of the committee quite freely, and if I incorporate *in* *kaec verba* some of the definitions and descriptions in that report, it is because those definitions were carefully thought out, and I have not since been able to improve upon them.

The sweat shop and sweater must be properly defined, in order that the meaning of the terms may be understood. The best definition of the sweater is accepted as applying to the contractor or middleman, who stands between the wholesaler and the workman. In the clothing trade, for instance, the wholesaler furnishes the cloth cut by his own cutters and ready to be made up into garments. The cloth thus cut is given to a contractor or middleman, who has it made up into garments by his own workingmen, or, if he be a large contractor, farms it out to a number of sub-contractors.

The large army of unskilled labor which, increasing yearly, has settled in New York, ignorant of the customs of the country and unfit to enter at once into fields of industry where previous skill or training would enable the worker to readily earn a livelihood, is naturally, under the stress of poverty and the need of immediate work, forced into occupations which can be easily learned. Thus has come about the almost minute subdivision of work, so that in many establish-

ments there are now separate branches of the clothing industry, viz., the coat makers, the vest makers, the trousers makers and the knee pants makers.

Each one of these subdivisions is again divided. In the coat making trade the coat makers work in sets of five, to wit: an operator, a baster, a finisher, a presser and a bush-eller, each one of whom cannot necessarily do the work of the other. It was testified that nineteen persons were required to make up a single garment, to wit: the cheapest grade of overcoats; and, that the five subdivisions above mentioned were again divided, so that, for instance, instead of one operator doing all the operating on the coat, there would be three operators—one working the pockets, another the lining, and the third the remainder of the coat; and instead of one presser there would be two—one doing the finishing part of the coat (that is the principal part), and the other one doing the pressing of the seams and other minor work.

“ There is another point I wish to touch upon in reference to the introduction of people in the trade through charitable institutions. That is why I referred to this cheaper branch of trade. They are introduced there, and it has become a great evil. The first thing they do is to try to get these people (immigrants) work. The clothing trade offers the easiest opportunity. And they introduce them in that branch of the trade that requires nineteen tailors to make a coat. With a few weeks' training they are able, for instance, to sew on the flap of a pocket, or stitch the lining, or do some little work, or sew on buttons, or things like that.”—(Testimony of Henry White.)

Other trades in turn have their subdivisions, though not so numerous as in the clothing trade. In the making of the cheaper grades of shirts, one workman makes the fronts, another the collars, another the sleeves, another puts in the sleeve-linings, and another hems the bottom.

This subdivision of labor has led to the piece or task system, which is the basis of the sweating or contracting or middleman's system. By the piece work system is meant a system whereby the workman receives a certain amount of pay

for doing a task, that is to say, a certain amount of work to earn a certain amount of pay. Thus a contractor must contract to make up a certain number of coats for a day's work, and it matters not how many hours are needed to complete the required amount of work, so that that work is done in a day or other prescribed time.

It is against the piece work system that many of the strikes have been directed. The Factory Law limits the hours of labor only in the case of males under eighteen and females under twenty-one, and does not apply in this regard to persons above those ages. It often occurs that males under eighteen and females under twenty-one work more than the statutory number of hours per day in order to complete their task, and, similarly, when they are working under the task system they must abridge the hour for the midday meal to which they are entitled by statute.

These violations of law are necessarily difficult of detection, and a proper understanding between the employers and the employed is far more potent to accomplish and maintain a ten hour work day than any statute could possibly be. In fact, within the past few years there has been a marked improvement in the relations between the contractors and their employés among the garment workers, due very largely to the intelligent leadership of the men at the head of the United Order of Garment Workers, and to the sound common sense of the better class of contractors. With great skill and a refreshing freedom from demagoguery, the leaders of the garment workers have been educating an ignorant but highly industrious constituency to an intelligent conception not only of their rights, but also their duties. White, Schoenfeld, Reichers and Robinson and their colleagues are to be highly commended for their conservative management, and it is to be hoped that in the event of any conflict in the future, they will continue along the conservative lines which they have heretofore followed. Through their efforts a number of labor reforms have been accomplished, the most important of which, perhaps, have been the establishment of a fifty-nine hour work week, and the se-

curing of the pay of workmen by the giving of a bond on the part of the employer.

One of the further and most injurious results of the middleman system, and of the subdivision of labor, is the tenement house workshop. The tenement house workshop is of two kinds: one, where a person employs others than members of his immediate family in a tenement or dwelling house, or any room or apartment therein, for the manufacture of coats, vests, trousers, knee pants, overalls, cloaks, waists, waistbands, underwear, neckwear, hats, caps, suspenders, jerseys, blouses, furs, fur trimmings, fur garments, shirts, purses, feathers, artificial flowers or cigars, contrary to law (Laws of 1893, chapter 673, section 13); the other, where members of the immediate family of the workman are employed in the manufacture of the above-mentioned articles (section 13), in a tenement or dwelling house, or any room or apartment therein. While the first kind of tenement house workshop (which is carried on contrary to law), is not found as frequently as heretofore, yet at the time of the Committee's investigations the evil had not been entirely abolished. The difficulty of detection is great, and the moving from one place to another contributes to the baffling of the officials charged with the duty of detecting the offenders and having them punished according to law.

The second class of tenement work appears to fall within the principle of the case of *People v. Jacobs*, 98 N. Y. 98, where it was held that a law (Laws 1884, chapter 272), interfering with the rights of a person to work in his own premises was unconstitutional. Ingenious methods are employed whereby under this decision of the Court of Appeals many large tenement houses are both dwelling and work places. Some of the cigar manufacturers in the City of New York carry on a system whereby they own or hire large tenement houses with many apartments, in which their employes live and work. Each family has its own apartment, with bedroom, kitchen and necessary living rooms, and part of this apartment is used for the making up of tobacco into cigars. The

manufacturer thus receives a rental from his workmen for their living apartments, which is in full compensation for their rental value, and saves the expense of a factory. He comes within the protection of the constitution as laid down in the case of the People *v.* Jacobs, and apparently cannot be reached by statutory enactment. Tenements of this character are to be found in the upper East side section of the City of New York, between Third avenue and the East river, and from about Sixtieth to about One Hundredth street. Thus, blocks of dwelling tenement-houses are really blocks of cigar factories. In some of these factories the tobacco is given to the workers on Friday of each week to strip, for the manifest purpose of using child labor, because the child ends its school week on Friday and can help its parents. From the testimony taken before the Committee, and the personal visits of the Committee, the Committee was convinced that parents employ young children to assist them in stripping the tobacco at such times as they are not attending school. The stained fingers and inflamed eyes of the children bore confirmation of this conviction.—(Testimony, p. 1525, *et seq.*)

The method of doing business in these cigar factories is as follows: The workers are known by the number of the rooms or apartments in which they live. A certain number of pounds of tobacco is given, for instance, to room No. 1. This tobacco is made up into cigars and the room credited with the pay therefor. Against the pay thus earned is charged the rental, which runs from about nine dollars and fifty cents to twelve dollars and fifty cents per month. The earnings of a room (so-called) are dependent, of course, upon the number of persons in the families who engage in the work. It is difficult to strike an average of the wages earned, but it is certain that these tobacco workers, most of whom are Bohemians, work a great many hours a day and have the assistance of their young children in one way or another, in order to have more than four or five dollars a week remaining after the rent is deducted.

The dangers and disadvantages of tenement house work,

whether done in violation of law or within its limitations, cannot be exaggerated. In the first place, the welfare of the people demands that the workshop and the home shall be separate and distinct. Their combination is contrary to the genius of American institutions. Disease may be communicated and children employed where it is almost impossible to detect them. The work in the tenement houses likewise necessarily leads to the cheapest kind of labor, and consequently to the degradation of the people engaged in it. True progress must be made in the direction of forcing work to be done in places distinct from the home of the worker.

In the knee pants industry is to be found, perhaps, the cheapest labor employed in manufacturing in the city of New York. This work is engaged in by the Polish and Russian Jews and the Italians; for the most part women are employed in preference to men.

The Italian women seem to have underbid all of their competitors.

Theresa Defeo, of 301 Monroe street, a married woman with three children and husband living, testified that the family lived in two rooms, that she sewed on the buttons and the seams on the bottoms of knee pants at from seven to ten cents a dozen, and then she continued:

“Q. How many dozen can you do in a day? A.  
“ Those that are seven cents we cannot make more than  
“ four or five dozen a day.

“Q. Do you work in your rooms at times? A. Yes,  
“ sir.

“Q. And you work alone, do you? A. My hus-  
“ band helps me out sometimes.

“Q. And you live and eat and sleep and work in  
“ the two rooms that you say you have? A. Yes, sir.

“Q. There are some other women in the same  
“ building that work on pants? A. Yes, sir; there are  
“ others in the house, but not in my rooms.

“Q. Now, how much money did you make last  
“ week? A. I have to work the whole week and part of  
“ the evenings to earn two dollars and fifty cents.

“Q. And you have to work at night, too, do you not? A. Up to twelve o'clock at night.

“Q. What time do you begin to work in the morning? A. Six o'clock; half-past five o'clock.

“Q. And you work all day? A. Yes, sir, and until twelve o'clock at night; and in the summer we only work up to six or seven o'clock.

“Q. But in the winter time you work until twelve o'clock? A. During the winter we work up to twelve o'clock at night; \* \* \* all the women that I know in the house, or in the rear of the house, where I live, they do not earn any more than two dollars or two dollars and fifty cents a week, and to earn any more than that you must have three or four working together—that is, the family must assist in doing the work.”—  
(Testimony, p. 1093, *et seq.*)

Louisa Casselo, of 301 Monroe street, a very intelligent young married woman, seventeen years old, born in the United States, testified that she lived with her husband and had one child; that when she was single she received for good work—that is to say, for the best clothing—ten cents a dozen for finishing pants; and for inferior work, seven and eight cents a dozen.

“Q. Could you make more than four dozen alone? A. If you get up early and go to sleep at dark at night you cannot make more than four dozen.

“Q. What time would you have to get up to do that? A. Five o'clock.

“Q. And what time would you work to? A. Until eight or nine o'clock.

“Q. Suppose you get up at five o'clock in the morning and get through at eight or nine o'clock at night, how many dozen of ten-cent pants could you make?

A. Four or five dozen, if you get up early.

“Q. What work did you have to do to earn your money; what kind of work do you do on those pants?

A. Felled the bottom and put buttons on and a little string in the legs.

“Q. Do the Italian women around there; don't their little children help them? A. There is plenty of people home, and they won't come here because they are afraid.

“ Q. I am asking you to help us; these Italian women work on these pants? A. Yes, sir.

“ Q. And they have children, seven or eight or nine and ten years of age? A. Yes, sir.

“ Q. And these children help the mothers? A. Yes, sir; there is some in our yard.

“ Q. And they work right there in the yard; in the courtyard, every day? A. Yes, sir; and some in the house.

“ Q. But a lot of them work in the yard? A. Yes, sir; some girls eight or nine years of age, and the mother; both.

“ Q. And they work in the yard, I suppose, because the rooms are so small and close? A. They want to get a little fresh air, I suppose.

“ Q. What do these little children do—do they sew on buttons? A. If they know enough to put on buttons they do, and the mother fells; if they know how to fell they do that.”—(Testimony, p. 1097, *et seq.*)

Illustrations could be multiplied, and those sufficiently interested can find all the reading they desire in the stenographic minutes of the testimony taken before the Committee [soon to be officially published].

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## Labor Problem in Japan.

FUSATARO TAKANO.

(Our Special Representative in Japan.)

In a country where the working people have no political power, and the teachings of the Manchester School of Economics are the guiding principles of public policy, a rational treatment of the labor problem can hardly be expected, much less a full recognition of the social importance of the working people. Still, those who are closely observing industrial events of our past decade, could not fail to perceive that the labor question is destined to become a subject of serious consideration within the coming few years.

The phenomenal development of the new industries, the attraction of a greater part of the rural population to the cities,



the combined oppression of the workingmen by the manufacturers, and the wholesome as well as injurious effects of the machine industries, are telling heavily upon the workers of Japan. Below the seemingly peaceful aspect of the industrial world a cloud is gathering, and it is but a question of time until the final outbreak must come. Indeed, we have already witnessed outward appearances of the approaching storm. The strike of the cotton spinners and the bricklayers; the demands of the shoemakers made at the gate of Parliament—these are some of the unmistakable signs of social unrest. Where the path of future events will finally lead us we do not know; suffice it to say that we are already entering upon an era of social revolution.

While we are satisfied that the natural course of events must necessarily demand the social recognition of the labor problem, we are of the opinion that to leave the question to its own course is unwise and dangerous, in view of the erroneous economic thought prevailing among the social leaders and statesmen.

It is an undisputable fact that heretofore the welfare of the working people has never entered into the consideration of national affairs. They were deemed insignificant factors of the social organism, existing only for the interest of the higher classes. Even in this era of enlightenment, their proper relation to the national well-being is not understood. How deep this idea is rooted can be seen from a fact that an argument for extending our foreign commerce, based upon the cheapness of our wages, has found great favor among the public leaders. Daily papers and magazines, without a single exception, have all concurred in proclaiming that the cheap wage condition should give a great impetus for extending our foreign trade, as if the foreign trade is the only source of national prosperity. They have wholly ignored another potent factor for securing the same result, namely, the extension of home market which rests upon greater consumption of our greatest population—the working people. Besides the argument being a fair example of the total disregard for the inter-

est of the laboring people on the part of the leading men of the country, it is a declaration to the working class that their interests are in direct conflict with those of other classes, since the logical conclusion of the argument is that the working people should sacrifice themselves for the interest of foreign commerce, and the more they sacrifice the better it is. Any upward tendency of wages will be considered as detrimental to national prosperity and will be opposed as such. In a word, the argument is the natural result of the economic teachings of the Mercantile School, which never recognized the true relation of capital and labor. As long as the workers remain in their dazed condition, and diffusion of Western civilization is limited to the higher classes only, the argument will find no opposition, and will undoubtedly be adopted as a national policy. But, how long will the workers remain in their semi-conscious condition? Is not the wholesome influence of modern industries enlightening them? Is not the injurious effects of factory life awakening them? Once aroused, realization must follow. Then the strong opposition against the existing order and fallacious economic teachings will show itself. Class conflict, bitter and fierce, will be waged. Anarchism, Communism and Socialism will have their sway. It will be too late then to seek a rational solution of the labor problem. The history of the labor movement of all Western nations offers us ample warnings. Those who are dreaming only of the bright prospect of our industrial world would do well to turn to the pages of history and learn what danger there is in neglecting a solution of the problem at the proper time.

Another conspicuous instance of mistaken idea concerning the condition of labor on the part of our leading men has been recently recorded. At the general convention of the delegates from the Chambers of Commerce throughout the country a month ago, a proposition to advise the government to enact a law for the protection of the factory hands was unanimously rejected, on the ground that such protection was not necessary at present, and would be a hindrance to the greater growth of our industries. These same objections were raised against

the factory laws in England and America, the utter fallacy of which has been conclusively shown by the actual results of their enactments.

While we have nothing to say against the delegates for their economic views, it is difficult to understand how they can honestly believe that the present condition of our workers needs no protection. Nothing short of total blindness could fail to detect the existence of a deplorable condition, a condition that should never be allowed to exist under the present state of our civilization. This is especially the case in those industries which are working under the modern system of equipment. Take, for instance, cotton spinning, the industry whose marvelous development has drawn the attention of the whole world to industrial Japan.

There were, in 1882, only 1,500 spindles running in the whole country, including those controlled by the government, and the total production of the cotton yarn for the year was 70,000 pounds. Ten years later the production has been increased to over eighty millions. It has effectively driven out the English goods from our own market, and it is now competing successfully with the same goods in the Eastern waters.

The stage of the development and its relation to the wage condition of the spinners is shown in the Fourteenth Annual Statistics, published by the government, viz. :

TABLE A.

YEAR	Number of Mills.	Number of Days of Operation During a Year.	Hours of Operation in a Day.	Number of Spindles.	Production. (Pounds.)
1889.....	28	302	23	215,190	27,983,683
1890.....	30	294	21	277,895	42,771,566
1891.....	36	274	20	353,980	64,082,817
1892.....	39	291	22	385,314	83,143,400
1893.....	40	297	22	381,781	88,889,533
1894.....	45	277	22	530,074	121,833,400

TABLE B.

YEAR.	NUMBER OF SPINNERS.		AVERAGE WAGES PER DAY.	
	Male.	Female.	Male.	Female.
1889.....	2 539	5,391	*Sen 17.1	Sen 8.1
1890.....	4,089	10,330	17.0	8.2
1891.....	5,051	14,216	17.7	9.0
1892.....	6,354	18,878	17.4	8.9
1893.....	6,164	19,284	17.4	9.4
1894.....	8,129	26,929	17.1	8.9
			*180 sens equal to one American dollar.	

While the production has increased ten-fold, and the demand of labor five-fold, the wage condition of the spinners presents no trace of improvement. On the other hand, those necessities of life, such as rice, sugar, tea and fuel, all show an advance of from 10 to 20 per cent. during that period. This indicates that the condition of the spinners is really worse than before.

The worst feature of the industry does not end there. According to a statement prepared by the committee of the Board of Health in the city of Osaka, the city which holds the foremost position in the cotton spinning industry of the country, with its fifteen mills, one-third of the total number of mills in the country, the working hours and age condition of the spinners in the city are as follows:

SEX.	Over 60 years.		Over 20 years.		Over 15 years.		Over 12 years.		Over 10 years.		Under 10 years.	
	Number.	Average working hours per day.	Number.	Average working hours per day.	Number.	Average working hours per day.	Number.	Average working hours per day.	Number.	Average working hours per day.	Number.	Average working hours per day.
M . . .	12	11.17	2,666	11	749	11	225	11	93	11.10	36	11.15
F . . . .	34	.....	4,709	.....	4,994	.....	2,293	.....	480	.....	135	.....

Ten per cent. of the male spinners and twenty-three per cent. of the female spinners are children under fifteen years, with an average of eleven working hours a day. A partial evidence of the evil consequence of this child labor and long working hours has been demonstrated by the fact that 94 out of 100 applicants in the city for enlistment in the army were rejected on the ground of physical disabilities, a shocking revelation to the enthusiastic followers of the militarism of the country.

The ill effects of this deplorable condition are further intensified by an inhumane arrangement of the working methods of the mills. As the table A shows, every spinning mill of the country runs day and night, and each spinner, with no age exception, works by turn day and night. Thus, a spinner who works during the day this week must work at night during the next week for the same compensation; a thing wholly beyond the conception of the Westerners.

As long as these conditions of work are exacted from the well-grown workers only, they may be passed over as the necessary evils of cheap labor condition, but to impose the same conditions upon the children of tender years, cannot be excused under any circumstances.

To declare, in the face of such condition, the existence of which is a mockery to our national integrity and a blot upon our civilization, that the Japanese workers need no protection of law is as farcical as to assert black is white, and by so declaring the convention has shown its utter incapability to deal with public questions upon grounds of fairness and national progress.

Viewing it from the spinners' standpoint, the appalling condition is further aggravated by the existence of an agreement made by the mill-owners throughout the country that the wages of spinners will not be raised, unless so agreed unanimously, and furthermore, that any spinner who may be "dishonorably discharged by one owner will not be employed by another within one year of such discharge." Added to this is the fact that the spinners are all under police supervision, by

which the employers are amply protected from every possible attempt on the part of the spinners to right their grievances.

Low wages, long working hours, child labor, black list—such are the conditions existing in the cotton spinning industry, and similar conditions are confronting the workers of other trades which are run under the modern system of industry.

To the students of the labor question the existing conditions present most serious aspects, imperatively demanding the immediate attention of the statesmen, if Japan's national progress is to continue. In fact, a crisis is near at hand, and it remains with the public leaders and statesmen to avert the impending disaster.

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### **The Basis of Real Bimetallism.**

PROF. JOHN HOLLEY CLARK.

AT the root of the wide divergence of opinion in reference to the coinage of silver lies the question of the proper function of government. Is it to attempt to create money or value? Is it arbitrarily to decide that for all debt-paying purposes a definite quantity of one metal shall be equivalent to a definite quantity of another metal? Or is it to ascertain the values of the two money metals, gold and silver, in reference to each other as determined by economic laws, and, in conformity with such determination, to announce authoritatively the quantity of one metal which shall be acceptable as equivalent to a given quantity of the other, in the payment of debts? And are the only proper objects to be sought in coinage, a form convenient for the use of the metals and a true certification of their weight and fineness?

The power of a government to give artificial value to money, whether paper or coin, by making it legal tender in payment of debts is considerable, not only within its own territory, but also in other countries, where such money has value because of the knowledge of its debt-paying power in the country to which it can be returned. The sovereign power of the government seems able, temporarily, at least, and within certain limits, to suspend the free operation of natural laws,

Hence emanates the idea that money is a creation of government, and that it is the stamp of the government on paper or coin that makes it money and gives it value. Upon this assumption the advocates of silver coinage insist that silver is only a commodity if used by weight; and that in order that it may be used as *money* it must be *coined*, that is, that a definite quantity determined by law shall, under direction of the government, acquire a certain form and receive a certain impression or stamp. This power of government to add value by coinage resembles that of a magician, who by his wand has been supposed to be able to convert a base metal into one that is precious. So long as the idea that a transmutation has actually been accomplished is generally entertained, the pretended result has been practically accomplished; but an awakening to the true facts of the case is inevitable.

The belief that government can create money or by its *fiat* add value, is based upon a superficial view of phenomena. Gold and silver are historically the precious metals, and until recent years have together been the ones for which all other commodities would be exchanged with equal readiness. Before the fiction that government by arbitrary enactment can create something out of nothing, these metals were exchanged for one another by weight, the quantity of each that would be equivalent to a given quantity of the other being determined by the laws of trade. And when the ratios of  $15\frac{1}{2}$  to 1 in France, and 16 to 1 in the United States were established, it was the intention to conform, approximately at least, to the ratios which had been established by the free operation of economic laws.

How far the value of silver has been diminished by its dethronement as a money metal, and the denial to it, among the more advanced commercial nations, of equal and concurrent use as money at any ratio, except to that limited amount maintained at a parity with gold by artificial governmental action, and how far the value of gold has increased on account of its exclusive prerogative and its performance of the commercial functions of both metals, are questions

difficult to determine. The depreciation of silver and the appreciation of gold from these causes has probably been considerable, as has been admitted by nearly all careful and dispassionate investigators. And one would naturally suppose, without investigation, that such would be the case, just as the price of mutton would advance if by governmental action the use of beef as food were prohibited.

Gold and silver are the money metals recognized by our Constitution. No positive provision in this instrument for their use could have been so significant of the intention of its framers as the prohibition upon the States to make anything except gold and silver a legal tender in payment of debts. Probably the idea did not occur to the members of the Constitutional Convention that a proposition would ever be seriously made to prevent the free and concurrent use of both metals throughout the United States.

The power given to Congress to coin money and regulate the value thereof and of foreign coins is, and was understood at the time to be, the authority to ascertain the relative values of the two metals, and in accordance with this determination, to fix the weight and fineness of the various coins, to direct that these facts shall be certified by appropriate dies and stamps, and in conformity with such conclusion to establish the values of foreign coins, based on weight and fineness. To do otherwise would be the act of a false witness, who declares that not to be which is, and that to be which is not.

To apply this principle in silver legislation is the serious question before this country. Any international agreement for the free coinage of both metals at a fixed ratio is uncertain at the best, and although present indications are favorable to an international conference out of which shall come some practical plan of international bimetallism, yet hope may be deferred until the heart of the true bimetalist grows sick. It is important that this country should adopt some plan by which silver as well as gold may be freely used as legal tender money at its market value, no privilege being granted to one metal in respect to coinage that is not equally granted to the



other. Both the great political parties have been committed by their platforms to bimetallism, but from the unwillingness of the leaders of these parties to propose, or even to consider, any rational plan to secure this object, there is strong ground for suspecting the sincerity of their professions. The free and unlimited coinage of silver at a ratio of 16 to 1 means not bimetallism at all, but silver monometallism.

Various schemes for the use of silver as money, with full legal tender functions, on the basis of its market value, have been proposed, including the flexible ratio, as advocated in previous numbers of this magazine; Secretary Windom's plan for the unlimited deposit of silver bullion in the treasury; and the issuance of notes therefor payable in silver bullion, and "joint-metallism," as proposed by Anson Phelps Stokes. Whenever there is general acceptance of the principle that both money metals should circulate at a ratio to each other corresponding to their market value, it will not be difficult to reach an agreement upon the details of a safe plan. It is very doubtful whether much actual coinage of either metal would be required. Such coin as actually exists would probably be found sufficient for all practical purposes, and it would be preferable to keep the great mass of gold and silver, in the form of bars, stamped, to indicate weight and fineness. This certainly would be the most convenient form for all gold and silver required for export.

One axiomatic truth should, however, be referred to in this connection. In order to measure the two metals and compare them with each other, it is necessary to take a definite quantity of one or the other metal as a unit of measure or measuring rod. And it might be preferable to take gold for this purpose, simply because gold is at present recognized as the standard in our own country and in Europe generally. There would, however, be no serious objection to taking silver as the standard, provided a sufficiently large quantity were taken for the unit of measure to equal approximately the value of gold in our present unit, the dollar. To take as a unit 371.25 grains of pure silver, which at the ratio of 16 to 1 would be

equal to 23.22 grains of pure gold, (the quantity in a gold dollar) would soon, if not immediately, put us on an exclusively silver basis, or in other words, lower our standard of value 47 per cent. This would be as reprehensible morally as to reduce by 47 per cent. the number of grains of pure gold in a gold dollar. Undoubtedly, the price of silver would advance considerably if its increased use as money were assured, but it is extremely improbable that this advance would be sufficient to restore the old ratio of 15 1-2 or 16 to 1, when the present ratio is over 30 to 1 as determined by the price of gold and silver bullion in the market. The effect of free coinage of silver by this country alone at a ratio of 16 to 1 must be to drive gold out and to send it to those countries where it is more highly valued. The financial disturbances, if not acute crisis, produced by the process of reaching a silver basis, which include the return of American securities from foreign countries and a violent contraction of the currency, are most alarming to contemplate, and the silver monometallism resulting would be far more exclusive and extreme than the present gold monometallism.

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### **Foreign and American Banking.**

GOOD banking is really an institution for converting the credit of a nation into an available productive force in the form of cheap, loanable funds. Consequently, really good and sound banking must be so constituted as to furnish credit money adequate to the needs of the country which shall have two distinctive features; namely, elasticity, permitting it to expand and contract with the needs of business, and security, which renders its use in business absolutely safe. The best and most reliable banking systems in the world are those in which these features are most pronounced, and the poorest are those in which they are entirely absent. We give below the salient features of the banking systems of a few of the leading countries:

#### ENGLAND.

The authorized "uncovered" note issue of the Bank of

England amounts at present to £16,800,000; all notes in excess of that sum to be issued only in exchange for an equal value of gold coin or bullion deposited. In addition to this, fifty-six private banks and thirty-five joint-stock banks are still issuing notes, the total authorized limit being £4,194,250. The Bank of England has eight branches, whose notes, as well as its own, it is obliged to redeem in coin on demand. Private and joint-stock bankers must redeem their own notes both at home and at a London agency, and when redeemed at London these notes cannot be put in circulation again within sixty-five miles of that city. This provision, together with the absence of legal tender characteristics, tends to keep local circulation at home and prevent congestion. Bank of England notes are legal tender only so long as the bank maintains coin redemption on demand. With such a proviso the legal tender quality, of course, amounts to nothing, the sole responsibility resting with the bank itself.

The feature of elasticity in English bank-note currency consists in the privilege granted by the government to the bank of exceeding the limit of issue authorized by the Act of 1844. The Act has been suspended in this way three times, during the panics of 1847, 1857 and 1866, and the same privilege is available now, should a new crisis arise. The Issue Department and Banking Department are separately conducted, but under these suspensions the bank transferred securities from the latter to the former, and issued notes against such securities, until the pressure was relieved.

The necessity for an elastic currency, however, is much less pronounced in England than in this country. Regular periods of extraordinary demand for money, such as we experience, for instance, at the harvesting and crop-moving season, do not occur there to anything like an equal extent. Coin and currency are not likely to become scarce at the financial center of the world. But whenever such a state of affairs does arise, the Bank Act limitation can be suspended and complete elasticity at once secured.

## FRANCE.

The capital stock of the Bank of France, amounting now to 182,500,000 francs, is owned entirely by private parties, but the appointment of its Governor and two Sub-Governors is in the hands of the President of the Republic. The issuance of bank notes is confined wholly to the Bank of France and its branches, the limit being 4,000,000,000 francs. As the average circulation for the last few years has been from 400,000,000 to 500,000,000 below this limit, it will be seen that there is ample room for expansion. Should the circulation ever prove inadequate, however, the limit may be raised by legislative enactment, as has already been done some seven times since 1848. Inflation and depreciation are prevented by the requirement of coin redemption on demand, none of the notes being legal tender. The metallic reserve in the bank regularly averages about 90 per cent. of outstanding circulation. A large amount of silver is in circulation in France, and the bank has been able thus far to redeem its notes in either gold or silver at its own discretion. The bank has 94 branches, one in each Department, and 38 auxiliary offices. Within the 4,000,000,000 franc limit; the extent of note issues is controlled by the bank management, and varies with the needs of business. The history of the Bank of France is the best evidence of its absolute soundness. Since the consolidation measure of 1848, it has floated most of France's great railway enterprises, and maintained the public credit through the most terrible disaster in modern international history—the war of 1870.

## GERMANY.

The bank-note circulation of Germany is issued by the Imperial Bank, with its sixty-four branches and two hundred and ten auxiliary agencies, and by some half dozen independent banks, under an uniform system of interchange and redemption, adopted in 1875. The capital of the Imperial Bank is 120,000,000 marks. Its limit of authorized "uncovered" circulation is now about 296,000,000 marks, and for the six independent banks, 89,000,000 marks, a total of 385,-

000,000. The Imperial Bank has since 1875 succeeded to the right of note issue surrendered by twenty-six independent banks, the intention being to eventually concentrate this function wholly in the State institution. Behind all issues the banks must maintain a reserve of one-third cash and two-thirds short time guaranteed commercial paper. A full 100 per cent. reserve, consisting either of coin, treasury notes, or notes of other banks, is required for all free note issues above the statutory limit. The circulation in Germany for retail business is chiefly coin and treasury notes, and no bank notes are issued in smaller denominations than 100 marks (\$23.80.) The regular dissemination of bank note circulation throughout the country is secured: (a) By the obligation of cash redemption, there being no legal tenders; each bank must redeem its own notes, and also have a redemption agency at Berlin or Frankfort. (b) By the provision that banks receiving the notes of any of the independent banks (as they are obliged to do, at par), can only dispose of such notes in turn by sending them back to the issuing bank, or paying them out in the town where said bank is located.

The German system has elasticity. There is no absolute prohibition against exceeding the limit of uncovered issue above specified, but on all such excess a tax of 5 per cent. per annum must be paid. This effectually prevents inflation, but at the same time leaves a remedy for any case of money stringency in which the advantage of over-issue would out-weigh the 5 per cent. tax. The limit has been exceeded in this way and the tax paid on numerous occasions.

The Imperial Bank is more completely a government affair than the Bank of France, though, like the latter, its stock is owned by private parties.

#### CANADA.

The Canadian banking system is not only one of the best in the world, but operating as it does under territorial conditions very much like our own, its merits become all the more

striking by the easy contrast afforded. Canada's system has been long in developing, and its present organization is based upon the Bank Act of 1890.

Under this law the capital stock of all banks of issue must be not less than \$500,000, of which at least one-half must be paid up. All banks, except the Bank of British North America and *La Banque du Peuple*, may issue notes up to the paid-up capital; the latter may issue up to 75 per cent. only. Over issue is subject to heavy penalty. The lowest denomination permitted is \$5. No special reserve fund or bond deposit is required, but notes are a first lien on all assets of the bank, including stockholders' liability. The notes are not legal tender, but are subject to cash redemption, and every bank must receive its own notes at par at all its branches. Each bank must also maintain cash redemption agencies at the seven principal cities, viz: Halifax, St. John, Charlottetown, Montreal, Toronto, Winnipeg and Victoria. There are now 38 banks of issue in Canada, having a total of about 480 branches scattered throughout the country. For ultimate redemption purposes, each bank must have on deposit with the Minister of Finance a sum equal to 5 per cent. of its average circulation. Whenever a bank fails its notes must be redeemed after the first two months out of this fund, the notes meanwhile bearing interest at 6 per cent. The amount by which the fund is thereby reduced below the required 5 per cent. must be made up by all the banks, until the deficiency has been recovered from the assets of the failed bank. These safeguards have been tested in the case of two failures since 1890, and no depreciation whatever of the notes of either bank occurred.

The limitation of note issues to paid-up capital allows for ample elasticity, since the total circulation has in no year averaged much above 50 per cent. of the amount permitted. Should any bank reach its limit it can, by dividing the resultant profits, borrow the notes of some other bank which is well below the margin. Each of the great banks keeps watch of its branches and supplies them with currency according to

local needs. As a result, interest in the Northwestern farming section is rarely more than 1 or 2 per cent. higher than in the Eastern cities. Contraction and expansion regularly follow business needs, the circulation usually being 20 per cent. higher during "crop-moving" time than at other seasons. The contrast with our system is most impressive.

Canadian banking is not monopolized by a State institution, but private concerns are left free to compete with each other under the general regulations described. By such a plan the maximum economy, safety and efficiency is secured.

#### UNITED STATES.

The United States banking system represents no evolution of banking principles whatever. It was inaugurated during the Civil War, solely as a method of compelling bankers to supply the government with money. Thus it is based not upon the necessities of business, but of the national treasury. All other forms of bank-note circulation are practically prohibited by a ten per cent. tax. National banks must have a capital stock of at least \$50,000 in places of less than 6,000 inhabitants, \$100,000 in places between 6,000 and 50,000, and \$200,000 in cities of over 50,000. Not less than one-fourth the capital stock of banks having under \$150,000 capital, and not less than \$50,000 for banks with over \$150,000, must be invested in United States bonds, and these deposited with the Comptroller of the Currency. The bank is then entitled to receive from the Comptroller notes of its own issue up to 90 per cent. of the bond deposit. These notes are legal tender in all payments to the United States, except import duties; in all payments by the United States except interest on public debt and in redemption of national currency, and in payments to any national bank in the system. The government, moreover, assumes all responsibility for their redemption, having a first lien on the banks' assets in case the proceeds from sale of the bonds prove insufficient. In addition to the bonds, the banks must maintain at Washington a fund equal to 5 per cent. of outstanding circulation, for

current redemption purposes. The natural result of these provisions is that no notes ever go back to the issuing banks for redemption. Hence one of the most valuable features of good banking, by which congestions of the currency are guarded against, is wholly lacking in our system. Whatever relief the notes might give in any particular section is gone after the first issue. Neither is there any elasticity in our bank-note circulation. Not more than \$3,000,000 of notes can be retired in the whole country during any one month, and any bank so reducing its circulation is not entitled to increase it again for six months. The only opportunity for extension is in the creation of new banks, or voluntary increases in circulation on the part of those already established. Of course, the former method is no remedy whatever, particularly in times of panic; and the latter is hardly better, since the conditions of note issuing are such as to practically remove all incentive for banks to take out circulation. It would be hard to devise a system in which the chief possibilities of sound banking, *i. e.*, the use of credit as a basis for circulation, the constant diffusion of currency through coin redemption, and the economy secured by contraction and expansion with business needs, were more completely neglected.

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### **Cuban War and the Spanish Treasury.**

IT IS a fact that in the war with Cuba, Spain has thus far made great sacrifices in both men and money, to say nothing of the incalculable destruction of property. But, by no means, is *this* the greatest issue she has to face. Her anxiety at the present moment is due to the fact that her treasury is depleted and her pecuniary resources so crippled, that she is totally unable to meet the losses already sustained.

Were she in truth a rich nation, she would certainly be more economical in her expenditures, if only to preserve her honor, but, bankrupt as she is, in the midst of her afflictions, she has recourse to ruinous and extravagant measures for the realization of means to hold the last vestige of her possessions in America.



At the outbreak of the rebellion, the Spanish treasury was overwhelmed with an insuperable debt of \$1,211,453,696, the interest and mortmain of which amounted to \$56,752,355 per annum. Besides this, there was the Cuban debt, of which a separate account is kept, amounting to \$173,000,000, the annual cost of which, for interest and sinking, amounts to \$10,435,183, thus imposing \$71 per capita in Spain and \$118 in Cuba.\*

Under these difficult circumstances, and with no surplus in her treasury, Spain has been compelled to send to Cuba 130,000 men, armed and equipped. She has had to meet the enormous expenses entailed by this great army, besides those incurred for the erection of fortifications, military lines and hospitals. She has had to purchase new ships, besides the expense incurred in placing her old ones on a war footing. In short, in sixteen months she has expended at least \$130,000,000. According to an official estimate, she incurs an expense of \$500 per year for each man she has in her army; this does not include the cost of war material and other necessary outlays.†

Now, how has Spain been able to accomplish this? Just as the bankrupt merchant, who, in order to get over a temporary difficulty, pawns that which he has already pawned, though from the start he sees ultimate bankruptcy staring him in the face.

Let it be borne in mind that Spain has always imposed upon the people of Cuba the expenses arising from the insurrections in the island. This heavy burden, although contracted for the exclusive benefit of Spain, has never been felt by the Peninsular tax-payer. She has persisted in carrying on this system in the present war, hoping to raise the money necessary to meet the expenses, by pawning the resources of Cuba in the markets of Europe; but these being already exhausted, the consequences have been disastrous.

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\* Estimate made by Mr. Romero Robledo, Minister of Colonies, before the Spanish Congress, in June, 1892.

† See the *Diario de Sesiones* of Spanish Congress, November, 1896.

By a royal decree of September 27, 1890, the Minister of Colonies was authorized to issue bonds to the amount of \$175,000,000, which were to be devoted to the consolidation of the Cuban debts.\* From the proceeds of these bonds, the accumulated deficit of the insular treasury during the preceding years was to be paid, and the paper money issued by the Spanish Bank of Havana in the name of the Government in the ten years' war was to have been redeemed; but the consolidation of the debt could not be accomplished, because the bondholders of former issues were not willing to accept the exchange of their securities for the new bonds, and in February, 1895, when the rebellion began, there were yet in the hands of the Minister of Colonies \$122,500,000 in bonds to be issued.

Taken by surprise, and with no resources of any kind to crush the insurrection, the government asked and obtained from the Cortes an authorization to devote the proceeds of the said bonds to the expenses of the war, the bonds to be either sold or mortgaged, at the discretion of the Minister of the Colonies. The consolidation of the former debts was thus stopped. According to official statements, the amount of the same was then \$113,763,200, at 6 per cent. interest.

By the authorization of the Cortes, the following loans were made by the Colonial Department up to February last:

From the Bank of Spain .....	\$31,000,000
From the same.....	5,000,000
From the Banque de Paris et des Pays Bas .....	15,000,000
From several minor operations at the stock exchange.....	7,000,000
From the Bank of Barcelona.....	3,600,000
Total.....	\$61,600,000†

With these bonds and some \$3,000,000 more deposited at the Bank of Spain before the beginning of the war, as the

\* See the Spanish legislative collection, 1890.

† See the *Real Decreto* of 27th of September, 1890, published in the *Gaceta Oficial*, Madrid. Cf. also *El Globo*, Madrid, 27th Octubre, 1891. The pamphlet *La Deuda*, published in Havana in 1894 by Dr. M. V. Rodriguez. The *Annuaire de l'Economie Politique et de la Statistique*, by Mr. Maurice Block. The *Statesman Book—American Almanach—Gotha Almanach*.

proceeds of a former issue of these bonds, Spain was able to meet the expenses of the campaign during the first twelve months.

But as the bonds were quoted on an average at 65 per cent., when given as collaterals, the face value of those pledged by the government to obtain the above-mentioned loans, amounts to \$93,200,000, thus leaving in the hands of the Minister of Colonies only \$29,300,000 in bonds. These have been gradually pledged to the Bank of Spain since last March, a fact which accounts for the constant increase of the paper money in circulation, which already attains a figure so excessive as to cause serious alarm in all conservative and moneyed classes, for the bank's balances show that the currency is not sufficiently guaranteed.

Thus, taking for granted that the Bank of Spain has already negotiated the remainder of the issue, the total amount of the loans raised upon the Cuban bonds is \$80,600,000, a sum considerably inferior to that of the expenses of the war during its first year, not including other obligations of the island treasury, independent of the state of war.

With these antecedents the debt of the island of Cuba may be figured thus:

Six per cent. bonds in circulation issued in 1886... ..	\$113,763,200
Five per cent. bonds of the 1890 issue... ..	175,000,000
Amount due of unpaid bills until June... ..	46,400,000
	\$338,163,200*

The interest of this debt amounts to nearly \$18,000,000 a year. And now that the money from the Cuban bonds has been consumed, what will Spain do to meet her obligations in Cuba, which, according to official estimates, amount to \$7,500,000 per month? Will she be able to accomplish with the existing army in the next campaign what she failed to do in the last? Will she have enough to maintain her army, with the proceeds of the loan which is now announced to be made upon her railways? Is it not a dream to suppose that the

\* See the book "Cuba," by Dr. Merchan, printed in 1896, Bogota, and translated into English and printed in Philadelphia.

tobacco monopoly or the railways, which are now bankrupt, may become the source of unlimited amounts of money, even in case that new privileges may be granted to them? Is it to be believed that a nation universally known to be a poor country, with a debt of more than \$1,500,000,000, including the Cuban debt, for which Spain is held responsible, may indefinitely find the means to maintain her disputed hold in Cuba?

The truth is that Castilian arrogance seems to be unconquerable, and Premier Canovas furnished us with a perfect illustration of that arrogance when he said, a few days since before the Cortes, that he would rather blow his brains out than grant the Cubans what they want. No sensible Saxon will fail to remark, on hearing this, that it may all be very romantic, but not at all the language to be expected from a true statesman, to whom the prosperity and happiness of his country should be paramount to every other consideration.

R. C.

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### **Back to Hamilton.**

WITH finance our overwhelming trouble, now is the time for a revived study of the career and teachings of Hamilton. It is well to recall the career and leadership of this great statesman, and nothing could be more timely than a return to his clear-cut policy. Gifted with a constructive mind, he has left the deepest mark of any of the founders of our nation, save Washington, upon its history and institutions. He inaugurated the financial system of the United States, established the doctrine of a liberal construction of the implied powers of the constitution and outlined the foreign policy of the new government. The Republican party, which is by rights the successor to the Federalists' party of Hamilton's day, should adopt anew the doctrines and methods of this masterful expounder of our national policy. He is pre-eminently the statesman whose principles need enthronement at this time. And, if his clear view on the money question

could become popularly known, nothing could contribute more to clarify the present perplexing situation.

Hamilton's cardinal doctrines of strength and order are afresh calling for emphasis when we have sectional jealousies and "rule or ruin policies" dominating public men and the factions that follow them. Public order usually is the condition precedent of sound finances. In his day, Hamilton saw plainly that the union of the States, effected by a common interest in the solvency and maintenance of a common government, was the surest method of promoting strength. His supreme achievement was extricating the country from its bankrupt condition and restoring its credit. It was with the establishment of the Treasury Department in September, 1789, that Hamilton's genius shone forth, and as its head, he proceeded to unfold those successive measures which revolutionized the financial and industrial conditions.

His first report on the public credit has lost none of its pertinency to times like ours, and it's a monograph that ought still to be pondered by those who have aught to do with finance. The fact of it is, we have lost touch with the greatest master of finance that America has ever produced, and we have drifted into a chaotic condition, largely through neglect, and away from those profound principles Hamilton set forth, by the adoption of which he saved the country from anarchy and impending ruin. It is in Hamilton's initial report that we find his political system, that for which his name has since stood as both a synonym and symbol. This report, moreover, became the basis of a school of political thought which still endures, and built up and welded together a powerful party without which the government could not have met the crisis incident to its establishment, and overcome the opposition which menaced its continued existence.

Not more tersely could the main objects to be realized be stated—"to justify and preserve the confidence of the most enlightened friends of good government; to promote the increasing respectability of the American name; to answer the call of justice; to restore landed property to its due value; to

furnish new resources both to agriculture and commerce; to cement more closely the union of the States; to add to their security against foreign attack; to establish public order on the basis of an upright and liberal policy"—“these,” argued Hamilton, “are the great and invaluable ends to be secured by a proper and adequate provision at the present period for the support of public credit.” The report included an estimate of ways and means, a scheme for raising revenues by duties on teas, wines and spirits, together with a plan for an excise. The next feature in Hamilton’s financial system was that with which his name is identified—a national bank. Notwithstanding the discussion awakened at and since that time by this scheme of Hamilton’s, the bank proved a most indispensable aid to the government, while its popular service from the start was incalculable. Nor have we ever since had such a flexible and stable currency as that bank provided. It has always been a fashion with a certain school of financiers to sneer at Hamilton, and to enlarge on the danger they fancied was to be found in a United States banks. Again and again, in Congress by special committees, and by writers on finance, have the advantages of the bank been attested, together with its immense economic benefit. Its abolition, aside from the financial loss entailed on the government and the crisis of 1836-7, which it intensified, if it did not occasion, was due to the political obstinacy and venom of President Jackson. It is the memorial of his folly and inane prejudices for which there was no rational cause. So far as there has been any successful state banking since, as the Suffolk System and Indiana State Banks, it has been due to the fact that to a limited degree the policies of the Bank of the United States were followed. The great benefits Hamilton saw in the bank were all realized. It did restore general confidence, it did provide capital and circulating medium, it did facilitate exchange and a great expansion of credit. Then, in addition to all this, it was admirably adapted for the accomplishment of the financial work of the treasury, in which there is the same economic advantage to-day as when it was first established. Although the opponents of

the bank contended that the Constitution denied the right of the United States to establish a bank, Hamilton successfully established the claim that it came within the scope of the "implied powers" of the government, and to his luminous argument in its behalf the opinion of Chief Justice Marshall, who went over the same ground, adds but little. As a piece of reasoning, it is said by good authority to be the most important Hamilton ever produced. It is the non-elastic character of our bank currency which has made it so costly. This, too, is what explains the inequality in the rates of interest in the East and West. It would be the solution of the present stringent monetary condition, if we could secure for the West and South a correct point of view on this subject. The popular craze in certain sections for free silver, would be dealt with most trenchantly by Hamilton, could he speak. Not from anti-silver legislation has any of our financial embarrassments come; and relief from certain phases of pecuniary distress from which the farming population of the above sections are suffering can only be obtained through a reform of our banking methods. Hamilton secured for the country a uniform system of credit accommodation, and escaped that which has been our recurring embarrassment ever since the abolition of the Second Bank of the United States, to wit, the fiat fixity of government notes and the bond security for the bank currencies.

A general and genuine monetary reform would ensue if the banking system advocated by Hamilton could now be nationalized. The careful study of his great report would restore sound traditions and imbue the people with correct views as to the function of both money and credit. It was Ruskin who said, "It is the first sign of a dominant and splendid intellect that it knows of whom to learn." Would that that sign would be shown by those who assume to be our financial leaders in Wall street and in Congress. Our affliction has been a class of petty and selfish politicians who are unacquainted with even the rudimentary principles of finance, and who are proposing all sorts of nostrums for a most critical situation.

Several months later, Hamilton supplemented his financial report by one on manufactures. This may be pronounced intellectually the most elaborate, economically the most important, and politically the most far-reaching. The first thing that is noteworthy about this report is the fact that it showed how familiar Hamilton was with the Science of Political Economy, which was then in its infancy, and with the writing of Adam Smith whom he freely and admiringly quoted, but was independent enough not to follow. Here again Hamilton took his stand on "the implied powers" of the Constitution, and proceeded to outline a policy which has since gone by the name of "the American system." This report shows clearly the long reach of the author's mind, and reveals distinctly that he foresaw how the development of the resources of the country was to be brought about, and how this development conditioned the material strength and independence of the nation. Yet, like a great statesman, conspicuous for his breadth of view, he looked for no immediate result. He knew that progress would be slow, but he had no misgivings as to the lines along which it must surely come. His report is not utopian, even though so in advance time-wise of the results he predicted. He advocated, with the masterful spirit of a political prophet, a great economical system, and boldly enunciated its then startling principles.

The early part of this report discusses the comparative value of agriculture and commerce with cogent argument, refuting those who gave the precedence to the former. The country then, remember, was mainly agricultural, and that was the accepted belief as to its future. So Hamilton at once enumerated the advantages to accrue from the establishment of manufactures. He wrote like one who already, with prescient gaze, beheld the industrial evolution which so few at that time even suspected as possible. How completely all that he claimed for his new policy has been realized. "Division of labor, extension of the use of machinery, additional employment to classes of the community not ordinarily engaged in business, promotion of immigration, greater scope



for the diversity of talents and disposition, which discriminate men from each other, a more ample foreign field for enterprise, and the creation, in some instances of a new, and in all of a more certain and steady demand for the surplus products of the soil." Remember this was in 1791, and the revolution in cotton manufacture was just being effected by the brilliant discoveries which ushered in the modern factory system. Hamilton seemed to have been conversant, far beyond his compeers, with the industrial evolution in England, and to objectors to his scheme to promote domestic manufactures he pointed out the general policy of nations. He took substantially the same ground so long afterward adopted by Mill in his political economy, "that protection for nascent industries, in order to remove the obstacles of starting, is wise and proper." With a patient and comprehensive wisdom, Hamilton pointed out the benefits of his policy of protection. He emphasized the advantages to trade from a diversity of pursuits and products and, in the advocacy of his system, he included premiums on inventions, together with the plan of patents, and issued forth in the broad doctrine of "internal improvements." With all nations at that time protecting their manufactures, he insisted that the United States could safely adopt no other policy. The report, taken as a whole, is to-day the most complete argument for the protective system that we possess. It has marked literary and scientific merit, and is unanswerable in its general principles. Moreover, it was confined to this country, not as an abstract discussion of the questions of free trade and protection, but as the clear-put plea of the true American policy. So far as any one statesman could do it, Hamilton in these two great reports laid the foundation of the material prosperity of the United States. In these days of the renaissance of a true patriotism, it would be but the tribute of justice and an intelligent national gratitude to recognize the incomparable service of this gifted man.

Hamilton's reports on finance and manufactures are classics, and should be placed within the reach of all thought-

ful citizens, and commended to the students in all our higher institutions of learning. He was the genius of our protective system, and when we return to it we will realize again that prosperity which the un-American policy of the present administration has so disastrously interrupted. Hamilton's aim was to develop a vigorous national life, and to that end his financial policy secured for the government, credit and a productive revenue, and won for it, at the same time, the respect and good will of the world. Through his protective policy, he also aimed to develop the diversified industrial possibilities of the country, and to create a new body of influential supporters, likely to give the government more strength and popularity. Hamilton was indisputably right, when claiming that diversified industries are the source of national growth, and diversified conditions the social and political advancement of the people. We have reached a time when protection should be recognized distinctively as an economic and not a political question. The protection of the American standard of living is the all essential thing. Nothing can benefit even our farmers more than the extension of manufacturing industries, for through these will their own opportunities for individual and social advancement, as well as for the best markets, be augmented.

With the exception of Washington, no other man embodied so conspicuously the idea of nationality. In a time when the latter meant nothing, he exploited it, and perceiving the great destiny in store for the United States, he sought to weld them together by a common industrial policy.

"Back to this great American's ideas and system," should be the watchword of the hour. He may well be our authoritative teacher in this grave national crisis, when we are to make choice of new leaders and of the policy which is to dominate the nation for the next quadrenium.

## The Debt of Great Britain.

LAWRENCE IRWELL.

At a period when the Federal debt of this country is being considerably increased, it may be interesting to study the process by which Great Britain has accumulated her gigantic liability, which now amounts to a trifle over £660,000,000. The debt of France is still larger, since it has reached the gigantic sum of \$6,000,000,000, without doubt the greatest debt that any nation has ever incurred.

In considering the liability of the United Kingdom; it must be remembered that there are assets which reduce the total indebtedness to £635,000,000. But as these assets only amount to £25,000,000, it seems unnecessary to give a detailed list of them; they include, of course, the shares in the Suez Canal, which the late Lord Beaconsfield (Disraeli), when Prime Minister, thought it desirable to buy.

The British national debt began in the reign of Charles II. (1651-1685), when this monarch appropriated money belonging to the nation, promising interest which, in all probability, was paid by the community and not by the king. Not long afterwards a war with Holland arose, and Charles took the opportunity of obtaining funds from the nobility. Upon his death, his brother and successor, James II., followed his questionable example, and in this way the present national debt commenced. Its growth, of course, was gradual. In 1668, for example, it amounted to £665,000, the annual interest being £40,000. At the death of William III. in 1702, the principal was £12,767,000 and the annual interest was £1,215,324. The American and French wars naturally increased the debt enormously, and in 1816 it had reached the immense sum of £846,000,000. This is the highest figure at which it has ever stood. In 1854, at the beginning of the Crimean War, the national liability had been somewhat reduced, but at the conclusion of that war (1855), Great Britain owed £838,900,000. In 1860 the debt was £816,000,000; it has been gradually diminishing ever since, and is still decreasing. The system of reduction is as follows: First, by order of Parliament, \$25,000,000 is annually set aside out of the taxes for the service of the debt, and whatever balance remains after all charges

have been paid is used to reduce the debt itself. While the actual amount paid off each year may be small, it is obvious that the following year's charges will be somewhat diminished, and thus an increasing balance must accrue year after year, the slow, but certain extinguishment of the debt proceeding automatically at an increasing ratio.

The second method is as follows: The surplus of income over expenditure at the end of any financial year is used to assist in defraying the national indebtedness; and any remissions of taxation for the coming year must come out of that year's receipts, and not from the surplus of the year just closed. The third process of reducing the debt is by the system of "terminable annuities." The Government purchases from the National Debt Commissioners so many millions of national debt stock, called "consols," an abbreviation for "consolidated stock." In payment, the Commissioners are given an annual payment, which includes both principal and interest, and which, of course, ceases at the end of a fixed period. The stock is cancelled, and the Commissioners receive a sufficient sum to repay to them the capital of the debt with the addition of interest at a low rate. This expenditure for the "terminal annuities" comes out of the £25,000,000 now set aside every year for the service of the debt.

The liability per head of the population (36,000,000) is now about £17½, or \$88, and the annual charge for interest and management is about \$3 for every man woman and child.

Prior to the time of Charles II., the sovereign always pledged distinct revenues, or, in very hard times, the crown jewels. But when the need for greater sums arose, the existing system came into vogue. In the year 1850, the consolidation of the various stocks representing the national debt took place, the rate of interest being fixed at three per cent.

Eight years since, the "new consols" were issued which bear interest at 2 3-4 per cent. per annum until 1903, when the amount of interest is reduced to 2 1-2 per cent.

There are several ways of looking at this national indebtedness, and something may be said in favor of each of them. The liability of Great Britain has almost all been incurred by unnecessary wars, and there is nothing to show for it. Had the money been spent upon profitable and remunerative public

works, the interest charges would now be either very small or non-existent.

The stock representing the national debt is all held by British people, and it affords a very safe investment at an extremely low rate of interest—much lower than is satisfactory to most investors.

The taxation of the population of the United Kingdom could be reduced by one-fourth, were it not for this liability of £635,000,000, as the total annual expenditure is about a hundred million pounds a year, of which the debt takes £25,000,000. The probability is, however, that the debt will increase rather than diminish. Very recently the House of Commons has voted the immense sum of £70,000,000 for the increase of the navy, and, before very long, a large amount is likely to be demanded for the army. How long an annual expenditure of half a billion dollars can continue, even by as wealthy a nation as Great Britain, is a matter that deserves some consideration, especially when we realize that very little of the amount is spent upon interest-bearing investments.

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### The American City.

DR. M. MC'G. DANA.

THIS is at present the all-engrossing subject of study and political attention. Civics has risen to the dignity of a science, and the books and teachers essaying to instruct and arouse the thoughtful abound. The literature relating to it is fresh and varied, and never before was such light turned on the cities of the land. Reformers of every name, doctrinaires and social agitators are just now directing their attention to the municipality. Nostrums of all sorts are proposed to correct the abuses which have made our civic governments our shame and distress. A renaissance of interest unprecedented is at hand, and the fad of the hour is how to make the typical American city what it ought to be. It is but a truism to say that we are living in an age of great cities, yet in that fact is found both our peril and our opportunity.

For size, for number as well as for influence, the cities of our time have never been approached—the influences that have contributed to this remarkable civic growth are also peculiar to

our times, and because largely different from the reasons that occasioned the building of ancient and mediæval cities, are deserving of careful study. As the work of production is the great business of cities, the latter are with us the resultant of the enormous growth of manufactures. Even in the great trade centers, such as New York, Boston, Chicago, etc., there are more persons engaged in making than in selling goods. In the fifty chief cities the ratio of producers to distributors was that of 13 to 7. In the main, the American cities are the outcome of our industrial growth. There is, too, an attraction about populous centers, and to the cities drift, therefore, those who like to be with the crowd, and who are fascinated by the very vastness of the manifold life that throbs and thrills in them. Even Rome bewitched its populace by some such spell, and rather than live in the country or smaller towns of Italy, men would pay exorbitant rents for dark, unwholesome rooms. Even genial, witty Charles Lamb says: "I often shed tears in the motley Strand from fullness of joy at so much life." The current everywhere throughout the civilized world is toward the cities, and they are to grow in the future, perhaps, as rapidly as in the past.

One hopeful sign, however, of the present is the disposition to take up our civic problems, and deal with them patiently and intelligently. The period of merely censorious criticism has mostly passed by, and we have found out that denunciation cures nothing, that vituperative assaults on public men and measures effect but little. Such painstaking research as has been shown by some noteworthy student of municipal questions, has gone a long way in awakening public interest and suggesting practical methods for improving the social and political status of our cities.

The pessimists, predicting only increasing corruption and ultimate ruin, are not the civic prophets the times demand or the people will heed. In fact, we are wearied with the despairing indictment of American municipalities that has hitherto been the stock in trade of a certain school of critics. Bad, indeed, they have been, and that is admitted on every hand, but who will show us how to better this state of things, is the earnest inquiry of all friends of public purity and progress. Herein is found the significance of what has been well termed our "Civic

Renaissance." In itself, too, it is a most cheering witness to the fundamental soundness of our American body politic. Sociologists have been busy gleaning through methodical investigations whatsoever facts bore on the social condition of those dwelling in the poorer sections of our cities. We know now how the people live. Their homes in the crowded tenements have been laid open to view. Every department of civic administration has been subjected to the most impartial and searching scrutiny. All our charitable methods have been analyzed, and to crown all, we have had the monographic descriptions of English and continental cities, so that we would see how they were managed, and wherein they excelled us in administrative efficacy. It has not seemingly been realized that our cities have been aggregations of populations without much homogeneity. London is called the most cosmopolitan city on the other side of the Atlantic. The language of almost every nationality may be heard on its streets; yet, in 1880, out of every 100 Londoners, 63 were natives of the city, 94 of England and Wales, and 98 of the United Kingdom; all foreign countries put together furnished only one and six-tenths per cent. of its population. In contrast, New York reports that 80 out of every 100 of its population were foreign born or children of foreign born parents. New York is not only the first Irish city in the world, but only Berlin and Hamburg surpass it in German population.

Chicago reports 87 out of every 100 of its population foreign born or the children of foreign born parents.

In the old world, government has descended from the top down, and hitherto no protest has been lifted against the idea of governing classes, with the vast majority classed as those to be governed. Now, with us the problem has been totally different and immensely more difficult. We have admitted with slight limitations every one of legal age and citizenship, and then have had to entrust to this complex mass the responsibility of governing the city in which they dwell.

The art of local self-government has had to be learned—if, indeed, it is not a travesty on learning to claim that to any extent it ever was or indeed could be—and those strangers to our institutions and national traditions and aims have had an equal share in the election of our municipal officials. Now, we

submit no such problem as this has confronted any trans-atlantic city. This fact itself might well have moderated the severity of criticism visited upon our so-called "failures in municipal government."

That we have fared no worse under the circumstances is justly a matter of surprise and thankfulness. Moreover, it has not been sufficiently borne in mind that American cities are not the results of ordinary and gradual evolution. They have been creations rather than growths, had a chartered genesis, and were intended to meet a sudden condition for which no adequate foresight had provided. Also, the municipal governments with us are complicated by the county and township organizations which antedated them.

These charters were framed on the idea that cities are little States, rather than large corporations, to be managed on business principles. In Europe, the city is an evolution and has none of the complications incident to an American city, which has had to make its own field, and disentangle itself from the larger territorial bodies of which it was once a part.

Furthermore, our cities have practically no age to speak of. By size, not time, are they rated, and consequently they have had no bequest of wealth and historic tradition, which have been great factors in the development of the cities of England and Europe. Many of the latter are the seats of the National government, and this has been a great material and social benefit. Their plants represent the acquisitions of centuries, the labor of many generations have descended to enrich them. But how different with us, since all that goes to make up the permanent plant of the cities has had to be produced in a brief period and while an almost fabulous growth has been in progress. Schools, churches, parks, civic structures of every kind, hospitals, charitable institutions, have all been the creations of a comparatively few years. As a consequence, lavish expenditure has been necessary, because quick results had to be obtained. Brooklyn and Chicago, each with a population of over a million, are but little more than fifty years old, and in that short space of time their magnificent and extensive permanent civic plants have been produced. This is what makes them the marvels they are. They have been built up, not through court patronage, as cities are and have been in the old world, but



have been made what they are by their respective citizens. Of course, mistakes, many and costly, have been made, great debts incurred, and civic waste engendered because of the inexperience and infidelity of those entrusted with administrative power; still, on the whole, the exhibit is not such as to call forth only censure, or warrant the statement that "municipal government in this country has been a conspicuous failure." We have come now to a new stage in our civic development. It is a morally instructive one, and the new born civic spirit, so universal and pronounced, is the harbinger of a new chapter in the history of American cities. The simultaneous outburst at so many points of municipal reform and civic reconstruction, can be appreciated best by an inspection of the list of local clubs, leagues and associations which are enumerated by Dr. Tolman in his little volume on *Municipal Reform Movements*. They are varied in their scope and size from the Civic Federation of Chicago, which covers the whole city, down to ward clubs, working only within a limited area. All of these organizations have substantial similarity in spirit and purpose. Their primary work is educational, and next to unite in co-operative effort all friends of reform. The several departments are carefully outlined, and efficient work is needed in each. It is a most significant movement, and will soon determine whether common sense, backed by personal, energetic action, can do anything in the civic field. Already some principles have been laid down, and these are held in common by these various reform associations. It may take time to realize them, but this civic movement is not likely to prove sporadic, and we are committed now to an earnest, persistent effort to make the American city what it ought to be.

The greatly improved environment of the people is hereafter to become an essential feature in the new municipal programme. Public indifference as well as ignorance are largely responsible for every civic abuse complained of. To awaken desire for a better state of things is the first step in social progress. Clean streets and alleys, better tenements, enlarged urban traffic accommodations, more parks in the denser populated districts, improved school privileges—these will be realized when the people demand. The most hopeful feature of the municipal reform movement is its indigenous character. Each

community has sought to grapple with its own problems in its own way, without copying the plan of any other.

And finally, the making of the ideal municipality is a problem of making over the citizens. The city government is on the whole a fair reflection of the people. Like people, like government, may be accepted as a political adage. The real question at issue is an educational and moral one. Our need is not more law, but more law-enforcement. We are now in the midst of a wide-reaching educational campaign. For the first time the more prosperous classes are concerning themselves with the life conditions and needs of those less favored. The altruistic spirit is behind this civic renaissance, and the mutuality of service between rich and poor, between the cultured and ignorant, is emphasized. Society's neglected classes are now found to be the chief obstacle in the way of progress. Pride and selfishness, the sins of one extreme of society, are made subordinate, and at the other there is the craving for a wholesome, better life, and unthrift and contented debasement are giving way before the uplifting force of new desires. Once get all the citizens interested in making their own city what it should be, and to this end let the education needed reach all classes, and we will have the realization of our dream and struggle. The American city is to be the outcome of that which is the signal movement of the closing decade of the century—the civic reform movement.

### Editorial Crucible.

“QUEEN VICTORIA to be umpire! Well, well, that will please the Clevelands.”—*Boston Herald*.

Not at all! Grover would very much prefer to have the job himself.

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THE MUCH-USED PHRASE, “silver is the poor man’s money,” has a good deal of truth in it. All silver countries are very poor. There is not a silver standard country in the world whose laborers receive over 50 cents a day. It is the poor man’s money in the same sense that “skins are the poor man’s clothing,” “pestilential huts are the poor man’s houses,” and “despotism is the poor man’s government.”

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AS IS OFTEN the case with Revolutionists, the makers of the Chicago platform rather over-reached themselves in bidding for the popular vote. They struck a sympathetic chord in the masses when they denounced capitalists and bankers and declared for free silver as the “poor man’s money;” but they threw their lasso a little too far when they coupled *free trade* with free silver. A large number of laborers are quite willing to have free silver or greenbacks, or abolish the banks, or do anything else that is opposed to Wall Street; but they have just had a taste of what they may expect from free trade. In their voting in 1894 and 1895, they gave due notice that they knew when they had enough. Whatever else they may be willing to try, they don’t want any more factory-closing experiments. The Bryan managers ought to have had an eye to that fact and deferred their free trade scheme to a more convenient season, but “whom the gods would destroy they first make mad.”

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EVIDENCE IS DAILY accumulating that the nomination of Bryan at Chicago was a reckless blunder, and that his election will be a national disgrace. The man’s chief qualification for public life seems to be a flippant tongue; and the

fiery speeches he is rolling off clearly reveal his utter unfitness for any responsible national position.

In a recent speech, he compared banks of issue to Jesse James, the train robber,—the deliberate object of both being to get rich by robbery. This shows how utterly ignorant the man is on the subject of banking, one of the most important questions with which the next administration will have to deal. Such vulgar ignorance might pass on a ranch or be entertaining to an audience of cowboys, but it is utterly intolerable in a candidate for president of the United States. Many blunders have been committed in the name of the Democratic party, but never before did it present such a mere bag of wind as a national standard bearer. Of course, there is no danger of Bryan's election, but to give such an ignoramus a respectable vote would be a discredit to the intelligence of the nation.

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THE *New Orleans Picayune* is disgusted with the Chicago ticket, but is appalled at the thought of voting for McKinley. It thinks "Southern Democrats cannot afford to vote the Republican ticket under any circumstances during the existence of the present generation," because they remember the hardships of the reconstruction régime. How sensitive these Southern souls are, and what convenient memories. They remember the inconvenience of reconstruction, but utterly forget the treason of the rebellion. One would almost imagine that these *Picayune* gentlemen were martyrs to a great principle instead of traitors to the Republic. If the nation can forgive their crime of the Rebellion, they ought to be glad to forget their comparatively slight inconvenience during the reconstruction. In any other country their conduct would have caused them political annihilation. The truth is that the *Picayunes* have never been converted to the Union, and really belong to the "solid South," into which industrial patriotism has not yet penetrated. Southerners who still insist upon posing as heroes for their part in the Rebellion, and martyrs for their

part in reconstruction, may be expected finally to turn up in the Bryan column.

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THE ISSUES of the coming campaign have been materially altered during the past month. The money question was an important issue before the nomination of Bryan on a free coinage platform; but this has made the issue one between silver and gold. The campaign will probably have to be fought out on that line. But it should not be assumed that to defeat the free coinage of silver is to solve the money question. . On the contrary, the real solution of the money question will then have to be undertaken. With the election of McKinley and a Republican Congress, the Republican party will be forced to take up the money question in its broader and more statesmanlike aspects, and undertake a comprehensive revision of our banking institutions. This is the real monetary reform that the people of the South and West need and think they are going to get by voting for Bryan. The fact that they are mistaken and will vote solidly for Bryan, should not in the least affect the determination of the Republican party to undertake the remedial legislation so much needed, even though it meets strong opposition, for the ignorant always have to be helped against their will.

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THE SIGNS OF industrial progress have at last begun to appear in Russia. Forty thousand cotton and wool operatives in St. Petersburg have gone on a strike. The Czar acts towards the strikers very much as Edward III. did towards the laborers in the 14th Century. Instead of using the stocks and the branding iron, the Czar provided his troops with wire whips with which to flog the strikers. One of the chief causes of the strike was that the laborers demanded their back pay. For refusing to work until their wage arrears were paid up, the Cossacks were turned loose upon them with their wire whip lashes. Yet, according to the reports, the mounted Cossacks and wire whips were inadequate to the occasion.

Like Edward III., the Czar with all his agents and 14th Century methods was impotent to make the strikers work until their back pay was forthcoming.

It took English monarchs a long time to learn the lesson that absolute as their power was in other respects, they never were able permanently to fix wages. This, of course, is a new problem for Russia, but it is one with which she will have to reckon as she enters the portals of civilization. She will ultimately find that mounted Cossacks and wire whips are the most costly means of solving social problems.

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THERE SEEMS TO be one subject upon which the *New York Sun* invariably loses its head. It appears to be as daft on Tammany's virtues as are the Mugwumps on Cleveland's "consecrated devotion." In a recent editorial, referring to Bourke Cochrane's eulogy of Tammany Hall, which reads very much like a Bryan "spell-binder," it says, "Tammany has never stooped to demagoguery nor denied Democracy. The people of this country owe a great and inextinguishable debt to Tammany Hall. Is it to be supposed that Tammany Hall, with this peerless history, will assent to a platform declaring for national bunco and the principles which Jefferson most dreaded and hated?" Of course, it is; and we venture to predict that this is just what Tammany Hall will do. It was never necessary for Tammany to *stoop* to demagoguery; that is her regular plane. The highest point of political principle Tammany ever lives up to is the shortest road to the flesh pots in New York City. When necessary to accomplish that, she will trade off the whole Democratic ticket from president to State officers. Tammany pretended to loathe Cleveland as intensely as the *Sun* now despises Bryan, but in response to a promise of patronage (which she never received) Tammany howled for the "consecrated one" as wildly as the Chicago delegates yelled for Bryan. In fact, Tammany Hall is the very embodiment of political dishonor. Her touch always taints and her administration brings disgrace. It is fitting that the mother of municipal vice and political

debauchery should support the party of national dishonor and business destruction.

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THE *Cleveland Plaindealer* is editorially giving its readers a series of "Lessons in Bimetallism." In lesson I, it says:

"The volume of primary money in any country is the measure of value; the larger the volume of primary money the higher will the range of prices be."

We call the *Plaindealer* down promptly at this point. This is an antiquated and erroneous assumption which is unsupported by economics or experience. It is not true that either the prices of commodities or the value of units of money sustain any particular relation to the total value of primary money, or to the quantity yearly produced; nor does the relative value of the two metals sustain any orderly relation to the ratio of their production or the ratio of their aggregate value, or the ratio of the aggregate value of the annual production. This talk about the value of commodities and labor being determined by the proportion of the quantity of legal tender coin to the quantity of all commodities is a superstition. There is nothing to it; and it is time that such able journals as the *Plaindealer* abandoned it.

The moral drawn from all this is that, with the demonetization of silver in 1873, as Coin puts it, half the primary money was destroyed and consequently prices depreciated 50 per cent. The difficulty with all this again is that it is not true. No such things occur. To say that to double the amount of gold coins would depreciate money 50 per cent., and, therefore, double prices of commodities, is too absurd to be taken seriously. According to this theory, every million of gold that is coined depresses prices. Nonsense! It does nothing of the kind, and it would not if it were increased four-fold, so long as the cost of furnishing the gold remained the same. If the gold could be gotten at half the present cost, then it would; not otherwise. It is not the quantity but the cost of furnishing the quantity that affects the value

of money; the same as it affects the value of everything else that is produced. If the monetary education of the readers of the *Plaindealer* is to be made up of such lessons as Number I, then their mis-information upon the subject will be colossal by the time it gets through.

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THE ACTION of the banks in coming to the rescue of the Treasury by giving the government their gold in exchange for greenbacks and thus maintaining the gold reserve, is one of the most creditable and patriotic things the banks have ever been known to do. This may prevent a national catastrophe. Without it another bond issue, perhaps two, might have been inevitable before the 4th of next March. Another issue of bonds before September would probably secure the election of Bryan, and if the issue of bonds should continue, it is doubtful whether the election of McKinley and a gold standard Congress could prevent us from going to a silver basis. Borrowing gold from abroad would become so expensive that the demand of the people to pay government obligations in silver would become irresistible. Nothing has occurred in this generation which more completely demonstrates the importance of a rational system of banking. If our paper currency had all been on a coin redemption basis instead of being fiat legal tender, the banks would have been compelled to furnish their customers with the gold required for their commercial transactions as a part of their regular business. The government would have been called upon to furnish no gold other than was needed to pay its own bills, and neither the balance of trade nor unloading of American securities could have threatened the solvency of the Treasury, and so constantly be creating distrust and alarm regarding government obligations and the validity of our paper currency. The banks are entitled to the gratitude of the country for this heroic and patriotic effort to save the Treasury from gold depletion and the country from a panic. And it is to be hoped that the reform of our banking system, so as to forever prevent the recurrence of this condition, will receive the early



attention of the McKinley administration and the new Congress elected with it.

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THE DOCTRINE THAT the standard of living and wages of the laboring class is the surest thermometer of a nation's civilization has just received special confirmation in facts furnished by our consul generals in China and Japan. Mr. Jernigan, at Shanghai, says, "A Chinese laborer will save money on wages that would hardly be sufficient to supply the absolute necessities of an American laborer. This is made possible by the cheapness of the vegetable diet on which the Chinese laborer is content to live; the small cost of house accommodations, for several families will subdivide one room of a house and live in contentment in it."

To this standard of living, wages are necessarily adjusted. According to the same authority, in Shanghai, the native blacksmith gets thirteen cents a day (American money); brass-workers, sixteen cents; bootmakers, bricklayers and tailors, ten cents; carpenters, eleven cents; factory hands, eighteen cents; compositors, \$5.28 per month, etc.

During the last twenty years, Japan has rapidly taken on the Western methods of living, which, of course, are more expensive than Asiatic. While for some time this was limited to the upper classes, during the last few years the Western influence has found its way among the working classes, and has begun perceptibly to affect their standard of living, which is plainly registering itself in the upward movement of wages. The latest returns from Japan show that wages in Yokohama are about double what they are in Shanghai.

According to Mr. William E. Curtis, in the Special Report of the United States Labor Department, blacksmiths receive 36 cents a day; carpenters, 29; ship carpenters, 29; compositors, tea pickers, wood sawyers, dyers and joiners, 29; lacquer makers, matting makers, oil pressers, paper hangers, 24; plasterers, roofers and screen makers, 26; stone cutters, 31; and tailors, foreign clothing, 48 cents. This difference in the standard of living and in the wages between China and

Japan gives the true economic explanation for Japan's superiority in the recent war. In any of the qualities of national civilization, a nation is outclassed by any competitor whose people have 50 per cent. higher wages.

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IT IS ENCOURAGING to observe signs of a growing desire in England to be on more friendly relations with the United States. The Prince of Wales is said to be using his influence, socially, to this end, and Mr. Samuel Plimsoll, of "Rotten Ships" fame, has come to this country on a similar mission. Mr. Plimsoll assumes that the lack of cordial feeling between the people of the two countries is due to the way our textbook histories are written. He thinks, as does the *London Spectator* and *Saturday Review*, that the young American mind is prejudiced against England by the stories of "Lexington" and "Bunker Hill" and the "Alabama." They are mistaken in their location of the cause of distrust. It is not the conduct of the English of a hundred years ago, but of the English to day that is offensive to Americans.

The cause of American dislike of the English is not to be found in our text books, but in the attitude of present day English writers and speakers towards Americans and American affairs. If the English really desire Americans to have a cordial feeling towards them, they must abandon that snobbish attitude towards everything American. There is an air of cynical contempt, a "talking down" in all their references to the United States. England and the United States ought to be the most closely related nations in the world. They have more in common than any other two nations. The American people have always stood ready to meet the English a good deal more than half way in all matters of respectful attitude. If their leading journals and publicists would learn to speak of American affairs with the same respect that they treat Russian or German affairs, the reserve with which they are regarded in the United States would soon disappear. If, however, they insist upon walking on stilts, offensively to emphasize their own superiority,

they will be permitted so to do. We can stand it, if they can.

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WHAT ARE THE workingmen to gain by the free coinage of silver, even if the claims of the silverites are fulfilled? The first great claim regarding free silver is that it will increase prices and thus enable the debtor class to pay their obligations in cheaper money. Putting aside the idea of dishonest repudiation, wage workers can gain nothing from this, because they are not a debtor class. They owe practically nothing, nobody trusts them. They are not borrowers. More than any other class in the community they pay cash for what they get. They are retail purchasers and pay every day, week or at most every month. But to the extent that they have any savings in the form of insurance policies or savings bank accounts, they are creditors and will be losers by any depreciation of the standard money. The value or purchasing power of every dollar of such savings will shrink to the full extent of the depreciation of the money.

What would they gain by a sudden rise in the price of commodities? Clearly nothing, since they would have to pay more for everything they consume. To the extent that food, clothing, furniture and the necessaries of life rise, their real wages, the purchasing power of a day's work, is reduced. Of course, it will be said wages will rise also. This is true, but wages will not rise simultaneously with the rise in prices. It is a well-established law in economics that wages are the least mobile of all economic values; and land is next in economic sluggishness. Although a rise in wages follows a rise in prices, it always lags a long way behind. In some industries, it would take six months; in some a year, and in some much longer for wages to adjust themselves to the higher prices resulting from depreciated money. During this time, the wage class would be absolute losers to the full amount of the difference; and after a year or more of the hardships accompanying a practical reduction of real wages, what will the laborer gain? Absolutely nothing. He will be where he

was before the change took place; having higher money wages, but paying commensurately higher prices for everything he uses. But a day's work will purchase no more of the comforts of life than before. This is what is now going on in Japan. The fall in the value of silver has caused an increase in the price of commodities, but as yet no increase in wages has taken place.\*

There is no aspect of the case in which wage workers have anything to gain by the adoption of a silver standard, but they have everything to lose. They will lose in the value of all their savings; they will lose in the purchasing power of their wages, and most of all they will lose by the enforced idleness accompanying the business disturbance and bankruptcy which a radical depreciation of our standard money would create.

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IT IS ALWAYS interesting to study the operations of the Mugwump mind. Mr. George Fred. Williams, the effervescent young Mugwump in Dedham, Mass., has added to his distinction by espousing the cause of free silver. Mr. Williams has recently given the reasons for his new faith in a published article, to the great dissatisfaction of his previous admirer, the *Boston Herald*.

Mr. Williams' contention that the "destructive panic of 1893" was due to the Act of 1873 is shocking enough. But, oh! what shall we say of the *Herald's* reply that "this panic was caused by silver inflation." Nobody expects anything but the half-matured expressions of a political dude from George Fred. Williams, but really we did not think the *Herald* was equal to anything quite so flat as charging the panic of 1893 to silver inflation. We cannot think of the *Herald* as anything but sincere, but, oh! such reasoning, such facts. Has the *Herald* so soon forgotten that despite the increased use of silver from 1878 to 1892, there was not the slightest symptom of industrial disturbance or inflation in values; and that within one week after the election of Grover Cleveland

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\* See "Labor Problem in Japan," in this number.

and a majority of his followers in Congress the panic began? If the increased use of silver was the cause of the "destructive panic of 1893," why did it not begin to show itself sometime during the "fifteen years" prior to 1892. Why, for instance, were not some signs of it observable immediately after the adoption of the Sherman Act in 1890? What occult force was at work keeping the bad effects of silver back all this time and then turning it loose immediately after Cleveland and a tariff-smashing Congress were elected? Moreover, if the panic of 1893 was due to the increased use of silver, why did it not subside when the Sherman Law was repealed and all increased use of silver stopped? The panic began immediately after Cleveland's election. The purchase of silver was stopped in the early Fall of 1893 and the panic still continues. Why does the business depression linger so long after the cause has been removed? The reason is obvious to most people, viz.: that the panic was not due to silver at all, but to the threatened, and afterwards largely accomplished business-disturbing legislation, which has not yet been removed. With the removal of Cleveland and his free trade disciples from power, the cause of the panic of 1893 will have disappeared, and then, and not until then, may we expect a return of industrial prosperity. Such reasoning as is here indulged in by the Boston *Herald* is scarcely more creditable than the inflated talk of the silverites about free coinage. One has to assume the narrowest possible view of the subject and intense special pleading in order to credit such reasoning with integrity. The free silver people who ascribe the fall of prices and the present industrial depression to the Act of 1873, are certainly not more absurd than those who attribute the same panic to the increased use of silver and ignore the anti-protection influence of Cleveland's administration and legislation.

### **Economics in the Magazines.**

THE ARENA.—The July number of *The Arena* is a fit counterpart to the July platform at Chicago. Free Silver, Socialism and General Calamity are the leading features. *The Arena* is doing its best to promote all three.

*Editor Flower* gathers together in one article a half dozen pages of absurd cartoons such as the *Arbeiter-Zeitung*, back in Haymarket Riot times, might have gloried in: Uncle Sam's Crown of Thorns, the Plow and the Phaeton, the Silk Hat and Tarpaulin, etc. Seven innocent looking cotton bales, of assorted sizes, reveal the dire tale of gold appreciation. Strangely enough, though, the greatest drop of all, as here represented (\$416.90 to \$119.90) occurred between 1865 and 1870, long before hydra-headed monometalism had revealed itself at all.

*H. F. Bartine*, writing on "American Financial Policy," opposes bank-note currency on grounds that exhibit a cheerful ignorance of the workings of sound banking systems in almost every prominent commercial nation outside of the United States. Going on to discuss Bimetallism, he repeats the common charge that "an ounce of gold will now exchange for nearly twice as much of commodities in general as it would twenty-two years ago;" this, of course, being due to gold appreciation. "In general," is good. It is the favorite silverite trick for dodging the simple fact that any change in the value of money must, in the nature of the case, affect in an equal inverse ratio the price of everything whatever for which money is exchanged. Adopting Mr. Bartine's theory of price changes, it would appear that gold in the last twenty-two years has performed almost as many contortions as this free silver logician does in the article under consideration. Thus, with respect to wheat and cotton, gold has "appreciated" considerably; as to beef, butter, eggs, coal, etc., it has remained quiescent; compared with wages, the country over, it has depreciated 50 per cent. As gold thus seems to have the power of picking out the special objects of its favor

or disfavor, the wisest course undoubtedly for Mr. Bartine is to try and get a pull somewhere with the yellow metal, in the interest of whatever class of producing constituents he may happen to represent.

*Prof. Frank Parsons* reaches the seventh stage of his tirade against the Western Union Telegraph Company. He finds that franks unnumbered are furnished government employés, and that private individuals are incompetent to manage interests so vast. It is an odd circumstance, by the way, that this concern, managed by incompetents, should be able to help out the government to such an unlimited extent, and still realize a modest profit, instead of running a million or so behind every year, as does the government telegraph system of England. Professor Parsons has evidently found a cheap way of getting plates for a book, which, by the aid of monopolistic printing companies and news agencies, he may be able to get published and put on the market. No one can peruse his harrowing recitals without a profound sense of discouragement, not, however, at the growth of this octopus he is advertising, but at the inevitable reappearance of "to be continued" after each of his articles.

NORTH AMERICAN REVIEW.—The July number of the *North American* is rather weak. Prof. Moses Coit Tyler occupies sixteen pages with a scholarly defence of the Declaration of Independence, against numerous criticisms which, it is safe to say, not one in ten thousand ever heard mentioned at all prior to Professor Tyler's annihilation of them. The defence is vigorous, but strikes us as somewhat Quixotic. It suggests the valiant Don's bloody combat with the windmills. The American people are reasonably content with the Declaration as it stands, regardless of who wrote it, or of British opinions on its literary merits.

*Hon. C. W. Stone* wants "A Common Coinage for all Nations;" that is, some common denominator, of which the various coins now in use could be expressed as fractional parts. This, he thinks, would result in a great convenience and

economy in international exchanges. He dismisses the silver problem in its relation to this scheme, by saying that "A common ratio must be agreed upon, and under existing conditions a limitation on the amount of silver coinage by each nation . . . would be indispensable." Decidedly so, and this point is likely, for some time to come, to be at the head of monetary discussion instead of at the tail, where Mr. Stone puts it. Changing the denomination of all coins would involve not a little "temporary inconvenience," as Mr. Stone calls it, while the least common multiple of the American dollar, the English pound, the French franc, the German mark, and Russian rouble, as they now stand, is \$4,274,886. We submit that a monetary unit of this size would be difficult to popularize, at least in the present state of business.

ENGINEERING MAGAZINE.—*Mr. Edward Atkinson*, in discussing the "Cause and Remedy for Business Depression," mentions practically all the causes except the real ones, and consequently fails to suggest any adequate remedy at all. He goes back to the Bland Silver-Purchase Act of 1878, and the Sherman Act of 1890, and says that "we may easily trace the cause of our present bad conditions to the enforced use of bad money. Bad money is any coin of full legal tender which is not worth as much after it is melted as it purported to be under the act of legal tender or on its face. Bad money drives good money out of circulation." All this is true enough when coinage of the cheaper metal is unlimited, so that more of it is supplied than the circulation of the country demands. But under present restrictions silver dollars are not bad *money*. According to Mr. Atkinson's definition, only full weight coins are "money," and hence all silver dollars, subsidiary coins, greenbacks, silver certificates and treasury notes must be "bad." So far as regards their free circulation at par with gold, this is of course not true. Any one of these mediums, as Mr. Atkinson knows, will now buy as much as gold, and none of them have driven the latter metal out of circulation.



Some other form of currency, *i. e.*, the note issues of an independent banking system, would, of course, be infinitely preferable to the fiat paper money now in use. But Mr. Atkinson offers no such remedy, in fact has nothing to say except that "the repeal of the Sherman act is only the beginning of the removal of the evil." Does this mean that he would have the Treasury notes of 1890 called in and redeemed, and nothing put in their place, or that all silver in the Treasury and in circulation should be recoined into full-weight dollars, with perhaps another bond issue to make up for the loss to the government? This would be a singular programme of contraction to offer in face of the present craze for free silver coinage at 16 to 1.

Mr. Atkinson's further attempt to assign deficient revenues as a cause for business depression is a familiar case of getting the cart before the horse. Business prosperity is not made or unmade by the condition of the Treasury; the latter is only, to a certain extent, an index of the former. The attempt to charge the panic of 1893 to the sugar-duty repeal of 1890, will hardly hold water. The real cause of that panic Mr. Atkinson wholly ignores, namely, the election of Grover Cleveland to the Presidency, and the resultant universal apprehension of a tariff policy hostile to the business interests of the country.

*The Turning Point in Railway Reforms.*—This very interesting and creditable article is contributed by President M. E. Ingalls of the "Big Four" system. He shows how the business errors, rate wars, discriminations, etc., characterizing the early years of American railway management, have been largely eliminated and sounder economic methods adopted. Half a century of private management has given us a system comparatively stable and highly efficient. The "turning-point" referred to, he believes, was reached with the formation of the Joint Traffic Association last year, under which secret rebates, discriminations and other abuses, have been almost entirely done away with. "In the twenty-five years that I have been managing a railroad," he says, "I have

never known such an adherence to tariff as we have had for four months."

Two points mentioned in this article are worth reproducing for the benefit of Populist and Socialist agitators who want the government to own the railroads because of the "exorbitant and increasing charges exacted by railway trusts," and the "enormous profits" realized in consequence. Says Mr. Ingalls: "In 1852 the Pennsylvania (R.R.) reported that it had carried 102,000,000 tons of freight one mile, at an average rate of 3.76 cents per ton per mile. For 1895 it reports 8,173,218,403 tons of freight one mile, at the rate of .56 cent per ton per mile. Nothing like it in the history and development of the human race has been known." Again: "I have never before seen a body of men (convention of managers, June, 1895), so discouraged over the situation, and so hopeless of any future. Rates on grain from the Mississippi river to the ocean were being made at 10 cents per hundred-weight; westbound, rates from the seaboard cities at almost any figure that the shipper cared to ask for. A large number of lines were in bankruptcy, and many more which have since gone there were trembling on the brink."

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#### ANTI-TARIFF, NOT SILVER, DID IT.

We ask our silver friends to look squarely at the truth. The gold standard is not the cause of this bigger debt in time of peace. The administration, in stating that such is the case, is hiding behind misrepresentation and treacherously permitting the blow deserved by itself to fall upon an innocent party of which it very ostentatiously professes to be the guardian. One hundred and fifty millions of dollars, or more than half the proceeds of the Cleveland bond sales have been used in paying the expenses of the government, for which that political fraud and financial fiasco, the Cleveland-Wilson tariff, failed to provide.—*New York Sun.*

# GUNTON'S MAGAZINE.

SEPTEMBER, 1896.

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## The Crime of 1896.

THE highest crime against national prosperity is to strike down wages, and the most criminal method of reducing wages, because the most insidious and far-reaching, is to debase the standard money in which wages are paid. Against actual reductions of money wages by individual employers or corporations, laborers can have recourse to the ordinary means of economic defense through organized resistance, but against the slaughter of wages through debasing the money laborers receive, the methods of organized labor are impotent. The evil comes, not in a reduction in the amount of wages laborers receive, but in a reduction in the amount of welfare the wages will buy. Disbasement of the standard money steals from the laborer the substance of his wages without changing the form. It silently increases his poverty without reducing his income. This masked assassination of real wages, like the destroying angel of old, in a single night smites every laborer's household. No other industrial scourge is as universal or as sudden as this. All other forms of industrial disaster follow the lines of certain industries or geographical sections, and are more or less gradual in their coming; but this weapon of poverty strikes every laborer in the land at a single stroke.

At the present price of silver 66 cents per ounce, (August 22d), free coinage of silver at 16 to 1, would be a reduction of wages by 49 per cent, which means that the actual means of support for over fifty millions of people would be practically reduced one-half. The organized effort of the Democratic party, under the leadership of Bryan, to inflict this mortal wound upon labor, is THE CRIME OF 1896.

In 1892, the people committed the blunder of permitting the Democratic party, under the leadership of Cleveland, to strike down American industries. For that blunder we have paid the penalty in four years panic and bankruptcy, and a ten years set back in national progress. Yet the scheme in 1896 boldly proposes to double the enormity of 1892, by adding Bryan's free silver to Cleveland's free trade. Bryan is no less zealous for free trade than for free silver. He is a fanatic on both. In the debate on the Wilson Bill, his fiery fanaticism for free trade was as pronounced and sweeping as was the zeal for free silver in his Chicago speech.

Behind the movement of 1892, there was, at least, an abstract economic theory of equitable commercial relations. The scheme of 1896 lacks even this seeming excuse; it has behind it neither history, economic theory nor financial judgment. It is a scheme whose sole purpose is arbitrarily to strike down wages in order to double the profits of a small and special class. In their short-sightedness, they fail to see that thus to strike down wages is to destroy nearly half the consuming power of over fifty millions of people, and with it destroy the very basis of prosperity in every form of productive industry:

The farmers who are expecting to gain by this sacrifice of the laborers will soon find that the promised profit is a mere mirage. The chief market for the products of American farmers is consumption by the wage and salary receiving population, employed in the manufacturing and commercial industries; let this be reduced 50 per cent and all hope of improvement for the American farmer is gone. There is no chance for increasing his sales abroad. India, Argentine, Russia and Austria can beat him there. Let American markets be destroyed and the abyss of agricultural depression will be at hand, and the Bryan millenium with unsold crops, foreclosed mortgages, deserted farms and agricultural desperation will be realized.

Whatever may be the theories of farmers regarding prices they cannot afford to destroy the markets for their products. Whatever may be the theories of laborers regarding capital, public ownership of industries or the reconstruction of society, they cannot afford, under any circumstances, to permit a wholesale reduction of wages. Any wage or salary receiver who will vote directly or indirectly for a reduction of the purchasing power of wages is an enemy of his class and of his country and will be entitled to no aid or sympathy when the inevitable consequences of his voting come. The Debs, Sovereigns, Gompers, Maguires and other representatives of organized labor are bound by the history and economics of their position first and all the time to resist anything and everything which will impair wages or the purchasing power of wages. Not to do this is to be traitors to the labor movement and earn the condemnation of their class everywhere. There is no crime against prosperity, against society, against civilization which can compare in enormity with a wholesale reduction of wages, and whatever class of capitalists or producers or traders may favor such a scheme for local, temporary, or personal reasons, the wage classes, and especially those whose power is strengthened by organization, should be a solid unit against it. High wages, full-value wages is the rock of labor's safety and the fulcrum of its prosperity. To lend countenance or aid to any scheme which will impair wages is voluntarily to decree its own destruction.

### Professor Gunton's Address.\*

The American people are once more called upon to face the problem of rescuing the nation from industrial destruction and financial dishonor.

There are two great arteries through which flow the vitalizing current of national prosperity. One is industrial, the other fiscal; one relates to the cultivation and preservation of the highest incentives and widest opportunities for developing the wealth-producing and wealth-enjoying capacity of the nation, the other relates to maintaining the integrity and stability of the nation's monetary system, through which its wealth is distributed and its commercial intercourse with mankind maintained. The stimulation and protection of these great feeders of national life is the test of true statesmanship. The political party whose policy ignores, not to say opposes this, is the sure precursor of national decline.

A little over a hundred years ago, Alexander Hamilton, the greatest constructive statesman of the century, gave us the true principle of statesmanship in both industry and finance, the application of which has invariably been attended with industrial prosperity, financial integrity and national power. One was a protective system whose object was to encourage manufactures, develop commerce and promote the diversification of domestic industries; the other was the establishment of a national system of banking and currency possessing in the highest degree security, uniformity and elasticity, the three fundamental elements of a sound monetary system. Strange as it may seem, the Democratic party seems to have developed an impulse to defeat the successful working of both these national policies.

Several times it has partly succeeded in overthrowing our protective system and forcing upon us a free trade policy, and each time the experiment has inaugurated an era of business disaster, bankruptcy and ruin. For a quarter of a century

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\* The following is an address delivered by Professor Gunton in Dolgeville, N. Y., August 18th, and is reprinted from the Dolgeville *Herald* of August 20th.

after its attempt to overthrow the republic in the interest of slavery the people refused to trust it with power. During that time, under the influence and stimulus of a protective policy, the United States made greater progress in wealth, population and national power than was ever before witnessed in the history of nations.

#### FREE TRADE AND FREE SILVER.

In 1892, as if in a moment of economic indifference, the American people so far forgot themselves as to give Democratic statesmanship another trial, and as you all know with what disastrous consequences to the nation. The painful effects of the panic, bankruptcy, enforced idleness, starvation and a subsequent three years of intense industrial depression are too fresh in your memories to need discussing.

And now as if one pestilence at a time were not enough, it threatens us with both free trade and free silver, compassing as by a single stroke the destruction of our industries and the debasement of our money.

The one encouraging fact in the situation, however, is that the best element of the Democratic party refuses to endorse this wholesale destructive policy. The Chicago convention seems to have been the culminating point of the disintegration and reorganization of political parties. The free silver and Populistic element of the Republican party crossed over to the Democrats and the most intelligent, responsible and characterful Democrats segregated themselves from their party and have practically joined the Republicans, at least for the purposes of the present campaign, so that the line of demarkation between the two parties is now definite and clear.

#### DESTRUCTIVE ELEMENTS OF SOCIETY.

As reorganized at Chicago, the Democratic party is a combination of the destructive elements of industrial society who have united under the leadership of Bryan for free trade and free silver. The Republican party, on the other hand, is composed of the patriotic and constructive elements of in-

dustrial society, and are united under the leadership of McKinley for Protection and Sound Money.

As the free coinage of silver promises to produce the most immediate and revolutionary results, it is made the more prominent of the two issues. Hence, as the discussion proceeds, the emphasis upon the importance of the silver question is increased. Every plausible argument is employed to show that our industrial ills are due to the silver question; that the low wages, business depression, panic and bankruptcy of the last few years are the outcome of the demonetization of silver. In short that we are suffering from a conspiracy of capitalists and business men of the East to oppress the laborers and farmers through cornering of the money which the demonetization of silver made possible.

By this method of reasoning they have made themselves believe and are trying to make the nation believe that after the "goldbugs" were forced out of the Democratic party, it became in reality the party of the poor and oppressed, and that the free coinage of silver is the wand of their emancipation from the oppression of the rich. And the more clearly they can make it appear that the free coinage of silver at 16 to 1 will enable debtors to defraud their creditors and force the United States to cancel its obligations at 53 cents on the dollar, the more successful their scheme appears. To "spoil the Egyptians" seems to them the acme of success. They appear to have worked themselves into the belief that every injury inflicted upon capital is a benefit to labor, and to legally defraud creditors is the emancipation of debtors. In their shortsighted eagerness for economic spoliation they forget that to despoil creditors reacts upon debtors by preventing future borrowing and that the prostration of capital reacts most severely upon labor by closing the avenues for employment.

In support of this policy of helping the poor by injuring the rich through the debasement of our money, they present certain specific arguments which have a very convincing effect upon those who have not taken the pains to inform themselves upon the subject, and it is no reflection upon the general in-



telligence of the community to say that these represent a very large number. In the first place the money question is a difficult and complex one to understand, and second, there has been very little public interest and discussion of the subject except from the free silver point of view. It is not surprising, therefore, that a partial and sophistical presentation of the subject should have a plausible seeming, especially to those who are predisposed against the industrial order of society and are eager for some justification for a revolutionary policy.

#### BASES OF THEIR CLAIM.

In justification of their policy they affirm :

First, that the Act of 1873 demonetizing silver "struck down half our primary money and consequently cut prices in two" to the great impoverishment of the farmers and other producers.

Second, that this was a departure from the principle of bimetallism which is the money of the constitution; and that the only remedy for these evils is an immediate return to bimetallism, which they insist necessitates the free coinage of silver at 16 to 1.

Third, that restoring the free coinage of silver would re-establish the monetary and industrial conditions of 1873.

Fourth, that this would double prices and create general prosperity.

If these claims are true we ought all to be in favor of the free coinage of silver; but are they true? Let us see.

The first proposition assumes to be a statement of fact, about which there should be no real difference of opinion among honest students. And this statement is so constantly repeated by free silver writers and speakers that we are forced to assume that the great majority of them at least believe it; yet, in reality, there is no truth in it. To demonetize silver means to deprive it of use as full legal tender money, and that is what they mean when they say it "struck down half our primary money." Now, Mr. Bryan knows, Mr. Coin knows, Mr. Wharton Barker knows, every silver speaker and

writer knows, every business man knows, and every person in this audience knows that silver was not driven out of use as money. You all know that you can pay just as many debts and buy just as many goods with ten silver dollars as you can with ten gold dollars. In fact, more than half the money, very frequently three-quarters of it which you receive as wages and use in the ordinary retail payments is silver or silver certificates.

#### SILVER NOT DEMONETIZED.

In fact, the Act of 1873 did not demonetize nor in the slightest degree impair a single dollar of standard money. On the contrary nearly all the silver money we have has come into existence since the so-called crime of 1873. In the twenty years from 1873 to 1893 we coined fifty-two times as many silver dollars as we did during the whole period of free coinage from the foundation of the government to 1873. Nor was this peculiar to this country. From 1871 to 1876, thirteen of the leading commercial nations stopped the free coinage of silver, and since 1873, 57 per cent more silver has been added to the world's monetary circulation than was added during the whole preceding seventy-two years of the century.

They also tell us that the demonetization of silver stimulated the demand for gold in a corresponding proportion which has caused the appreciation of gold and the corresponding decline in the value of silver. Here again their facts are at fault. Since 1873 the amount of gold added to the world's monetary circulation is 55 per cent less than the amount coined during the previous seventy-two years of the century. In other words, as compared with the seventy-two years from 1800 to 1873, the world's coinage of gold has diminished 55 per cent, while the coinage of silver during the same period has increased 57 per cent.

In view of these facts, what are we to think of the statement that "half our primary money was struck down by the crime of 1873?" Yet this statement was the very foundation upon which the whole free silver superstructure rests. Take away this and their whole fabric falls.

Nor is it true that prices have been reduced 50 per cent, as Coin, Bryan and other free silverites unqualifiedly affirm. Of course there are some commodities whose price has fallen 50 per cent during the last twenty years, but there are others whose price has not fallen at all, and a large number that have risen from 10 to 40 per cent. If the fall in prices were due entirely to the change in the value of money it would be the same with all commodities.

Suppose some one should affirm that there were two flag poles in a certain field and the shadow of one lengthened while that of the other shortened. Every schoolboy would laugh, knowing that the shadow, being the result of the sun's rays, must both shorten and lengthen with the rising and setting of the sun. The same is true of prices so far as they are affected by money. If an appreciation in the value of money caused a decline of the price in one thing it must for the same reason cause a decline in the price of everything, because it necessarily affects everything alike.

The fact that the price of a large number of commodities has risen while that of others has fallen and some not changed at all proves conclusively that the variation in the prices is not due to changes in the value of money. But if we wish to be entirely honest in discussing the rise and fall of prices we must not compare 1873 with the present, because 1873 was in the midst of the inflation period.

The finance committee of the United States Senate has published the most complete report on prices in this country and Europe from 1852 to 1891 that has ever been issued. According to the facts collected by that committee, the general average prices in 1891 were only eight per cent less than in 1860 and 1861. Eighteen hundred and sixty-one was the last year before 1879 that prices were on a gold basis. During the war, as you all know, gold was at a high premium. In 1864, for instance, it took 216 dollars in greenbacks to buy what a hundred dollars in gold would buy. In 1873 it took \$1.37½ in greenbacks to buy the equivalent of a gold dollar. When specie payments were resumed in 1879 this 37½ cents of infla-

tion disappeared so that a dollar in greenbacks would buy the same as a dollar in gold, and prices fell  $37\frac{1}{2}$  per cent. But this was simply the disappearance of greenback inflation. Allowing for this inflation, therefore, the average fall in prices from 1873 to 1891 was only about eight per cent. There is practically no truth then in the statement that prices fell 50 per cent, and no evidence at all that the fall which did occur was due to silver.

#### TRUE BI-METALLISM.

Let us now consider the second proposition, namely, that the demonetization of silver was a departure from the principle of bimetallism. It is entirely true to say that the United States is traditionally a bimetallic country. Bimetallism is truly the money of the fathers and the money of the constitution. Mr. Bryan and his party lay great stress on their claim as bimetallicists. We have therefore a right to insist that they shall at least be true to bimetallism. We, too, are bimetallicists. Hence, if bimetallism really necessitates the free coinage of silver, we must grant their claim. But if, on the other hand, free coinage of silver would defeat bimetallism, we have a right to demand that they abandon their claim for free coinage of silver or else frankly admit that they are false to bimetallism.

It should be remembered that the monetary principle for which they are so zealously contending is not free coinage, but bimetallism. Now what is bimetallism? They seem to use the phrase bimetallism as if it were only another name for free silver. It is nothing of the kind. Bimetallism has but one meaning, namely, the use of two metals as money. No monetary system therefore can be bimetallic which doesn't adequately secure the circulation of both metals. Now this is exactly what we demand. We insist that no system of coinage shall be permitted in this country which will drive either metal out of circulation. It is because free coinage at 16 to 1, with the present low value of silver, would drive gold out of circulation and give us silver monometallism that we are opposed to free coinage.

In order to sustain their claim as honest bimetalists, therefore, Mr. Bryan and his followers are bound to show that, with the free coinage of 53 cent silver dollars, gold will stay in circulation. To accomplish that would require a financial miracle. It has been tried a great many times, but there never was power enough in any government to make it work. Not even such an absolute monarch as Henry VIII. could prevent his debased shillings from driving the undebased money out of circulation.

They make no attempt to prove that gold would stay in circulation under free coinage. Indeed, it is becoming more evident every day that they do not even desire that it should. All their talk about doubling prices and paying their debts with half the wealth that would now be required, and their frequent reference to the prosperity of Mexico, Japan and other silver standard countries, shows that what they really want is not gold and silver, but silver monometallism. They want us to get to a silver basis in the mistaken belief that a depreciated dollar is advantageous to the debtor class.

In reality, therefore, we are the true bimetalists and they are the monometallists, fraudulently masquerading in the garb of bimetalism.

If bimetalism and not cheap dollars were their real object they would consent to the free coinage of silver at its market value the same as gold, but any such proposition which would give genuine bimetalism, and with it the free coinage of both metals, they vigorously reject and demand free coinage at 16 to 1.

#### WHY 16 TO 1 IS DEMANDED.

Why do they insist upon 16 to 1? Manifestly because 16 to 1 would insure 87 per cent profit to the producers of silver bullion and 47 per cent discount in the payment of debts with 53 cent silver dollars.

So much has been said about 16 to 1 that there seems almost to have been created a feeling that there is some occult influence associated with that particular ratio. I have received a great many letters within the last two months asking what

is meant by 16 to 1 and why that particular ratio is preferred. Of course 16 to 1 simply means that Congress passed a law that a silver dollar should weigh 16 times as much as a gold dollar. The ratio of 16 to 1 is not very old. It was only established in 1834. At the beginning of our government the ratio was fixed at 15 to 1 and it so remained from 1792 to 1834. The reason it was fixed at 15 to 1 was that in 1792 15 ounces of silver had the same market value as one ounce of gold. The value of silver subsequently fell so that the silver in a silver dollar at 15 to 1 was not worth as much as the gold in a gold dollar. In order to make the gold dollar and silver dollar of the same market value as well as coinage value, and to prevent gold from being driven out of circulation, the ratio was changed in 1834 from 15 to 1 to 16 to 1.

If a 94 cent dollar in 1834 would drive gold out of circulation and make real bimetallism impossible, on what ground can it be expected that in 1896 gold will remain in circulation with a freely coined 53 cent dollar? The same reason that made 16 to 1 necessary to maintain bimetallism with free silver in 1834 would make 31 to 1 necessary to maintain bimetallism with free silver in 1896.

#### BRYAN'S FALSE APPEAL.

The assumption that the restoration of free coinage of silver would re-establish the monetary and industrial conditions of 1873, is equally misleading and delusive. They have erroneously assumed that all the changes in the value of silver and commodities since 1873 was the result of demonetizing silver and consequently falsely reason that to re-establish free coinage would re-establish all the other conditions of that period. In his Madison Square Garden speech Mr. Bryan said:

“We are not asking that a new experiment be tried. We are insisting upon a return to a financial policy, approved by the experience of history and supported by all the prominent statesmen of our nation. When we ask that our mints be opened to the free and unlimited coinage of silver into

full legal tender money we are simply asking that the same mint privileges be accorded to silver that are now accorded to gold."

This is a good example of how free silver orators substitute rhetoric for logic and sentiment for fact. There is probably not a free silverite in the country who would not insist that this statement is strictly true, yet in fact it is wholly untrue. They are asking for an entirely new experiment that never has been tried. The policy they are now advocating was never "approved by the experience of history," nor was it ever supported by a single prominent statesman in this country. No country in the world was ever foolish enough to try to keep two metals in circulation with free coinage at a ratio which gave one metal 47 per cent the advantage of the other. It is true "that prominent statesmen, from the first President down to 1873" favored the free coinage of silver, but always and only at a legal ratio substantially equivalent to the market ratio of the two metals. Mr. Bryan's statement that "we are simply asking that the same mint privileges be accorded to silver that are now accorded to gold," is not true. The privilege that is accorded to gold is that it shall have free coinage at its market value, and they are asking that silver shall have free coinage at 53 per cent of its market value. To put silver on the same condition for coinage as gold would be to give it free coinage at its bullion value, which would not be 16 to 1, but 31 to 1. Hence free coinage at 16 to 1 to-day is a totally different proposition from 16 to 1 in 1873, and would produce entirely different consequences.

#### DIFFERENCE BETWEEN 1873 AND 1896.

In 1873 the free coinage of silver did not tend in the least to drive gold from circulation, because at that time the silver in a silver dollar was worth nearly \$1.03, so that every person who took silver to the mint would lose nearly three cents by the transaction. It is needless to say that under those conditions nobody took any silver to the mint, conse-

quently no silver dollars were coined. Silver was then worth a little more than \$1.32 an ounce. To-day it is worth a little less than 69 cents an ounce, so that while the silver producer in 1873 would lose a little less than three cents an ounce, or over two per cent by having silver coined instead of selling it in the market as bullion, in 1896 he would make a profit of 63 cents an ounce, or 87 per cent more by having it coined than by selling it in the open market.

It is this 87 per cent profit instead of a three per cent loss that makes all the difference between the free coinage in 1873 and in 1896.

With the three per cent loss nobody would take any silver to the mint, and consequently there was no danger of flooding the currency with silver and driving out gold; but with 87 per cent profit, there is nearly ten times as much inducement to flood the currency with silver and crowd out gold as is offered by the profits of any ordinary business. What they are asking for is not only new, but it is the essence of fiscal absurdity whose only foundation is a series of mis-statements of fact and false assumptions.

We now come to the last claim, namely, that free coinage of silver will create prosperity. Prosperity is what we all want. To make clear the truth of that proposition is to make Mr. Bryan's calling and election sure.

#### TRUE CAUSE OF PROSPERITY.

Who is to have this prosperity? How is it to be brought about? Where will it start, and how will it work? The great test of increased prosperity in a nation is that the masses of the people are able to obtain more of the comforts of life for a day's work. Nothing can give increased prosperity which does not give that result. This can only come in one of two ways. Either by the cheapening of the commodities the people consume, or by increasing the wages with which to purchase those commodities. Unless one or both of these processes take place, there can be no improvement in the condition of the people.



Any pretense that the industrial condition of a people can be improved without giving them more of the necessities and comforts of life for a day's work, is a delusion, and any pretense that the people can obtain more wealth for a day's work without either the wealth being cheapened or the wages increased, necessarily rests either on ignorance or humbug.

Will the free coinage of silver do either of these things? No, they do not even pretend that it will. On the contrary, their great claim is that it will double prices. How will doubling prices increase prosperity? Who will get more wealth for a day's work through prices being doubled? Oh, replies Mr. Bryan, the farmers will be able to pay their debts with half the number of bushels of wheat and the shoe manufacturer with half the number of shoes. If this were all, then it would simply mean that producers, that is farmers, manufacturers, etc., through a change in the money, would be able to pay their debts with 50 cents on the dollar. But, if it stopped here, even that would not give us prosperity. We are assured, however, that it would continue, and after debts are thus paid off with 50 cents on the dollar, the prosperity really begins, because the doubling of prices would mean adding about 40 to 50 per cent to the profits of producers.

#### COMES OUT OF WAGES.

Out of whom would this profit come? Of course, this could take place only by the selling prices of goods being increased without any increase in the cost of their production. If the cost of their production were increased in the same proportion then the rise in the price would be of no advantage to anybody, because if the farmer sold wheat for a dollar and it cost him a dollar to raise it, he would be no better off than if he sold it at 50 cents, if the 50 cents covered the cost.

It is only on the assumption that this artificial increase in prices can come without any increase in the cost of production. This means, of course, that the wages of labor must remain the same, since if wages raise in the same pro-

portion as the prices, there would be no more profits than before. The first and definite effect, therefore, of this scheme for creating prosperity is to reduce the purchasing power of wages from 40 to 50 per cent. In other words, it boldly proposes to pay the debts and double the profits of farmers, manufacturers and other producers by reducing the wages of labor. To say nothing of the violent injustice and outrage upon the laborers who constitute seven-tenths of our population, it would be impossible to invent a scheme which would be more disastrous to our national prosperity.

#### HIGH WAGES THE BASIS OF PROSPERITY.

Thanks to our protective policy this is a home market country, which means that our capitalists, whether they be farmers, manufacturers or merchants, cannot sell unless our people buy. Employers cannot make profits unless the workingmen consume their products. The great market basis of all our industries is not the little that is consumed by the rich, but the daily consumption of the laboring classes. There is not a half a dozen industries in this country where machinery is employed that could succeed if nobody but the rich consumed their products. In fact, the success of all modern industries finally depend upon the ability of the laboring classes to consume their products. Destroy this and you destroy the basis of industrial prosperity.

A reduction of 40 per cent in wages would mean the destruction of 40 per cent of the consuming capacity of the American people. No rise in prices, however high, could give prosperity with such a destruction of the market. Happily for mankind, it is impossible in a home market country permanently to secure the prosperity of any one class at the expense of the others. Any attempt to establish such a policy is sure to end in failure and disaster.

To ignore the importance of wages and the welfare of laborers to national prosperity is to ignore the very cornerstone of statesmanship and national progress.

Mr. Bryan and his friends need to take a few elementary

lessons in economics before they are entrusted to revolutionize our industrial condition backwards. They should be taught, first of all, that farmers and manufacturers, merchants and all other producers, are prosperous only when they can sell their products, and they can sell their products in large quantities only when laborers can be generous purchasers, and laborers can be purchasers only when they are permanently assured of constant employment and liberal wages.

#### A BLOW AT WAGES.

A blow at wages is not only a blow at workingmen, but it is at the same time a blow at the security and prosperity of every form of business. To strike down the purchasing power of seven-tenths of the consumers is to strike down the market and all that depends upon it. A blow at the purchasing power of wages, therefore, is the most deadly kind of a blow that can ever be directed at national prosperity, and yet this is what Mr. Bryan and his party proposes as the means of creating prosperity. There is no power on earth by which the condition of farmers or manufacturers or capitalists or any productive class in a home market country can be improved by reducing the purchasing power of labor.

Whoever strikes down wages is an enemy of mankind, because in so doing he destroys the very foundation and source of industrial prosperity, intelligence, morality and civilization.

They think they escape this evil by saying free coinage would stimulate foreign trade by enabling our producers to produce at a silver cost and sell abroad at gold prices, but this in nowise alters the case. If they could produce a bushel of wheat for a 50 cent silver dollar and sell it abroad for a 100 cent gold dollar, it would only be because they paid their laborers in 50 cent dollars. Their profit by the transaction would be directly taken out of the laborers just the same.

The more closely we examine the demands for the free coinage of silver at 16 to 1, the clearer it becomes that it is an economic heresy, founded on misstatement of fact, erroneous reasoning and financial fanaticism, and that its

adoption would bring no benefit to those most zealously demanding it, but it would involve a confiscation of the wages of labor destroy the basis of business prosperity and public welfare and forever tarnish the honor and integrity of the republic.

#### TRUE REFORMS NEEDED.

That there are real monetary and industrial questions which demand immediate and comprehensive treatment the last four years experience amply proves, but these questions cannot be solved by any destructive coin-debasing, debt-repudiating and wage-reducing policy. On the contrary the remedy for our financial ills must be sought in the constructive reform of our banking system. Reforms that shall take the government out of the banking business and fiat paper out of our currency. In short, put all paper money on a specie basis, subject to constant coin redemption, thus laying the foundation for a secure, uniform and elastic currency which is the essence of all sound money.

For true revenue reform we must look to such a rational revision of the tariff as shall afford adequate protection to our domestic industries, and secure ample revenues for the needs of the government: and for genuine industrial reforms we must look to a more direct application of the principle of protection to the problems of labor, especially those which affect the individual and social life of the wage class. These questions are pressing for the application of the best statesmanship of the nation.

But, in order that these national reforms may be accomplished, and the prosperity and progress of the country re-established, the threatening avalanche of free silver must first be prevented. To accomplish this the friends of the republic everywhere, regardless of party affiliations, must unite to secure the defeat of Bryan and the election of McKinley and Hobart.

### Fallacies About Gold and Silver.

IT IS generally asserted by the advocates of free silver that the disparity between the market value of gold and silver is not in reality a fall in the value of silver but a rise in the value of gold. This is, perhaps, one of the most difficult points to deal with in connection with the whole subject, because it is susceptible of very ambiguous statement from either point of view.

To say that the value of the two metals were equal at the ratio of 16 to 1 in 1873, and that they are only equal now at about 31 to 1, merely shows that a great change has taken place in the relative value of the two. It shows clearly enough that, as compared with gold, silver is 46.6 per cent lower, and that as compared with silver, gold is about 87 per cent higher than in 1873, but these facts give no real clue as to which of the two has changed—whether gold has risen or silver has fallen. The fact can only be determined by comparing them with other commodities. It is a common experience to sit in a railway car that is stopped and observe another car in motion and being unable to decide which train is really moving. To determine which train really is in motion, we instinctively look at some stationary body, as the tracks below the train or the walls of the station. So it is with the movement of the value of the two metals. The relative movement of either one cannot be determined by comparison with the other, but only by comparison with other objects. Since gold is the monetary standard in whose terms the value of all other commodities is estimated, it follows that if, from whatever cause, the value of gold rises, then the value of everything else with which gold is compared necessarily falls, and falls in exactly the same proportion with every article whatsoever.

Here, then, we have an excellent standard by which we

can determine whether the variation in the value of commodities is due to an appreciation in the value of gold or to economic causes. Since, as we have said, if the change in the value of commodities is due to the appreciation of gold, then the fall will be alike, not in the aggregate, but in the value of each individual article; just as the shadow of every individual article shortens simultaneously as the sun rises, and lengthens as the sun goes down.

If we look over the prices of various commodities, we find that there is no approximate uniformity in the movement of their values. Some articles have fallen—some sixty, some forty, some thirty and some ten per cent—while others have not fallen at all and others have actually risen. Facts in abundance are given on this point in Aldrich's Senate Report,\* covering hundreds of articles, for a period of thirty years, both in this country and in England. For example, comparing 1891 with 1860, which are the points of comparison throughout the report, we find, omitting fractions, that in

Food stuffs—Beans rose 18 per cent; ship bread 25 per cent; Boston crackers, 14; another kind of Boston crackers fell 41, and oyster crackers 20 per cent; while soda crackers remained unchanged. Butter rose 28 per cent; coffee, 65; cod fish, 212; mackerel, 50 per cent; salt mackerel, No. 2, 64 per cent; salt mackerel, No. 3, 230 per cent, while cheese fell 50 per cent and wheat flour 27 per cent, and salt beef (mess), 39 per cent; ribbed beef rose 6; sugar-cured hams, 22 per cent; lamb, 2 per cent; mutton, 30 per cent, while salt pork fell 25 per cent and fresh milk remained unchanged.

Again on page 34, the table shows that corn starch fell 17 per cent, while pepper rose 17; nutmegs, 42; rice, 26, and three kinds of salt rose from 16 to 28 per cent, while coarse solar and fine boiled fell respectively 48 and 44 per cent.

Passing to clothing pages 36 to 38, we find that cotton warp and weft fell 23 and 17 respectively, and first quality

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\*(Pp. 30 to 52, Vol. I.)

black broadcloth made from XXX wool remained unchanged, while second quality black rose 16 per cent and Wilton 5-frame carpets rose 13; Ingrain carpets fell 17; Brussels, 9; calico prints, 36, etc.

Fuel and lighting, page 39, shows a similar variation in the different articles; candles have fallen 51 per cent. Bituminous coal has fallen 40 per cent; chestnut has risen 20 per cent. Some of the other kinds have remained stationary and others have fallen.

When we come to metal implements, pages 40 to 45, out of thirty-four articles, only one, anvils, has risen 18 per cent and the other thirty-three have all fallen, varying from 30 to 45 per cent. On page 44, we find quick-silver has risen 36 and manilla 33.

Turning to lumber and building materials, we find some kinds, as oak, have risen 218 per cent, and pine boards from 60 to 83 per cent; maple, 22 per cent; lime, 50 per cent; brick, 17 per cent; hemlock (logs), 33; boards, 46 per cent; chestnut lumber remained unchanged, while pine doors have fallen 12 per cent; cement 15 per cent, and carbonate of lead, 13 per cent. Different kinds of white pine have risen from 30 to 107 per cent, while plate glass, given on the same page, has fallen from 11 to 43 per cent, according to grades, etc.

It is manifest from these facts that the changes in the value in the different articles are not produced by any one cause, such as change in the value of gold, since in that case the movement of prices would, at least, have been all in the same direction.

If we investigate the subject a little closer, we find that the explanation of the change in the prices of each article referred to would be explained by the changed conditions affecting the cost of their production, which differs according to the application of new methods and the continued use of poor ones in the respective industries.

If we take, for instance, the price of the different metals, we find that the fall in the value of silver is very similar to

that of the different metals, as iron, lead, zinc, tin and copper, as is shown by the following table:\*

POUNDS OF METAL REQUIRED TO PURCHASE ONE OUNCE OF GOLD.

	1876	1896	Decline in Purchasing Power.
Iron.....	2067	3858..	46 per cent.
Lead.....	344	636.....	46 " "
Zinc....	275	516.....	47 " "
Tin.....	103	148.....	30 " "
Copper .....	90	188.....	52 " "
Silver (ounces).....	17.3	30.8.....	44 " "

Mr. Chance shows how by the use of improved appliances the cost of producing silver has been reduced 44 per cent, while from similar causes the cost of iron and lead has been reduced 46 per cent; zinc, 47; tin, 30, and copper 50 per cent. He also shows that the cost of mining and refining gold has not been reduced in similar proportions, and why it has not. He says:

“Gold won by underground mining of gold-bearing veins or lode is divisible into three distinct classes: (1) gold from ‘free-milling ores,’ in which the gold exists in a metallic state; (2) gold from ‘partially free-milling ores,’ in which some of the gold is in a metallic state and the remainder is combined with some other mineral; (3) gold from ‘refractory’ or ‘smelting ores,’ in which the metal exists in combination with other minerals or elements.”

“Under the conditions governing gold mining in the past, the greater part of the production was obtained from alluvial washings—*i. e.*, placer mining—a considerable portion of the balance from free-milling ores, and only a small part of the output from refractory or smelting ores.”

From this, it appears that most of the gold is obtained by hand labor methods and consequently the cost of producing it has not materially changed, as in the case of the other metals where scientific devices are more largely used, and in manufactured articles where machinery is still more largely applied.

\*The Present Value and Purchasing Power of Gold, by H. M. Chance in the *Engineering Magazine*, May, 1896.



If we compare gold with labor, which is the final test, because labor in the cost of living represents more largely than anything else the aggregate value of consumable commodities, we find that gold has not appreciated at all, but slightly declined; as in 1891, for a day's work, a laborer could command about 60 per cent more gold than in 1860. It is thus clear that the increasing disparity between the value of gold and silver is not due to an appreciation of gold, since gold has not appreciated. On the contrary, both gold and silver have fallen; the increasing disparity between them is due to the fact that the fall in the value of silver has been much greater than the fall in the value of gold, because the economy through the use of improved methods has been much greater in the production of silver than in the production of gold. Hence, the value of silver has fallen more than that of gold as has the value of other metals similarly affected by the same economic causes.

Another point, very strongly urged, regarding the value of silver, is that under free coinage the market value of silver and gold sustained the same relation to each other as does the quantity and value of the aggregate amount produced. This view was held by Adam Smith and other early economists, and is eagerly repeated now as if it were a well-established fact in the history of the precious metals. This is not a question of theory, but of fact, and, therefore, it can only be settled by an appeal to facts. We have taken great pains, therefore, to get together the largest amount of reliable data obtainable upon the subject regarding the annual production and value of gold and silver since the discovery of America, and they are presented in the table on the following page. The statements in this table are taken from those of Soetbeer, and the estimates of the United States mint, officially published by the United States Government. In order to make the table more easily understood, we grouped the figures relating to the weight under one heading, and those relating to the value under another.

The first section of the table, it will be seen, relates to the

PRODUCTION AND VALUE OF GOLD AND SILVER IN THE WORLD SINCE THE DISCOVERY OF AMERICA.\*

Years.	WEIGHT.		Annual average for period.		Percentage.		Ratio		VALUE.		Annual average for period.		Percentage.		Coin'g Value,  Coining Value.		Coin'g Value,  Market Value.		Ratio of		
	Fine ounces.		Oz.		oz.		Tot'ls		Coining Value,  Market Value.		Coining Value,  Market Value.		Coining Value,  Market Value.		Coining Value,  Market Value.		Coining Value,  Market Value.		Tot'ls		
	Silver	Gold	Silver	Gold	Silver	Gold	Silver	Gold	Silver	Gold	Silver	Gold	Silver	Gold	Silver	Gold	Silver	Gold	Silver	Gold	
	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.	Annual average for period.
1493-1590.....	1,511,050	186,470	80.	11.	8.1	\$1,054,000	\$3,855,000	33.6	66.4	33.6	66.4	33.6	66.4	33.6	66.4	33.6	66.4	33.6	66.4	.50	10.75
1521-1544.....	2,809,930	230,104	92.6	7.4	12.6	3,749,000	4,759,000	44.1	55.9	44.1	55.9	44.1	55.9	44.1	55.9	44.1	55.9	44.1	55.9	.78	11.25
1545-1560.....	10,017,940	273,596	97.8	2.2	36.6	12,952,000	5,656,000	73.3	26.7	73.3	26.7	73.3	26.7	73.3	26.7	73.3	26.7	73.3	26.7	2.29	11.30
1561-1580.....	9,028,925	219,996	97.8	2.2	43.8	12,450,000	4,546,000	78.2	21.8	78.2	21.8	78.2	21.8	78.2	21.8	78.2	21.8	78.2	21.8	2.74	11.50
1581-1600.....	13,467,635	237,267	98.3	1.7	50.8	17,413,000	4,695,000	75.6	24.4	75.6	24.4	75.6	24.4	75.6	24.4	75.6	24.4	75.6	24.4	3.55	11.80
1601-1620.....	13,506,235	273,918	98.	2.1	49.6	17,579,000	5,162,000	74.8	25.2	74.8	25.2	74.8	25.2	74.8	25.2	74.8	25.2	74.8	25.2	3.10	12.25
1621-1640.....	12,654,240	266,845	97.9	2.1	47.4	16,361,000	5,162,000	72.3	27.7	72.3	27.7	72.3	27.7	72.3	27.7	72.3	27.7	72.3	27.7	2.97	14.00
1641-1660.....	11,776,545	281,955	97.3	2.7	41.8	15,226,000	6,154,000	69.5	30.5	69.5	30.5	69.5	30.5	69.5	30.5	69.5	30.5	69.5	30.5	2.28	14.50
1661-1680.....	10,834,559	297,709	97.3	2.7	36.4	14,212,000	8,570,000	63.4	36.6	63.4	36.6	63.4	36.6	63.4	36.6	63.4	36.6	63.4	36.6	1.99	14.97
1681-1700.....	10,992,085	346,095	96.9	3.1	31.8	14,781,000	8,570,000	61.4	38.6	61.4	38.6	61.4	38.6	61.4	38.6	61.4	38.6	61.4	38.6	1.73	15.21
1701-1720.....	11,432,540	412,163	96.5	3.5	27.7	14,781,000	12,681,000	58.6	41.4	58.6	41.4	58.6	41.4	58.6	41.4	58.6	41.4	58.6	41.4	1.41	15.08
1721-1740.....	13,863,080	613,422	95.8	4.2	22.6	22,162,000	16,356,000	57.5	42.5	57.5	42.5	57.5	42.5	57.5	42.5	57.5	42.5	57.5	42.5	1.35	14.75
1741-1760.....	17,140,612	791,211	95.6	4.4	21.7	27,133,000	13,761,000	66.3	33.7	66.3	33.7	66.3	33.7	66.3	33.7	66.3	33.7	66.3	33.7	1.97	14.73
1761-1780.....	20,985,591	665,666	96.9	3.1	31.5	36,549,000	11,823,000	75.6	24.4	75.6	24.4	75.6	24.4	75.6	24.4	75.6	24.4	75.6	24.4	3.09	15.09
1781-1800.....	28,261,779	571,948	98.	2.	49.4	37,168,000	11,815,000	75.9	24.1	75.9	24.1	75.9	24.1	75.9	24.1	75.9	24.1	75.9	24.1	3.15	15.61
1801-1820.....	28,749,922	571,563	98.1	1.9	50.3	37,168,000	7,606,000	74.7	25.3	74.7	25.3	74.7	25.3	74.7	25.3	74.7	25.3	74.7	25.3	2.06	15.31
1821-1840.....	17,355,755	307,957	97.9	2.1	47.2	22,479,000	9,448,000	67.3	32.7	67.3	32.7	67.3	32.7	67.3	32.7	67.3	32.7	67.3	32.7	2.03	15.80
1841-1860.....	14,807,004	457,044	97.	3.	32.4	19,144,000	9,448,000	64.8	35.2	64.8	35.2	64.8	35.2	64.8	35.2	64.8	35.2	64.8	35.2	1.86	15.75
1861-1880.....	19,175,867	652,291	96.7	3.3	29.4	24,793,000	13,484,000	47.1	52.9	47.1	52.9	47.1	52.9	47.1	52.9	47.1	52.9	47.1	52.9	.90	15.83
1881-1890.....	25,090,342	1,766,502	93.4	6.6	14.3	32,440,000	32,742,966	47.1	52.9	47.1	52.9	47.1	52.9	47.1	52.9	47.1	52.9	47.1	52.9	.29	15.41
1891-1895.....	28,488,597	6,410,324	81.6	18.4	4.4	36,324,000	38,174,770	21.9	78.1	22.3	77.7	22.3	77.7	22.3	77.7	22.3	77.7	22.3	77.7	.39	15.29
1896-1898.....	29,095,428	6,486,262	81.8	18.2	4.5	37,618,000	39,278,827	21.9	78.1	22.7	77.3	22.7	77.3	22.7	77.3	22.7	77.3	22.7	77.3	.39	15.41
1899-1899.....	35,401,972	5,949,582	85.6	14.4	6.	45,772,000	47,471,944	27.1	72.9	27.9	72.1	27.9	72.1	27.9	72.1	27.9	72.1	27.9	72.1	.44	15.56
1899-1899.....	43,051,583	6,270,686	87.3	12.7	6.9	55,663,000	57,215,553	30.5	69.5	30.5	69.5	30.5	69.5	30.5	69.5	30.5	69.5	30.5	69.5	.71	15.98
1871-1875.....	63,317,014	5,591,014	91.9	8.1	11.3	81,864,000	81,993,216	41.5	58.5	41.5	58.5	41.5	58.5	41.5	58.5	41.5	58.5	41.5	58.5	.79	17.89
1876-1880.....	78,775,602	5,543,110	93.4	6.6	14.2	101,851,000	90,985,820	47.5	52.5	47.5	52.5	47.5	52.5	47.5	52.5	47.5	52.5	47.5	52.5	1.03	18.00
1881-1885.....	92,003,944	4,794,755	94.8	5.2	19.2	120,626,800	102,335,984	54.5	45.5	54.5	45.5	54.5	45.5	54.5	45.5	54.5	45.5	54.5	45.5	.83	20.78
1886.....	93,207,200	5,135,679	94.8	5.2	18.8	124,281,000	104,030,975	54.1	45.9	54.1	45.9	54.1	45.9	54.1	45.9	54.1	45.9	54.1	45.9	.89	21.13
1887.....	96,123,586	5,116,861	95.	5.	18.8	124,281,000	102,283,302	56.1	43.9	56.1	43.9	56.1	43.9	56.1	43.9	56.1	43.9	56.1	43.9	.91	22.09
1888.....	108,827,600	5,330,775	95.4	4.6	20.4	140,706,400	124,469,188	55.7	44.3	55.7	44.3	55.7	44.3	55.7	44.3	55.7	44.3	55.7	44.3	.91	22.09
1889.....	120,213,611	5,973,790	95.3	4.7	20.1	155,427,700	131,937,046	57.9	42.1	57.9	42.1	57.9	42.1	57.9	42.1	57.9	42.1	57.9	42.1	1.11	20.76
1890.....	126,095,062	5,749,306	95.7	4.3	21.9	163,032,000	139,937,046	57.6	42.4	57.6	42.4	57.6	42.4	57.6	42.4	57.6	42.4	57.6	42.4	1.07	20.94
1891.....	137,170,910	6,320,194	95.6	4.4	21.7	177,352,300	139,914,337	57.5	42.5	57.5	42.5	57.5	42.5	57.5	42.5	57.5	42.5	57.5	42.5	.97	23.73
1892.....	153,151,762	7,028,140	95.6	4.4	21.8	198,014,400	142,277,986	57.6	42.4	57.6	42.4	57.6	42.4	57.6	42.4	57.6	42.4	57.6	42.4	.96	23.73
1893.....	166,092,047	7,608,787	95.6	4.4	21.8	214,745,300	119,420,181	57.6	42.4	57.6	42.4	57.6	42.4	57.6	42.4	57.6	42.4	57.6	42.4	.97	23.73
1894.....	167,752,561	8,737,788	95.1	4.9	19.2	216,892,200	180,626,100	54.4	45.6	54.4	45.6	54.4	45.6	54.4	45.6	54.4	45.6	54.4	45.6	.62	35.06

\* [Production for 1493 to 1885 is from a table of averages for certain periods compiled by Dr. Adolph Soetbeer. For the years 1886 to 1894 the production is the annual estimate of the Bureau of the Mint].

amount or weight of the two metals produced. The first two columns give the average number of ounces of silver and gold produced yearly for the periods given. The next two columns give the percentage of gold and silver respectively, in the annual product. In the fifth column is given the ratio of silver to one of gold in ounces. The other section of the table, it will be seen, relates to value. There we have grouped together the aggregate values of the total annual product in the same way, giving two columns to silver, one coining value and the other market value. Then the percentage of each metal in the total of both coining and market value. And in the columns "ratio of totals" is given the ratio of the value of the annual product of silver to one of gold, and in the last column is given the ratio of the market value of silver per ounce to one of gold.

A glance at this table will suffice to show that there never has been even a general relation of the percentage or ratio of the amount produced in ounces to the ratio of the value of metals, or the ratio of the value of the total production of gold and silver to their relative value in ounces or grains. For instance, taking the first period, 1493 to 1520, the product of silver was 8.1 to 1 of gold, but the value was 10.75 to 1. From 1544 to 1680, the ratio of product averaged 44.6, whereas the ratio of values averaged 12.90. From 1680 to 1860, the production of ounces averaged 28.2, while the ratio of value averaged 15.31. From 1876 to 1894, the production of silver averaged 19.7, and the value averaged 22.78. If we compare the value of the total product, instead of the ounces, we shall find that there is no more orderly connection between the two.



The total value of the yearly product of gold and silver in the first period, 1493 to 1520 were as .50 of silver to 1 of gold, whereas the value of the two metals were as 10.75 to 1. In the next period, the value of the total products of the two metals were as .78 to 1 of gold, whereas the market ratio of the metals were 11.25 to 1. From 1544 to 1680, the average value of the annual product of the two was 2.79 to 1, while the

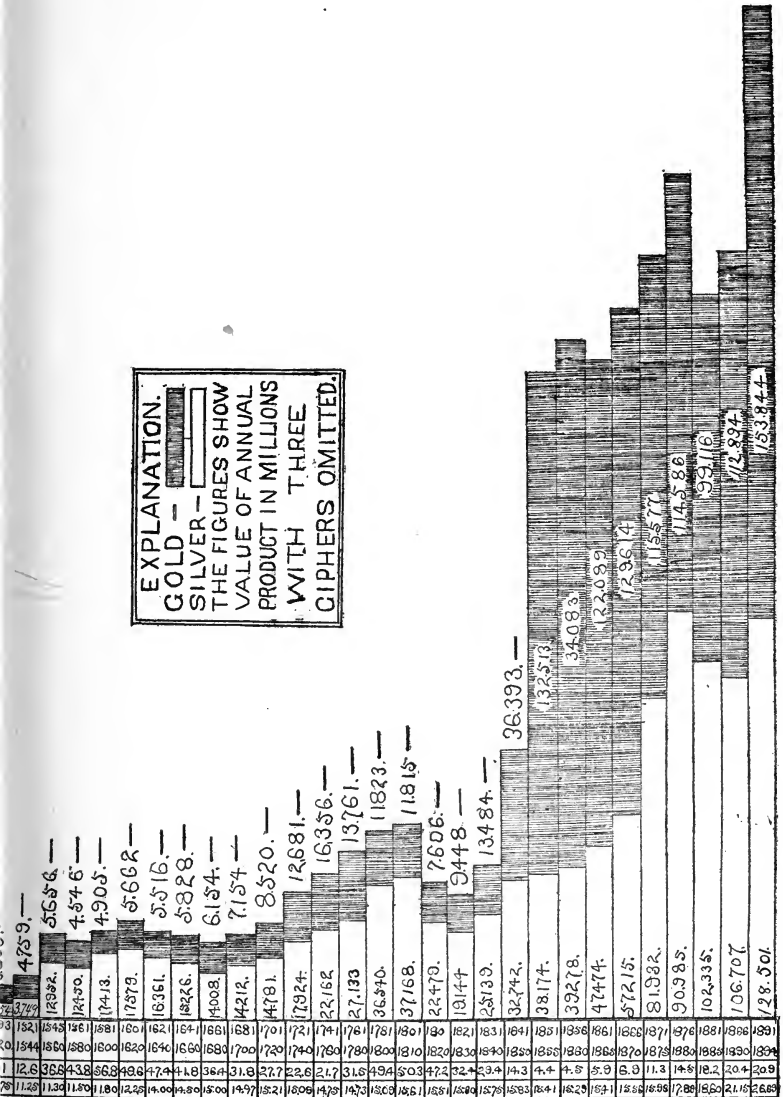
relative value of the ounces averaged 12.90 to 1, changing from 11.30 to 15 to 1. From 1680 to 1840, the average relative value of the annual product was 2.15 to 1; but the relative value of ounces averaged 15.25 to 1. From 1840 to 1889, the relative value of the annual product averaged .70 to 1; for two years going as low as .29 of silver to 1 of gold; while the relative value of ounces averaged 17.99 to 1. From 1889 to 1894, the relative value of the annual product of silver averaged only .90 to 1, while the relative value of ounces averaged 25.64 to 1.

In order to enable the reader the more readily to comprehend the figures in the foregoing table at a glance, we have reproduced the results in the following diagram. The spaces in the diagram represent the total value in dollars of the annual product for the periods indicated at the bottom. The black bars are gold and the white silver. The figures in the bars indicate the amount in millions, omitting three ciphers.

It will thus be seen that there is no aspect of the case in which the assumption that the relative value of the units are even remotely governed by the relative quantity of the two produced or the relative value of those quantities. In other words, that the quantity produced sustains no discernable relation to the value of what is produced. For the relative value of an ounce of silver to an ounce of gold, therefore, it is useless to look for the number of ounces of either that are produced, but we must look, as in everything else, to the cost of producing those ounces. If we want to know the relative value of a ton of iron as compared with a ton of coal, we do not try to find out how many tons of iron are produced as compared with the number of tons of coal; not at all; but we try to ascertain what is the relative cost of producing a ton of iron as compared with that of a ton of coal.

There is still another point very much relied upon, perhaps most of all as explaining the change in the value of silver, it is the Act of 1873. It is stated as if it were universally accepted and needed no proof that the demonetization of silver by the United States Congress in 1873 was the

**EXPLANATION.**  
 GOLD —   
 SILVER —   
 THE FIGURES SHOW  
 VALUE OF ANNUAL  
 PRODUCT IN MILLIONS  
 WITH THREE  
 FIGURES OMITTED.



cause of the fall in the value of the white metal. Now, if the Act of 1873 had any effect whatever upon the value of silver, it must have been by lessening the demand. In fact, the phrase "demonetization of silver" is always employed by free silver people as if it were the stoppage of the use of silver. What are the facts upon that point? Why, simply this, that prior to the Act of 1873 there was absolutely no coinage of silver dollars at all, and for the very excellent reason that the amount of silver in a dollar ( $371\frac{1}{4}$  grains) was worth from two to three cents more than a silver dollar was worth. That is to say, as bullion, it would bring in the market nearly three cents more than it would as a coin. To say that the Act of 1873 stopped or lessened the coinage of silver when there was no silver at all being coined is something worse than absurd. One might as well talk of stopping the flow of water from a dry well.

Indeed, all the facts relating to silver since 1873 are very unfortunate for this theory. A few months after the Act of 1873 was passed, provision was made for the free coinage of trade dollars, which gave full opportunity for coining all the silver anybody wished to offer; but, at first, no silver was offered for this purpose. In 1874 and 1875, the value of silver began to fall, dropping in 1874 to 16.17 to 1 and in 1875 to 16.59 to 1; in 1876, 17.88 to 1. As soon as the value of silver passed below 16 to 1 so that coining at the legal ratio would yield a profit to the bullion owner, coinage of trade dollars began and steadily increased; until in 1878, when the value had reached 17.94 to 1, the coinage of trade dollars was discontinued and the coinage of standard dollars at the rate of two million a month was authorized. This continued until 1890, when the Bland-Allison Act was repealed and the Sherman Act adopted, by which four and a half million ounces of silver a month was purchased by the Government, and this continued until 1892, so that from 1873 to 1892 the use of silver for money steadily increased.

In fact, out of 423,289,219 silver dollars in circulation, over 415,000,000 have been coined since 1873. In other

words, the amount of full standard silver money added to our circulation since 1873 is 5200 per cent greater than the entire amount coined before 1873, since the foundation of the government.

Nor is this increased use of silver limited to this country. Notwithstanding that thirteen leading commercial nations of the world have suspended the free coinage of silver, the coinage of silver has immensely increased. From 1800 to 1873, 735,000,000 ounces of silver were added to the world's circulation. From 1873 to 1894, 1,156,400,000 ounces of silver were coined. That is to say, that the increase in the coinage of silver since 1873 is 421,400,000 ounces, or 57 per cent greater than the total amount coined during the first 72 years of the century—1800—1873.

The claim that the demonetization of silver has increased the demand for gold is also unsustainable by the facts, as might be expected, since the use of silver has been greatly increased. From 1800 to 1873, there were coined in the world 122,239,000 ounces of gold. From 1873 to 1894 only 53,900,000 ounces of gold have been coined. That is to say, there have been 68,339,000 ounces less of gold coined from 1873 to 1894 than was coined from 1800 to 1873. In other words, as compared with 1800-1873, the world's coinage of gold since 1873 has diminished 55 per cent, while the world's coinage of silver during the same period has increased 57 per cent. These facts conclusively demonstrate the fallacy of the claim that silver was struck down by the Act of 1873, or that the demand for gold has increased and that the value of gold has appreciated.

Another fact that should be noticed in this connection is that, notwithstanding the increased use of silver since 1873, first, by the free coinage of the trade dollars, then by the limited coinage of the trade dollars, then by the coinage of two million a month under the Bland-Allison Act, then by the purchase of four and a half million ounces a month, the value of silver has declined faster and faster. These facts make one thing absolutely clear, viz., that the fall in the value

of silver was not due to the lessened use of silver by the Act of 1873, but, on the contrary, that the various acts restricting the use of silver since 1874 have been made necessary by the fall in the value of silver. In other words, it is the fall in the value of silver that caused the legislation, and not the legislation that caused the fall in the value of silver.

The same was true in France, the great free silver country of Europe. She held free coinage until, through the fall in the value of silver, she was forced to close her mints in 1874 to prevent the country from going to a silver basis.

If further evidence were needed to show that the fall in the value of silver was not due to demonetization but to economic causes, it is furnished in the fact that notwithstanding the decline in the market price of silver, silver mining remains a profitable industry. We know that this will be denied, but facts speak louder than words. The test of the profitableness of an industry is the tendency of capital to go into it and continue producing. If the fall in the price of silver from \$1.32 an ounce in 1872 to 69 cents an ounce in 1896, did not represent a great reduction in the cost of producing silver, 80 per cent of the silver mine owners would have been bankrupt long ago, because a reduction of 47 per cent in the price is more than the profits of the most opulent industry in the world can stand. In that case capital that did not go to bankruptcy would have deserted the silver mine business, and the production would rapidly have declined. Instead of this being the case, however, the production of silver has steadily increased from 1873, and is still increasing, both in this country and the world. This is shown by the fact that in 1873 the world's annual production of silver was 63,267,000 ounces, from which time it has steadily increased, until in 1894 it was 167,752,561 ounces, an increase of 165 per cent. If we take the product of the United States, we find the increase has been even more striking. In 1873 the out-put was 27,542,372 ounces, and in 1894 it was 100,000,000 ounces an increase of 263 per cent.



Everybody knows that capital will not for twenty years together continually increase the output of a production upon which it is losing. But it is easy to see that if the cost of producing silver has diminished, that it may be as profitable to-day to produce the white metal at 67 cents an ounce as it was in 1874 to produce it at \$1.29 an ounce, just the same as Massachusetts manufacturers can produce cotton cloth at 3 cents a yard, or  $2\frac{1}{3}$  cents as well as they could produce it in 1834 at 17 cents a yard.

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### Some Questions on Silver Answered.

DURING the last few weeks we have been flooded with letters asking questions on the subject of free silver and its probable effect upon the national welfare. The number and similarity of the questions show that the public mind is far from clear on many phases of the subject. We print as many as our space will permit, and would ask those whose letters are omitted to accept this as the reason; and in many cases they will find the answer to their question covered in the answer to one of the number published.

#### I.

EDITOR GUNTON'S MAGAZINE:

*Sir.*—One of the arguments most frequently used by the free silver people when appealing to the farmers is that under free coinage wheat was a dollar a bushel, that since the demonetization of silver in 1873, the value of silver has fallen one-half, and the price of wheat has fallen with it, and that the return to the free coinage of silver would double the price of silver and with it put wheat back to a dollar a bushel. I wish you would answer two questions bearing on this point: (1.) Has the fall in the price of wheat kept pace with the fall in the price of silver? (2.) Is there any good reason for thinking the fall in the price of wheat is due to the fall in the price of silver?

A SUBSCRIBER.

MADISON, WIS.

[(1.) No. This statement is repeatedly made, but, like

many others on the money question now being circulated, it has no foundation in fact. For instance, in 1860 silver was \$1.352 an ounce. With slight vibrations it has tended steadily downwards ever since, never in a single year since that date reaching \$1.35. It has never risen above \$1.34 since 1864, nor above \$1.33 since 1866, nor above \$1.32 since 1872, nor above \$1.20 since 1877, nor above \$1.00 since 1885, and it is now 66½ cents. In fact, since 1860 the price of silver has gradually declined, never once rising to a higher average for the year than that touched by any previous year, except for the few months in 1890 and 1891, as the temporary effect of the Sherman Law. The price of wheat has followed no such orderly course; on the contrary, it has frequently gone in the opposite direction from that of silver. In 1880 wheat in New York averaged \$1.23 a bushel, in 1881 it rose to \$1.39, in 1884 it fell to 84 cents, and in 1887 it only reached 88½ cents, but in 1888 it rose to \$1.05, and in 1889 dropped to 83 cents. In 1890 and 1891 it rose again to \$1.03 and \$1.04, respectively, and in 1893 dropped to 67 cents, and so on. It is very clear, therefore, that the changes in the price of wheat have not kept pace with the price of silver, but, like the price of any other commodity, it has gone up and down with the cost of production in respective years, regardless of silver.

(2.) Not at all. There is less reason for assuming that the price of wheat is governed by the price of silver than that the price of silver is governed by the price of tin, zinc or lead, since the variations in the price of silver are almost identical with those of these metals. From 1876 to 1896 the price of iron has fallen 46 per cent, of lead 46 per cent, of zinc 47 per cent, and of silver 47 per cent. There is a greater similarity in the movement in the price of these metals and silver than there is between wheat and silver, because their cost of production is affected by substantially the same causes as is that of silver, while the cost of producing wheat is affected by very different causes, viz., climatic or seasonal influences; hence, its price varies more and quite differently from that of silver and other metals.] EDITOR

## II.

EDITOR GUNTON'S MAGAZINE:

*Sir.*—The silver question is very puzzling to me. I sometimes think I understand it; then again I am sure I don't, but there are a few questions which, if you will answer, will help me very much. (1.) What is meant by the demonetization of silver? (2.) How much truth is there in the statement that the act of 1873 destroyed half the primary money, and consequently reduced prices fifty per cent?

A HESITATING VOTER.

JOLIET, ILL.

[(1.) Strictly speaking, demonetization means "to deprive of current value; to withdraw from use as money." Hence silver was not demonetized in 1873, and is not demonetized now. All that the act of 1873 did was to stop the free coinage of silver. It did not demonetize, nor in the slightest degree impair, the monetary function of silver, so that the word demonetization, as applied to the act of 1873, is false.

(2.) No truth at all in it. The act of 1873 did not destroy a dollar of primary money. On the contrary, silver money has increased more since 1873 than in any similar period before that date. In the twenty years of so-called demonetization, from 1873 to 1893, there were forty times as many silver dollars coined in this country as during the whole period of free coinage from the foundation of the government to 1873. Notwithstanding that from 1871 to 1876 thirteen of the leading commercial nations stopped the free coinage of silver, fifty-seven per cent more silver has been added to the world's monetary circulation since 1873, than during the whole preceding seventy-two years of the century. What is still more striking, the amount of gold added to the world's monetary circulation during the same period (since 1873) is fifty-five per cent less than the amount coined during the previous seventy-two years. In other words, as compared with the first seventy-two years of the century, the world's coinage of gold has decreased fifty-five

per cent, while the coinage of silver has increased fifty-seven per cent.] EDITOR.

## III.

EDITOR GUNTON'S MAGAZINE:

*Sir.*—A great deal has been published lately about the low wages in silver countries, leaving the inference that free silver would reduce us to the same condition. Is it true that the low wages in China, Japan, Russia, Austria, Persia, India and other silver countries are due to the fact that those countries are on a silver basis, or is there any economic connection between the two?

S. E. W.

FALL RIVER, MASS.

[No. It is not correct to say that the low wages in silver using countries are due to the silver standard. Silver money is rather the indication of a low civilization than the cause of it. The use of crooked sticks for plows, canoes for navigation, and tomahawks for weapons of defense are not the cause but the unfailing evidence of barbarism. It is the instinct of mankind to use the methods of commerce, industry and government suited to their state of civilization. Whenever the people adopt the methods of barbarism it is a sure sign that they are tending towards barbarism. Silver is the money of backward or less advanced countries, for the same reason that iron, copper and shells are the money of the most barbarous people. The civilization makes the kind of money not the kind of money the civilization, but any change towards the lower type of money like the change towards a lower type of life or inferior methods of industry is necessarily a step backwards.] EDITOR.

## IV.

EDITOR GUNTON'S MAGAZINE:

*Sir.*—Will you please explain what is meant by intrinsic value and what is the difference, if any, between that and coinage value?

E. W.

NEW YORK, N. Y.

[Intrinsic value is an incorrect expression. Strictly speaking, there is no such thing. Value has but one meaning, namely, a ratio of exchange, and that can never be an intrinsic quality of anything. But as the word intrinsic value is commonly used in relation to the precious metals, it means the bullion or market value. That is, the price the metal will bring in open market as bullion. Coinage value means the value which is given to the metal by law when coined, which is done by making it legal tender for all debts to that amount. The difference between the market value (not the intrinsic) and the coinage value of silver to-day is about 47 per cent.] ED.

## V.

EDITOR GUNTON'S MAGAZINE:

*Sir.*—Will you please state in your next issue the price of silver in 1873, and at present (1896), as I often hear it stated that it has fallen fifty per cent? If that be true, the silver producers must all have been ruined unless they had enormous profits before. What are the facts?

STUDENT.

NEW HAVEN, CONN.

[The average price of silver for 1873 was \$1.298 an ounce; it is now, August 7th, 68 $\frac{3}{4}$  cents an ounce. The difference between the present price of silver and that of 1873 cannot all have come out of the profits of the silver producers. In that case they must either have had nearly fifty per cent profit in 1873, or they are all producing at a ruinous loss now, neither of which is possible. If silver mining had been so oppulently profitable before 1873, capital would have deserted other industries and gone into that business. If at present prices it involved loss and ruin, capital would have deserted, which it has not done. The best evidence that silver mining is not a losing enterprise to-day, is seen in the fact that the production of silver is steadily increasing; nothing could more conclusively prove that it pays. The only rational explanation of these facts is that it was not more profitable to produce at \$1.29 in

1873 than to produce at 69 or 70 cents in 1896, and the cause of the change is due to changes in the cost of production just the same as is the fall of price without loss in other industries.]

EDITOR.

## VI.

EDITOR GUNTON'S MAGAZINE:

*Sir.*—Will you please explain what is meant by 16 to 1? Was the ratio always 16 to 1, and if not why was 16 to 1 chosen in preference to 18 or 20 to 1? I know these questions may seem elementary, but there are thousands to-day like myself to whom this is not clear. I cast my first vote this year, and want to vote intelligently.

A FIRST VOTER.

HARLEM, GREATER NEW YORK.

[(1.) 16 to 1 means that the coinage law prescribes that 16 times as much metal is put into a silver dollar as into a gold dollar; that is to say, a silver dollar must weigh as much as 16 gold dollars.

(2.) No. The ratio was not always 16 to 1; it has been 1 to 1. Speaking roundly, in the 15th century, it was 10 to 1; in the 16th, 11 to 1; in the first quarter of the 17th, 12 to 1, in the second and third quarters, 14 to 1, and the last quarter 15 to 1. During the 18th century it remained about 15 to 1. In 1792 our government fixed the legal ratio of coinage for this country at 15 to 1. The French adopted  $15\frac{1}{2}$  to 1. This proved to be an under valuation of silver, and in 1834 the ratio was changed to 16 to 1.  $15\frac{1}{2}$  to 1 is still the ratio in European countries. The reason it was not fixed at 18 or 20 to 1, or at any other ratio, was that in every instance the aim was to make the legal ratio the same as the market ratio, because, with free coinage, that is the only ratio at which the two will circulate together. As soon as one becomes more valuable than the other it begins to disappear from circulation unless the coinage of the less valuable metal is so limited as to prevent it from filling the entire demand for both.] EDITOR.

## VII.

EDITOR GUNTON'S MAGAZINE:

*Sir.*—It is claimed that, with the free coinage of silver, prices would rise, probably be doubled. Would not that be a good thing for the country? If farmers and business men could get 40 per cent more for their products, would not profits be large and business prosperous? If so, why would not free silver be a good thing? A CLERK.

BOSTON, MASS.

[It is difficult to think of any conditions under which a doubling of prices would be good for any country whose products are chiefly consumed by its own people. Suppose farmers and business men received forty per cent more for their products, that could not increase their profits except at the expense of the laborers who consumed the products. The increased prices would be no advantage to the farmers and business men if the cost of producing the products was increased proportionately. And the only way to have this increased price without the increased cost would be to raise the price without raising wages, in which case the entire rise of price would be a reduction of wages and salaries. If, therefore, the free coinage of silver should by raising prices increase profits, it would do so only to the extent that it reduced wages and salaries. This would not make business prosperous, because reduction of wages and salaries would be a decrease in consumption and a lessening of the market for products which in itself would create an industrial depression, which would be a net loss to all wage and salary receivers who constitute about eight-tenths of the community, and the benefits of the increased profits would be neutralized by the diminished consumption and depressed business. The result of free coinage upon business would probably be: (1) a violent panic, widespread bankruptcy and enforced idleness; (2) a reduction of from 25 to 40 per cent in the purchasing power of wages and salaries; (3) greatly reduced consumption and consequent depression in business. The only phase of business that might

be more profitable would be foreign trade, and that would be improved only as home wages were reduced.] EDITOR.

## VIII.

EDITOR GUNTON'S MAGAZINE:

*Sir.*—The free silver movement has taken great hold in this part of the country, and we are expected to vote for Bryan on the ground that the free coinage of silver will be a boom to workingmen. Silver, they tell us, is the poor man's money. Will you kindly explain how the condition of wage-workers will be improved by free silver? I will vote for anything or anybody that will improve the condition of wage workers, but I don't quite see how free silver will do it, although thousands of others do. A little light on this point will be highly appreciated.

A MARXIAN SOCIALIST.

CHICAGO, ILL.

[It is true, silver is the "poor man's money." People are always poor wherever silver money prevails. Silver is the poor man's money in the same sense and only in the same sense that the pestilential hovel is the poor man's home, poverty and squalor are the poor man's condition, and despotism is the poor man's government. Silver is the poor man's money, not in the sense that it lessens his poverty, but only in the sense that it labels his barbarism. There is not a single political, industrial or social aspect of the laborer's condition that the free coinage of silver would help to improve. The chief effect it would have on the laborer's condition in this country is to reduce his real wages for several years, which in itself would be a disaster to the nation. Nothing is so disastrous to the industrial progress of a home market country as permanently reducing the consumption of wealth by the laboring classes. There might be a few who would temporarily be benefitted by such a change, but the nation would be permanently impoverished. There were a few individuals who could "fish," "shoot ducks," and "grow rich" even in the



midst of the panic of 1893, but the nation was impoverished, factories closed, business men went to bankruptcy and laborers suffered want by the millions.] EDITOR.

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### Macaulay on American Institutions.

In 1857 when Hon. Henry S. Randall published his *Life of Jefferson* he sent a copy to Lord Macaulay with some other literary courtesies which led to an extended correspondence. In two of the letters Lord Macaulay expressed himself with considerable precision on Jefferson's policy and on the durability of our democratic institutions. He predicted with great confidence that when we reached the stage of industrial diversification and complexity, we should be brought face to face with a labor problem, to deal with which our democratic institutions would prove a failure. Lord Macaulay has so accurately predicted our present condition since 1893, and especially the political condition as revealed in the Democratic and Populist conventions, that we reprint two of his letters in full. They are as follows:

HOLLEY LODGE, KENSINGTON, LONDON,

May 23, 1857.

DEAR SIR:—The four volumes of the "Colonial History of New York" reached me safely. I assure you that I shall value them highly. They contain much to interest an English as well as an American reader. Pray, accept my thanks, and convey them to the Regents of the University.

You are surprised to learn that I have not a high opinion of Mr. Jefferson, and I am surprised at your surprise. I am certain that I never wrote a line, and that I never in Parliament, in conversation or even on the hustings—a place where it is the fashion to court the populace—uttered a word indicating an opinion that the supreme authority in a state ought to be entrusted to the majority of citizens told by the head; in other words, to the poorest and most ignorant part

of society. I have long been convinced that institutions purely democratic must, sooner or later, destroy liberty or civilization, or both.

In Europe, where the population is dense, the effect of such institutions would be almost instantaneous. What happened lately in France is an example. In 1848 a pure democracy was established there. During a short time there was reason to expect a general spoliation, a national bankruptcy, a new partition of the soil, a maximum of prices, a ruinous load of taxation laid on the rich for the purpose of supporting the poor in idleness. Such a system would, in twenty years, have made France as poor and barbarous as the France of the Carlovingians. Happily, the danger was averted; and now there is a despotism, a silent tribune, an enslaved press. Liberty is gone, but civilization has been saved. I have not the smallest doubt that, if we had a purely democratic government here, the effect would be the same. Either the poor would plunder the rich and civilization would perish, or order and prosperity would be saved by a strong military government, and liberty would perish. You may think that your country enjoys an exemption from these evils. I will frankly own to you that I am of a very different opinion. Your fate I believe to be settled, though it is deferred by a physical cause. As long as you have a boundless extent of fertile and unoccupied land, your laboring population will be far more at ease than the laboring population of the old world, and, while that is the case, the Jefferson politics may continue to exist without causing any fatal calamity. But the time will come when New England will be as thickly populated as old England. Wages will be as low, and will fluctuate as much with you as with us. You will have your Manchesters and Birminghams, and in those Manchesters and Birminghams hundreds of thousands of artisans will assuredly be sometimes out of work. Then, your institutions will be fairly brought to the test. Distress everywhere makes the laborer mutinous and discontented, and inclines him to listen with eagerness to agitators who tell

him that it is a monstrous iniquity that one man should have a million while another cannot get a full meal. In bad years there is plenty of grumbling here, and sometimes a little rioting. But it matters little. For here, the sufferers are not the rulers. The supreme power is in the hands of a class, numerous indeed, but select; of an educated class; of a class which is, and knows itself to be, deeply interested in the security of property and maintenance of order. Accordingly, the malcontents are firmly yet gently restrained. The bad time is got over without robbing the wealthy to relieve the indigent. The springs of national prosperity soon begin to flow again; work is plentiful, wages rise, and all is tranquility and cheerfulness. I have seen England pass three or four times through such critical seasons as I have described. Through such seasons the United States will have to pass in the course of the next century, if not of this. How will you pass through them? I heartily wish you a good deliverance. But my reason and my wishes are at war, and I cannot help forboding the worst. It is quite plain that your government will never be able to restrain a distressed and discontented majority. For with you the majority is the government, and has the rich, who are always a minority, absolutely at its mercy. The day will come when, in the State of New York, a multitude of people, none of whom has had more than half a breakfast, or expects to have more than half a dinner, will choose a Legislature. Is it possible to doubt what sort of a Legislature will be chosen? On one side is a statesman teaching patience, respect for vested rights, strict observance of public faith. On the other is a demagogue ranting about the tyranny of capitalists and usurists, and asking why anybody should be permitted to drink champagne and to ride in a carriage, while thousands of honest folks are in want of necessaries. Which of the two candidates is likely to be preferred by a workingman who hears his children cry for more bread? I seriously apprehend that you will in some such season of adversity as I have described, do things which will prevent prosperity from returning; that you will act like

people who should in a year of scarcity devour all the seed corn, and thus make the next a year, not of scarcity, but of absolute famine. There will be, I fear, spoilation. The spoilation will increase the distress. The distress will produce fresh spoilation. There is nothing to stop you. Your Constitution is all sail and no anchor. As I said before, when a society has entered on this downward progress, either civilization or liberty must perish. Either some Cæsar or Napoleon will seize the reins of government with a strong hand, or your Republic will be as fearfully plundered and laid waste by barbarians in the 20th Century as the Roman Empire was in the fifth, with this difference, that the Huns and Vandals who ravaged the Roman Empire came from without, and that your Huns and Vandals will have been engendered within your own country by your own institutions.

Thinking thus, of course I cannot reckon Jefferson among the benefactors of mankind. I readily admit that his intentions were good and his abilities considerable. Odious stories have been circulated about his private life; but I do not know on what evidence those stories rest, and I think it probable that they are false or monstrously exaggerated. I have no doubt that I shall derive both pleasure and information from your account of him.

I have the honor to be, dear sir, your faithful servant,

T. B. MACAULAY.

H. S. RANDALL, ESQ., etc., etc. etc.

HOLLEY LODGE, KENSINGTON,

October 9, 1858.

SIR:—I beg you to accept my thanks for your volumes, which have just reached me, and which, as far as I can judge from the first hasty inspection, will prove both interesting and instructive.

Your book was preceded by a letter, for which I have also to thank you. In that letter you expressed, without the smallest discourtesy, a very decided dissent from some opinions which I have long held firmly, but which I should never

have intruded on you except at your own earnest request, and which I have no wish to defend against your objections.

If you can derive any comfort as to the future destinies of your country from your conviction that a benevolent Creator will never suffer more human beings to be born than can live in plenty, it is a comfort of which I should be sorry to deprive you. By the same process of reasoning, one may arrive at many very agreeable conclusions, such as that there is no cholera, no malaria, no yellow fever, no negro slavery, in the world. Unfortunately for me, perhaps, I learned from Lord Bacon a method of investigating truth diametrically opposite to that which you appear to follow. I am perfectly aware of the immense progress which your country has made and is making in population and wealth. I know that the laborer with you has large wages, abundant food, and the means of giving some education to his children. But I see no reason for attributing these things to the policy of Jefferson. I see no reason to believe that your progress would have been less rapid, that your laboring people would have been worse fed, or clothed, or taught, if your government had been conducted on the principles of Washington and Hamilton. Nay, you will, I am sure, acknowledge that the progress which you are now making is only a continuation of the progress which you have been making ever since the middle of the seventeenth century, and that the blessings which you now enjoy were enjoyed by your forefathers who were loyal subjects of the kings of England. The contrast between the laborer of New York and the laborer of Europe is not stronger now than it was when New York was governed by noblemen and gentlemen commissioned under the English great seal. And there are at this moment dependencies of the English crown in which all the phenomena which you attribute to purely democratic institutions may be seen in the highest perfection. The colony of Victoria, in Australia, was planted only twenty years ago. The population is now, I suppose, near a million, the revenue is enormous, near five million sterling, and raised without any murmuring. The wages of

labor are higher than they are even with you. Immense sums are expended on education. And this is a province governed by the delegate of a hereditary sovereign. It, therefore, seems to me quite clear that the facts which you cite to prove the excellence of purely democratic institutions ought to be ascribed, not to those institutions, but to causes which operated in America, long before your Declaration of Independence, and which are still operating in many parts of the British Empire. You will perceive, therefore, that I do not propose, as you thought, to sacrifice the interests of the present generation to those of remote generations. It would, indeed, be absurd in a nation to part with institutions to which it is indebted for immense present prosperity from an apprehension that, after the lapse of a century, those institutions may be found to produce mischief. But I do not admit that the prosperity which your country enjoys arises from those parts of your policy which may be called, in an especial manner, Jeffersonian.

Those parts of your policy already produce bad effects, and will, unless I am greatly mistaken, produce fatal effects if they shall last till North America has 200 inhabitants to the square mile.

With repeated thanks for your present, I have the honor to be, sir, your faithful servant,

MACAULAY.

It will be seen that Macaulay, in 1857, predicted with great accuracy the industrial disturbance and political disruption, verging on chaos, of 1896. Macaulay made the mistake of ascribing these results to our democratic institutions; and our statesmen have made a similar mistake in assuming that democratic institutions would render such industrial disaster and political disorder impossible. They have, as Macaulay cynically remarked, encouraged "the conviction that a benevolent Creator will never suffer more human beings to be born than can live in plenty" under democratic institutions. In other words, they have acted on the assumption that democratic institutions are the cause instead of the consequence of

industrial progress and political wisdom. They have assumed that all that is necessary to make a nation prosperous, happy and intelligent is freedom. Whereas the truth is that freedom and political intelligence are only possible where the conditions of industrial prosperity and social progress are wisely guarded and constantly promoted.

With this too confident reliance upon the industrial and political efficacy of universal suffrage, regardless of the condition and quality of the voters, our statesmen and economists have underestimated the importance of the labor question and its effect upon our national institutions. To obtain cheap labor, they have encouraged unrestricted immigration, without thought of the ultimate consequences upon the social life, intelligence and political character of our industrial population. To every suggestion as to the dangers in this direction, the reply has been, "our free institutions and glorious opportunities make good citizens of the poorest immigrants." So, too, with the domestic labor problems arising out of our own conditions, the redress of which has given rise to the numerous forms of labor organizations. They have invariably met with substantially the same reply, namely, "This is a free country; such movements belong to the Old World, but here, under democratic institutions, all industrial matters will right themselves if laborers and capitalists are left free," etc. Instead of perceiving that the opinions and convictions of pupils are developed by the conditions under which they live, and that, under universal suffrage, these conditions shape the policy and mold the institutions of the country, we have indifferently drifted along as if in the firm conviction that republican institutions are proof against all economic and social forces.

Indifference to the new movements inevitably arising out of our new industrial conditions has tended to segregate the laborers into classes, and intensify their opinions into the convictions that the hand of society is against them. This conviction, which has been gradually grouping the laborers according to their feelings, now as Knights of Labor, now as farmers, now as Socialists, now as Nationalists, now as Greenbackers,

now as Trade Unionists, has been confirmed and welded into a national whole by the business-destroying and idleness-creating policy of the last three years. Hence, we have to-day on the eve of a national election, upon which depends the integrity if not the very life of the Republic, exactly what Macaulay predicted, a disappointed, impulsive, irresponsible and unreasoning mob which has chosen one of the noisiest of its number as candidate for president of the United States, and whose very nomination was the result of a caustic harangue of exactly the type Macaulay put into the mouth of his market place demagogue. Had Macaulay occupied a front seat in the Populist or Democratic conventions, he could not more accurately have described the character of the nominee.

As we have said this disintegrating movement is not the product of democratic institutions, but the result of neglecting the numerous industrial and social problems which progressive society evolves, and whose rational and timely treatment is indispensable, to the successful working of democratic institutions.

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### **England's "Free Trade Jubilee."**

On the 27th of June, the Cobden Club had a Jubilee banquet in London to celebrate the fiftieth anniversary of the Repeal of the Corn Laws. We have already called attention to the signs of increasing doubt in England regarding the permanence of the free trade policy, and the attempt to anticipate its failure in Mr. Chamberlain's industrial Zollverein; but we hardly expected that the address of the president of the Cobden Club would be laden with such depressing forebodings. We assumed that, at least, the members of the Cobden Club would insist at their Jubilee banquet that the free trade policy had fulfilled all the predictions of its advocates, but such seems not to have been the case. The burden of Mr. Courtney's address was "the coming decline of England's prestige." To be sure, he tried to brace his comrades for the emergency by declaring "if the catastrophe comes, it will be in spite of the free trade principle—it could not be the result



of it." He could point with pride to the prosperity England had enjoyed since the Repeal of the Corn Laws, but the fact that other nations refuse "to do likewise," and in many instances, through protective legislation, are competing with England in the neutral markets, and not a few are sending their products into England itself, cast a gloom over the future which Mr. Courtney could not help reflecting.

Notwithstanding that it was a Jubilee to commemorate half a century's experience in what was to have been the "world's emancipating policy," Mr. Courtney delivered an altogether depressing address. The signs of failure of the free trade policy to insure England's possession of the markets of the world, was so painfully obvious to Mr. Courtney that he felt called upon to ask the members of the Cobden Club and English free traders generally to prepare for the worst, which, of course, would be a return to a protective policy. According to the *London Times*, the only thing Mr. Courtney said to cheer the Cobdenites on, was that "when the evil day comes, it will not have been by free trade that it has been caused. The office of free trade will be to mitigate a trouble which it is not within its power to avert."

The *London Times* is already committed to Mr. Chamberlain's protective Zollverein, yet, the tone of the address of the president of the Cobden Club was so depressing as to call forth the following editorial in the *Times*, June 29:

"The address presented by the Cobden Club to the Right Hon. Charles Villiers on the fiftieth anniversary of the repeal of the Corn Laws, is a well-merited tribute in acknowledgment of the services rendered by Mr. Villiers to the cause with which the Cobden Club has identified itself—the cause of free trade. Of the four statesmen who played a leading part in the contest which came virtually to an end in 1846—Peel, Villiers, Cobden and Bright—Mr. Villiers is the sole living representative, and it is to him, therefore, that, by right of survivorship, the honors of the victory have descended. It was a stubborn, uphill fight in which the four champions were engaged. They had, as the address points out, many

difficulties to contend against. The argumentative part of their work had been done for them by the writers of an earlier day, by Adam Smith, by David Ricardo, and by M'Culloch. It remained for them to bring home to the public mind the truths which had been thus established, and to compel practical politicians to embody them in legislative act. It was at this point that the difficulties of their task began. It was one thing to be able to refer to proof on paper that national production would be stimulated by freedom of exchange, and quite another to induce the public to give attention to the proof and to recognize with clearness its own interest in the issues which were then at stake. It was by slow stages that victory was at last assured. Converts were made, not by battalions, but singly, or at most by scores. It was mainly by the persistent efforts of Bright and Cobden that outside feeling in the country was aroused. The story of their successful crusades is, it must be admitted, curious reading just now. It would, perhaps, be less easy for them, in this year of jubilee, to convince Essex farmers that the agricultural interests of the country were suffering injury under the Corn Laws, and had been greatly benefited by their repeal. But it was to these hearers, and to others like them, that they addressed themselves with success, year after year, in the first half of the present century. It was Mr. Villiers' office, in his place in Parliament, to meet opponents of another class, to bring forward motions and to support them by speeches which failed in their immediate effect, but which contributed powerfully in the end to bring about the result to which they had been directed. When Sir Robert Peel had been converted, the battle was, in effect, won, and the 'fortress of prejudice and privilege' soon ceased to be unassailable.

"It is to a far-off day that the address to Mr. Villiers and the Cobden Club commemorative dinner take us back, some of us in memory, many more of us in thought. Our fiscal system has been established firmly on a free trade basis. We have been hampered by hostile tariffs, and we have fought them, as Sir Robert Peel advised, by a system of free imports. This

we have done, on the whole, with marked and substantial success. Our trade has increased to many times its old dimensions. Our laboring classes have had the full benefit of the growth. They have good wages, short hours of labor, and a more ample command than ever of the necessaries and comforts of life. With all these topics at command, Mr. Courtney's presidential address at the Cobden Club dinner was less confident, less jubilant in tone, than the occasion might be thought to warrant. Countries, Mr. Courtney admits, may flourish under a protective system; they may decline under free trade. That free trade is not all-powerful for good he proves and illustrates from the history of the last fifty years, in the course of which, in our own country, under a free-trade *regime*, certain portions have suffered a diminution in their commercial transactions. If these oracular words refer to the tinplate trade, it is true, as Mr. Courtney insists, that the mischief is not to be set down as the result of our free trade policy. If they refer to agriculture, they not only very imperfectly describe the real extent of the depression, but they refuse to ascribe it to the very cause to which it is most unquestionably due. But there is worse yet in store for us to listen to, and possibly to endure. What has happened to the tinplate trade and to agriculture may, perhaps, happen bye-and-bye to every other trade and industry, and we may find ourselves, to our dismay, in the presence of an all-around trade depression, with no hope of a recovery from it. *All that Mr. Courtney will say to cheer us is that, when this evil day comes, it will not have been by free trade that it has been caused. The office of free trade will be to mitigate a trouble which it is not within its power to avert.* But if Mr. Courtney was less effusive than he might have been on the benefits of free trade, he displayed some skill in lightly passing over the rash promises that were made on its behalf fifty years ago, and in not adding new ones of his own. Many things have happened since 1846. The prophecies and assurances of the club's eponymous hero have been fulfilled in part, and have in part been very signally falsified. Agriculture is not flourishing

under free trade in corn; partly because we have done away with the safeguards which early economists, without exception, would have retained. Foreign countries have shown no readiness to imitate our fiscal system. Mr. Courtney looks with satisfaction on the results of the late elections in Canada; but when he turns his eyes to the rest of the American Continent the prospect gives him no pleasure. The Cobden Club, on many former occasions, has indulged us with prophecies of a more comfortable kind. We have been encouraged to expect a speedy surrender of the great protective strongholds of the world, but we have been so often disappointed that we should not have been again deceived by a repetition of the old trick. Mr. Courtney's presidential address may, perhaps, be thought to err a little on the other side. It is a confident assertion of free trade principles, and it exhorts us all to continue firm in the faith. But we should have listened to it with more delight if it had been less careful to show us the unpleasant side of things. There may quite possibly be a day coming when our commercial prosperity will be at an end; and when, whether free traders or protectionists, we shall be involved in the same ruin. We urge only that, at Saturday's triumphal banquet, these gloomy forecasts were a little out of place. The hilarity of the company can hardly have been promoted by the presence of the skeleton at the feast."

After fifty years' experience under conditions which it will never again be the lot of any country to enjoy; viz.: a monopoly of steam-using power, England has found that free trade has the elements only of a temporary or local policy; that as a general principle of national policy and permanent statesmanship, it is a failure. Although under the peculiar conditions that England enjoyed, it gave her the world's markets, those special advantages were only possible temporarily, that is, until other nations adopted factory methods. This they are now doing, and England's statesmen are reluctantly but steadily being forced to recognize the fact that in the near future England will be compelled to adopt a protective policy or lose her position as a leading manufacturing

nation. This is very important to England, but it is especially significant to this country, just now.

In the face of this obvious decadence of free tradeism in England, we are asked to adopt free trade in the United States. The present administration has tried its best to force that policy upon us, and in the effort to do so has given us a three years' panic, the fruit of which is now revealing itself in a political revolution. A revolution in which all the odds and ends of political and economic insanity have united with the Democratic party under the leadership of Bryan to give us a double dose of industrial disaster and national dishonor, by coupling together free trade and free silver with government paper money, an income tax and State ownership of industries thrown in. Never before was there an instance in which all the elements of economic and political wrong-headedness were so completely grouped together in one party. There remains but one thing for the real friends of the republic to do, namely: unite regardless of party lines to defeat the Bryan combination.

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### Swiss Banks of Issue.\*

#### I.

IT IS only in comparatively recent times that banks of issue have existed in Switzerland, the oldest having been created in 1834. Their development is practically confined to the period subsequent to 1860, and is contemporaneous with the rapid growth in industry and commerce which followed the building of railroads in Switzerland. The greater facility of communication which bound Switzerland to the commercial and industrial centers of western Europe opened for her a market for her agricultural products, and made it possible for her, in her turn, to take a position among the industrial nations. Little by little the use of bank notes was extended, being employed in the agricultural cantons as a means of

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\* Translated from an article by M. Achille Villate in the *Journal des Economistes* for May, 1896, by Arthur Burnham Woodford, Ph.D.

credit for the benefit of the small farmers. Contrary to all the rules followed by existing banks, no one feared to base the issue of bank notes on mortgage loans, and in 1870, out of twenty-two cantons, only four—Appenzell, Unterwalden, Schwitz and Zug—were without banks of issue, while the canton of Fribourg had five.

This multiplicity of banks of issue was in part due to the principle of decentralization which has dominated the political life of Switzerland, the right to "emit bills of credit" being among those reserved to each canton under the constitution of 1848. Considerable diversity also exists, as a consequence, as to the regulations under which business is carried on by these banking establishments. Some, like the Bank of Geneva and the Bank of Commerce in Geneva, and the Bank of Saint-Gall, were founded exclusively on private capital; the others received an endowed capital from the cantons and are administered as public institutions. The state banks prevail in German Switzerland, where the people look upon a bank note as veritable money, and not as an instrument of credit, and where the right of issue is consequently regarded as belonging to the canton. In nearly every canton where a state bank exists it has received the exclusive right to issue bank notes for circulation. But the widest diversity exists among the various banks as to the legal guarantee of ultimate payment, as well as to the field of their operations. The two banks at Geneva do exclusively a discount business, and are thereby able to earn an income on their invested capital. But this is entirely insufficient as an industrial enterprise for banks in the smaller towns and in the agricultural regions; nearly all of these loan on mortgages and act as savings banks as well, in spite of the fact that this may seriously compromise their solidity as banks of issue.

Prior to 1870 there was little circulation of notes between the different cantons. The diversity of laws under which they were issued limited their circulation to the canton in which the bank issuing them was located. Moreover, the whole issue of about \$3,500,000, for a population of 2,500,000, was

more than covered by a reserve of metallic money, only two banks—those in Geneva—having a circulation in excess of their redemption fund. Little danger came, consequently, either from the varied business or the diversity in laws regulating the different banks. The current of opposition to the multiplicity of banks of issue made slight progress.

The crisis of 1871, however, furnished a new argument for the advocates of a unified system of credit currency. At that time France bought up all the gold she could, to pay her colossal war indemnity. It disappeared almost entirely from circulation in Switzerland, and the banks had great difficulty in making up for this dearth of money. English sovereigns were made legal tender in payments to the government, the people were more readily inclined to use silver money for the less important transactions, and bank notes naturally came rapidly into more frequent use, the total circulation rising, as follows:

From 18.5 million francs in 1869,

To twenty-five million in 1871,

And exceeding sixty-five million in 1874.

The sudden revival in business after the Franco-Prussian war, facilitated this large increase in the credit currency of the country, but it revealed another defect in the existing system. There were many banks whose metal reserve was entirely too small to redeem their outstanding notes, and in time of crisis it was almost certain that they would be unable to redeem their notes, so large a portion of their resources were long time loans. What, for instance, would be the situation of a cantonal bank which was called on at the same time to redeem its notes and to return the deposits it had received as a savings bank? The guarantee of the canton would be of little use to it, as the cantons do not possess any special metal reserve. [When the state needs money it must raise it by the slow process of increased taxation, or go into the open market like any other customer, and borrow.—*Tr.*]

The insecurity of note holders led the Federal Assembly to establish a commission in 1870 to report a plan for re-

modelling the Swiss banking system so far as related to the issue of notes. This commission proposed the adoption of legislation similar to that in vogue in the United States. A federal law should determine the conditions under which a bank might issue notes. The notes themselves should be made by the federal authorities, and should be given to the banks only on the deposit of federal and cantonal securities, which would insure their redemption. But it was not until 1875 that the Assembly passed a law to regulate the credit currency. The following year this law was rejected by a popular vote of 193,000 to 120,000. In July of the same year, however, twenty-one out of the thirty-five banks agreed to redeem each other's notes and to accept them in payment. One of the number acted as a central bureau for the collection and regular publication of information concerning the financial condition of the twenty-one banks, and also served as a clearing-house. This plan was very favorably received by the public, and shortly after the federal treasury was authorized to receive the notes of these banks in payment. Mutual surveillance and publicity constituted a strong guarantee to the holder of the bank notes.

## II.

But a large number of banks did not enter into this agreement, and an attempt to force them into it by establishing a monopoly on the part of the Confederation of the right to issue credit currency was made in 1879. This law was voted down by a popular vote, 259,000 to 129,000, French Switzerland showing itself frankly hostile to the project.

The law which is in force to-day was passed in 1881. By it the federal council has the exclusive right to authorize a bank to issue notes, but it must grant this privilege whenever an establishment fulfills the following conditions:

1. Its chief place of business must be on Swiss soil.
2. It may be a joint stock company or a cantonal bank.
3. It must have a paid-up capital actually existing of 500,000 francs (\$100,000.)



4. The amount of notes outstanding must never be more than double the capital. (The Federal Assembly may fix the total amount to be issued by all the banks, but it has never done so.)
5. A metal reserve, equal to forty per cent of the actual circulation, must be kept in the cash box by every bank, whatever the character of its operations may be, but it is not allowable to count ingots in this reserve. The requirements for guaranteeing payment of the remaining sixty per cent of the notes in circulation are different for the several kinds of banks—discount, savings, long loan, and state banks.

The Federal Council is charged with the duty of executing the rules prescribed by this law, and exercises its control by a system of bank inspectors who report the weekly statement, monthly balance, and annual transactions of every bank of issue. The publicity to which some of the banks voluntarily submitted in 1876 was thus made obligatory upon all by the law of 1881. To prevent diversity in the notes—always an obstacle to their circulation—the plan adopted by the United States in 1863 of having them all made by the federal government was adopted by Switzerland. [Like the national bank notes in this country (Tr.)], these notes are not legal tender, but are received in payment by the Federal Treasury, and each bank must receive the notes of every other bank so long as it maintains specie payment. This law has thus secured a single kind of note and given the Confederation the superior right of control. But the important question of certainty in the redemption of bank notes has not been solved. In 1894, for instance, the thirty-four banks of issue held \$338,000,000 in available resources to meet \$340,000,000 in notes. The metal reserve represented 57 per cent of the amount of notes outstanding, but only 27 per cent of the total obligations. In case of panic a great many of the banks would probably have been obliged to suspend specie payments—especially the cantonal banks, a large part of whose resources

are notes having a long time to run. The only establishments really in a position to resist a crisis are the five banks which are doing a discount business only, and which alone held one-fourth of the reserve—about \$50,000,000—but whose circulation was only 65,000,000 francs.

Besides these banks of issue there are in Switzerland about a hundred other credit institutions, many of which far surpass the banks of issue in business importance. These have secured nearly all the increase in banking business which has been created by the industrial and commercial advance in recent years, while banks of issue have developed but slightly. The mortgages held have risen from 219 to 377 millions, and the savings bank deposits from 107 to 203 million francs. No bank has failed to meet its obligations in the period from 1882 to 1894, and according to the reports of the inspector, all the legal requirements have been rigorously observed.

### III.

In July, 1891, an act was passed by the Federal Assembly, and in October by the referendum, giving the monopoly of issue to the Confederation, but a discussion immediately arose as to the capital of the proposed bank. Should it be public or private? The Liberals demanded that the work of government should be limited to supervision and control, and insisted on the danger of letting politicians meddle with the administration of a credit institution, examples of which certainly were not lacking. In the opinion of the Radicals, the role of the bank note as an instrument of money has to-day become predominant, almost entirely eclipsing its role as an instrument of credit. Issuing fiduciary money has thus become an attribute of the state, they say, like the coining of metals into money. Moreover, the benefits derived from issuing money ought not to be given to individuals, but reserved to the community, their false notion concerning the nature of a bank note preventing them from seeing the utility of separating the credit of the bank from that of the state. The signature of the government seems to them the best se-

curity that can be given to holders of the notes, and they seem to regard carefully selected commercial bills and acceptances as of little importance. As for the Socialists, they demanded that all private interest should be carefully excluded from influence in the bank. The state should be omnipotent there.

By the proposed plan the capital of the bank, 25,000,000 francs, will be furnished, 3-5 or more by the Confederation, and 2-5 or less by the cantons. The total amount taken by the Confederation is to be paid for in bonds, which are to run forever. The Federal Assembly is to name a commission of from ten to fourteen members, to have a general supervision over the affairs of the bank. The permanent control is to be in the hands of a Bank Council appointed by the Federal Council, and administrative and executive authority will rest with a Committee of Direction of six members, also appointed by the Federal Council, members of the Assembly being ineligible to either of the latter bodies. The operations of the bank are to be strictly limited to the issue of notes, and to a discount and clearing house business. Notes discounted cannot be for longer than ninety days, and must bear two signatures. The bank is to serve as a depository for the government, and apparently is never to loan to the federal authorities—a provision which should be more definitely stated. Swiss finances are in an excellent condition, but there are many possible situations in which there would be a temptation to call on the bank to relieve the government of its embarrassment.

The notes of the bank are not to be legal tender, but receivable by the treasury department, the total amount to be issued to be fixed by the Federal Assembly. The coin reserve must equal at least one-third of the notes outstanding, and the remainder is to be covered by commercial paper having not more than ten days to run.

But it is impossible to believe that the most minute provisions can prevent a state bank from the most lamentable failure. In time of crisis, will it not be most natural for

merchants and embarrassed manufacturers to ask aid from the federal authority? Is it certain that the field of operations of the bank can be limited to the discounting of short-time paper? Already, during the perfecting of the law, the league of peasants has addressed to the Federal Council a petition demanding that the new bank furnish agriculture with loans at  $2\frac{1}{2}$  per cent. In spite of the imperfections which the present system of banks of issue contain, we are convinced that the people of Switzerland would much better keep it, such as it is, rather than submit themselves to an experience which they are certain some day to repent.

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### Cross and Crown Morality.

The following morsel of free silver morality was recently published by the Louisville *Courier-Journal*:

“The paper of which Mr. Bryan was editor until recently, the Omaha *World-Herald*, published a few days before his retirement, at the head of its editorial columns, in capitals, as below printed, this piece of advice:

“‘EVERY ONE WHO HAS MONEY AT HIS DISPOSAL CAN PROTECT HIMSELF AGAINST LOSS THROUGH FREE SILVER BY CONVERTING HIS MONEY INTO LAND, HOUSES AND MERCHANDISE OF VARIOUS KINDS, IF, BESIDES, HE BORROWS MORE MONEY AND USES IT FOR THE PURPOSE, HE WILL MAKE A PROFIT ON THE TRANSACTION AT THE EXPENSE OF THE MAN FROM WHOM HE BORROWS.’

“There's morality for a 'cross and crown' campaign!”

### Editorial Crucible.

SINCE THE Bryan campaign began, silver has fallen from 70 to 66.5 cents an ounce which reduces the value to about 51 cents.

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THE LOUISVILLE *Courier-Journal* appears to thoroughly understand the Silverite-Populist-Democratic movement. It says: "Is it Bryan and Sewall or Bryan and Watson? It is immaterial. In either case it is Bryan and populism; Bryan and repudiation; Bryan and riot; Bryan and ruin."

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THE *Evening Post* is now doing penance for its past sins. The *Post* did more than any other journal of similar circulation to create the present disastrous industrial conditions and chaotic state of public opinion, and it was all done to "down McKinleyism." Now the test of patriotism is loyalty to McKinley and the *Post*—to its honor be it said—has chosen the side of the patriots. The *Post* is now doing excellent service. Its rebuttals to the silver arguments are of the most effective kind. It is highly encouraging to know that in the last analysis the *Post* can put patriotism before free trade. May it never backslide from that position.

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IT IS DEEPLY to be regretted that at this momentous crisis there are Republicans in Worcester, Mass., who are willing to sacrifice one of the ablest and best-known sound money members of Congress to gratify the personal feeling of a few local politicians. Mr. Walker was chairman of the House Committee on banking and currency. He has been on that committee for two terms of Congress, and to defeat him this year would be a national loss. We are glad to see the *Herald* supporting Mr. Walker, and the leading Republicans in the State should make their influence felt in the Worcester district. To defeat the election of important public men for petty personal and local reasons is a political crime and never was that kind of crime greater than this year.

THE CLEVELAND *Plain Dealer* and other silver organs are trying to raise the cry that eastern employers are stopping their factories to bulldoze working men into voting against Free Silver. This is a little stale. It was worn threadbare by the Democrats in 1892, who used it with considerable success to secure the election of Cleveland. But during the last four years workingmen have painfully realized the lie hidden behind this campaign cry. They have realized that factories stopped after the election, many never to start up again, and others only under crippled conditions, or working part of the time, and at lower wages. They must think workingmen are fools to believe a story based upon the idiotic assumption that manufacturers will voluntarily injure their business by stopping their factories, or go into bankruptcy for the mere fun of it, or for mere political purposes. This cry is too cheap and shallow and silly to do duty in more than one campaign.

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SECRETARY HOKUS SMITH seems to have a diligent eye to the side of his bread that the butter is on. Before he was selected by Mr. Cleveland as an "obedient Secretary" of the Interior, he was in accord with the sentiment of his "destrict." Loyally catering to the sentiments of the readers of his paper, he was for free silver. Less than a year ago he had a serious struggle with his conscience, and finally yielded to the "master's" influence and became a convert to the gold standard. Now that all hope of continuing his present occupation is gone and the influence of his master is likely to be at zero after the 4th of March, Hokus has had another struggle with his conscience and has been reconverted to Free Silver. And again like a loyal sinner he is following the lead of lucre and supporting the doctrine of populism, pauperism, repudiation and ruin. Hokus is a specimen of 1893 statesmanship.

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IN HIS MADISON Square Garden speech, Bourke Cockran said, "I would support any measure calculated to increase the rate of wages, because I know of no test of prosperity absolutely infallible, except the rate of wages paid to

labor. Where the rate of wages is high, there must be prosperity." This is such an improvement on Mr. Cockran's cheap labor speech in Congress in defense of the Wilson Bill, that we hasten to congratulate him on the progress he has made in economic studies. If he will continue in this line, he will not only be a great orator but a great statesman. One of the signs of greatness is ability to learn and the courage to abandon an error when it is discovered. Mr. Cockran evidently possesses both these qualities. The recognition and announcement of the principle that high wages is the key to national prosperity is sufficient to give Mr. Cockran's speech a place in permanent literature if it contained nothing else.

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MR. BRYAN, in replying to the critics of free coinage of silver, said, "In reply to the argument that improved machinery has lessened the cost of producing silver, it is sufficient to say that the same is true of the production of gold, and yet, notwithstanding that, gold has risen in value." Mr. Bryan seems to have a faculty of getting in more errors into a sentence than even the average free silvèrite. It is not true, and coming from a silver State, Mr. Bryan ought to know that it is not true that improved machinery has entered to the same extent into the production of gold as of silver. As we have pointed out elsewhere\* in this number, the production of gold has been but very slightly affected by improved machinery, and the greater part of it is still produced by hand methods. Nor is it true, as Mr. Bryan says, that gold has risen in value. Gold has fallen in value, as is shown by the only standard by which it can be measured, viz., labor; but it has not fallen as much as silver, iron, copper or tin; but it has fallen a good deal more than beef, mutton, eggs and many other agricultural products, some of which have actually risen in value.

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IN ITS LESSONS on bimetallism the Cleveland *Plain Dealer* continues to deal out queer fiscal reasoning. In No. XI. it sagely informs its readers that American gold coins, such as

\* Fallacies About the Value of Silver, page 178.

eagles, when received by the Bank of England, are not counted but are weighed. In other words, that "every gold piece from the United States that goes into the Bank of England goes by weight, and is reckoned only as bullion. Gold bars are treated in the same way. They are weighed up and reckoned into pounds, shillings and pence from their weight."

In this instance the *Plain Dealer* is entirely correct. That is the very reason why free coinage of silver would immediately drive out gold and put us on a silver basis. If foreigners would count our money as dollars there would be no danger from free coinage, but they weigh it and take it, not at our coinage value, but at its market value. That is why the gold in a gold dollar will do 47 per cent more business than the silver in a silver dollar, and yet the *Plain Dealer* is asking its readers to vote for Bryan on the assurance that under free coinage the silver dollar will be just as effective in commerce and industry as the gold dollar.

If the readers of the *Plain Dealer* clearly understand its statement, that both gold and silver is received abroad in payment of obligations, not as coins but as bullion, they ought to have no difficulty in seeing that the government fiat on 53 cents worth of silver will not help it to pay debts. It is the scales and not the stamp that decides. In order to give silver the same commercial effectiveness as gold at 16 to 1, it must be worth \$1.29 an ounce as bullion. It is now worth 69 cents an ounce. Those who believe that Bryan's signature to a free coinage act would make up the difference might easily be expected to believe in witchcraft.

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HERE IS A specimen of Bryan's economics: "As a matter of fact, the cost of production does not determine the value of the precious metals, except as it may affect the supply." Bryan's Madison Square Garden speech.

If the cost of production does not affect the value of the precious metals, then what does? Why is gold more valuable than coal or iron? Why is silk more valuable than cotton or straw?

If the cost of production has nothing to do with the value, how is it that in most lines of manufacture, products



are made and sold to-day for about half what they were thirty years ago, and still the manufacturers make as much profit as ever.

Let Mr. Bryan tell his farmer friends that the cost of raising cattle has nothing to do with the price, and that they ought to sell beef at the same price per pound as potatoes.

He says, "If, for instance, the cost of producing gold should be reduced 90 per cent without any increase in the output, the purchasing power of an ounce of gold would not fall." This would do as prophecy if there had never been any facts on the subject, but when the cost of producing gold was suddenly reduced in 1849 and 1850, the value of gold fell, and for the very same reason and in the same way that the value of silver and iron, cotton cloth and other commodities have fallen during the last twenty years. Until Mr. Bryan is educated out of the superstition that gold is not subject to the same economic law as other commodities, he had better abandon the function of instructing the public on economics, and turn to some occupation for which he is better equipped.

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MR. BRYAN appears to have the unhappy faculty of sometimes speaking without his facts, and then at other times forgetting what he had said before. In his Madison Square Garden speech, he declared that the gold standard had depressed prices but had not proportionately lowered railroad rates. This is an instance where he forgot his facts, if he ever knew them. According to the most recent statistics of railroads, the average charge per ton a mile has fallen since 1873 from \$2.21 to 83 cents, or 60 per cent. Mr. Bryan cannot name a single stable article of agriculture the price of which has fallen anything like that; and many of the agricultural products have not fallen at all, and some, as he must know, have greatly risen in price.

Another of his pet statements is that the Act of 1873 gave a monopoly to gold as a money metal. Here again he evidently forgot his facts. According to the official statements just issued by the Treasury Department, we have \$600,100,000

of gold and \$625,600,000 of silver in our money, or \$8.41 per capita of gold and \$8.77 per capita of silver circulation. We have added \$415,000,000 silver dollars to our circulation since 1873, and now have \$25,500,000 more silver than gold in our circulation. That is genuine bimetallism with the odds slightly in favor of silver. Yet, Mr. Bryan talks about silver being demonetized and gold having a monopoly as a money metal.

Another statement Mr. Bryan delights to make is that with the free coinage of silver, farmers will be able to pay their debts with half the number of bushels of wheat through the use of cheaper dollars. Then, at another time, as in Madison Square Garden, he argues that free coinage will make silver as dear as gold. Both of these statements may be incorrect, but they cannot both be correct. If free coinage will enable farmers to pay their debts with half the number of bushels of wheat, it must be with 51 cent dollars. If, on the other hand, silver is to become as dear as gold, then farmers cannot pay their debts with any cheaper money than now, and therefore with no fewer bushels of wheat. Mr. Bryan must have a very low estimate of the intelligence of American voters to expect them to accept such contradictory and inaccurate statements from a candidate for president. If he will keep on talking at the present rate, he will demonstrate to everybody's satisfaction his entire unfitness for the office he is seeking.

### Economics in the Magazines.

ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE (July). *Mr. Daniel S. Remsen* gives an interesting account of an electoral scheme in use in Australia, whereby the vote of third-party adherents is made to count in the final result. The idea is that each voter shall mark on the blanket ballot both a first and second choice for each office. In counting the ballots, if no one candidate has a majority over all, the one having the smallest vote is dropped and his support divided among the rest according to second choice preferences. The process is repeated until someone has a clear majority. The original first choice vote can also be announced, thus saving the "moral effect." The plan has certain advantages, but on the other hand it might encourage such an epidemic of third-party "protests," that some candidates might accidentally be elected whom the voters had never intended should actually win. Probably it would also mean additional opportunities for fraud and increased confusion in voting. The New York State voter is already in a maze of poster-ballots, picture-emblems, Myers machines, complex folding and refolding devices, "X" marks in circles for this, and in squares for that, and is probably willing to let things stand for a while and catch his breath.

*Mr. Martin A. Knapp*, of the Interstate Commerce Commission, in a long article on Railroad Pooling, takes the position that the quasi-public function of railways justify a certain measure of state control, especially as regards excessive charges and unjust discriminations. On the first head, Mr. Knapp does not claim that existing rates *are* excessive, nor is it possible to make such a claim in view of the financial condition of roads throughout the country. But he thinks the power of Congress to "prescribe from time to time the scale of charges \* \* \* is in every respect complete and exclusive." Legally, perhaps, but certainly not practically. Congress has not much more real power over these things than over gravitation or the tides. Let the roads alone, and as

traffic increases and improvements are adopted, rates will come down, as they have done, steadily, for the last quarter century.

Mr. Knapp is on the right track, however, in proposing the abolition of the anti-pooling law as a remedy for discriminations. "*The power to compete is the power to discriminate,*" he says, and it might be added that the competition enforced by the Interstate Commerce law makes discrimination practically unavoidable. Under a joint pooling arrangement it is no longer an object for roads to take these secret advantages of each other which may sometimes work hardship to private shippers. "Such a policy," says Mr. Knapp, "would permit and invite the conduct of transportation upon principles consonant with the nature of the service and beneficial to the people and the railroads alike."

ENGINEERING MAGAZINE (August). Patriotism and sound financial principle are both conspicuous in Mr. Henry Clews' article on *The Relations of Finance to Industrial Success*. After stating his appreciation of the vast benefits conferred upon humanity by the introduction of corporate methods of production, he goes on to say that "this huge giant can be temporarily crippled, shackled and subdued" by falling into the control of unscrupulous and scheming manipulators. He names a number of leading industrial concerns in which he believes faulty financial management exists, and suggests as a remedy the forcing of these concerns to make periodical statements of their condition, as national banks, railroads, etc., have to do.

Mr. Clews is exactly right. Such a policy as he suggests would do far more to protect the public and guarantee the best results from concentrated capital, than any other form of legislation on this subject. As Mr. Clews says: "The 'scoops' which have become so frequent in speculative circles, and which have brought unmerited odium on the legitimate speculation of Wall street, would hardly be possible under the surveillance of a board of expert, honest, respon-

sible accountants, under government supervision and open to the freest criticism."

THE FORUM (August). *Mr. Charles S. Glead*, of Topeka, Kansas, makes a suggestive and timely protest against "that part of the metropolitan press which is unfair, unkind and unwise in its treatment of the West." The special object of his resentment is Mr. E. L. Godkin's article on "The Political Situation," published in the *Forum* for May.

In the phrase: "He looks at these people through the twisted lens of his own dislike, not to say hatred," Mr. Glead correctly described the New York editor's attitude not alone with reference to the West, but on all matters in political and economic controversy. It is a fixed habit of mind, and nobody expects anything else from that source. Consequently Mr. Glead should remember that whatever editor Godkin may say is no more representative of the feeling in the East, than the various instances of ignorance, prejudice and bitterness charged against the great territory beyond the Alleghanies are fairly characteristic of that section.

Mr. Glead carefully examines all the grounds of the alleged new sectionalism, and declares the whole thing to be a myth. He believes that the people of the East and West are much more closely bound together than is usually supposed, politically, socially, commercially, and "by the closest ties of consanguinity." He says, and probably with much truth, that there is more of the wealth-hating sentiment in the East itself than West, and that the patriotism and importance of the latter section have been wholly underrated. Unquestionably, the silver movement itself might never have developed into the present craze if a little more serious educational effort and less sarcasm of the *Evening Post* type had been expended on our Western population.

Mr. Glead places the blame for whatever prejudice against Eastern fortunes there may be in the West, squarely where it belongs, when he says: "Mr. Godkin's paper never fails to damn every successful manufacturer this side of England, and

Mr. Pulitzer in the *World* tried to demonstrate to all the country that Mr. Godkin's President and his Secretary of the Treasury, and Mr. Godkin's fellow citizen Mr. Morgan, and his associates, were guilty of a wicked and unpatriotic job of financial surgery on an already suffering country."

All credit to the great West that it at least had no share in producing this fungus growth Mugwumperry, but is among the first to recognize its true character.

*Mr. W. H. Mallock*, writing on "Altruism in Economics," shows how most of the semi-communistic propositions made by Mr. Benjamin Kidd in his "Social Evolution," are but thinly disguised forms of pure charity, containing all the elements of self defeat. The doctrine that the rich should always share with the poor, and the strong work in place of the weak, is, he correctly says, the sort of altruism under which "Wills and motives that are at present weak would become weaker. Inefficiency and want would increase in proportion as their relief became certain." He points out the economic impossibility and positive harm to the individual, in any state attempt to guarantee employment and wages. The "celebrated modern doctrine of equality of opportunity" he thinks is a fallacy, because it would lead immense numbers to struggle in vain for grades of occupation in which there is no possible demand for their services, leaving the humbler employments vacant. Undoubtedly there is something in this view, and yet there is a legitimate field for giving opportunities which Mr. Mallock seems to ignore. We refer to the self-protective measures which a State may take for the development of artistic industries, out of which come progressive sociological forces; and the same applies to the establishment of public parks, libraries, museums, free schools, etc. All these furnish "opportunity" for the development of higher desires and personal character. Such action is not "enervating paternalism," but is simply the joint effort of the community for the attainment of certain results which the individual alone cannot accomplish.

NORTH AMERICAN REVIEW (August). The leading article is a discussion of "*The Future of the Anglo-Saxon Race*," by Sir Walter Besant. It is a careful analysis of distinctive racial traits, but we think the attempt to interpret almost all the leading phenomena of English history from the standpoint of an inherent "restlessness" alone, is not wholly scientific. As a purely literary conception, it is pleasing, but that is all. There was, for instance, much more behind the Wat Tyler uprising, to which Sir Walter refers, than simple *restlessness*; much more behind the colonization of North America; much more behind the later emigrations of Irish and English to the United States, Canada, Australia, etc. The primary forces at the root of all these great movements were industrial, social, political.

The writer reviews the present situation of English speaking nations and colonies throughout the world, and concludes that the idea of any union between them is ridiculous. Indeed, he thinks the tendency is rather towards a dissolution of the British Empire and independence of the colonies, to be followed probably by interminable and ferocious wars, with the "ruin and waste and the destruction of all that the Anglo-Saxon race was sent into the world to achieve." His remedy is the establishment of an International Court of Arbitration. One cannot forbear smiling at such a "let down" as this. Surely if Mr. Besant is right about fundamental racial proclivities, no mere law court device would ever serve to change them. But we do not think the tendency is toward more war, but rather away from it. The apparent hideousness of another great conflict with modern methods, and the growth of international relations, commercial and social, are constantly furnishing new arguments in favor of some better plan for settling disputes. International arbitration, if ever adopted, will be the *means*, not the cause, of universal peace.

*Natural bimetalism*, in the opinion of Mr. George H. Lepper, is based upon these three principles:

“*First*, That one standard only is conceivable in thought or possible in practice.

*Second*, That the market value must control in the coinage of the companion metal.

*Third*, That all obligations of the government, present and future, reading in dollars, shall be paid or redeemed, at the option of the government, either in standard gold coin, or in so much silver as shall on the day of redemption be equivalent thereto at the general market rate.”

Mr. Lepper believes that the government should purchase silver as offered, at the market rate, store it away in bars, and issue notes for the actual value received. “These notes must be redeemable at any future time, not in the exact quantity of silver in exchange for which they were issued, but in a *dollar's worth* of silver, whatever may be the current rate at the time of such redemption.

This is substantially the plan suggested by the late Secretary Windom, which was discussed in this magazine last April, in the article on “A full-Weight Silver Dollar.” The objection to it is that it makes no actual use of silver as standard money, merely stacking it up under a sort of “pawn-shop” arrangement. Also, that it practically means the payment of these certificates in gold coin, since gold value would always have to be given, and nobody would want to carry away silver bars. And, if silver should depreciate again, the government would suffer a serious loss on its stock of that metal purchased at the higher rate.

POLITICAL SCIENCE QUARTERLY (Second No., 1896).  
*Prof. John B. Clark*, in “Free Coinage and Prosperity,” introduces a singular theory into monetary discussion. Briefly, it is an attempt to solve the financial problem according to the “final utility” doctrine of the Austrian school of economics. At the very outset, however, he falls back on the old gospel of Supply and Demand, in asserting that where business expands more rapidly than the volume of currency, prices will fall accordingly, and vice versa. He thinks we



must "count on having before us a regime of falling prices, whatever metallic currency we adopt." If the supply and demand notion were true, this would have to be admitted, though involving, as it does, a practical abandonment of the argument against fiat money and inflationism. We do not understand how Professor Clark can talk about the appreciation of gold in view of the actual rise in the price of certain commodities, and the notable increase in wages. As to the future, it seems likely that the application of improved methods and the opening of new fields will reduce the cost of production, which alone affects prices, and thus give us a *depreciation* of gold instead of the opposite.

But Professor Clark proceeds to argue that this assumed appreciation of gold can work no harm whatever so long as it is "steady and calculable." He endeavors to show that there is a certain "natural rate of interest," determined by the productive power of the final unit of capital, that is, if the plant gains five per cent in value during the year, that will be the "natural" rate of interest paid for its use. Then, assuming a constant one per cent appreciation in gold annually, he argues that borrower and lender will, under these conditions, contract for loans at four per cent interest. No conscious foresight is necessary to this result, since the two parties estimate future earning capacity on the basis of the previous year's *actual* gains, into which have gone unobserved the two partly-counteracting elements of natural increase and gold appreciation.

As a matter of fact, an appreciation of gold could not, as Professor Clark assumes, effect any one per cent reduction in the entrepreneur's surplus, for the simple reason that the fall in prices during the year would operate to lessen all his *expenses* equally with his income. At most, a nominal depreciation of one per cent in the value of his five per cent. surplus, would be a decline of only one-twentieth of one per cent. as applied to the whole plant. But the value of the plant, or changes in its value, have nothing to do with fixing interest rates anyway, the actual influence being precisely the reverse.

Furthermore, under Professor Clark's theory, the matter of any gold appreciation at all must be one of pure conjecture. All we know is that the actual gain was four per cent, and we therefore proceed to fix next year's interest at the same rate. Of what possible real advance is it then to *guess* that there was a one per cent appreciation of gold, but for which the interest would have been five per cent? I might *guess*, for instance, that gold had appreciated ten per cent, but for which interest would have been fourteen per cent; or that I might have gone on to Boston if I hadn't stopped over at New Haven.

The actual rate of gain is the only thing the business man knows or cares anything about. Probably not one business concern, or combination of concerns in the country, would show any such regular depreciation at any given per cent, in the per item value of stock and plant, either for one or throughout a term of years. In all the hundred varying and uncertain influences affecting the value of business investments, such as wage rates, efficiency of plant, market conditions, unavoidable losses, speculative ventures, etc., it is as impossible to prove, or even get a hint of any such universal appreciation of gold, as to find a needle in the ocean. No appreciation has occurred, and if there had, only the unaided imagination could detect any relation between it and interest rates.

The whole Austrian theory of value is of about the right mental texture for adoption by the society of Mahatmas, in Thibet.

### Book Reviews.

ECONOMICS: AN ACCOUNT OF THE RELATIONS BETWEEN PRIVATE PROPERTY AND PUBLIC WELFARE. By Arthur T. Hadley. Putnam's Sons. New York. 1896. 469 pp.

We took up this book with great expectation, and regret to say we laid it down with much disappointment. We had hoped to find a virol discussion of economics from a constructive point of view and in the modern scientific spirit. Such it is not. The book appears to be written from a non-constructive, ultra-critical, tid-bitty attitude. The author gives unqualified assent to nothing, qualified assent to everything, "pairs off" on each question as it rises, and is absent at the test point where action of any kind might be based on his implied conclusions. If the book can be said to have a doctrine at all, it is the doctrine of "the fence," on both sides of which the author alights with sufficient frequency to dispel any suspicion that he belongs to either side.

If in discussing a subject, he has created any grounds for supposing that he has definite views on the point, he hastens to qualify them away by rebuttal evidence. His attitude throughout the book seems very much like that of a professor whose chief object is to prevent the students from detecting what his opinions are, if he has any.

In its first chapter it plunges into twenty of the most confused and doubtful problems of economics, touching each in a manner altogether too light and inconclusive to even suggest a solution. One is reminded rather of the touch of a violinist who slurs every note and spans an octave as easily as a semitone. We learn by his method that the object of political economy is to titillate the intellect with transient, intellectual, sound sensations, a high note for Malthus, just a quick, sharp semitone of praise, then a drop of contempt as the fiddler's bow dashes down to the mercantilists, up again to high C for

the physiocrats, and down to bass G for the Socialists—so we are borne on sentences smooth as could be drawn from a violin, and equally devoid of any other element than sound and entertainment.

It is as complex on the first page as on the last, and discovers no co-ordination or coherence whereby the propositions which precede enable us to grasp more readily those that follow. Its would-be definitions are one-sided and imperfect fencings with an undisclosed antagonist, whose counter thrusts we feel are the unseen cause why all these statements have in them so much more of thrust than of trust.

The first chapter is an essay on the distinction between public and private wealth, which is like beginning the tour of Europe from the summit of Mont Blanc. Every sentence is a half-truth, branching off into innumerable contradictions and complexities. For instance, he says: "It is quite misleading to measure a nation's wealth by a census of the property of its members," and "Public wealth is not the same thing as government property." Now, if we can not measure national wealth by what the government owns, added to what is privately owned, as all censuses and statisticians have attempted to do, how can we measure it? He says: "The amount of these titles outstanding forms no indication of the amount of enjoyment which the public can command."

The inference from this criticism would be that political economy is a careful enumeration of the number of volts of bliss, or tons of ecstasy, or square roods of pleasureable emotions, of which society is possessed! Yet before the writer sounds this particular blind alley sufficiently to reveal that it leads us up against a dead wall, he deftly shoots off into another dilemma equally dismal.

In the second chapter, Mr. Hadley declares that the Malthusian theory rests on universal experience, an assertion utterly without value to any one who believes, as millions do, that as population increases the means of subsistence becomes more abundant for each.

As an illustration, we may take Mr. Hadley's treatment

of protection. He first admits that the doctrine of protection would aid national development, provided legislators were perfectly honest and all wise, but as Congressmen are human, some of them are sure to be selfish, and not all of them completely informed of industrial facts and conversant with economic principles; consequently, tariff legislation is sure to be imperfect, and hence may produce some evil. In other words, if we were sure of complete knowledge, perfect intelligence and absolute integrity in Congressmen, we might have good results from protective legislation. Just as if all this does not apply to every human institution. The logic of such reasoning is anarchy. Since, if we did not have legislation until we get perfect legislators, we would never have any at all. Such "don't-go-in-the-water-until-you-have-learned-to-swim" kind of talk is not reasoning, and really contributes nothing to good thinking or to the practical solution of social problems.

In every chapter there are interesting observations, acute, one-sided half-truths, pungent but disputable premises, put forth as verified conclusions and historical allusions, more or less intelligent and exact, or at least prevalent and fashionable. All these considerations are only very slightly, if any, above the range of the current club conversation of men in penetration or judgment, and the order in which the facts or illusions or criticisms follow each other, is as little affected by any scientific order or logical arrangement as would be the ordinary conversation of a moderately well-informed reader of newspapers.

They are simply a psychological history of the processes of the author's mind when called upon to differ from other people concerning social questions. There is no compend of carefully assorted facts, for the author condemns the historical school and despises the scientific, inductive or argumentative method. There is no remedy for existing ills, for the author regards all study of diseases and remedies as having no proper place in economics. The doctrine of the book is economic fatalism. That which is must be and is the only

thing that could be, and whatever varies it does so because the variation is inevitable. Let it alone.

PRINCIPLES AND PRACTICE OF FINANCE. By Edward Carroll, Jr.  
New York: G. P. Putnam's Sons, 1895. Pp. 311, 8vo.

This is intended as "a practical guide for bankers, merchants and lawyers, together with a summary of the national and state banking laws, and the legal rates of interest, tables of foreign coins, and a glossary of commercial and financial terms." Its Part I. is on "Principles of Finance," and has two chapters, one on barter, value, money, bullion, metal, fiat and paper money, and government regulation; the other is on capital, credit, interest, exchange and price. In these chapters the author derives most of his ideas from the earlier authors, and is a little behind the march of economic discussion and exact definition. At times, also, he is crude in thought and inexact. Thus on page 56 he says, "Competition necessarily reduces prices." Competition between buyers is the device systematically resorted to at auctions to raise prices. Also in the hackneyed phrase: "Where two masters bid against each other for the labor of one man, wages rise," etc. Competition between buyers of labor is assumed to be the upward force.

Part II. is devoted to "The Practice of Finance," and is in sixteen very practical chapters. On its first page (60) we note the unusual distinction that "gold, the coinage of which is unlimited, is legal tender *for a period of twenty years from the date of coinage*, to any amount, when not reduced in weight more than one-half of one per cent." Hence the anomaly that silver dollars (containing only sixty cents' worth of bullion) are received at the treasury by count, irrespective of their weight, while gold coins are rejected unless of full weight. It would also result from this language that gold coin of a date prior to 1876 would not to-day be legal tender.

# GUNTON'S MAGAZINE.

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## **Economic Effect of Appreciating Money.**

It has for a long time been a pet theory with free coinage "Bimetallists" that national prosperity is promoted by a depreciating money. In his address before the English Bimetallic League, Mr. Balfour formally laid it down as a great principle in national finance that an appreciating money is disastrous to the business of a nation. This view has been repeated by nearly all the prominent writers and speakers for bimetallism, until it seems to have become accepted as an axiomatic truth in monetary science, loudly and continuously affirmed by the advocates of silver and silently acquiesced in by gold standard advocates. This is the fundamental idea behind all "cheap money" theories. It was behind the greenback movement and it is now behind the free silver movement in this country. The acceptance of this idea is so general that an appreciation of gold is tacitly admitted to be a public evil to which is charged most of the industrial disturbance and poverty of the present generation.

This view is only rebutted negatively by attempting to show that gold has not appreciated; nobody venturing to take the position that an appreciating money is a public benefit. Now that it is proposed to make a depreciating money a permanent feature of our national policy, it is time this doctrine was squarely challenged and positive evidence of its truth demanded. The fact that the theory has been asserted by great men and believed by large multitudes is not sufficient evidence of its truth. The worst errors in economics, religion and government have had universal acceptance. The Wages Fund theory which was once universally believed is now scouted by modern economists. The doctrine that supply and demand

—the mere existence of quantity—governs prices of labor and all producible commodities was once generally accepted, but now no economist is quotable who ignores the influence of cost of production upon price and the standard of living upon wages.

These, like many other economic and political postulates, that were formulated under purely middle class conditions in the 17th and 18th centuries have become obsolete. Experience has shown that they rested upon too narrow a view of societary movement, and though not wholly false, yet were sufficiently erroneous to lead to mistaken conclusions. Much of the error in the earlier theories of economics and public policy arose from the mistaken point of view of national welfare; not so much, perhaps, in the 17th and 18th centuries, as in the latter half of the 19th century. In the earlier centuries, before the development of the factory system, national prosperity centered in the middle and upper classes, because they represented the great consuming power in the community for manufactured and artistic products; in fact, for everything which made for progress in the arts, sciences, literature, architecture, sanitation, education, domestic appointments, and all the higher phases of civilization. The laboring classes were consumers of little else than food stuffs. With the growth of a more complex social life and civilization, and the development of factory methods and the thousand forms of application of steam and iron in productive devices, the prosperity of national industry required a broader social foundation, which the daily consumption of wealth by the laboring classes only could supply. With this transition which the last sixty years has made complete, the whole point of view of national welfare and public policy has necessarily changed. The basis of social welfare in all ages, and under all conditions, is the demand or market for products. If the consumption of any particular class represents the controlling element of demand or consumption, the prosperity of that class constitutes the prosperity of the nation, because it furnishes the economic influence that sets in opera-



tion the forces which make the production and distribution of wealth profitably possible. Whatever fills that function in the economy of society necessarily constitutes the view point from which public welfare must be considered and public policy conducted.

In this country, that basic economic position is occupied by the wage and salary receivers, who constitute over 70 per cent of our population. They occupy this controlling position, not because they are superior in quality, but because, being more numerous, their consumption determines the market for all lines of commodities produced for sale. When we realize that the home consumption of the American people is equivalent to 94 per cent of the entire products of the nation, the economic importance to national prosperity of the consuming power of three-quarters of the population is obvious. No elaborate reasoning is necessary to show that whatever affects the prosperity and consuming power of this three-quarters practically controls the prosperity of the nation. Consequently, the social condition and consuming power of the wage and salary class constitute the economic view point of national prosperity, because the success of all lines of industry, in which modern methods are employed, depends upon the market sustained by their consumption. Point lace, diamonds, and a few lines of art products may be sustained by the consumption of the profit-receiving class, or even by the few very rich, but industries in which large capital is required to produce best results, such as railroads, telegraphs, ocean transportation, and the numerous lines of manufacture, can be profitably sustained only through the consumption of their products by the millions.

In this complex and interdependent civilization, the prosperity and progress of the capitalist and entrepreneur classes in all phases of industry rest upon the market sustained by the social life and purchasing power of the wage and salary classes. Not that these are the only consumers, but that their aggregate consumption constitutes such a large proportion of the whole that they are indispensable to the profitable existence of

the industries. For the obvious reason that consumption is the cause and foundation of profitable production, the welfare and consuming capacity of this class constitute the only safe point of view from which the economic prosperity of the whole country can be correctly estimated and the public policy of the nation wisely determined.

In considering, therefore, the economic effect of an appreciating money, the question is not so much how it will affect interest or debts, as how it will affect the income and purchasing power of this wage and salary class. A certain policy may temporarily be beneficial to the payers of interest or the drawers of profits, but if it tends directly or indirectly to lessen the income and consuming power of this wage class, it necessarily undermines the very source from which profits and interest are derived. No interest can be paid or profits earned, except as goods can be sold to the masses. Whatever undermines and contracts the market, saps the very source of all interest, profits and rent and destroys industrial prosperity. There is but one source through which the consuming power of this great class—wage and salary receivers—can be augmented; that is through an increase in the purchasing power of a day's work. This can come through rising wages or falling prices.

The period of unparalleled progress and prosperity of which this country boasts is distinguished for both these economic movements. During the twenty-five years previous to 1893, wages rose and prices fell; so that laborers receive more dollars for a week's work, and more wealth for a dollar. In this absolute increase of wealth and welfare for a day's work consists the real progress of the nation.

From whence does this increase of wealth to the wage class come? It is not a gratuitous gift from the capitalists and wealthy classes; it is the laborers' share in the new and constantly increasing increment of wealth created by the economic forces of civilization. In other words, it is a transfer of a part of the profits resulting from the application of science and capital to enterprise. In reality the only progress the world ever makes is in the creation of new increments of

wealth in some form of surplus, as interest, rent or profits. These are the avenues through which all the increase of human welfare comes into existence. The distribution of this constantly augmenting fund of new wealth to the masses constitutes the equities and industrial ethics of civilization.

The great complaint, and it is not at all without foundation, against modern society is that this accumulating increment of new wealth is not distributed fast enough. It may be laid down as a broad and basic economic principle that it is the function of capital to create (and the faster the better) this new fund of surplus wealth or profit, and that it is the function of society to distribute it throughout the whole community. All the influences which promote the activity and efficiency of capital through inventions, concentration and better organization should be encouraged in every possible way; and all economic and social influences which tend silently and constantly to disperse this increasing fund of new wealth should be commensurately stimulated, since in no other way can the masses of mankind share in the increasing benefits of civilization. This distribution cannot take place in any arbitrary socialistic form such as restricting profits, confiscating rents, regulating rates of interest or prescribing the size of large fortunes. These are uneconomic and wasteful, because their very enforcement operates directly to check the creation of the very fund which it is designed to distribute.

Profits will continue to be created so long as sufficient incentive to capitalistic enterprise remains. To be permanent and beneficial, the distribution of the wealth must take place as an inseparable part of the economic and competitive forces that operate in its production. For the same reason that the increase of national wealth can come only through the creation of surplus or new profits resulting from the price-making forces of society, so this surplus or new profits can be economically distributed to the public only through the industrial forces brought into play in buying labor and selling products—through wages and prices.

A certain amount can be distributed through direct in-

crease of wages, but only a small portion can go in this way, because a rise in wages always involves the conscious consent of the capitalist to pay more without apparently receiving any additional return for it. The laborer does not do perceptibly more work per day after receiving an increase of pay than he did before. Consequently, the employer is always reluctant to part with his surplus in that way, and frequently has to be compelled to do so through definite collective action on the part of the laborers, by strikes or similar means. This never can take place simultaneously with all laborers at once. All such struggles for direct increase of wages take place by groups or industries. It is now printers, now carpenters, now factory workers, now railroad men, etc. For a general rise of wages to obtain throughout the whole country, it will frequently take from one to two years, and even then some industries may not succeed in getting it. Consequently, the amount of added income to be obtained by the laborers through increase in money wages is on the whole slight, and costs a great deal to get it, often involving untold hardships among laborers and creating social disturbances.

The distribution of wealth to the masses through the lowering of prices is much more economic and satisfactory in every way. It is always simultaneous, and distributes the benefits throughout the entire community. The fall of one or two per cent in the price of any commodity silently takes its benefits into the home of every consumer of that product. It is more economic than strikes, in that it carries with it no acrimonious struggle of the laborers or disturbance of the community. It is more satisfactory in that it comes gradually and almost imperceptibly, like everything that comes through the normal operation of economic and social law.

The movement of prices, therefore, is one of the most vital phases of social progress. A rise in prices is always an impairment of the income of wage and salary receivers. It curtails the purchasing power and ultimately scales down the standard of living. A rise of prices, therefore, is only justifiable under exceptional circumstances, such as a great

crisis like a war, or for the purpose of developing new industries which, through their socializing and civilizing influences, will tend ultimately to make still lower prices and higher wages possible.

It is but stating a general economic truth to say that a nation which creates neither a fall of prices nor a rise of wages makes no progress. Of course prices may be uneconomically forced down as by financial and business disturbance, which means economic waste and disaster. The fall of prices we are considering is where it is made possible by the economies in production and social organization; so that the fall in price does not entail a loss on the producer, but is only a transfer of part of the profits, accumulating in the hands of the producer, to the public. This is made possible and should be constantly occurring in proportion as improved methods in production and industrial organization advance. In considering, therefore, the economic effect of appreciating or depreciating money, the chief question is as to its economic effect on prices.

It is unnecessary to say that a violent disturbance of values is always a public misfortune, because it violates the equities of existing contracts and industrial relations. Hence a sudden change in the value of money, in either direction, is an event to be avoided; but while the value of standard money should have the maximum permanence and stability, its tendency to change should always be in the direction of appreciation rather than depreciation, because appreciation *enlarges* ~~measures~~ the instrument by which the laborers' share of wealth is measured.

For instance, if the standard money of a country should appreciate one per cent a year, it would have all the effects of a universal increase of wages of ten per cent per decade, and this without any industrial eruptions or social disturbances; without strikes, walking delegates and acrimonious controversy between laborers and employers. It would constitute a steady transfer of one per cent a year of the profits of capital and society to the consuming public which would include

every laborer and profit receiver as well. This would be so gradual, and for the most part imperceptible, and chargeable to no particular class, that its effect would be to stimulate the efforts of the capitalists or the producing class to the greater use of new devices for increasing profits. This would be economically justified by the fact that the slow but universal transfer of profits to the public fully registered itself in the increased consumption of goods and consequently in the permanent enlargement of the market warranting the development of higher economic effort.

A depreciating currency, be it ever so slight, is an impairment of the income of the actual wealth received by all who receive stipulated incomes. It is, therefore, an actual reduction of wages and salaries to the extent of the depreciation. A depreciation of the currency, to the extent of one per cent a year, would be equal to a reduction of ten per cent in all wages once every decade. This would make it necessary for laborers to struggle through strikes and other social disturbances for a ten per cent increase of wages every ten years in order to prevent their whole class from gradually slipping back into greater poverty. It would involve a perpetual social warfare on the part of laborers to enable them to barely hold their own, and probably effectually debar them from getting any share in the increasing wealth of advancing society. It would be the more effectual because it would come gradually so as to be almost imperceptible from month to month, and affect the entire wage class throughout the country at one and the same time. A depreciation of the standard money, therefore, would be about the worst thing that could happen to this country, because in the subtle impairment of all stipulated incomes, it would undermine the purchasing power or market upon which depends the whole industrial progress of the nation. It would constitute a permanent sapping of the springs of national prosperity.

History furnishes several experiments of attempting to promote prosperity by a depreciated currency. Two instances may be cited which conspicuously illustrate the principle.

One was depreciating coin and the other was depreciating paper money. The debasing of the standard coin was tried by Henry VIII. He tried to make two shillings out of one. Although the wages system had not then reached any such dimensions as at present, the effect upon wages was definite and lasting. It reduced the purchasing power of money, which immediately showed itself in a doubling of prices; but wages, although they began to tend upwards as the pressure of the increased cost of living was felt, took several years to catch up to the increased prices, and in the meantime, the laborers had to suffer the entire loss expressed in the debasement, which acted as it always must, for the time being, as a net reduction in real wages.

Another experiment with depreciating money was in our own country and within the memory of every citizen of over forty years of age. During the Civil War we were on a greenback basis. From 1860-65 gold was at a premium. Hence, the money in which the workingmen were paid was greatly depreciated, which, as in the case of Henry VIII., was accurately reflected in the price of commodities. The movement of prices from 1861-65, during the time of the greatest currency depreciation, clearly shows the effect upon wage receivers of a depreciated currency. During the four years, 1861-65, the average price of commodities\* rose 132.2 per cent; during the same period wages only rose 48.6 per cent; thus wages only rose a little over one-third as much as prices. In other words the purchasing power of labor was reduced 36 per cent. To be sure, as is always the case, wages struggled on after prices, but the rise in wages was so much slower than the rise in prices that wages did not permanently overtake prices until 1869. In other words, the depreciation of the currency inflicted upon laborers a net reduction of real wages for eight years.

The free coinage of silver would be a practical repetition of that experience without the mitigating influence of the War

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\* Senate Report on Wholesale Prices and Wages, Vol. I., p. 9.

by which the government became the great purchaser of both agricultural and manufactured products for the army and navy. It involves at the beginning a reduction in the purchasing power of wages of from 40 to 47 per cent, which, in the present depressed state of business and demoralization of finance, would probably take ten years for the laborers of this country to recover. There is no aspect of the case in which a depreciation of the standard money would not be a net loss to the masses and a set back to the national prosperity. Every advance in civilization requires a greater distribution of wealth and welfare among the masses of mankind. Hence every force which tends to stimulate economic distribution without checking production is a positive aid to human progress. Since a tendency towards appreciation in the value of money is a universal aid in this direction every tendency towards depreciation is a positive obstruction to social advance.

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### **Government by Injunction.**

THE peculiar, and to many the surprising, feature of the present campaign is the apparent inclination among wage workers to favor Bryan. And what at first sight seems to be still more surprising is the fact that the best organized laborers, who are usually the most intelligent of their class, are most inclined to support the Chicago candidate. This seems particularly strange in view of the fact that Bryan stands pre-eminently for reducing the purchasing power of the money in which wages are paid. There never was a national campaign in which the laborers' interest was so obviously opposed to the Democratic candidate. The effect of the free coinage of silver would be a swift, direct and unqualified reduction of real wages.

Why, then, do they even seemingly favor Bryan, who is the advocate of both free trade and a fifty cent dollar for their wages? It is not because they believe in free trade, for in 1894 and 1895 they conclusively demonstrated that their little love for that delusion was gone by voting overwhelm-



ingly for protection. Organized laborers have never taken any special interest in the money question, always regarding it as essentially a capitalist issue; although on the whole they undoubtedly prefer the dollar of greater purchasing power.

The question which to them is more important than all others is the recognized rights of organized labor. They know that the institution which has been the bulwark of their defence, and the only means of aggressive action of wage laborers for securing improved conditions of their class has been the labor union. To them the safety and integrity of labor organization is more significant than any other social institution, because it is the only social machinery through which they can make their industrial influence felt and have their economic demands recognized. Workingmen know by bitter experience that all the rights organized labor has acquired have been dearly earned and can only be maintained by constant vigilance.

When we consider this view of the subject, it is not surprising that they should regard the right of organization as of prime importance. The plank in the Chicago platform, which denounced "Government by injunction as a new and highly dangerous form of oppression," was a direct appeal to their particular interest on this subject. Of course, this plank was not inserted in the Chicago platform because that convention had any sympathy with organized labor. On the contrary, there is no class of employers who are so much opposed to organized labor and who believe so strongly in low wages as the farmers, and the free trade doctrinaires whom Mr. Bryan and his convention pre-eminently represent. It was a bid to secure the labor vote in support of a debt-confiscating, credit-destroying, wage-impairing policy.

The tendency of laborers to accept this Bryan bait is strengthened by the fact that the sound money advocates have thus far neglected to distinguish between the genuine demands of organized labor and the political bluster of Altgeld-Tillman anarchists, which is a mistake.

Nothing is to be gained by acting on the assumption that organized labor is unpatriotic, and that trade unions are detrimental to the laborers' interests and public welfare.

Laborers do not know the larger questions of statesmanship. They are narrow and clannish; jealous of the rich; suspicious of politicians, with a tendency morbidly to nurse and magnify their own grievances. Nevertheless, on specific questions, regarding wage conditions, they know something, and usually very much more than those who denounce them. Consequently, whenever we see them sufficiently interested in a specific question affecting labor, to flock towards a political party whose main policy in other respects is against them, we may be sure that there is a real question behind their action worth considering.

What then is the real issue implied in this "Government by Injunction" issue? In the public mind, it is regarded as an attack upon the Supreme Court of the United States, and the right of the Government to use troops to protect United States mails; but this does not state the laborers' case at all. The use of United States troops in defending the mail and property in Inter-State Commerce is the Altgeld-Tillman issue. It is the issue of anarchists under cover of the exploded doctrine of State sovereignty, and not of organized labor. The attack upon the Supreme Court relates to the annulment of the Income Tax law which is the issue of the free traders and not of the workingmen. The only phase of this question in which laborers are interested is the new and extraordinary use of the power of injunction and contempt in the case of strikes, which is quite a different matter.

The workingmen's experience on this point in the Ann Arbor and Chicago strikes was sufficiently important to warrant the demand that something be done by Congress to protect their rights. Both these cases arose out of the comparatively new experience with Inter-State Commerce law. The action of the judges has been technically justified, but it constitutes an entirely new use of the power of injunction and contempt.

It will be remembered that in the Ann Arbor case the circumstances were substantially as follows. The Ann Arbor and North Michigan railroad company, a small concern, violated its contracts with its men regarding wages and overtime, and the men went on strike. In order to aid the strikers, the workmen on the connecting roads refused to handle the cars of the Ann Arbor road while the strike lasted. Rather than do this they resigned their positions. To prevent this, the corporations took advantage of the Inter-State Commerce law, and appealed to the United States Circuit Court for an injunction, preventing the men from leaving their work, which was granted by Judge Ricks. The men who resigned their positions were arrested for contempt of court. Chief Engineer Arthur, who was not on the scene of the strike at all, was also arrested for consenting to the action of the men. In the trial, however, the evidence had failed to prove that Mr. Arthur had sanctioned the men's action and all but one of the engineers who resigned rather than handle the Ann Arbor freight, proved that they had resigned before the order of the Court was issued forbidding them so to do.

In the case of Engineer James Lennon it was shown that he had left his work after he had been forbidden by the order of Judge Ricks. He was accordingly fined \$50 and costs for contempt. In passing sentence Judge Ricks announced that this fine was only nominal, but that hereafter the full penalty for such offences would be inflicted, which was both fine and imprisonment.

Had it been established that Chief Engineer Arthur, president of the Brotherhood, had ordered or sanctioned the resignation of the men, he too would have received the same punishment. An appeal was taken to the Supreme Court against his decision, and the action of Judge Ricks was sustained, making this a precedent for future action.

In the Chicago case, the circumstances were very similar. A strike of the railroad hands had been inaugurated and was extending to many roads. Encouraged by the success of the Ann Arbor case, the corporations appealed to the courts for

an injunction against the strikers; whereupon, an order was issued commanding Mr. Debs to desist in encouraging the strike, which really meant to call off the strike. This he declined to do and was sent to jail for contempt of court without any trial or right of defense. The merits or demerits of the strike had absolutely nothing to do with this conduct of the courts.

It is not disputed, even in the highest legal circles, that this is an entirely new use of the power of injunction and contempt which was never anticipated. If this interpretation of the powers of the court is continued it is obvious that strikes will soon become a penal offence. It will only be necessary for employers, when they anticipate a strike, to go to court and swear that they fear a disturbance of the peace and molestation of property, and secure an injunction against the strike which will make imprisonment the penalty for quitting work.

Workmen see the significance of this, and they would be stupid indeed if they did not use every effort in their power to bring about some protection to their class against such a use of courts for the prevention of strikes. The use of the police, militia, and, if necessary, the United States troops to preserve order and protect property is perfectly justifiable; but to so use the court, as to make a strike a penal offence, exposing members of trade unions to imprisonment for contempt of court without a hearing, is something that cannot long be endured in any free country. If such a use of the power of the courts were established, it would reduce industrial freedom in the United States below that of Russia. There is no country in Europe in which such a use of the Courts against organized labor is possible. As we have said, this is a new use of the power of injunction and contempt which has arisen out of the new circumstances connected with the Inter-State Commerce law; a use which nobody had anticipated and one which nobody defends as a general principle. The judges need not be censured for using this power, nor are the capitalists for asking it; but the laborers are, on that account, none the less justified in demanding that the use of this power be modified and restricted within rational limits.

There is nothing surprising, therefore, in the fact that the laborers feel very strongly on this point and are prepared to exercise all their political influence to bring about the needed reform. The only mistake on their part is in assuming that the election of Bryan is necessary to accomplish this result. That is very much like the lamb going to the lion's lair for protection. The whole body of political doctrines and public policy for which Mr. Bryan stands is antagonistic to every principle of organized labor. He is of the most ultra *laissez faire* school, opposed to labor legislation of every form and kind. He advocates absolute free trade, and believes wages should be determined by competition with European standards, which is the very embodiment of the cheap labor doctrine. In his unqualified advocacy of free silver he is championing the interests of those who will gain by cutting down the purchasing power of wages. In short, every item in Mr. Bryan's whole programme is advocated for the benefit of some class at the expense of wage receivers.

If the party, which in this campaign stands for the dearest monetary standard, which means the greatest purchasing power for wages, revival of protection and the general stimulation of the influences of national prosperity, was opposed to the laborers' demand on this point, there might be some justification for their lending a friendly ear to Mr. Bryan. But such is not the case. Nobody is opposed to proper protective legislation for organized labor on this subject. It is the right of the court arbitrarily to punish offenders without a hearing that constitutes the grievance in the Ann Arbor and Chicago cases. That this is a real grievance will not be disputed; it is so admitted in the best legal circles; but what is the remedy? It is so to modify the power of the court in cases of injunction and contempt that in all cases of disobedience to the orders of the court, in relation to strikes, committed outside the court room, the defendant shall have the right to call witnesses, employ counsel and have a trial by jury.

Nobody is opposed to such a modification of the law and extension of the principle of jury trial. There is prob-

ably not a Republican Senator, Congressman or candidate for a responsible office in the entire country who would oppose such a measure. This is shown by the fact that a bill providing for exactly this reform has already passed the United States Senate. Senator Thurston of Nebraska, who presided at the St. Louis convention, and is one of the most pronounced representatives of McKinley in the present campaign, and Senator Hill of New York were on the committee reporting this bill, and it passed the Senate with practically no opposition from any source. If this bill had been a law, neither engineer Lennon of Ann Arbor, nor Mr. Debs, could have been fined or sent to prison for what they did. No jury could be found in this country who would fine a man for merely resigning his position rather than handle boycotted freight, or send the president of a trade union to jail because he refused to call off a strike. Something in addition to this would have to be proved in order to convict. The right to call witnesses, engage counsel and have a trial by jury would afford full protection to the laborer in such cases.

Since this reform is already on its way to enactment, with no opposition, there is absolutely no reason for workingmen to support Bryan in order to accomplish this result, if the subject is freely and fairly presented. The great mass of the workingmen are not aware of the existence of this bill, and that steps have already been taken to embody into law the very protection that they are asking for. It has been very little discussed in the press or by public speakers.

As we have said, the laborers are not in favor of free trade, and we do not believe that they are in favor of free silver, since there is nothing in that to help and everything to injure their condition. It is only necessary for the Republican speakers and writers to make it clear that the Sound Money Party is in favor of the bill already passed by the Senate upon this subject to secure the co-operation of the wage workers in permanently preventing free silver and free trade heresies from wrecking the industrial prosperity of the United States for a generation to come.

## The Foreign Market Delusion.

FROM Mugwump quarters even yet come occasional attempts to justify the Wilson-Gorman tariff, on account of its supposed tendency to enlarge our foreign trade and open up the "world's markets" to American producers. The *Boston Herald*, for instance, recently published some comparisons between July, 1895, and July, 1896, showing increases in our exports and the great benefits to be anticipated therefrom. As a matter of fact these particular comparisons have no significance, as the increases are hardly more than nominal, while the grand totals are far below those reached under the operation of the McKinley tariff of 1890. All such arguments, however, are based upon the *a priori* assumption that a nation's industrial greatness depends upon the extension of its foreign markets. This theory is borrowed outright from the Manchester economics of a half century ago; it could never have been evolved from any independent study of American conditions.

The doctrine is essentially false throughout. Home markets are not only economically superior to foreign because of their influence in binding together in a common interest all the industrial forces of the nation, but from now on they are certain to become, more and more, the chief markets which the producers of any country can rely upon. The world wide extension of the use of machinery is fast doing away with the notion that any one country must, or can, even, be a workshop for all the rest. England is beginning to find this out already, as home manufacture in the colonies develops, and German competition becomes more aggressive.

Even if the question of the location of a market, at home or abroad, were of no importance, the matter of its size certainly is. When this aspect of the question is considered, the utter folly of such figures as the *Herald's* is apparent. The immensity of the American home market and the insignificance of our foreign trade by comparison are manifest from whatever situation the subject is viewed.

Our total exports of all products, unmanufactured and manufactured, constitute hardly more than 5 per cent of the home consumption. For 1889 (year covered by the Eleventh Census) the facts are as follows:

UNMANUFACTURED PRODUCTS.		
	Total home Production.	Total Exports.
Agricultural.....	\$2,460,107,454	\$532,141,490
Mining.....	587,230,662	19,947,518
Forestry.....	446,034,761	26,997,127
Fisheries.....	44,277,514	7,106,388
Total.....	\$3,537,650,391	\$586,192,523

Deducting the exports from total production, and adding \$423,786,440 of imports (which includes some miscellaneous items), we get \$3,375,244,308 as the home consumption of the above products for 1889. The foreign market amounted to just 17 per cent of this home consumption.

With manufactured products the showing is even more striking. The total home production for 1889 was \$9,372,-437,283; exports, \$138,675,507; imports, \$321,345,212 (also including some miscellanies). This gives a home consumption of manufactured products aggregating the immense sum of \$9,555,106,988. The foreign market amounted to only 1.4 per cent of the home. What a comparison!

Combining, we find a total home consumption of all products amounting to \$12,930,351,296, against which place our total exports of \$730,282,609 (adding \$5,414,579 of miscellanies). The exports constitute a paltry 5.6 per cent of the home consumption.

This was by no means peculiar to 1889. The following table,\* covering agricultural and manufactured products, shows practically the same conditions for 1870 and 1880:

AGRICULTURAL.			
Census.	Total Home Production.	Total Exports.	Per cent Exported.
1870.....	\$2,447,538,658	\$361,188,483	15
1880.....	2,212,540,927	546,476,703	25
1890.....	2,460,107,454	532,141,490	22

\* The export figures in this table are for the fiscal years ending June 30, 1889 and 1879, in order to correspond with the periods covered by the census statistics of total production. Classified exports for 1869 not being at hand, however, those for 1870 are used, the general result being practically the same.



Census.	MANUFACTURED.		Per cent Exported.
	Total Home Production.	Total Exports.	
1870.....	\$4,232,325,442	\$68,279,764	1—6-10
1880 .. . . .	5,369,579,191	117,015,729	2—2-10
1890.....	9,372,437,283	138,675,507	1—4-10

Another way of illustrating the relative importance to home products of our domestic and foreign trade is to summarize the statistics of business done on the lakes, rivers and railroads of the country, and by coastwise vessels. For the year ending December 31, 1889, the total water traffic amounted to 182,848,402 tons of merchandise, divided as follows:

Atlantic Coast and Gulf.....	80,695,665 tons
Pacific Coast . . . . .	8,818,363 "
Great Lakes.....	53,424,432 "
Mississippi Valley rivers.....	29,405,046 "
Canals and canalized rivers.....	10,504,896 "
Total.....	182,848,402 "

The total railroad traffic for the fiscal year ending June 30, 1889, was 539,639,583 tons; for year ending June 30, 1890, 636,541,617 tons. A fair average for the calendar year 1889, therefore, is 600,000,000 tons; making the total internal commerce, land and water, some 783,000,000 tons. Such a statement, of course, is necessarily incomplete, and makes no account of the business done on minor waters and on land by other than steam power. Nor is it possible to put any accurate valuation on this traffic. The freight carried on the Great Lakes (mainly coal, grain and iron ore) is estimated in the census at \$13.12 per ton. The general average of freight carried on railroads would be much higher, but taking \$20 per ton as the lowest reasonable estimate, we have a total internal commerce by the above means of transportation, amounting to over \$15,000,000,000. Our foreign trade for that year, imports and exports together, was \$1,487,533,027, or about one-fifteenth the domestic. In other words, the home market is about 1,400 per cent greater than the foreign.

Of course the above comparison is not exact, yet it serves, broadly, to illustrate in a different way the overwhelming superiority of the home market over any which American producers can hope to obtain abroad.

Coming down now to details, we present some figures regarding four leading farm products, wool, corn, wheat and oats, during the last few years. They still further emphasize the fact that the hope of American farmers in the future lies in the continued growth of our manufacturing population; that is, the non-agricultural—there is absolutely no new opening for him abroad.

## WOOL.

Year.	Home Production.	Imports.
1890.....	276,000,000 lbs.	105,431,285 lbs.
1891.....	285,000,000 "	129,303,648 "
1892.....	294,000,000 "	148,760,652 "
1893.....	303,153,000 "	172,433,838 "
1894.....	298,057,384 "	55,152,585 "

Combining the above, and deducting the total exports of domestic and foreign wool, we get the home consumption, shown below along side the exports of domestic wool only:

Year.	Home Consumption.	Domestic Exports.	Per cent., Domestic Exports of Home Consumption.
1890.....	377,911,776 lbs.	231,042 lbs.	6-100 of 1
1891.....	411,373,603 "	291,922 "	7-100 of 1
1892.....	439,460,633 "	202,456 "	4-100 of 1
1893.....	471,276,343 "	91,858 "	2-100 of 1
1894.....	346,712,315 "	520,247 "	15-100 of 1

The next three tables, relating to corn, wheat and oats, are self explanatory :

## CORN.

Calendar Year.	Home Production. (Bushels.)	Fiscal Year.	Exports. (Bushels.)	Per cent. exported.
1890.....	1,489,970,000	1890-91.....	30,768,213	2
1891.....	2,060,154,000	1891-92. ....	75,451,849	3-6-10
1892.....	1,628,464,000	1892-93.....	46,037,274	3
1893.....	1,619,496,000	1893-94.....	65,324,841	4

## WHEAT.

Calendar Year.	Home Production. (Bushels.)	Fiscal Year.	Exports. (Bushels.)	Per cent. exported.
1890.....	399,262,000	1890-91.....	55,131,948	13
1891.....	611,780,000	1891-92. ....	157,280,351	25
1892.....	515,949,000	1892-93.....	117,121,109	22
1893.....	396,131,725	1893-94... .	88,415,230	22

## OATS.

Calendar Year.	Home Production. (Bushels.)	Fiscal Year.	Exports. (Bushels.)	Per cent. exported.
1890.....	523,621,000	1890-91.....	953,010	18-100 of 1
1891.....	738,394,000	1891-92.....	9,435,078	1-3-10
1892.....	661,035,000	1892-93.....	2,380,643	36-100 of 1
1893.....	638,854,850	1893-94.....	5,750,266	9-10 of 1

The lesson in all this is plain and unmistakable. As compared with the home consumption of American products, no other field of operations is even worth considering. So far from containing the hope of national greatness, the foreign market-policy has in it all the elements of national calamity, especially when sought by means of any sacrifice of the home market.

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### Strikes in Russia.\*

The telegraph has informed you of the labor movement which is taking place at the present moment in this country; but in the brief dispatch it was impossible to give you an idea of the singular, primitive, and so to speak, naive character of what is going on here. The movement shows us in what an embryonic state is this first manifestation on the part of the common people of a consciousness of their rights. They are revolting against the kind of servitude in which they have been kept since the abolition of serfdom, properly so called. [1861. Tr.] They have heard strikes talked about by the foreign workmen laboring beside them, and they have read in their little newspapers that this is one means by which laborers have often succeeded in getting what they demanded. Russian laborers have at last resolved to go on a strike. Indeed, there is little doubt that this resolution was taken some time since, as there seems to be considerable organization in the movement. It began suddenly, in several places at the same time, and with the same claims everywhere—in all the factories at St. Petersburg and in part of those in the vicinity of Moscow, notably those important factories of Morzow.

The strike has been peaceful everywhere, with no sign of disorder of the slightest kind, as if some mysterious counselors had warned them that any disturbance would be used as a pretext for the interference of hundreds of armed policemen who were hidden in the houses adjoining the factories. I ought to state, however, that the police have shown on this

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\* Translation of a letter to the *Belgian Independence* from its correspondent in St. Petersburg.

occasion much moderation and tact. To give you an idea of it, let me recount the sudden changes in one of the gatherings I attended.

I arrived in front of the great Stieglitz factory, and on getting out of the carriage I saw that the street which leads up to the factory was filled with an enormous crowd of laborers, miserably clothed, their emaciated faces the color of earth, and their slender bodies and arms forming a striking contrast to the rugged Russian peasants. The entire population of factory operatives is thin and apparently wasting away through excessive toil, the most severe privations, and drunkenness. But on that day no one had the air of drunkenness; there was something else to do than drink, and money was lacking to pay the tavern-keepers, who refuse to give credit to a workingman when he is on a strike and hence insolvent. The men occupied the middle of the street, the women who work in the factories forming a pale background around them, their sad, feverish, wan countenances having a resigned look. In the center of the crowd a policeman was haranguing the audience. He politely gave me permission to remain when I asked him for the privilege. "What do you want," he cried to the laborers, "that you may be satisfied? Draw up a statement of your demands and present it as a petition. We will then submit the question as to who has the law on his side, to higher authority. In the meantime go back to work, for no one will listen to you while you are in revolt." (Silence on the part of the crowd.)

He continued: "We will have a commission appointed to investigate your wrongs, and have them remedied; but I repeat it to you, this shall be done only when you have returned to work."

Seizing a workman who was well clothed, had his hair combed, and looked more intelligent than some of the others, "tell them," he said, "make them understand that this thing cannot be done in a night. You seem more sharp-sighted than the rest; you understand that these are not the only ones who exclaim against the actual order of things; all

Russian laborers have the same interests that you have, and time will be needed to settle your destiny. But the Russian law does not allow any one to remain in idleness and a state of revolt; there are punishments for that, and the lazy ones will be expelled from this city; you absolutely must begin work, and not remain tramps in the street."

But the police captain soon saw that his eloquence was entirely wasted, and he stopped speaking. I then approached a group of workmen to inquire the reasons for the strike. They were repelled by my high hat and long coat, but finally decided to explain to me that they were obliged to rise at five o'clock in order to begin work at six; that they worked from six in the morning until eight at night in a heavy, stifling, unwholesome atmosphere, with but a short intermission for their dinner.

They demanded that henceforth the hours of labor should last from seven in the morning until seven at night only; that is to say twelve hours instead of fourteen a day, and since their wages are low—from 70 cents to \$1.10 for men, and from 25 to 85 cents for women—they insist that these should not be reduced even though the hours of work may be.

I wanted to continue my questioning, but the policeman approached me and in a very polite manner gave me to understand that he could not permit me to interview the people. Now, not imagining how I, an inoffensive journalist, could be mistaken for an instigator of popular disturbance, I explained to him that it would be much better to let newspaper men, whose good intentions were well known, describe the situation from actual observation than to keep them at a distance, because they would thus be kept from exaggeration based on vague heresay evidence, and the foreign public would not be led astray as to the state of affairs in Russia. But I had nothing further to see; laborers thus brought together soon disperse, and any one passing the silent and deserted street about noon would not suspect that anything unusual had occurred, the people having returned home and the armed body of police looking unconcerned in the court yards.

Two days later I revisited the Stieglitz factory and found a profound change in the situation: the women and a great part of the men were already in the shops, having concluded to resume work, partly because the money necessary to carry on the strike was wanting, and partly because of the energetic advice of the prefect of St. Petersburg police, General Kleighels, who had caused notices to be posted on the walls in the factory quarter of the city to the effect that absolutely no satisfaction would be given to the demands of the laborers until they resumed work, and that then the factory inspector would examine their difficulties. These would then receive an immediate solution in conformity with existing law. As for the demands which could not be satisfied by the laws, they would be submitted to the consideration of higher authorities.

Nevertheless, the laborers are beginning to take some account of their own power. I heard one say that foreigners made strikes successful because they had the means of sustaining them; "they have organization, while we—we do not even know how to organize."

I saw women crying because there was no bread in the house at the end of a week's strike. They wanted to work and make their husbands work, but they feared the resolute minority that wanted to maintain the strike would prevent them from working. Indeed some of the factories have applied to the government for troops to protect their laborers from those still on a strike in the vicinity, they having induced their own laborers to resume work by the promise of concessions to be made later. Such is the case with the great English manufactory, Thornton, which is guarded by mounted police and a company from the regiment of Novotcherkask. As I write I am told that half the factories where there is a strike have followed the example of the Stieglitz, and that they hope the whole disturbance will be over soon. It has been confined to the mills, some attempted strikes in the foundries having been quickly suppressed; but it has not been confined to St. Petersburg, and the government has had some fear of a labor insubordination on so vast a scale.

The thing most to be regretted about it all is that certain official dignitaries around the czar will make the most they can out of the disturbance to lead the sovereign to distrust the people, separate him farther from them, increase their own influence with him, and carry on in his name a reactionary movement which will only increase the irritation of the people and produce the very opposite results from those desired by the authors of the movement. They would do well to take advantage of this peaceful labor movement and strive to make peace more perfect by conceding the more legitimate of the demands of the laborers. This course would be wise and prudent; but it would prove that the devil is not half so terrible as they pretend; and it would weaken the faith of the czar in the necessity of the role played by those about him, and of maintaining an innumerable and very expensive police. But the numerous superfluous officials do not want the czar's faith in them weakened. Several hundred of the more prominent and courageous laborers have been arrested and will be expelled from the city in the administrative way.

Moreover, the Russian newspapers have received a formal prohibition on saying anything about the strike, and I do not exaggerate when I say that the people in the center of the city are thus far ignorant of the existence of a strike in which at least 40,000 laborers are engaged. This is due, in part, to the silence of the press and in part to the distance to the factory quarter of the city. There are 10,000 laborers involved in the strike in the vicinity of Moscow.

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### **Party Government on its Trial?**

C. T. COTHAM, A.B.

Under this caption, Prof. Goldwin Smith, that censorious critic of democratic franchises, brings before the bar of his judgment party government in America, Canada and England and adjudges it responsible for all the trouble and political woes of these misguided nations. Very properly after his

scathing rebuke of party government, he asks whether elective government is not on its trial also. For the party system in its development has followed the same general lines as representative government. The two have risen and will fall together.

Party government, or any kind of government for that matter, is merely an agent of the state (the people), the organ through which the state provides for its ordinary wants. It is the office of government to serve the state, and it has no rights as against the state. In the person of Louis XIV., government usurped the functions of the state. Step by step, through revolution and evolution, the state as apart from the government has come to have a will and mind of its own. The theory of the divine right of government no less than the theory of the divine right of kings has been overthrown, and the doctrine of state supremacy over government has been established. This great consummation having been realized, through what means can the government most surely execute the will of the State? Is it by revolution? Such an instrument, though sometimes necessary, is too costly, too crude to employ often. Witness the futility of such means when employed by the South American States, where revolution is the normal condition of affairs. Is it through the Constitutional Convention? This can only give general direction and cannot decide every question of government which may arise. Or, shall the government resolve itself into a constituent convention, as has been done in times past in England, France and Germany? To all of these means the same objection presents itself. They are in the nature of the case temporary, spasmodic, costly and inadequate.

Whatever objections may be urged against party government, it has undoubtedly proven the most effective instrument so far devised to make government a reflection of the will of the state. Consequently, we are not surprised to see the party system present a perfection of organization in the United States not elsewhere to be found. For here, as nowhere else, the voice of the people, *i. e.*, the state, is sovereign.



Mr. Bryce, perhaps the best of all critics of our institutions, says, "The system of government in the United States *requires and implies* parties, just as that of England does." Again he expresses the same idea most forcibly in this language: "The spirit and force of party has in America been as essential to the action of the machinery of government as steam is to a locomotive engine." A recent German writer says, "With the organization of committees and of Church and State the establishment of party follows naturally and *necessarily*. In a community of millions it is impossible for every one to have direct intercourse with every other, and nothing remains but for people of like ideas, aims or interests to unite in groups." Professor Moss, an American writer, also states that "Political parties are a *necessity*, because large ends are realized in life only through the friction of ideas held by masses of men against those held by other masses."

In the palmiest days of the Roman Republic, party spirit was most active. Under Nero and Tiberius it dared not raise its head. Athens ruled the seas and dictated terms to Greece, when the people gave their voice on questions of public importance. But when the man of Macedon, with rod of iron, ruled the Grecian States, sycophancy and flattery of the tyrant hushed the voice of party. The history of English political parties is the history of her growing freedom and greatness as a nation. If the writer reads history aright, the death knell of party will be the death knell of free government. Are we willing to part company with the former at the risk of losing the latter? Have our fathers builded for naught, and is freedom's lovely structure to be dismantled, because, forsooth, political pharisees cannot besmirch their spotless white robes in the mire of political filth and corruption, the inevitable (?) consequence of party government?

A shining example of this political pharisaism was exhibited in an article written several months ago for one of our leading church reviews. Among other thing this writer, as if it were a matter of special pride, says, "If all Christians were

like this writer, there would be no Christian in any political party. There would not have been since 1859." As, at present, the United States is under party government, if all Christians followed this brother's advice, we would have the reign of the devil with a vengeance. If, as the good brother says, government by parties is a "kakistocracy," or a government by a few of the worst men, who is responsible for this deplorable state of affairs? Do the rascals in any great political party outnumber the good men? If the worst element has prevailed in politics, where does the blame reside? Shall this man who thanks God that he is better than any other men, and that he is too pure to come into contact with the corrupting influences of politics escape? Mr. Walter Thomas Mills's striking expression, "I didn't get whipped. I wasn't in the battle," would be a no more cowardly taunt from a stay-in-the-rear soldier to a hard fighting and badly whipped comrade, than the frequent and unpatriotic boast of American citizens that they have nothing to do with the dirty pool of politics. A solemn duty and obligation rests upon every citizen to rush into the midst of the battle, and whether through primary, convention or ballot box to make politics what it ought to be. The decay of politics is largely accounted for by the fact that such men, as our critic professes to be, have abandoned the field to the professional ward politician and trickster.

If, as ex Senator Ingalls once said, "The idea of purifying politics is an iridescent dream," Christianity is confessedly a failure, and the prayers, votes and influence of good men are of no avail. Can a man who has seen within a few years a Civic Renaissance of such wide dimensions, sweeping out the Augean Stables of city municipalities, who has seen a silver-tongued statesman consigned to his political grave because he dared parade his gross immoralities before an outraged people, who has seen Civil Service Reform constantly extended and public abuses of long standing set at rights, believe that pure politics is an "iridescent dream?"

But, says our critic, "party dwarfs, warps and beclouds

the intellect." We have seen some church members who could see no good in any other church, who were narrow, intolerant bigots. Are we then to denounce the Church as an evil, as a cumberer of the ground? In the ranks of party, the greatest statesmen who have ever lived have been proud to enlist themselves. Are we to suppose that the intellects of such men as Burke, Pitt, Disraeli, Lincoln, Webster and Clay were "dwarfed, warped and beclouded" by party? What broader mind has this century produced than Mr. Gladstone, the Grand Old Man of the Liberal Party?

Let it be admitted that in city politics and in the selection of officials to fill positions non-political, party ties may and should be broken, there remains a legitimate field in which it is necessary that great parties representing the centripetal and centrifugal forces in the constitution, based on different theories of government, should operate. Through these great parties public opinion is crystalized, the people are enlightened on great public questions, organization takes the place of disorganization and the citizen makes his influence felt in the selection of men and the conduct of government. Critics who distrust the people and popular government may as well make up their minds that party government is no longer on trial, but that, with all its faults, it has proven the best instrumentality yet devised to give effect to the voice of the people, and a hundred years' experience leads the American citizen to utter the prayer, *Esto perpetua*.

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### **The Industrial Development of the Extreme Orient.**

Many sensible people are disposed to take a gloomy view of the possible effect of introducing into India and China the machines and methods of manufacture in use in the Western world. They fear that the abundance of raw materials and the low rate of wages taken together will make it possible for manufacturers in those countries to produce and export goods at such low prices that English, French, German and American manufacturers will find themselves undersold in

their home markets, and that the civilization of Europe and America will be brought down to the oriental level. This question was made the subject of discussion at a recent meeting of the Society of Political Economy in Paris, an account of which is given in the *Journal des Economistes*.

IN opening the discussion, MONSIEUR BELLET gave numerous statistics as to the extent of the increase in manufacture and commerce in China, particularly in cotton cloth; showed that the development in Japan extended to thread and silk as well, and that Japan supplied the eastern market with matches, porcelains, umbrellas, hats, paper, matting, etc. He called attention to the fact that when the Indian government put customs duties on imported articles that they might get the revenue necessary to maintain the budget, English manufacturers were able to have an export duty put on the manufactures of India cotton.

In comparing the price of labor in Western Europe with that in Japan, M. LE COMTE DE LABRY observed that the chief articles of diet in the one case were meat and wheat, while in the other they were fish and rice, the latter being by far the less expensive. The extensive coast line of Japan makes fish cost merely the price of catching them, and rice not only costs less to raise than wheat, but is more nourishing, so that less of it is needed. The food of the laborer, and naturally his services, cost more in industrial Europe than in Japan.

"I do not wish," said M. LOUIS STRAUSS, "to detract from what M. Bellet has said about the quality and merit of the Chinese race, the most active and industrious in Asia. He has rightly said that the Chinese laborer is patient and attentive; that he has a passion for acquiring and amassing wealth, and respect for authority. But he works as much as you like for a wage which seems to us a mockery, is poorly nourished, and not hardened to the demands of industry on the large scale. Wages are low in China and the Indies; but it is for agricultural labor and for small industries that hand labor is so cheap. The wages of superintendence and the cost

of capital for manufacture on a large scale are higher in China than in Europe. Large industries can be established only as the condition of the population improves and wages rise. This progress will occasion a demand in countries more advanced, and the laborers in those industries will thus increase their consumption. Everybody will be better off. The awakening of Asia can only produce good results.

“It is a mistake to imagine that the gain of one nation or portion of the race is the loss of some other. The application to humanity of the general law of selection cannot bring about the brutal competition of primitive times; it has become civilized and will continue to grow more moral and ethical. There exists a solidarity of the race, and the competition of nations, as of individuals, will only tend to extend the division of labor and to increase the differentiation and organization of industry. This competition acts only as a stimulant to the increase of productive power, and is for the benefit of all. It increases wealth and multiplies exchanges; it urges each nation to apply itself to those industries for which it is best fitted and thus to occupy a particular and individual place in the grand industry of humanity; the more each develops its branches of industry, the more the wealth of the world is increased and the prosperity of all countries advanced by international exchanges.

“We are all of us interested in having rich customers, and the richer the Orient becomes the more products it will have to offer us in exchange for things we can furnish from our superior conditions. It is the law of the economy of forces, of international co-operation, of community of action in humanity.

“See what has taken place in the last twenty years,” said M. Strauss. “The use of steam has, so to speak, annihilated space and hastened the tendency to a geographical levelling of prices. Bringing the nations nearer together also tends to abolish monopolies. Is it not the nearness of America, Asia and Australia that has taken away from the peasant proprietors of Europe the provisioning of their na-

tional markets with cereals? Has not the price of land fallen on this account, and the transformation of agriculture which it makes necessary? When the change is completed, the price of land will be greater than ever. Nor has the fall itself been an evil. Have not the masses of the population reaped a benefit therefrom? As a matter of fact we have simply added the lands of the new world to the territory of Europe. The increase of the supply of cereals has lowered the price, and some proprietors have suffered; but it is only those who do not work and who do not know how to take care of their property. Many have managed better; Englishmen, for instance, have bought lands in America. They performed an intellectual task, and, as a consequence, are reaping profits, a very advantageous compensation.

“Without the slightest doubt, this same cause will produce like results in manufacturing industry and in manual labor, but with much less intensity and far less suffering on the part of the laborers; for there is far less routine in industry than in agriculture—peasants are much less skillful than artisans—and the land which the emigrants were able to use in the cultivation of the cereals could be had for almost nothing, whereas there is needed a large amount of capital to start large industries in a new country or in one which has been rejuvenated.

“India is one of the countries most richly endowed with the gifts of Nature, and yet it is a poor country. Although eight times as large as the mother country, England, she has fewer railroads; she enjoys a monopoly of the production of jute, and Englishmen have supplied 30 to 40 million rupees to build factories there, and yet only 1,650,000 bales of jute are consumed in India each year, while Dundee alone takes 1,350,000 bales; 1,650,000 bales are used by the factories on the continent, and 650,000 in the United States. The manufacture of cotton has doubled in ten years, and yet, in spite of the prodigious efforts of a quarter of a century, the industry is still in its infancy in the Indies. The raw cotton consumed in Indian factories is only 1,200,000 bales, while the

United States requires 3, England 4, and the continent of Europe 15 million bales. Some years ago England had 13 times as many spindles, 20 times as many looms, and only 4 times as many laborers in the cotton factories as India. The low wages refer to the cost of hand labor in the native shops. In factories fitted up with European machinery the men get from 30 to 40 rupees per month, and those who are specially skillful and work by the piece get 60; women get from 8 to 10." The rupee is a silver coin formerly worth about forty cents.

After giving a host of statistics concerning the changes in imports and exports into India, China and Japan, the orator remarked that the hour was too late to allow of further details, but that the figures of the total foreign commerce of the extreme Orient were enough to show how far behind European countries they still were, how slow was their progress relatively, and how long it would be before they would become rich customers for European manufacturers, and be able to take much from us in exchange for the articles which they can produce more advantageously than we.

M. BELLET, in replying, said that he evidently had not made himself sufficiently clear in opening the discussion, for his conclusions were almost identical with those of M. Strauss. "I do not in the least believe in over-production, for there is not the slightest question but what the wages of laborers in the extreme Orient will inevitably rise with the improvement in the condition of the people. But whatever conclusion one arrives at, whatever opinion one may hold of the probable effect of oriental competition as soon as European methods and machinery are taken to China, Japan and India, and are so generally introduced as to become the characteristic of oriental industry, our duty is to study the question and make known our view in order to quiet the fears of those who see destruction to western civilization lurking behind the eastern in the conflict which must shortly come upon us."

"Asia has not enough capital to start industries on the large scale," said M. Strauss. "She must apply to us in order

to get it, for what she has is already employed and cannot be diverted into new channels. But European capital cannot be expatriated in a twinkling; we can only send from our economies and our realized profits. The movement will, therefore, be slow, and the exported capital will not be used for factories simply, but will go into railroads, canals, etc., and thus extend native markets. The wants of the people will develop as fast as production, and possibly faster, if governments will refrain from measures which are designed to hinder progress.

“The economic development of the last half century has given us an abundance of wealth, but material welfare has increased more rapidly than education. What is most needed is instruction in social economics, for employers as well as employed. They are engaged in the same enterprise, and are following the same object; yet they both oppose the natural current of industry. Perhaps necessity will do what a neglected education has not done; perhaps the spur of Asiatic competition will give to all an interest in the harmonious working of labor and capital in the production of wealth and the development of the general welfare. The awakening of the extreme Orient would then be a double blessing.”

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### **The March of Invention.**

The Commissioner of Patents remarks that “Invention appears to go in waves.” These waves, he says, are largely in obedience to industrial demand, but also are dependent on the mental activity of the class of persons to whose knowledge the need of invention has been brought.

“Thus, upon the adoption of house letter boxes a few years ago, the Office received, in a few months, several hundred applications for devices of this kind. A short time ago there appeared in various journals throughout the country, articles setting forth the desirability of a bottle which could not be refilled after it was once emptied. The result, so far as the Office is concerned, was the receipt of about 1,000 applications.



“ During the past year there has been exceptional inventive activity in baling cotton in closely compacted cylindrical bales, instead of in rectangular bales; in pneumatic straw packers, blowing the straw on the stack and packing it at the same time, thus dispensing with disagreeable hand labor; and in the treatment of wool fat, until recently regarded as a waste product.

“ There has been exceptional activity in excavators, possibly due to the beginning of several large enterprises, especially the Chicago Canal. There has been activity in the extraction of aluminum by electrolytic action, and, to some extent, in the extraction of gold by the use of potassium cyanide. The class of pneumatic drills for cutting stone has shown considerable activity.

“ The greatest activity has been displayed in detail inventions and accessories to bicycles and in machines and processes for making the parts, due, perhaps, in part, to the enormous accession of thinkers to the ranks of those who use them. Pneumatic tires have attracted the inventor, because of their now almost universal use on sulkies as well as bicycles. For some unknown cause there has latterly been great activity in sole-leveling machines, used in the manufacture of shoes. There has recently been great activity in inventions in telephones, due, as is supposed, to the expiration of pioneer patents, and not a little in electric locks, a new art. Alternating current motors and other machines employing the alternating current have latterly been the subject-matter of increased inventive thought.

“ Car fenders and car couplers, and particularly automatic couplers of the Janney type, and burglar-proof express cars have shown exceptional activity. Automatic musical instruments have attracted attention, due possibly to the substitution of perforated paper for cylinders with pins, and a consequent reduction in cost.

“ Games and toys, pearl buttons, wire glass for sky-lights, an-labeling machines, central draft lamps, and curling-irons have shown great activity. Match-making machines, calculat-

ing machines, and voting machines have shown special activity the latter due probably to new systems of voting. Linotyping machines and typesetting machines have latterly shown extraordinary activity. In the artificial carbonation of beer there has been a notable development, based upon the recent discovery that beer can be artificially carbonated and a second fermentation dispensed with."

Two hundred and fourteen classes of patents are recognized by the Patent Office, and of these the largest number of patents has been issued to "carriages and wagons," viz., 20,821 and the smallest number to "matrix making," 117. "Harvesters" form the subject of 10,334 patents; "packing and storing vessels," of 11,323; "plows," of 10,342; "mills," of 10,048; "stoves and furnaces," of 18,972; "locks and latches," of 6,201, and "clasps, buckles and buttons," of 12,177; "lamps and gas fittings," of 8,442, and "laundry," of 7,766. There are 2,621 patents on "velocipedes," and none on bicycles or "safetys," from which we infer that when this department was classified, velocipede was the popular designation. Metal work is classified under sixteen heads which, if combined, would comprise the largest department.

The most interesting fact in connection with the Commissioner's exhibit is the greater rapidity with which inventions have been made during the past thirty years than during an preceding period.

In 1846 only 638 registered patents were issued, which for a population of, say, 20,000,000, would be only one to 31,348 persons.

By 1870 the number of patents had grown to 13,333, a rise per capita to one patent for every 2,890 persons.

In 1895 there were 22,057 patents issued, which show about the same per capita ratio as in 1870. When we come to divide this total among the States to whose citizens the patents were issued, only one State, Mississippi, shows as small an average in 1895, as constituted the average for the whole country in 1846, viz., one patent to every 34,854 persons. Meanwhile, South Carolina passes the average for 1846, receiv

ing one patent to every 28,076 persons, North Carolina one to every 24,981, Alabama one to every 16,626, Georgia one to 16,117, and Arkansas one to every 15,042. No State in the Union was without any issue of patents to its citizens in 1895. Connecticut still leads the States in ingenuity. One in every 927 of her population received a patent. Next in order came the District of Columbia with one to every 1,047; Massachusetts with one to every 1,248; Rhode Island with one to every 1,528; New Jersey with one to every 1,619; New York with one to every 1,694; Montana with one to every 1,915; and Colorado with one to every 1,917.

As to foreign countries, 614 patents were granted to residents of England, a larger number than to residents of any other foreign country; to those of Germany, 539; of the Dominion of Canada, 302; of France, 202; of Scotland, 50; of Austria-Hungary, 46; of Switzerland, 42; of Sweden, 30; of Russia, 29; of Victoria, 21; of Mexico, 17; of New South Wales, 17; of Belgium, 16; of the Netherlands, 16; of Denmark, 11; of Italy, 11; of Norway, 11; of Ireland, 10; of South Australia, 10; of New Zealand, 9; of Hawaii, 5; of India, 5; of Cuba, 4; of the South African Republic, 4; of the Argentine Republic, 3; of Spain, 3; of Venezuela, 3; of Algeria, 2; of Brazil, 2; of Chili, 2; and one each to citizens respectively of Bermuda, British Guiana, Cape Colony, Ecuador, Finland, Greece, Guatemala, Nicaragua, Peru, Porto Rico, San Salvador, Tasmania and Turkey.

The whole number of patents appearing in the Scientific Library as having been issued by the United States and by foreign countries from the earliest period to December 31, 1895, was 1,544,419, of which 981,961 patents were issued by foreign governments, and 562,458 patents were issued by the United States. Prior to 1870, the total number of patents issued by all foreign governments was 222,615, and the total number issued by the United States was 108,416. At the earlier date the patents issued by the United States were less than half, at the later date more than half as many as were issued in all foreign countries.

China, Holland and Greece have no patent laws. Most of the other civilized nations have them, though in some of them only recently. No ancient nation, it is believed, had any patent system, or any scheme whatever of encouraging invention or production, by granting to the inventor or producer any legal monopoly of the right to produce or manufacture.

The patent system in the modern world originated in an exception made in a general English statute designed to curb the looseness with which the crown, in the exercise of a department of the royal prerogative was granting monopolies of all sorts, and especially of the right to collect particular classes of court fees, taxes, etc. The statute was passed in the reign of King James I. and declared generally all monopolies that were grievous and inconvenient to the subjects of the realm to be void. It excepted, however, all letters patent and grants of privilege of the "sole working or making of any manner of new manufacture within the realm to the first and true inventor of such manufacture, which others at the time of making and granting such letters patent and grants should not use, so they be not contrary to law, nor mischievous to the state by raising of the prices of commodities at home, or hurt of trade, or generally inconvenient."

Out of this trifling check on the kingly prerogative has grown the whole law of letters patent for inventions. Gradually the law matured into the doctrine that a patent could be issued either on a vendible commodity, or on a mechanism or apparatus, or on a useful process, but not on a scientific principle nor on an abstract idea not shown to be applicable as a process to the accomplishment of a practicable and useful end.

It seems to amount to an admission of the general principle that every person's right to make or sell or use a commodity of any kind is subject to restraint or denial by the State under which he lives, and the only question that survives this concession is one of expediency, which of course is a question for the authorities, *i. e.*, Cæsar only. Still, the obvious utility of patent laws has become an accepted doctrine

in popular government, less subject to practical question than almost any other. The leading inventors of a country form a roll of honor as distinctively representative of an industrial epoch as the leading dukes, earls, viscounts and squires have in the past been of a military and land-grabbing epoch. It is not a rank which is transferable in families. It descends to no mediocrities. It remains always with the distinguished. It is forever preserved, unsullied by stupidity. But every thoughtful man, if called upon to say who have ennobled Great Britain, would put Hargreaves before Marlborough, Arkwright before Wellington, as freely as he would put Shakespeare before the Earl of Essex, or Milton, the gentle secretary, before Cromwell, the rude Protector. In America, how few of the generals of our earlier period take rank in the popular sense of utility by the side of Franklin, Fulton, Whitney and Morse, our chief inventors. The frivolous precedences of society are reversed in the larger Court of History, as the local leader of a town feels himself abashed and over-ridden in the multitudinous councils of a nation.

During the past twenty-five years more than 100 patents have been granted to each of twenty-five inventors, at the head of whom stands Thomas A. Edison with seven hundred and eleven. The list is as follows:

*Inventors who have taken out more than 100 patents during the years 1871  
1895, both inclusive.*

Edward J. Brooks.....	116	Freeborn F. Raymond, 2d.....	144
George D. Burton.....	128	George H. Reynolds.....	101
Luther C. Crowell.....	147	Francis H. Richards.....	343
Peter C. Dederick.....	107	Cyrus W. Saladee.....	148
Thomas A. Edison.....	711	Walter Scott.....	109
Rudolph Eickemeyer.....	158	Charles E. Scribner.....	248
Louis Goddu.....	131	Sydney H. Short.....	111
Rudolph M. Hunter.....	228	Elihu Thomson.....	394
John W. Hyatt.....	198	Charles J. Van Depoele.....	244
Hiram S. Maxim.....	131	George Westinghouse, jr.....	217
Arthur J. Moxham.....	144	Edward Weston.....	274
Lewis Hallock Nash.....	119	William N. Whiteley.....	118
Edwin Norton.....	125		

No selection of names would more truly stand for the true nobility and gentry of a thoughtful, progressive, hard-working industrial nation. Their lives are beyond the ability

of verse to praise, or of wealth to dignify. They would be as distinguished if poor as if rich. They are most nearly the *avant coureurs* and picket guards behind whom the great armies of the world's workers are marching to the music of a larger inheritance for all and a wider sovereignty for each.

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### The Cuban Negro.

The eyes of America are at present directed to Cuba.

Great and particular attention is paid by all to the vicissitudes of the present struggle; but many a time one is at loss as to the truth of certain statements. "The war is," Spain claims, "exclusively carried on by a confused multitude of turbulent negroes, whose leaders are ambitious and ferocious men of that race."

Our purpose, however, is not to investigate for the moment whether it is the negroes or the Cuban people at large who are engaged in the revolution, but to explain what the negroes in Cuba are, how they were imported into the island, and in what proportion they are in the island's population, and their actual grade of culture.

History attributes the importing of Africans into the Spanish colonies, to a virtuous priest, whose intention is described as most philanthropic and humane.

The Spanish adventurers who had invaded the fertile lands of Cubanacan, subdued the natives through deceit and force, and subjected them to hard servitude by employing them in agricultural labors, in the cutting of wood and especially in mining. Their thirst for gold was beyond measure, and within a short number of years the aborigines succumbed to harsh treatment and excessive toil, and were almost exterminated. It was then that Fray Bartolome de las Casas, upon whom the Spanish tradition bestows the honors of sanctity, laid before the Catholic Kings the advisability of transporting negroes from Africa to Cuba in order to spare what little remained of the Indian population, and so by a strange and hypocritical conventionalism of the human mind, the influence of Christianity is supposed to have caused the substitution of one

race for another. The Indian paid with his life the benefit that he was believed to receive in exchange for his conversion to another religion, and when he could not be exploited any longer, the negro was put in his stead, and again the crime was masked with the pretence that only the welfare of the Indian was borne in mind. The wrong that was to be inflicted upon the Africans seemed to be of no importance, and yet it was by force and craft that they were wrested from their country.

An iniquitous trade was established. Shiploads of human beings were exchanged for trifling articles such as toys, rum and coarse cotton stuffs, to the great joy of the Spanish colonizers. They were too pretentious to toil, and were but too willing to profit by the labor of their unfortunate victims.

From the year 1521 until 1760, sixty thousand negroes were transported to Cuba. This number was increased to ninety-five thousand in the next twenty years, and thereafter the importation was extraordinarily augmented, as is shown by the following figures which we quote from the famous traveler, Baron de Humboldt:

From 1791 to 1805.....	91,211
“ 1806 “ 1820. ....	137,329
“ 1821 “ 1840.....	56,000
“ 1841 “ 1850.....	400,000
“ 1851 “ 1860.....	200,000
“ 1861 “ 1877.....	50,000

In less than a century 1,080,040 had thus been brought from their native homes into Cuba, where they were utilized like animals in the hardest labors.

Mrs. Harriet Beecher Stowe has told in the immortal “Uncle Tom’s Cabin,” of the penalties endured by the negroes of the Southern States, but nothing of what is related in that story can be compared to the hardships and sufferings of the slave in Cuba, in that land where the sense of justice has been disregarded by the Spanish oppressors, no exemption being made even in favor of the white native.

In the same way that in less than sixty years, the considerable aboriginal population of the island was almost extinguished, their substitutes, the African negroes, subjected

to the same hard treatment, entered upon the road to extermination.

When the census of 1877 was taken, it was shown that although 1,080,040 negroes had been imported, their number was reduced to 459,644, which means that 620,396, nearly two-thirds, had been exterminated, and that despite the favorable conditions of a clime similar to their own, their offspring had also disappeared.

This incredible mortality was simply due to the excessive harshness and cruelty with which the miserable slaves were treated.

The negro trade was condemned by the civilized world, and England exacted its suppression from Spain in 1817, when a treaty was signed in which the latter was granted an indemnification of 400,000 pounds sterling, and yet the trade continued. Ships full of negroes surreptitiously arrived at the coasts of Cuba, and this shameful violation of an international law was the source of fabulous wealth for the Spanish officials, from the Captain-General down to the humblest clerk.

It would fill volumes to relate only a part of the legends and traditions of the trade. The negroes were thrust, naked, into the hold of the ship. No more food than was strictly necessary to preserve life was given to them. The sick were thrown overboard to avoid contagion, and more than once the whole of that black human cargo was thrown into the ocean to escape punishment when surrender to a British cruiser was inevitable.

Upon the arrival of the negro laden vessels at the Cuban coasts, the miserable beings were received by delegates from the authorities, confidentially appointed to collect their share in the profits of the expedition, which was generally disposed of on the spot.

Fifty-six thousand negroes were thus smuggled into Cuba, in 1820, despite all the efforts of the British navy to prevent it, and this meant over two million dollars to be divided among the Spanish authorities.



Fortunately, as soon as a genuine Cuban community was formed, the cultured classes realized the fact that slave labor was the least convenient for the increase of riches, as it was a negation of human personality, as well as an economic error and an obstacle to the development of public liberties, and as early as the beginning of this century most of the Cuban writers and thinkers pronounced themselves in favor of the abolition of slavery.

In 1865, all the members of the Junta de Information, a Committee of Cuban delegates to inform the Madrid Government about reforms to be established in the colony, asked for immediate abolition of slavery. The revolution of 1868 proclaimed the emancipation of the slaves, and ten years later, in 1878, when a treaty of peace was signed, the freedom of those who had fought in the revolutionary ranks was declared.

On her side, Spain has enacted in 1870 the Moret plan of gradual abolition. In 1880 slavery was given the name of patronate, to make it subsist eight years longer; but two years before the expiration of that term, the Spanish Cortes voted on the motion of the eminent Cuban deputy, Don Miguel Figueroa, the definite cessation of all servitude.

No social disturbance was caused by the abolition of slavery, as had been predicted by its opponents. Public wealth did not diminish. On the contrary, with free labor, a considerable increase of the sugar production was realized.

According to the census of 1887 the colored population of the island was then 485,187, and the whites numbered 1,802,680, which is 30½ per cent for the colored, and 69½ per cent for the whites in the total population.

The colored population, as a whole, is employed in domestic service in the cities, and in agricultural labor in the interior. The average of a servant's salary is fifteen dollars a month, and that of farmers and workmen on the sugar plantations thirty dollars a month.

The negro now enjoys in Cuba the same civil and political rights and is entitled to the same privileges as the white

man, although as also happens in the United States, in private life social prejudice growing out of the traditions of slavery and race feelings has not yet disappeared.

The Cuban negroes are of a mild disposition, sociable, intelligent, industrious and progressive. Although deprived for many years of education, yet they have made their entrance into the life of freedom with dignity and full of noble aspirations. They have founded schools and associations of all classes in every town and city in the island, and the number of those who know how to read and write is now considerable.

To attain these results they have had every possible aid from the white natives.

An important characteristic of the Cuban negro, which makes him solidary with the white, is his unbounded love for the land in which he was born. He has forgotten his sufferings and all the wrong inflicted upon his race, and thinks only that for himself and for the white Cuban there is one supreme aspiration, common to all, which stands above every other thing: Cuba.

The Cuban negro is not a disturbing element. He is an agent not to be dispensed with in any solution that the future may bring to the island. His progress is well marked. The number of negroes who have attained a high degree of culture and distinguished themselves in several branches of human knowledge is very important. *Placido*, the immortal poet, whose works have been translated into several languages, and who died on the scaffold for the crime of having cried over the sorrows of his country and race; *Francisco Manzano*, who wrote some good works in prose and verse; *Jose White*, the famous violinist, who won the protection of Dom Pedro, the Emperor of Brazil, and was appointed Director of the Conservatory of Music at Rio Janeiro; *Manuel Jimenez*, had first prize of the Paris Conservatory; *Manuel Morua Delgado*, a journalist, and author of good novels and biographical sketches; *Juan Gualberto Gomez*, an eloquent speaker, journalist, author of some books on social and political science,

and now a convict in the Spanish penitentiary of Ceuta, in Africa, for the crime of rebellion, as one of the authors of the present revolution, in which one of the most brilliant stars is also a mulatto, General Antonio Maceo. R. C.

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## Sweating System in New York City.

JULIUS M. MAYERS.

(Counsel to the Reinhard Committee.)

### II.

In many of the shops, as well as in the tenement houses, unclean and unsanitary conditions exist. Many of the work people engaged in the lower paid branches of labor are uncleanly in their habits, and it is to be expected that where they work and live in the same apartment clean conditions cannot be found, but it has likewise appeared that in some of the large shops unwholesome conditions exist. It is quite true that contractors who endeavor to conduct proper work shops and keep them clean have much difficulty in seeing to it that their employes keep themselves and the shop clean.—(Testimony Charles Lyon, p. 3168.)

But violations have been found for which there can be no excuse. The failure to keep water closets clean is one of the most notable violations of the health and factory laws, and this violation is not confined to the petty manufacturers or contractors.

One of the offenders who was examined before the committee and who conducted a large shop, employing from seventy-five to one hundred people, had been convicted on a plea of guilty in the Court of Special Sessions to the charge of keeping a filthy water-closet, and was fined for that offense. While there has undoubtedly been a marked improvement from year to year in the cleanliness of the work places, much is yet to be accomplished before conditions will be decent. The failure to keep premises clean is due not only to the habits of the employes, but also to the indifference of employers, and to the inability of the Factory Inspectors to make visits at sufficiently frequent intervals to enforce vigilance in this re-

gard. While it is true that the Board of Health makes semi-annual inspections of the *tenement houses* in the City of New York, it is likewise true that the sanitary condition of the *work places* is, as a rule, brought to the attention of the Board of Health only upon complaint, and it will be readily seen that it is the exception and not the rule for a person employed in a work shop to communicate to the Board of Health or the State Factory Department any information as to existing filthy and unsanitary conditions. Often the employé is afraid to communicate information to the proper officials, and he is generally ignorant as to the proper department to which to make a complaint. The need, therefore, of constant surveillance is obvious. The unclean and unsanitary conditions prevailing in the work shops are due at times to the conflict between the landlord and tenant. Repairs necessary to be made are frequently large in extent and expensive. The present health laws adequately fix the responsibility of making necessary repairs upon the lessee and owner, but delays are frequent, and particularly so by reason of the fact already noted, that these conditions are usually discovered only upon complaint made, and not by inspection on the part of the Board of Health, in the work places.

#### CHILD LABOR AND FACTORY INSPECTION.

The gravest evil, and the one which, after all, affects most seriously the public welfare, is the employment of children under the age of fourteen, in sweat shops where inadequate light, bad ventilation and the monotony of the kind of work done by them, combine to stunt the child physically, mentally and often morally. Many children were found working in sweat shops who were under the age of fourteen, and of these many were undersized and dolefully ignorant, unacquainted with the simplest rudiments of a commonschool education, and having no knowledge of the simplest figures, and unable in many cases to write their own names in the native or any other language. Two illustrations of the many that could be cited will suffice to corroborate this broad statement:

Eva Lunsky testified as follows:

" Q. When were you born? A. I don't know.

" Q. Nobody has ever told you? A. No, sir.

" Q. Did your mamma ever tell you when you were born? A. She told me, but I have forgotten.

" Q. You don't know whether you ever had a birthday party or not?

" A. Yes, sir; I have had a birthday party.

" Q. When? A. Last year.

" Q. How old were you last year? A. I was fifteen.

" Q. Was it in the winter time? A. It was in the summer time.

" Q. And you don't know the month? A. No, sir.

" Q. Do you know when the Fourth of July is? A. No, sir.

" Q. Do you know when the summer time is when they fire off fire-crackers; don't they have any down your way?

(The witness gave no answer.)

" Q. Did you ever go to school in this country? A. I went only three months.

" Q. Where was that, Eva? A. That was last summer.

" Q. What time in the summer was it that you went there; what month, do you know? A. No.

" Q. Do you know the name of the summer months? A. No, sir.

" Q. What month is this; do you know what month this is? A.

" No—— (Testimony, pp. 587-8.)"

Again, Fannie Harris, who earned \$2 per week, of which her mother allowed her two cents a week for spending money, testified:

" Q. Now, have you been to school in this country? A. No.

" Q. Can you read? A. I can read a little, not much.

" Q. What can you read—can you read 'dog'? A. No, sir.

" Q. Do you know how to spell dog? A. I went to night school.

" Q. Do you know how to spell dog? A. I have forgotten it since night school stopped.

" Q. Can you spell 'cat'? A. Yes, sir.

" Q. How do you spell it? A. I have forgot.

" Q. When did you have a birthday; did you have a birthday lately?

" A. No, sir.

" Q. Did you ever have a birthday? A. No, sir.

" Q. You know what a birthday is, don't you, Fannie? A. Yes, sir.

" Q. What is that? A. The day that you were born.

" Q. Now, didn't you have a birthday? A. I never had a birthday because we have not any money to make a birthday.

" Q. That is, you never had a little party? A. No, sir.

" Q. A birthday is a day when you have a little party, is it not? A. Yes, sir.

" Q. Does your mamma work? A. Now she ain't working, because I am working, but before, when I didn't work, she worked.

" Q. Your mamma is not sick, is she? A. No, sir.

“Q. And your mamma wants you to go to work? A. Yes, sir, sure she does; and I want to go to work myself.

“Q. And if you don't go to work then your mamma will have to go to work? A. Sure.

“Q. Now, Fannie, when will you be fifteen years of age? A. I don't know.

“Q. Are you fifteen now? A. No, sir.

“Q. And this paper (showing age certificate) your mamma gave you, did she? A. I went to a lawyer and paid twenty-five cents and he gave me it.”

The cases which came to the personal attention of the committee on its tours of investigation were even more flagrant and pathetic than those illustrated by the above quotations.

Parents and mercenary and corrupt notaries alike connived at the employment of children under the statutory age. A parent who is willing to permit his child to work in a factory at an age under fourteen, is ordinarily just as willing to perjure himself as to the age of the child. To carry out his purpose he has little difficulty in obtaining the assistance of a notary, who is willing, for the illegal fee of twenty-five cents, to be a party to the crime. While the legal fee of a notary for taking the affidavit is twelve and one-half cents, many of the notaries have charged twenty-five cents upon the specious plea that the labor of filling out the blank spaces in the age certificates is worth the additional twelve and one-half cents. The committee discovered that the taking of affidavits of the age of children was engaged in by notaries public as a business. The testimony relative to the conduct of the notaries public, who were unworthy of their commissions, was forwarded to Governor Morton, who demanded the resignations of some of these notaries and refused to re-commission others.

It was found that some notaries made a business of making out “Age Certificates,” and either were utterly unscrupulous or censurably careless.

These children are for the most part employed in the manufacture of clothing, at pulling out basting threads, or in the manufacture of shirts, at sewing buttons, sometimes on

piece work and sometimes at a weekly rate of wages. The pay varies from one dollar and twenty-seven cents, as in the case of Sarah Butterman, who received two and one-half cents for sewing buttons on a dozen shirts, to three dollars per week. (Testimony, p. 861 *et seq.*) Their hours of labor are from seven or eight in the morning to six at night, for six days in the week, excepting the hour to which they are entitled for the midday meal, which hour is not always allowed to them. This is one of the violations, with others, of the State Factory Law.

But while this child labor is found principally in the manufacture of clothing and shirts, it is likewise prevalent in the manufacture of artificial flowers, feathers, paper boxes, neckties and cigars. While some young children were found in the larger manufacturing establishments, the majority were discovered in the sweat shops.

As a result of the investigations made, it was apparent that some law should be enacted which would tend to correct or alleviate abuses so far as they can be reached by legislation. The abuses which it was thought could be reached were, first, the employment of child labor; second, the tenement-house work shop; third, the manufacturing of goods under unhealthy and unsanitary conditions. Many suggestions were made looking to the creation of safeguards against the employment of child labor. Mr. Riis, a careful student, suggested that a child should be required to produce its birth certificate, but while the European countries have perfected systems of birth certificates, we have no such systems throughout the states. It is only within about the past ten years that the New York City Board of Health has kept its present excellent system of birth records. The end sought to be accomplished was, that no child under fourteen should be permitted to be employed, and that every child under sixteen, before it could be employed, should be physically fit to do the work intended, and should have schooling at least in the rudiments. The law passed by the Legislature of 1896, and approved by the Governor on May 29, 1896, is to take effect four months after its

passage. It provides that no child under sixteen years of age shall be employed in a manufacturing establishment without the certificate of the local board of health. The local board of health must ascertain the date and place of birth of the child and the physical fitness of the child for the work which it intends to do. The parents or guardians of the child must file with the local board of health an affidavit stating the age, date and place of birth of such child. But in any event, the local board of health must be satisfied that the child is in fact fourteen years of age or upwards, and has regularly attended upon instruction at a school in which at least the common branches of reading, spelling, writing, arithmetic, English grammar and geography are taught, or upon equivalent instruction by a competent teacher elsewhere than at a school, for a period equal to one school year. When the requisites have been found to exist, the local board of health is to issue a certificate which shall state the date and place of birth of such child wherever possible, and shall describe as accurately as may be, the color of hair and of eyes, height and weight, and any distinguishing facial marks of the child, and shall further state that the health board is satisfied that the child is able to do the work intended, and that the date of birth of the child, as set forth in the certificate, is correct. Wherever the date of birth of the child cannot be ascertained, the certificate must so state, and must also state that the local board of health is satisfied that the child is fourteen years of age or upwards.

A limited certificate, designated "Vacation Certificate," may be issued, permitting the child to work during the vacation of the public school, provided the child meets all the requirements above referred to, and provided it can read and write simple sentences in English. Local boards of health are required to forward to the Factory Inspector at Albany, between the first and tenth of each month, a descriptive list, setting forth the names of the children to whom the certificates have been issued. Notaries are prohibited from demanding or receiving a fee for taking an oath of a parent of



a child, when the affidavit thus taken is to be used for the purpose of obtaining a certificate, as above described, from a board of health.

At first reading, this system appears somewhat complicated, but it is, in fact, simple, and after the first rush incident upon the initiation of the law, it is expected to be carried out without difficulty, and with the same smoothness which marks the routine work of properly managed public departments. Boards of health are peculiarly well equipped with the machinery necessary for the issuing of the certificates. They have physicians and they have officers empowered to administer oaths. The distribution of this work among local boards of health throughout the state makes it readily capable of accomplishment, whereas, the same work would be a physical impossibility for the State Factory Department. When a Factory Inspector visits a manufacturing place he is no longer required to spend the time heretofore necessary to investigate the truth of an affidavit of age, but need only inspect the child's official certificate, and the description of the child's hair, eyes, etc., in the certificate practically defeats any attempt at fraud, such as the selling or transferring of certificates by parents or children. The prohibition of fee-taking by notaries, helps likewise to prevent fraud and perjury, as well as to save twenty-five cents to poor people to whom that amount is a large sum.

Another direction in which the Factory Law was amended was the empowering of all local boards of health with the right to destroy contagious articles, as follows:

“If the Factory Inspector, Assistant Factory Inspector, or any Deputy Inspector, finds evidence of infectious or contagious diseases present in any work shop, or in goods manufactured or in process of manufacture therein, or shall find goods used therein to be unfit for use, such Factory Inspector, Assistant Factory Inspector, or Deputy Factory Inspector shall forthwith report the same to the local board of health, and the said local board of health shall forthwith issue such order or orders as the public health may require. Said local board of

health is hereby empowered to condemn and destroy all such infectious and contagious articles, or any articles manufactured, or in process of manufacture, under unclean or unhealthy conditions, as aforesaid."

The provision of the law which is perhaps most relied upon to destroy the tenement-house work shop, is that which casts a responsibility upon landlords. Heretofore, under the Factory Law, it was unlawful for any room or apartment, in any tenement or dwelling house, to be used except by the immediate members of the family living therein, for the manufacture of coats, vests, cigarettes, cigars and other articles. This statute was frequently evaded, and many tenement-house work shops still continued to be conducted with all the menace to public welfare which springs from the manufacturing of goods under unclean and unhealthy conditions.

Professor Gunton was one of those who suggested that the landlord of a tenement should suffer for violations of law which he permitted or acquiesced in upon his own premises, upon much the same principle as the landlord of premises which a tenant uses as a bawdy house is held responsible. The law of 1896 thus provided that wherever any room in a tenement house is used, except by the immediate members of the family living therein, for the manufacture of coats, and other articles of wearing apparel, cigarettes or cigars, the Factory Inspector or his deputies shall serve a notice personally upon the owner, lessee or agent of the tenement house, acquainting him with the fact that the tenement is so used, and that if its use is continued the owner will be subject to punishment for misdemeanor. If the room in the tenement is continued to be so used by the same person at a period of thirty days later than the service of the notice, the owner, lessee or agent becomes guilty of a misdemeanor. The owner of the premises, his lessee, or agent, however, can absolve himself from liability, if, within fifteen days after the service of the notice, he institutes dispossession proceedings against the offending tenant. The unlawful use of a room in a tenement, as above

described, by a tenant, shall be deemed sufficient cause for dispossessing such tenant in a proceeding brought for that purpose.

A few prosecutions under this section of the act will, it is hoped, demonstrate the maxim that an ounce of prevention is worth a pound of cure. Once landlords appreciate that they, themselves, must be vigilant, or else render themselves amenable to punishment, there will be a marked reduction in this kind of violation of the Factory Law. I do not contend that with one stroke of legislation all of the evils of the sweat shop system can be eliminated. I am of the opinion, however, that with the vigilant performance of the duties imposed by law on the part of the State Factory Department and the local boards of health, the evils of the sweat shop and of the manufacture of tenement-house made goods will be appreciably diminished, and a year's trial under the Factory Law, as now amended, will give us more light upon the subject; and now that these steps have been taken, that legislation will always be readily obtainable to supply any deficiencies or correct any errors which may appear in due time and with due experience.

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### The Economics of Organized Charity.

\* REV. M. MC'G. DANA, D.D.

IT is not as widely known as it should be, that every year there is a National Conference of specialists, students and experts, interested in all phases of charitable and correctional work. The twenty-third annual meeting of this body was held last June in Grand Rapids, Mich. The personnel of the gathering is noteworthy, for in it are to be found those who have to do with the administration of charitable relief, both public and private, together with those who have the management of our charitable institutions of every sort, as well as those who are leaders in philanthropic study and effort.

Such a Conference it is easy to see can become of great public benefit, and already it has created a body of literature

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\* First Vice-President of the National Conference for 1897.

which will prove of increasing value to all interested in questions of applied philanthropy. The Boards of charities now existing in almost all the states are the constituent bodies in this National Conference, and to them is due the great progress made in dealing with the delinquent and dependent classes in this country.

These Boards resulted from a movement to improve the administration of public charities, and are of two general types. One has powers of supervision and report only; while the other has powers of absolute control over public institutions. They came into existence none to soon, for our State and Municipal charities had grown rapidly and without system, and were in a chaotic condition. Their membership is made up uniformly of prominent citizens, who are willing to give of their time to the inspection of charitable institutions, and to the study of how to improve them. The only salaried officers of the Boards are their secretaries, who in many instances have become eminent specialists, and to whose service as investigators and students of methods of charity administration their stability is due.

The questions of charitable relief have become so important that greater attention is being given to them than ever before. The evolution of public charity has been slow, and only when mediæval methods failed, was it felt that the state should undertake relief work. The *laissez-faire* school of economists maintained that every man should be left to prosper or fail, to be wretched or happy without governmental intervention. One of the earliest English writers on the problems of poor-relief ventured a criticism which is applicable in these times, that while human ingenuity has sought most sedulously to improve the condition of the poor, it has conspicuously failed. "There is no subject," this author remarks, "to which general principles have been so seldom applied." As a breakdown in public charities in various parts of Europe has periodically occurred, one result has been to increase the emphasis on the study of how to better social conditions, and to improve charitable administration.

Already we are spending in this country upwards of one hundred million dollars annually for charity, and this burden is now so great that there is a growing feeling that it should be curtailed, or at least a limit put to its indefinite increase. It is for this reason present charitable methods are being subjected to rigid inspection, and charitable endeavor directed more and more along preventive and reformatory lines. It is undeniable that there has been enormous waste through duplication of charitable agencies, bad administration, and the overgrowth of public relief. This Conference has been a fearless and faithful expounder of new methods, and especially, of late years, of the economic aspects of philanthropy. It has intelligently and persistently brought before the public those classes in society requiring State care, while at the same time directing attention to the causes producing most of our poverty, and to the origin of the dependent and delinquent classes in the population.

Few realize what an army the latter make up: and it has been the continuous study of how to treat these, that has made the deliverances of these conferences of such value. The insane in this country outnumber the criminals by more than twenty thousand. Yet progress is apparent in dealing with the former. In 1880 only one-half were in asylums, while in 1890 nine-tenths were under asylum treatment, and nearly all these were in public institutions. Next in number come the idiotic, amounting to 95,254, and of these but a moiety are as yet in asylums. They are the class about which the Conference has made some important suggestions, and has urged such dealing as the protection of society now makes imperative. Already four millions of dollars have been expended in erecting institutions for housing these unfortunates, and over one million dollars is annually expended for such as are under custodial care. Fifty thousand blind, and over forty-one thousand deaf complete the list of defectives. Then when you add the inmates of prisons of every grade, reformatories, and the augmenting numbers who fill our public almshouses, besides those receiving charitable relief

from the city or private societies, we get some idea of the tremendous burden incident to the care of all these dependents and delinquents.

A noteworthy fact about the past two national conferences is the increasing number of economists from the universities, showing that the relation between economics and philanthropy is being acknowledged. The time when these were arrayed in opposition has happily passed. "The new point of view" is the great gain, and as a consequence the sentimental treatment of charity is fast disappearing. The vast body of human activities, which these conferences have increasingly represented, are becoming the subject of scientific treatment. What philanthropists have worked out, constitute now a body of principles which economists are recognizing and studying. At this meeting in Grand Rapids the development and achievements of philanthropy were reviewed, and the problems of "the new philanthropy" clearly pointed out.

It is preventive work which is the hope of the future, and the challenge of the charitable methods which have been in vogue, is the proof that we are entering upon a new epoch. The machinery of benevolence is what needs to be improved, and social and industrial conditions made more prominent, as sources of most of the poverty and crime that are obviously remediable. Far too generally charitable relief has become a profession, creating a class of persons who thrive on charitable organizations. The bane of charity is the professionalism connected with it. This conference lent the weight of its influence decidedly to preventive work as that which was most promising, economical and by far the most imperative. The removal of causes, which have made relief seemingly so necessary, is the prominent subject now, and the lessening of expenditures for needlessly palatial asylums is a sign of a wholesome reaction. The conference brought out some points which plainly show that unrestricted immigration has been one fruitful source of the crime and poverty which have been so alarming of late years. Our foreign

population contributes now 3-5 of all the paupers in almshouses; and the foreign whites, with their children, constituting 32.93 per cent of the population, produce 56.81 per cent of the prisoners in our various penal institutions. The ineffectiveness of the laws relating to child labor was impressively set forth, and the trade unions shown their part in solving this grave problem of the working children.

After all it becomes more and more apparent that indiscriminate charity is responsible for a large proportion of our civic pauperism, and incompetency in dealing with the tramp problem has thus far only fostered its growth. While vagrancy is as old as savagery, it would seem as if some uniform system could be adopted for limiting and ultimately extinguishing this evil.

The questions charity has now to face are essentially economic. All relief is admitted to be only a temporary expedient, the improvement of the conditions producing distress being the main study. Mr. Mallock is right when he says, "that the endeavor to erect distress and weakness into a claim on the systematic help of the State or any other organization, is to increase it, where it already exists, or develop it where it does not." It is a fatal mistake in every scheme of charity to think only of those in distress, and ignore at the same time the effect of relieving it, on others. The helping of one individual may prove a direct injury to another.

The field of charity is now so immense that co-ordination of methods is indispensable. The aim, therefore, of this conference is to survey critically what is being done in this wide field, and then to bring about a better social condition, by comparison of methods of relief; by the exposing of needless expenditure in the management of public institutions; by insisting on charity as only a means for temporary relief; by the emphasis on the economic view, in which prevention, and the betterment of industrial relations are pre-eminent, and by the advocacy of the reformatory treatment of all criminals. There was a notable broadening out of inquiry at this meeting, which augurs well for the future. The segregation of the

feeble-minded, as the only safe course for society, was affirmed with practically little dissent. Some papers prolix, and not up to the high standard that should be insisted upon, always are a burden to the Conference, and with the subjects now so numerous and publicly important, coming up for consideration at every session, it will be increasingly necessary to guard against that which is unessential and out of date. The freshest thought is what is wanted, together with the newest experiments, and the most advanced methods in institutional and societary philanthropy. A correct theory of social evolution can only be established through painstaking investigation. More than ever is charity called upon to canvas the remote results of its activity. Hasty and inconsiderate benevolence, Bagehot claims is responsible for a good deal of social injury. The passion for doing good must become increasingly scientific. Hasty dashes at charitable endeavor are apt to be fraught with evil. Pauperism is a disease requiring skillful treatment and less amateur dosing. While charity will always claim that its function is to shield the children of misfortune, still, if that were all, it would only aggravate the distress it seeks to alleviate. It is from the mistakes and mis-carriage of charity that society desires to be relieved. It is for this Conference to help educate the public into wiser methods of charity administration, and to lessen the burden on the state, and the benevolently disposed of charitable institutions for civic relief. This Conference will have a still higher role to fill in coming years, and should be the expounder and advocate of "the new philanthropy."

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### Convict Labor.

THE subject of convict labor is always a perplexing one, because of the conflicting interests involved. Upon the one hand is the desirability of keeping prisoners employed upon some line of work by which they can make a living after their release, and on the other is the economic disadvantage of injecting this cheap labor element into the productive organization of the community. It is one of those minor problems of



industrial economics which seem possible of solution only by experimentation and re-adjustment, as conditions change. So long as there is a convict problem at all, we shall probably have a problem of convict labor. The remedy for both evils lies in the development of those sociological forces which shall gradually eliminate the temptation to, and hence the commission of crime.

Some very interesting information on the present status of convict labor in the United States has recently been published by the National Department of Labor, in its official bulletin, No. 5. It appears that the total value of work done in the penal institutions of the country is rather on the decrease than increase, standing at \$19,042,472.33 in 1895, as against \$24,271,078.39 in 1885. These figures cover institutions of the grade of state penitentiaries only, the work done in minor prisons being comparatively insignificant. This is at least an indication that the evil, so far as it is such, is being modified in the right direction, thanks to the increasing attention that has been devoted to it in recent years.

The report states that there were four systems followed in the employment of convicts in 1885, which continue with few changes to the present time. These were:

“1. The contract system, under which a contractor employs convicts at a certain agreed price per day for their labor, the prisoners working under the immediate direction of the contractor or his agents. Under this system the institutions usually furnish to the contractor the power necessary and even the machinery for carrying on the work.

“2. The piece-price system, which is simply a modification of the contract system. Under this system the contractor furnishes to the prison the materials in a proper shape for working, and receives from the prison the manufactured articles at an agreed piece price, the supervision of the work being wholly in the hands of the prison officials.

“3. The public-account system, under which the institution carries on the business of manufacturing like a private individual or firm, buying raw materials and converting them

into manufactured articles, which are sold in the best available market.

“ 4. The lease system, under which the institution leases the convicts to a contractor for a specified sum and for a fixed period, the lessee usually undertaking to clothe, feed, care for and maintain proper discipline among the prisoners while they perform such labor as may have been determined by the terms of the lease.”

The first, or contract labor system, has evoked the greatest amount of opposition in the past few years, and most of the changes since 1885 have been from that to the public account or piece-price plan.

The total number of convicts in prisons of the grade under consideration increased from 41,877 in 1885, to 54,244 in 1895. The proportion of these engaged in productive labor did not increase quite so fast, being 30,853 in the former year and 38,415 in the latter. This, in view of the decrease in value of product, seems to indicate that the labor of convicts is being transferred from higher to lower grades of industry. The tables given appear to bear out this view, the only employment showing a notable increase being farming. Work on prison buildings, etc., increased. This change may be a little hard on the convicts, from an educational standpoint, but the state can hardly afford to assist its criminal class at the expense of free workingmen.

“The decrease in New York of over \$2,800,000 in the value of goods produced and work done,” says the report, “was largely owing to changes in legislation.” The legislation referred to is embodied in several acts passed since 1888, providing among other things that no motive-power machinery be used in any penal institutions within the State; prohibiting the contract system in favor of the public account or piece-price system for the sake of “industrial training,” the lines of work to be selected with a view to competing as little as possible with industries carried on within the State; limiting the number of convicts in certain employments, and specifying that “none of the product of the labor of the convicts shall

be sold for less than 10 per centum in excess of the cost of the materials used in the manufacture of such products." The new State constitution absolutely prohibits any form of convict labor except where the product goes wholly to the State.

These provisions are in many respects similar to those in force in Massachusetts. The other States definitely prohibiting the contract labor system are Minnesota, Mississippi, Montana, Utah and Washington. Neither can convicts in United States prisons be hired out under this plan.

The report very properly points out the fact that the sum of \$19,042,472.33 referred to, is not by any means all the product of convict labor. It includes the cost of raw materials, upon which the work was expended. Thus the report says:

"The \$19,042,472.33 does not represent the labor of the convicts themselves. In 1885 the total wages paid by contractors and lessees to states and counties for the labor of convicts, from which resulted a product of the value of \$28,753,999, was only \$3,512,970, or \$1 of convict-labor wages to \$8.19 of finished product of convict labor. There is reason to believe that the ratio at the present time is less than that for 1885. At the present time, in all probability, the total value of the labor expended by the convicts in the State penitentiaries and prisons of the country, considered in this report, does not exceed \$2,500,000."

Looked at in the light of these statistics, the convict labor problem, while perplexing, can hardly be considered one of alarming magnitude, or as constituting any great menace to the free labor of the country. Nevertheless, labor unions do well to keep a sharp eye out on the subject and create a public opinion that shall not permit convicts to injure honest labor.

### Editorial Crucible.

THE NEW YORK *Sun* is nothing if not pronounced. It charges President Cleveland with "mischievous lying" in pretending that the bond issues were rendered necessary solely to maintain the gold reserve. It has been said that it is better manners to prove a man a liar than to call him one. The *Sun* has improved on this rule by doing both.

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THE LOUISVILLE *Courier-Journal* twits the New York *Sun* of being "handicapped in its work for honest money by the fact that it was the Republican party that first degraded the currency by making greenbacks, which for seventeen years were irredeemable, a legal tender for public and private debts." Why does not the *Courier-Journal* frankly denounce the Republican party for having raised an army to defend the Union against *its* slave-holding rebellion? Is it necessary to remind the *Courier-Journal* that the Republican party was compelled to issue the greenbacks in order to defend the Republic against the treason of Kentucky and its disloyal neighbors? It is true that the greenbacks are the poorest kind of money, and should be retired at the earliest opportunity; but at their worst, they were always better than the *Courier-Journal's* patriotism. "Colonel" Watterson's censure of the Republican party for issuing greenbacks is very much like a murderer's protest against the expenditure of public money to sustain police, judges, juries and jailors.

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THE NEW YORK *Evening Post* is doing exceptionally good work in the present campaign of education in sound money. It is one of the few journals that recognizes the fact that the mere prevention of the free coinage of silver at 16 to 1 is not the establishment of sound money. It sees the need of getting rid of the legal tender greenbacks and putting all paper money on a coin redemption basis. It says:

"The constitutional amendment which we most need, and we hope some party will before long call for and work for, is

an amendment taking away from Congress, as the Constitution has already taken away from the individual States, the power of making anything but gold and silver a legal tender in payment of debts."

The *Post* is right. After defeating the free coinage of silver, the first step towards giving us a sound currency system is the retirement of the greenbacks. We hope the *Post*, *The Journal of Commerce* and the other papers which recognize the importance of this subject, will continue the campaign of education with increased vigor until all the legal tender paper money shall disappear from the currency system. *Nothing but standard coin should be legal tender.* It is high time that this country passed from the era of government fiat money to that of sound business banking.

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MR. DEBS HAS issued a manifesto to the "members of the American Railway Union," asking them to support Mr. Bryan. He evidently has no faith that the free coinage of silver would benefit laborers. The point upon which Debs appeals to the Railway employés is the question of "Injunction," by which he was sent to jail and Engineer Lennon, of Ann Arbor, was fined \$50 and costs, without the right of a hearing. This is unquestionably a valid point and will be scouted by no friend of organized labor. But, as we have pointed out in another article in this number, that is no justification for the railway employés or any other wage workers supporting Mr. Bryan. A bill has already passed the Senate and is now before the House modifying the power of the Court to issue injunctions and pass sentence for contempt in all such cases as Mr. Debs' circular refers to. In short, the bill provides for all Mr. Debs and his Union ask and its successful passage in no way depends upon the election of Mr. Bryan or Mr. Bryan's party. It will become a law in the next Congress if the Republican party is elected.

To ask the laborers to elect a party, who will so debase the standard money as to insure a violent reduction of wages that would probably take the laborers ten years of strikes to over-

come, under the pretense of getting a reform which is already conceded and partly enacted without any special aid from Mr. Bryan and his friends, is cruelly unjust to the laborers themselves. It is perfectly proper that Mr. Debs and his Union should insist upon this reform, but it is treachery to the labor cause to ask laborers to help bring on a reduction of wages and national disaster, to obtain what they can just as well get from the friends of financial stability and industrial prosperity. We have never shared in the common claim that Mr. Debs is a labor humbug, but this document looks very much like it.

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THE *Boston Herald* has great difficulty in keeping a straight face these days. It wants McKinley elected, but, oh, dear, what a painful effort for it to frankly say so. It sometimes almost looks as if it would rather have Bryan with his free silver for the sake of his free trade, than McKinley for his sound money with his protection. It is with the greatest difficulty that it can say a word for the Republican ticket, without trying to insert its free trade knife somewhere under the ribs. Recently in commending a speech of Hon. William C. Lovering, as a "business man's argument," it said: "We do not agree with Mr. Lovering in his views concerning tariff changes. We furthermore disagree with him in his belief that the tariff in itself has had anything to do with the depressed condition of business affairs during the last two or three years." The cause of sound money does need every advocate at this time, but really a journal that is so obviously blinded by its abstract theories as to be capable of such a statement ought to support Bryan. Nothing more absurd is ever said in favor of the free coinage of silver, and it is doubtful if the cause of sound public policy can ever be permanently helped by such partisan methods.

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PRESIDENT FRANCIS A. WALKER seems to be surprised that he should be quoted as in favor of free silver by George Fred Williams and other supporters of Bryan. Of course, this is somewhat annoying, because it puts General Walker in

such poor company. Yet it is difficult to see why he should complain, for they are but repeating many of the arguments he is constantly using on the subject. He is a pronounced believer in the "volume of money" theory which is the very basis of the free silver heresy. More money is the burden of their claim. In his recent address before the American Economic Association, on "The Relation of Changes in the Volume of the Currency to Prosperity," Mr. Walker has warranted Bryanites quoting him as friendly to their cause. Indeed, they might have used very much of that address as a campaign document. Mr. Walker's statement in this address (page 27 of *Economic Studies*), that "Those who hold the quantity-theory of money are not bound to prove their case," is enough like Mr. Bryan's own utterances to establish the connection as teacher and pupil.

The truth is that General Walker's position on the money question contains the very heresies on which the green-back and free silver movement rest. To be sure, he has too much practical sense to advocate free coinage for the United States at a ratio which would over-value silver about 100 per cent, but that is only because his practical sense gets the better of his monetary theories. The only thing surprising in the case is General Walker's surprise at being recognized by his followers.

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IN EULOGIZING PRESIDENT CLEVELAND, in his opening speech as chairman of the Palmer and Buckner meeting at Madison Square Garden, ex-Governor Flower said: "He pointed the way to stability in Government, to prosperity and not to panic."

In compiling the decalogue Moses omitted the clause, "Thou shalt not lie," but it has since been amended by "One greater than Moses," who has said: "Liars shall have their part in the lake which burneth with fire and brimstone." To his part in this lake, Governor Flower's title would seem very clear. We have become accustomed to Mr. Bryan's making statements that are the opposite of true, and through a

charitable construction frequently ascribed it to his innocent unacquaintance with the facts. But Mr. Flower can enter no such plea. He knows better. He knows well that Mr. Cleveland's conduct has not promoted stability and prosperity; but that, on the contrary, it has created universal uncertainty, destroyed prosperity and given us a protracted panic. His conduct closed factories, created bankruptcies, increased enforced idleness and gave us a state of industrial depression which has never before been equalled in the history of the country. Nay, more, he has given us the silver question which threatens the very foundation of our national honor and stability.

If Mr. Cleveland had not forced his anti-tariff policy, there would have been no panic in 1893; there would have been no deficiency in the revenues, and consequently, no bond issues and no "endless chain" exhibition in our public finances. If there had been no closing of factories and cutting of wages and increased idleness and bond issues, there would have been no silver question. Whatever the merits of Grover Cleveland may be, he is the master prosperity-destroyer and panic-creator of the century.

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THE BRYAN CAMPAIGN has rapidly developed its true character. It is a class movement. It is a campaign against industrial stability and prosperity. A campaign of socialism, populism and anarchy against the industrial order of society. It is the legitimate fruit of Mr. Cleveland's teaching and the natural outcome of his leadership. In his annual message of 1888 he said:

"The communism of combined wealth and capital, the outgrowth of overweening cupidity and selfishness, which, insidiously undermine the justice and integrity of free institutions, is not less dangerous than the communism of oppressed poverty and toil, which, exasperated by injustice and discontent, attacks with wild disorder the citadel of rule."

This was the key-note to the anti-prosperity, anti-capitalist propaganda that has been waged ever since, and is now



finding voice in the speeches of Watson and Bryan and the free silver orators and literature generally. It was echoed in the speeches of the workingmen in Cooper Union, and the same night in the following passage in Mr. Bryan's speech in Philadelphia, in which he said: "You ask me why I know this cause is true. I can give you many reasons, but one reason is sufficient: this, that every enemy to good government is against free silver. You can know a cause as you can know an individual, by the company that it keeps. Our cause appeals to the masses of the people, because the masses are interested in equal laws. Our cause is opposed by those who want to use our government for profit, because we are opposed to government instituted for any such purposes."

The business men throughout the country are those who are opposing free silver. The business men, therefore, are the enemies of good government. Let this Cleveland-Bryan doctrine that the business men are the enemies of the nation once be thoroughly believed, and good government, prosperity and freedom are at an end. Nothing has occurred since the birth of the Republic which goes so far to verify the doleful prophecy of Macaulay as the mob logic of the present campaign.

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THE JOINT LABOR debate on free silver at Cooper Union, September 22d, must be very disappointing to the friends of organized labor. It lacked the two essential characteristics of intelligent debate, viz.: fair play and the intelligent handling of the subject. Those who favored free silver were apparently in the majority, and they acted like an intolerant mob towards all the speakers on the other side; their evident intention being that those who spoke against free silver should not have a hearing. They showed themselves incapable of fair treatment towards those who differed with them. Another fact equally depressing was the lack of intelligent grip upon the subject. Those on the free silver side made no serious attempt to show that the laborers' condition would be improved by the free coinage of silver. The whole tenor of their

speeches was simply antagonism to the rich. It is a discredit to organized labor that trade unionists could be found who would so utterly ignore the interests of wage workers as did the speakers on the silver side in the debate. It was supposed that all the debators would confine themselves to the discussion of the question with reference to the wage workers' interests; yet, with striking unanimity, all the free silver advocates talked more like amateur politicians than serious wage workers.

We refer to the free silver representatives because they had the affirmative in the debate and should have introduced the wage question. If this debate represents organized labor, it shows that the workingmen are governed more by socialistic class spirit than by wage interests. It also shows that the minds of workingmen are becoming too much poisoned against existing industrial institutions to be safely entrusted with the decisions of great financial and industrial questions affecting the welfare of the nation. We cannot believe that the Cooper Union meeting correctly represented organized labor in New York City. If the speakers had been chosen by their unions, a much more representative class of speakers would have been selected. Mr. Southern, for instance, who is a professional socialist, would hardly have been selected to represent a *bona fide* trade union. We sincerely hope that neither the audience nor the speakers represented the organized laborers of New York.

AS THE CAMPAIGN progresses, the advocates of silver appear to become more unbalanced in their thinking and more reckless in their assertions. Mr. Bryan's statements from the beginning have been of this kind. His Chicago speech won him the nomination by virtue of these very qualities, but it is painful to see such journals as the Cleveland *Plaindealer* descending to his level. In its issue of September 2, it steps down to the plane of saying:

“History is repeating itself. Just as Jackson stood for the people and with the people against the imperialism of the mon-

eyed power represented in the old United States bank, so today Mr. McKinley stands as the representative of the gold syndicate, the great monopolies which make up American imperialism."

Of course, in pretending to believe at this late day that in wrecking the Bank of the United States, "Jackson stood for the people and with the people against the imperialism of the moneyed power," the *Plaindealer* is talking to the galleries and is not to be taken seriously. Mr. Holden knows, whether his readers do or not, that the people as represented by Congress were entirely against Jackson in his attack upon the bank, and that he only succeeded in his scheme by withdrawing the government deposits from the bank, contrary to the wishes of Congress. To accomplish this he had to remove his able Secretary of the Treasury and appoint a menial who would carry out his destructive plans towards the bank. Jackson was not only opposed by Congress, but also by the entire body of merchants, manufacturers, mechanics and business men who petitioned and pleaded through deputations and committees for a modification of his conduct, to all of whom he insolently turned a deaf ear.

No higher compliment could be paid to Mr. McKinley than to say that he stands for the opposite of what Jackson stood for in his bank-wrecking policy. Jackson stood for the destruction of financial stability and business prosperity. Mr. Bryan and the Chicago platform stand for exactly the same thing to-day. The only party in the country to-day, by whatever name it may be called, that stands for financial stability, banking efficiency and industrial prosperity is represented by William McKinley.

### Economics in the Magazines.

FREE SILVER POISON THE CAUSE OF INDUSTRIAL PARALYSIS. *J. Selwyn Tait*, in the *Engineering Magazine*, (September).

Mr. Tait makes a strong presentation of the leading arguments against free coinage, and touches, among other things, upon the advice given by Mr. Bryan to the possessors of small cash savings, namely, that they should save themselves by investing in property and commodities. Says Mr. Tait, referring to savings bank depositors: "Why, if Mr. Bryan's advice were to be taken seriously, we should see the savings of years gobbled up by land sharks of every description."

Hardly. If the prospect of free silver became strong enough to induce any such general demand for property, it would turn out that the "land sharks" were no more anxious to be loaded up with a lot of prospectively bad money than the would-be purchasers were to keep it. Here is where the real absurdity of Mr. Bryan's advice comes in. There must be two sides to every bargain, and while we can understand why Mr. Bryan advises the small money-holder to *buy*, we should be interested to know upon what grounds he would urge the other fellow to *sell*.

EARLY AND RECENT CURRENCY LEGISLATION: A CONTRAST. *J. J. Lalor* in the *Forum*, (September). Mr. Lalor is a believer in the single gold standard, and thinks that we arrived at the perfection of a monetary system in 1873, when the free coinage of silver was discontinued. The evils of our present system, he believes, have resulted from the attempts made since 1873 to tamper with the gold standard, *i. e.*, the Bland Act of 1878 and the Sherman Act of 1890. "The single gold standard" he says, "with its simplicity and stability, has been destroyed, and the 'limping' double standard substituted for it."

This is a mistake. We are, as Mr. Lalor of course knows, as thoroughly on a gold basis to-day as we were in 1873. Our limited silver coinage has not impaired the gold

standard at all, though *free* coinage would undoubtedly put us on a silver basis. The really bad features of our financial system are chargeable to the act of Andrew Jackson, in destroying the United States banking system, and to the issuing of legal tender greenbacks during the war, by the government, instead of non-legal-tender coin redemption notes, by the banks. But for these we should have had no costly gold reserve to maintain, and no money stringency South and West to breed financial heresies like the silver movement.

Mr. Lalor is correct, however, when he says that "the intention of our legislators, in the acts of 1792, 1834 and 1837," was "to make the coinage ratio of the two metals agree with the market ratio." He quotes Hamilton's observation "that there can hardly be a better rule for any country for the legal than the market ratio." The silver advocates, however, who talk continually about "returning to the system of the fathers," are trying to establish a legal ratio differing from the market by nearly 50 per cent.

FROM A SILVER TO A GOLD STANDARD IN BRITISH HONDURAS. *Sir Alfred Moloney*, Governor of British Honduras, in the *North American Review* (September).

The facts related by this writer are especially significant at the present moment. It appears that, contemporaneously with the silver agitation in the United States, there has been for several years past a popular movement in British Honduras *against* the silver standard, existing until recently in that country. The causes for this are given as "the decline of the public credit, the instability of the value of the standard dollar as measured in terms of gold, with its alarming and embarrassing depreciation, the abnormal and fitful rate of exchange and the consequent derangement and uncertainty of trade . . . calculations as to prices were conjectural; goods had to be figured capriciously in anticipation of a fall, whether one occurred or not . . . selling prices had to be constantly re-adjusted and greatly advanced and the main burdens fell

upon the consumers, whose income, whether fixed or as wages, had not correspondingly increased."

The people memorialized the home government for the adoption of the *United States gold dollar* as their monetary unit. The petition was granted, and British Honduras has now had the gold standard for two years, with paper currency based on gold, and silver circulating freely as a token coin. Already the good results of the change have been most pronounced. Sir Alfred gives the facts showing this, as regards wages, trade, bank deposits, property values, foreign exchange, etc. Stability and confidence have succeeded the "constant worry and bewildering uncertainty which resulted practically in the conversion of legitimate trade into speculative gambling." This change was made at the request of the people themselves. Evidently the United States silver propagandists ought to establish a Board of Foreign Missions.

THE THREE VICE-PRESIDENTIAL CANDIDATES. *Hon. Theodore Roosevelt* in the *Review of Reviews* (September). Mr. Roosevelt prefaces his article by some historical comments on the Vice-Presidency in the United States, particularly the difficulties that have arisen from running incongruous candidates on the same ticket, as in the case of Harrison and Tyler, Lincoln and Johnson, etc. He thinks the office has been treated with too little seriousness, and suggests an enlargement of the Vice-President's powers as a remedy.

Mr. Roosevelt expends a good deal of clever sarcasm on the present situation as regards the double-tailed Democratic ticket. "Mr. Sewall," he says, "is the type of man, the contemplation of which usually throws a Populist orator into spasms. But it happens that he believes in free silver, just as other very respectable men believe in spirit rapping, or the faith cure, or Buddhism, or pilgrimages to Lourdes, or the foot of a graveyard rabbit." Mr. Watson, on the other hand, he thinks ought in justice to have been at the head of the ticket. "In the language of mathematicians, Mr. Watson merely represents Mr. Bryan raised several powers. . . .

Mr. Watson belongs to that school of Southern Populists who honestly believe that the respectable and commonplace people who own banks, railroads, dry-goods stores, factories and the like, are persons with many of the mental and social attributes that unpleasantly distinguished Heliogabalus, Nero, Caligula and other worthies of later Rome. . . . They distrust anything they cannot understand, and as they understand but little this opens a very wide field for distrust."

THE INITIATIVE AND REFERENDUM. *Charles Walter Bowne*, in the *Arena*, (September).

According to Mr. Bowne, the "initiative and referendum" is a simple device for emancipating the masses, through direct legislation. Citizens, by petitions, could compel legislatures to prepare any desired laws, and submit them to the people for approval, at general or special elections. Minor enactments, however, might be entrusted to elected representatives, as at present.

In the State of New York this would leave about 500 laws to be voted upon every fall. At the present rate of time allowance in the election booths, about 100 measures per minute would need to be perused and passed upon by each voter. This might occasion some confusion in Tammany strongholds, but the results would outweigh all inconvenience, for Mr. Bowne tells us that "when the masses once get the power into their hands corporations and monopolies will soon become things of the past, the vast estates which already outrival those of any other country will be taxed out of existence," etc., in other words, that we shall attain at one glorious bound the civilization of Russia, Hindustan and China.

Even better, it seems, is Mr. Bowne's alternative suggestion. "Could we," he says, "wipe out every existing law from our statute books, and take as our guide for a common-law practice the Bible and a few elementary law books, we should soon be the most happy and prosperous nation on the face of the earth." We assume the books referred to are, "Every Man His Own Lawyer," and the "Farmers' Almanac," with, perhaps, "Coin's Financial School."

### Book Reviews.

THE STANDARD DICTIONARY. Funk & Wagnalls Company, New York, London and Toronto. 1895. 2 vols, 2,338 pp. Price, Morocco, \$26.00; full Russia, \$22.00; half Russia, \$18.00.

“Of making many books there is no end,” was uttered long before the invention of printing, and if such an expression was warranted then, how amazed would its author be if he could be made acquainted with the marvelous works of the present day. In all lines of book-making the progress has been wonderful, but in none more so than in the department of lexicography. Dictionary has followed dictionary in rapid succession. No longer does one volume suffice. In some the encyclopedia is combined with the lexicon, making together a small library. In size, as well as in fullness of information, there is a “golden mean.” The dictionary is consulted for various purposes, the most important of which are to ascertain, first, correct spelling and pronunciation; and second, correct and full definition. Derivation and other matters, while of much interest in themselves, are of secondary importance.

In reference to spelling, there are but few points of difference in most modern dictionaries. The results of the labors of spelling reformers are not to be overlooked, but no dictionary can safely attempt to give authority to many of their suggestions, if it expects to be generally accepted as an authority itself. But such variation as is exhibited by former lexicographers is plainly indicated by the “Standard.” There is more diversity of opinion in reference to pronunciations. The same plan is followed by the authors of the “Standard” in reference to disputes both in spelling and in pronunciation. Wise recognition is given to the truth that *consensus of usage* must decide disputed points, and the lists of disputed spellings and pronunciations are an admirable and almost invaluable feature of the work. Not only are the preferences of other dictionaries given, but each member of the “Standard’s”



own advisory committee of fifty-seven illustrious names gives his own preference.

The most difficult matter for the dictionary to handle satisfactorily is the definition of words. Who shall be considered competent to tell just what the true meaning of a word is? This trouble is not so great in reference to old words, but it is in reference to new words that the difficulty is principally manifested. That dictionary will, on the whole, be the best whose definitions have been framed with most wisdom and care. To select the most prudent specialists is hence the first requisite of success. The list of editors of the "Standard Dictionary" is very imposing, and the results of their labors are worthy of their reputations. The two volumes in which this excellent work is bound are admirable in mechanical execution as well as in literary merit. In accuracy, completeness, fulness and appropriateness of illustration, it stands conspicuous. It is a monument of successful literary toil, and an illustration of the ability of Americans to produce a book which will be considered an authority wherever the English language is spoken.

**BIMETALLISM.** By Wharton Barker. Barker Publishing Company. Philadelphia. 1896. 330 pp.

This is a formidable octavo volume, with conspicuous headings, and freely strewn with black-faced type for emphasis. It has much of the formality of a serious book, intended as a contribution to permanent scientific literature, but one has only to read a few pages to find out that it is really a campaign document. It contains all the heresies with which Coin's "Financial School" was loaded. The author is liberal with the use of figures, but very sparing in unbiased information. It clamors as wildly about the conspiracy of gold advocates and the Crime of 1873 as does the ordinary free silver stump speaker. It boldly makes the false, and what it is difficult to regard as other than demagogical, statement that the demonitization of silver in 1873 destroyed half our primary money, and cut prices in two. This state-

ment might be excused in "Coin," but it is utterly unpardonable in Wharton Barker.

Another discreditable feature of the book is a very cheap chapter on trusts and monopolies, evidently intended to appeal to the uninformed socialistic prejudice against capital, and especially against the conductors of large enterprises. If Mr. Barker's book is circulated as a free document, it may, perhaps, help the cause of Bryan, but we cannot think of it as having any place in the permanent literature of finance.

HANDBOOK ON CURRENCY AND WEALTH. By George B. Waldron, A.M. Funk & Wagnalls Company. New York, London and Toronto. 1896. 150 pp.

This little book is exactly what its title describes it to be, a handbook on currency and wealth. It is small enough to be conveniently carried in one's pocket and is large enough to contain the salient facts upon the subject. Although the author is evidently a believer in the free coinage of silver, he has not allowed his opinions to flavor his presentation of facts. Taken all in all, it is the best and the neatest compendium of facts regarding coin and coinage, prices, wages and other general facts relating to the national wealth that we have yet seen.

For instance, the history of coinage law is presented in a couple of pages with such clearness and fullness as to make misunderstanding practically impossible. The groups of facts with which it deals are concisely arranged and simply explained, and with its ample indexes, very easy to find.

Since so much of the free coinage literature is crude and biased in statement, loose, and often inaccurate in fact, and ignorant in reasoning, it is refreshing to find a book coming from a free silver source which displays the scientific spirit for accuracy of fact and integrity as well as lucidity of presentation. Anyone who is at all interested in the subject of money would do well to procure Mr. Waldron's Handbook.

# GUNTON'S MAGAZINE.

NOVEMBER, 1896.

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## **Popular Superstition on Money and Prices.**

THERE are few forces in society more powerful and none more difficult to deal with than popular belief; it often amounts to superstition. Nor does the power of such belief at all depend upon the accuracy of information. On the contrary, traditional fable may furnish a popular belief quite as potent in controlling social action as carefully verified experience. This is true in every phase of public polity, and nowhere is it more dangerous to the national welfare than in the domain of practical economics.

The country is now in the midst of a national struggle in which the contest is between the forces of economic science and economic superstition, between experience and sentiment.

The issue of this contest which involves the future policy, prosperity and civilization of the Republic, at bottom rests upon a certain popular belief regarding money and prices. Behind the Chicago platform, the free silver literature and Mr. Bryan's speeches, is the assumption that the value of all commodities is fixed by the volume of money; and as government can fix the volume of money, it can fix the price of commodities. This is a popular belief that has come down to us from the ante-machine or hand labor period. It is a remnant of the seventeenth century doctrine that all prices or values are determined by supply and demand. In proportion as economists have adopted inductive methods, however, this quantity theory has gradually passed into decadence. The old wages-fund theory, which is now rejected by all scientific economists, was a part of this doctrine applied to wages. Notwithstanding that all the tendencies of modern thought and experience are against this doctrine, it still holds

a large place in popular belief upon economic questions, and is really the foundation upon which the entire free silver propaganda rests. Briefly stated, the volume of money theory is this: The value of all commodities in existence is expressed in the total money in circulation; hence, if the amount of money is small the aggregate value of commodities must be small and the prices commensurately low. In other words, the smaller the quantity of money, the higher its value, and the lower the price of commodities. From this it is claimed that a restriction in the quantity of money lowers prices and impoverishes producers; hence, the real way to promote prosperity is to increase the volume of money.

On the strength of this belief, the free silver writers assert that by the demonetization of silver in 1873, half the money of the nation was "struck down," and the price of commodities was "cut in two."

In his recent book,\* Mr. Wharton Barker, the Mohammed of free silver, states the doctrine thus: "Commodities measure the price of money just as money measures the price of commodities. It follows of necessity that anything that causes money to appreciate must cause prices of commodities to fall, commodities measured in money becoming cheaper and money measured in commodities dearer. And so, inversely, anything that causes money to depreciate must cause prices to rise, for the price of money in commodities falling, the price of commodities in money must rise." . . . .

† "From the dawn of civilization down to 1873 . . . . prices have fallen and risen with a decreased and increased supply of gold and silver . . . . But when silver was discarded as a money metal, gold alone became the measure of value. . . . . To make exchanges at the old level of prices, both gold and silver were required. But silver being cast aside, the burden was thrown on gold alone. . . . . The demand was limited to the power of men to command gold, and as gold was twice as dear, twice as hard to get as before, prices fell one-half."

\* "Bimetallism," page 17. † "Ibid.," pp. 18 and 19.

This contains the key to the whole free silver doctrine. It has plausibility and seems straight, so long as it is not subjected to inductive verification. So long as it is carefully guarded from contact with facts, it makes an excellent basis for "a crown of thorns and cross of gold" kind of peroration. But when forced into the crucible of experience, the plausibility and pathos disappear and it is reduced to a ragged remnant of mediæval economics. To be sure, it has seen the day of respectable endorsement. John Stuart Mill had a taint of this doctrine, but while Mill admitted the volume of money theory,\* he hastened to explain it away in the next chapter by saying, "But money no more than commodities in general has its value definitely determined by demand and supply, the ultimate regulator of its value is Cost of Production."†

Two points are affirmed in this doctrine, first, that prices of commodities are entirely governed by the volume of legal money "whether it be gold or silver, or both gold and silver, or irredeemable paper."‡ Second, that the Act of 1873 in demonetizing silver reduced the money one-half, and consequently forced down prices 50 per cent.

First, then, is it true that prices always keep pace with the volume of money, rising as the volume increases and falling as the volume decreases? Fortunately, we have ample data on this subject. The investigations of numerous statistical experts, together with the work of the Senate Finance Committee, furnish abundant facts as to the volume of money, prices and wages for more than a generation, fully covering the period of greatest fluctuations in prices, wages and the volume of money.

Taking 1860 as the basis of comparison, the volume of currency in circulation, the per cent of increase, the population, the money per capita and the general average of prices as indicated by the index number, which silver advocates so delight to quote, and the value of paper currency in gold are given in the following table:

\* "Principles of Political Economy," p. 29.

† *Ibid.*, p. 37.

‡ "Bimetallism," Wharton Barker, p. 17.

Year.	Volume of Currency in Circulation.*		Population June 1.	Circulation per Capita.	Prices, Index No.	U. S. Currency Value of Gold.
	Amount.	Per cent.				
1860....	\$435,407,252	100.0	31,443,321	\$13.85	100.0	
1861....	448,405,767	102.9	32,064,000	13.98	100.6	
1862....	334,697,744	76.8	32,704,000	10.23	117.8	\$113.3
1863....	595,394,038	136.7	33,365,000	17.84	148.6	145.2
1864....	669,641,478	135.7	34,046,000	19.67	190.5	203.3
1865....	714,702,995	164.1	34,748,000	20.57	216.8	157.3
1866....	673,488,244	154.6	35,469,000	18.99	191.0	140.9
1867....	661,992,069	152.0	36,211,000	18.28	172.2	138.2
1868....	680,103,661	156.1	36,973,000	18.39	160.5	139.7
1869....	664,452,891	152.6	37,756,000	17.60	153.5	133.0
1870....	675,212,794	155.0	38,588,371	17.50	142.3	114.9
1871....	715,889,005	164.4	39,555,000	18.10	136.0	111.7
1872....	738,309,549	169.5	40,596,000	18.19	138.8	112.4
1873....	751,881,809	172.6	41,677,000	18.04	137.5	113.8
1874....	776,083,031	178.3	42,796,000	18.13	133.0	111.2
1875....	754,101,947	173.1	43,951,000	17.16	127.6	114.9
1876....	727,609,388	167.1	45,137,000	16.12	118.2	111.5
1877....	722,314,883	165.8	46,353,000	15.58	110.9	104.8
1878....	729,132,634	167.4	47,598,000	15.23	101.3	100.8
1879....	818,631,793	188.0	48,866,000	16.75	96.6	....
1880....	973,382,228	223.5	50,155,783	19.41	106.9	....
1881....	1,114,238,119	255.9	51,316,000	21.71	105.7	....
1882....	1,174,290,419	269.6	52,495,000	22.37	108.5	....
1883....	1,230,305,696	282.5	53,693,000	22.91	106.0	....
1884....	1,243,925,969	285.6	54,911,000	22.65	99.4	....
1885....	1,292,568,615	296.8	56,148,000	23.02	93.0	....
1886....	1,252,700,525	287.7	57,404,000	21.82	91.9	....
1887....	1,317,539,143	302.5	58,680,000	22.45	92.6	....
1888....	1,372,170,870	315.1	59,974,000	22.88	94.2	....
1889....	1,380,361,649	317.0	61,289,000	22.52	94.2	....
1890....	1,429,251,270	328.2	62,622,250	22.82	92.3	....
1891....	1,497,440,707	343.9	63,975,000	23.41	92.2	....
1892....	1,601,347,187	367.7	65,403,000	24.44	....	....
1893....	1,596,701,245	366.7	66,826,000	23.87	....	....
1894....	1,660,808,708	381.4	68,275,000	24.33	....	....
1895....	1,604,131,968	368.4	69,878,000	22.96	....	....

The facts in this table are taken from the Senate Committee Report, Vol. 1, p. 9. Journal of Commerce Year Book, 1896, p. 88. Treasury Circular, 123, p. 52.

\* The amount of money in the country not in circulation has steadily increased since 1878. In 1895 the amount of money in the United States was \$2,217,064,667 as against \$1,604,131,968 in circulation, showing that there was a great deal more money than could be used.

It will be seen from a glance at this table that the volume of money in circulation has steadily increased from 1860 to 1892, being 267.7 per cent greater in 1892 than in 1860, while prices have fallen on an average 8 per cent. Now if the doctrine that the larger the volume of money the higher the price, is true, prices should have risen proportionately to the increase in the volume of money—over 250 per cent—instead of declining 8 per cent.

If we take the period from 1860 to 1873 we find the volume of money increased 72.6, and the average price of commodities 37.5; in other words, prices only rose a little over half as much as the volume of money was increased. In the period from 1873 to 1879 the volume of money increased 15.4 per cent, and prices instead of rising, as they should have, according to the quantity theory, fell nearly 41 per cent, and from 1879 to 1892 the volume of money rose 179.7 per cent, while prices instead of rising in the same proportion, fell about 4 per cent.

It will thus be seen that the movement of prices has sustained no regular relation whatever to the volume of money. On the contrary, in 1864, 1865 and 1866 prices were double what they were in 1860, and more than double what they were in 1891, though the volume of money in 1864-1866 was a third larger than in 1860, and only half as large as in 1891-1892.

The price column in the above table shows that the rise of prices began in 1862, and more than doubled by 1865, but the entire rise disappeared by 1879. Why did the rise in prices come and go between 1860 and 1879? It was not because of the increase in the volume of money, for that was much greater after 1879 than at any time before. It was, as everybody now knows, chiefly due to the depreciation of the greenbacks, and this was not governed by the increased volume but by the public confidence in the government's ability to keep its promise and redeem its notes in gold. With every victory of the Northern arms the value of the greenbacks rose, and fell with every defeat. The fall in prices that took place

from 1865 to 1879 was not because the volume of legal currency had been diminished, for it had been greatly increased; but it was because specie payments were resumed. In other words, it was the quality of the currency and not the quantity that affected the prices.

The movement of prices and the volume of money, as indicated by the facts in the foregoing table are graphically illustrated in the accompanying chart, which indicates at once American prices, volume of the currency, bank clearings, and the premium on gold, all of which unite in disproving the truth of the silverite claim, that prices rise and fall with the volume of currency.

If further illustration of this were needed it would be found in the movement in the value of confederate currency from 1862 to 1865. Its value fell as the probability of success to Southern arms declined. In 1862 the currency fell from par with gold to three to one, in 1863 to seventeen to one, in 1864 to twenty-eight to one and in 1865 to fifty-five to one. That is to say, in December, 1862, it took three dollars of confederate money to purchase the equivalent of a gold dollar, in 1863 it took seventeen, in 1864 twenty-eight, and in 1865 fifty-five dollars to purchase the equivalent of a gold dollar.

Incidentally, such a depreciation as this should have conferred unparalleled prosperity upon the South, according to the doctrine constantly proclaimed by Mr. Bryan and his followers. Elsewhere in this number,\* we have called attention to the testimony of Mrs. Jefferson Davis on this particular phase of the subject.

The downward movement in the value of confederate money between 1862 and 1865 is shown in detail, for three dates in each month, in the table following, on page 316.

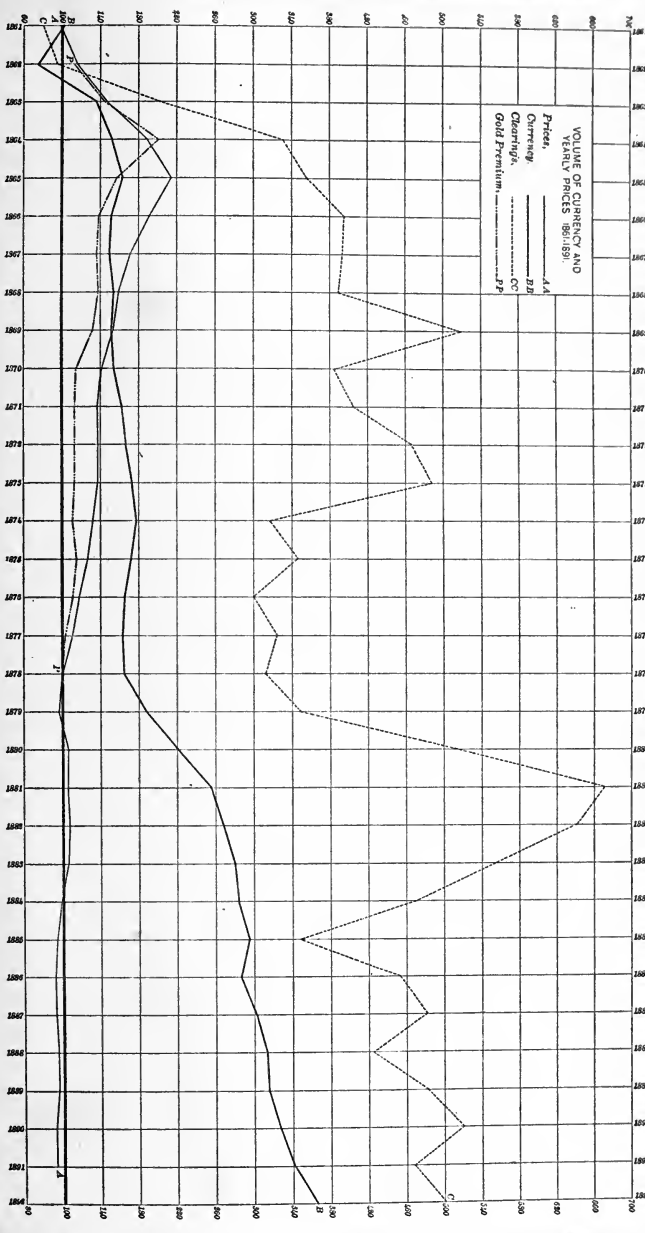
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\* Wages and Currency Depreciation, p. 332.



VOLUME OF CURRENCY AND  
YEARLY PRICES 1851-1891.

Prices, A.A.  
 Currency, B.B.  
 Clearings, C.C.  
 Gold Premium, P.P.



APPROXIMATE VALUES OF GOLD AND CONFEDERATE CURRENCY FROM  
JAN. 1, 1862, TO APRIL 12, 1865.

	1862.		1863.		1864.		1865.	
	Gold.	Cur- rency.	Gold.	Cur- rency.	Gold.	Cur- rency.	Gold.	Cur- rency.
Jan. 1.....	100	120	100	310	100	1800	100	3400
Jan. 10....	100	122	100	320	100	1800	100	4000
Jan. 20.....	100	125	100	320	100	1800	100	3500
Feb. 1.....	100	125	100	300	100	1900	100	5000
Feb. 10.....	100	128	100	300	100	2000	100	4500
Feb. 20....	100	135	100	310	100	2200	100	4500
Mar. 1.....	100	140	100	350	100	2000	100	4700
Mar. 10.....	100	150	100	385	100	2000	100	5000
Mar. 20.....	100	160	100	400	100	2000	100	5000
April 1.....	100	165	100	460	100	2000	100	5000
April 10.....	100	170	100	410	100	1900	100	5500
April 20.....	100	170	100	500	100	1800		
May 1.....	100	170	100	515	100	1600		
May 10.....	100	180	100	520	100	2000		
May 20....	100	190	100	550	100	2000		
June 1.....	100	190	100	625	100	1800		
June 10.....	100	190	100	625	100	1700		
June 20.....	100	180	100	640	100	1700		
July 1.....	100	190	100	700	100	1700		
July 10.....	100	190	100	800	100	1700		
July 20....	100	200	100	900	100	1800		
Aug. 1.....	100	200	100	1000	100	2600		
Aug. 10.....	100	200	100	1200	100	3200		
Aug. 20.....	100	200	100	1300	100	3200		
Sept. 1.....	100	225	100	1400	100	3000		
Sept. 10.....	100	225	100	1500	100	3000		
Sept. 20.....	100	250	100	1200	100	3000		
Oct. 1.....	100	250	100	1000	100	2500		
Oct. 10....	100	275	100	1100	100	2500		
Oct. 20.....	100	275	100	1100	100	2500		
Nov. 1....	100	300	100	1200	100	2500		
Nov. 10.....	100	300	100	1300	100	2500		
Nov. 20....	100	300	100	1500	100	2200		
Dec. 1.....	100	300	100	1750	100	2700		
Dec. 10.....	100	300	100	1600	100	2750		
Dec. 20....	100	300	100	1700	100	2800		

It would be a little worse than nonsense for anyone to pretend that this depreciation of confederate money, which means a rise in prices of 5400 per cent, was due to increase in the volume of money. The more closely we examine the facts, and the wider the range of investigation, the more conclusive it becomes that prices do not and never did move up and down with the mere volume of money. It is the quality or value of the money only which registers itself in the prices

of commodities, and the value of money as we have elsewhere shown\* is not governed by the quantity, but by the cost of producing it in the same way that the price of all other commodities is governed chiefly by the cost of producing them. Furthermore, it is manifestly unfair to compare the prices of 1873 with 1892, because in 1873 over 37 per cent of the prices was depreciated fiat.

There is the same kind of fallacy in the theory that the quantity of money regulates prices that there is in the equally prevalent notion that the relative value of gold and silver is determined by the relative quantity of each produced. As we have elsewhere shown,† the relative value of silver and gold has never sustained any appreciable relation either to the quantity produced or to the total value of that quantity; but that the value of the two metals is governed by the relative cost of producing each separately. When the cost of producing silver was diminished by the discovery of richer mines or of better methods, the value fell, utterly regardless of the quantity produced as compared with the production of gold. So it is with the volume of money and prices. The changes in the prices of commodities show no recognizable relation to the changes in the volume of money. If we should take the commodities separately instead of aggregating them in the index numbers, the fallacy of this assumption would be still more obvious. As we have often shown in these pages, the prices of many staple articles have risen 40, 50, 70 and some more than 100 per cent, while others have fallen from 10 to 60 per cent.

Now if the prices were governed by the volume of money they would all move in the same direction and in the same degree. A certain increase in the volume of money would send all prices up and all in the same proportion, but this is just what has not occurred. The prices of some commodities have risen, others have fallen, and others have not changed at all, while taken all together, there has been a decline, which shows

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\* "Fallacies About Gold and Silver," GUNTON'S MAGAZINE for September, p. 175.

† *Ibid.*

that the change of prices was due to some cause peculiar to each individual product whose price varies, and not to the volume of money, which, if it affected prices at all must affect all prices alike.

Second, is it true that the Act of 1873 reduced the volume of money and cut prices in two? This proposition appears to be accepted by the advocates of silver as self-evident. They do not feel called upon to give any evidence of its truth or attempt to show cause why everybody should not unquestioningly accept it.

The assumption that the act of 1873 "cast silver aside and threw all the burden on gold," or "struck down half the money of the world," is pure superstition. No such thing occurred. Not to the extent of a single dollar.

The act of 1873 did not even stop the use of silver, to say nothing of striking it from circulation. Down to 1873, we had no silver currency. Nobody would take any silver to be coined, because it paid them better to sell it as bullion in the market, as it was worth nearly three per cent more as bullion than as coin.

We have now nearly five hundred millions of silver money in circulation doing the same kind of work as gold, all of which has been created since 1873.

The second half of this proposition, namely, that "prices were cut in two," is a mere deduction from the assumption that half the money was struck down, neither of which has any foundation in fact. The only way any seeming case is made out on this point is by comparing the prices of 1873 and those of 1891 and 1892, which are the latest dates for which we have authentic facts. In doing this they make no mention of the fact that 1873 was about the middle of the inflation period and the prices quoted are greenback prices, and that the fall in prices from 1873 to 1879 was due to taking the inflation out of the greenbacks and establishing specie payments.

The only legitimate period for comparison, therefore, is from 1879 to 1891 or from 1860-1861 before the greenback

inflation began. In either case, by taking the general average of prices as expressed by the index numbers, which to the silverite is an infallible standard, instead of having fallen fifty per cent, as "Coin" Harvey, Bryan, Barker and others assert, prices have fallen less than ten per cent, and this, as we have already shown, can be fully accounted for by the economic causes affecting the production of the different articles, and cannot be explained by any change in the value of money, since the variation in prices differs with almost every commodity, some going up, some down, some not moving at all.

It is manifest, therefore, that the two cardinal propositions upon which the whole silver movement rests, and upon which it is proposed to revolutionize the industrial conditions of the republic, are fallacious assumptions, wholly unsupported by fact and experience.

It is difficult to believe that the people of the United States can be influenced to revolutionize our industrial and political institutions under the influence of a doctrine whose only foundation is social prejudice and economic superstition.

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### The Anti-Capital Crusade.

ONE of the most dangerous elements of public sentiment in this country is the growing hostility to capital. The social atmosphere appears to be surcharged with what might almost be termed economic malignity towards every form of aggregated capital. Although it is universally admitted that capital is necessary to industrial development and national prosperity, there is a growing presumption that the capitalist is a dangerous person. Much of this feeling, for feeling it is, has been created by the demagogical attitude of the press towards trusts. So much has been said against trusts that everybody feels at liberty to denounce them as an unmixed evil on general principles, regardless of any specific facts. Indeed, the impulse to treat trusts as public evils, regardless of what they do, has become a state of mind almost amounting to superstition.

As an illustration of the reckless treatment of this subject

by the daily press, we quote the following three editorials from the *New York World* of September 26. Though detached, they were all printed in one column.

The first is intended to raise the alarm that at the present rate we may expect the entire country to be owned by a trust. It says:

“The trusts have capitalized themselves for considerably more than a thousand million dollars, on which they expect the public to pay dividends at rates illustrated by the extortionate advance in coal. At such rates, how long will it be before they own the entire country?”

The next item calls for the strong arm of the law to take away the profits of trusts:

“The Coal Trust accumulates a surplus through extortion. With a forceful Attorney-General in office it would lose its unjust profits through extinction.”

Then, as if the editor became conscious of the dangerous character of his previous utterances, and feeling the necessity for some antidote for the social poison he was disseminating, he says:

“It is true that a strenuous attempt is made by a few highly intelligent and unscrupulous men to monopolize for themselves the greater part of the benefits of science and invention, but where they succeed their success can be nothing more than temporary. The world's whole movement is against them. It is a movement which is abolishing class privileges, not by taking them away, but by giving something far better to the masses. And it is a movement which nothing can stop.”

Here the writer gives the true inwardness of the economic movement which trusts, as the largest form of concentrated capital, represent. He points out in this paragraph what the history of aggregated capital is demonstrating, viz. : that the world's movement is against the possibility of monopolizing any important lines of industries. As he says, “it is a movement which is abolishing class privileges, not by taking them away, but by giving something far better to the

masses. And it is a movement which nothing can stop." He might have added, except the arrest of progress.

It would be difficult to find a better statement of the true economic trend of industrial development than is presented in this last paragraph. But what can be said of the editorial integrity of publications which, knowing this, will publish editorially in the same issue, nay in the same column, the other two pieces of inflammatory misrepresentation.

The New York *World*, though perhaps a violent case, is not the only paper which deals out this kind of incendiary economics. It appears to be a part of a general system of dishonest political warfare which, if continued, bids fair to destroy the very foundation of industrial stability in this country. Such wanton disregard for accuracy of facts or principles is undermining the validity of public discussion. Sound public policy is being so completely subordinated to temporary party gain that integrity in the discussion of public questions is being rapidly destroyed. The economic misrepresentation so habitual in a certain class of journals has been gradually stimulated and encouraged by similar conduct in high quarters during the last four years. In order to compass the overthrow of our protective system, it was thought necessary to hold up to public contempt the owners of successful enterprises in every field of industry as living upon the blood of the laboring class or the "common people."

Mr. Cleveland, in his election speeches and official messages, freely indulged in this kind of inflammatory discussion, and, of course, was eagerly imitated by his followers in Congress and the press. In doing this, as in all such cases, they planted much deeper than they knew. It was comparatively easy to start a current of social hatred, economic suspicion and political perversity. It served its immediate purpose in securing Mr. Cleveland's election and the passage of the Wilson Bill, but like all economic and social movements, it refused to obey the injunction of its authors. Mr. Cleveland and his followers could start it, but they are utterly unable to stop it. The very forces which they demagogically set in

motion for mere party purposes are now completely sweeping them from their moorings.

This sentiment of industrial sedition found immediate response among a certain class in our large cities. It rapidly spread throughout the ranks of the wage class and soon found its way among the farming population. It then took possession of the Democratic party, turned its national convention into a Populistic mob and nominated Mr. Bryan for the avowed purpose of carrying this anti-capitalist, anti-industrial, anti-prosperity policy into practice.

The chief reason assigned by workingmen for supporting Mr. Bryan, and the chief ground of Mr. Bryan's appeal for their support, is not that the free coinage of silver will be beneficial for the wage class; that, he does not attempt to show. It is an impossible task; he knows and they know that it will reduce the purchasing power of wages; he knows and they know that an arbitrary rise of prices will make it more difficult for the laborers to obtain the necessaries and comforts of life. No; the real ground upon which Mr. Bryan confidently appeals to the laborers is opposition to capital. Capitalists are opposed to free silver; hence the laborers should support it, because capitalists are the common enemies of labor.

This is a most dangerous state of mind; instead of cultivating intelligent conviction on questions of public policy, it stimulates only class antagonism through uninformed or misinformed social prejudice. It makes the masses the victims of passion and the tools of unscrupulous politicians. It lays the foundation for the certain overthrow of industrial security and political freedom. If the masses are to be educated into antagonizing and voting down every form of industrial concentration, they will, of necessity, become the insuperable obstruction to prosperity and national progress. When that time comes, and from present indications it is hastening along, the day of judgment for republican institutions will be at hand. As Macaulay predicted, we shall have to choose between democracy and civilization, and if the lessons of history have any meaning, it is easy to predict which will be sacri-



ficed. At such crucial periods, the inflamers of the mob always desert them. Laborers will be sacrificed to the demands of social reorganization, on a political basis, consistent with industrial safety.

It is high time that this irresponsible fanning of the flames of social antagonism was stopped; that a higher standard of intellectual integrity be established for the discussion of public questions, even in the heat of political campaigns.

As in the case of the quotations we have cited from the *World*, most writers and speakers know that much of what they say about capital oppressing the public and trusts monopolizing industries to the detriment of the community is false. They know, because the facts are so easy of access, that the trend of industrial improvement is not only along the lines of highly organized capital, but it necessarily involves it. All students of economics and government now know that it is with and through these higher forms of industrial organization, of which trusts are but a single type, that the great industrial improvement of the present century has come; and that the more complex industrial organizations are not the incident, but the instruments of this great onward movement. They know that the great cheapening of wealth and multiplication of modern improvements throughout the domestic and social, as well as industrial life, have been created by this very concentrated industrial organization. It is by this and this alone that during the thirty years from 1860-92, the purchasing power of the average laborer's day's work was increased 70 per cent.

Any system of propaganda, for whatever purpose, which tries, through social prejudice, to array the laboring class against the forces, which in a single generation have nearly doubled their power to command the benefits of civilization, is a social crime which should receive the anathema of all public spirited and patriotic citizens. Nothing has contributed so much to this vicious policy, which is gradually undermining the stability of our institutions, as the uneconomic and perverted attack upon trusts and corporate industrial organizations.

### Who are the Creditors?

In his efforts to stir up sectional feeling and class hatred, Mr. Bryan has been making constant use of arguments and statistics in a way which emphasizes the narrowness of his economic training, and his unfitness for the place he is seeking.

Take for instance the matter of mortgages. The holders of these and other fixed investments, he says, constitute "the only potent force" in favor of maintaining the gold standard. Here he virtually admits, by the way, that the success of his policy will reduce the value of the incomes from fixed investments, to the exact extent to which it is successful. For if it does not cheapen the dollar and raise prices, there is no point to the silver movement. But who are the holders of these investments? The *Philadelphia Press* has recently published the result of some investigations on this subject, which is worth reproducing:

"The mortgage is the symbol in the minds of many for the grasping creditor. In 1890 there were \$6,200,000,000 of such mortgages. Who owned them? The savings banks held of these mortgages \$687,583,977 in trust for 4,533,217 depositors. The building associations held \$450,000,000 in trust for 1,800,000 shareholders. The life insurance companies doing business in New York state held (December 31, 1889,) \$272,828,457 for 4,582,281 policy-holders. Adding other states in 1890, about \$300,000,000.

"In these three items in 1890 there were 12,100,000 persons holding \$1,437,000,000 of mortgages. . . .

"This disposes of one-fourth of this mortgage debt. It is owned literally by the million for the million. The banks hold little or nothing of this mortgage debt. The national banks are prohibited from holding any. All the other banks, state banks, trust companies and private banks, in 1890, held less than \$60,000,000 of these loans. Railroads do not own them. They have their own mortgage bonded debt of some \$5,000,000,000, which is owned, 10 per cent of it, by insurance

companies and savings banks, and the rest scattered among 500,000 people. The big corporations do not own real estate mortgages.

“As we have shown, a quarter of these mortgages in 1890, about \$1,500,000,000, were held by 13,100,000. The other \$4,700,000,000 were in the hands of small owners. Look over any county clerk’s book of real estate liens. Consult your acquaintance. The great mass of mortgages are held locally in small sums and amounts by saving and thrifty people. Even the big mortgage companies represent a great array of holders. In every rural county farmers loan to each other, small sums are put out on bond and mortgage, many a widow, orphan and aged man have their all in little mortgages.

“We have given the figures for 1890 because the real estate mortgage figures were for that year. This great army has grown. There are to-day 5,000,000 of savings bank depositors, 2,000,000 of building association shareholders and 8,700,000 of insurance policies, in all 15,700,000, and they hold about \$2,000,000,000 of mortgages.”

The real “money power” is not to be found in Wall street or Lombard street, or in banking offices or on stock exchanges. It resides in the great body of wage earners and salary receivers throughout the country. These form a creditor class of even more importance and significance than the savings bank depositors, loan association members, and insurance policy holders, because it is upon the consuming power of the wage earners that the prosperity of the nation rests. It is against this “money power,” this majority class who are at one and the same time wage earners, bank depositors and policy holders, that Mr. Bryan’s cheap money campaign is in reality directed.

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### **The Future of English Labor.**

THE relative decline of British trade and the growth of outside competition, which has even resulted in foreign manufactured articles being sent into and sold in England itself, has formed the subject of a large amount of economic discussion

during the past few months. In the May number of this magazine, attention was called to the fact that Great Britain has practically exhausted whatever benefits free trade may have contained for her, and that a strong protectionist sentiment, under cover of the Imperial Federation movement, has already manifested itself. This Zollverein plan of Mr. Chamberlain's, however, has not been favorably received by the colonies, and practically nothing has so far been accomplished. Yet, the conditions which brought this agitation into existence have not changed in any way, and British manufacturers in the near future will have serious problems to face. Some of them are speaking out in favor of protection, pure and simple, without any pretence of preserving free-trade principles, as in the Chamberlain scheme. The *Home Market Bulletin* quotes an editorial of this nature which recently appeared in the *Bradford Argus*, a paper published in the heart of England's woolen and worsted manufacturing district. The *Argus* says, in part:

“In spite of the fact that Mr. Bryan is definitely pledged to a policy of free trade, whilst Mr. McKinley is as definitely pledged to protection, the general feeling in this district is in favor of the return of the latter. Had anyone predicted four years ago that it would be possible for the Bradford worsted industry as a whole, depending as it does so largely for its prosperity on a free entry to American ports, to be found arrayed on the side of McKinley and high protection, there would have been reasonable ground to express doubts as to his sanity. But impossible as such a change of sentiment would have appeared four years, or even a twelve-month ago, it has actually occurred. Bradford wishes no evil to the United States, and Bradfordians would prefer to see a perpetual reign of McKinleyism—especially the McKinleyism as interpreted by the recent letter of the Republican candidate and the recent declarations of Republican newspapers—rather than see a people united to this country by so many ties of blood, tradition and commerce, plunged into the whirlpool of national disaster and national disgrace, which would

infallibly be its fate if the people were foolish enough to adopt the policy of Mr. Bryan, a policy as impossible of realization as it is crude and shallow in the theories on which it is based. Thanks to the idiotic fiscal system which prevails in this country, the worsted trade here is well accustomed to waging an up-hill battle against deliberately hostile tariffs. So long as Cobdenite ideals prevail, employers know that this must be their fate in the future as it has been in the past, and they are prepared to wage the unequal contest which free British markets and protected foreign markets impose on them, as best they can, until such time as the British workingmen, who are most immediately concerned, come to their senses. They do not desire the freeing of the American markets to Bradford products to be purchased at a price which means the financial and commercial ruin of the American people.

“We may even go further than this and say that Bradford manufacturers as a whole approve on principle of the McKinley policy, as it has been interpreted by its author and some of the leading journals attached to his cause. That principle as recently explained does not embody the imposition of prohibitive duties, but such a tariff as will place producers in America on a fair footing with their competitors here, having regard to the higher rate of pay which prevails for most descriptions of labor on the other side of the Atlantic. It is to be a duty which will handicap British manufacturers to the extent of destroying any advantage which they may possess through cheaper labor, but not such as will interfere with ‘keen and healthy competition’ between the native and the imported goods. McKinley also recognizes in full the principle of reciprocity. We not only fail to see any just argument which can be urged against a policy honestly carried out on these lines, but it is such a policy as has often been advocated in these columns for the United Kingdom, and for the empire at large under the proposed imperial trade federation. It is a sensible policy of encouragement to native industries, where such encouragement can be given without disproportionate

cost to the nation at large, of equal play to native and foreign industrial skill and enterprise, and of selling the right of trading in native markets to those competitors who are willing to give an equal consideration in return to native traders in their markets. It is a common-sense policy, if carried out on reasonable lines. It is, indeed, the only common-sense policy; and it is one which the Bradford manufacturers and the Bradford workers would like to see adopted in this country, although they lack the courage, or it may be only the leaders, to advocate publicly opinions which are freely expressed in private on all hands. This is a hard saying to our Cobdenite contemporaries and the dwindling followers of the Cobden cult here, but it is none the less true.

“ Whatever may be the result in the United States of the McKinley policy as now defined, there can be no doubt that the adoption of such a policy in this country would result in an enormous increase in British manufactures, and no branch of manufacture would benefit more than the textile trades. The value of foreign woolen textiles at present imported into this country is in normal years double the value of our total exports to all countries. A moderate tariff would shut out at once half these imports. A tariff of similar character to that imposed on British goods abroad would destroy at once nine-tenths of the foreign trade, and divert it into English channels. A moderate tariff, such a one as would make no appreciable difference in the cost of a dress or a suit to the retail purchaser, although it would abolish the extra profit of the middleman on foreign goods, is all that is asked for.”

If Great Britain refuses at this time to take any steps towards protection, there is but one alternative remedy to which her manufacturers can resort, namely, a gradual and persistent forcing down of wages. As foreign machinery rises to the English standard of efficiency, labor not following, British wages, in the absence of protection, will have to fall to the Continental level. It is probable that before the protection movement becomes really prominent, this wage-reducing policy will be very generally attempted—in fact, the

agitation in that direction has already begun. The *London Times* publishes some notes on the condition of the British glass trade, that shows which way the wind is blowing. It says, for instance, in its column of "Labour Questions:"

"A correspondent of the *Times* points out that while Continental firms are pouring their glass into England, the English trade is languishing, firm after firm going out of existence, and the trade union that unreasonably maintains the system under which this is happening has to pay £700 a quarter in out-of-work allowances—though the union's whole membership is only a little over 2,000. The glassmaker may get as much as £3 10s. or £4 a week, without excessive hours. The glasscutter, on the other hand, gets about £1 16s. Restriction fences the trade in, and there is little if any freedom for either masters or men. If the men would agree to work longer, the employers, while still paying good wages, could compete with the foreigners.

"The editors of the *Pottery Gazette* write thus: "We do not hesitate to say that our British glass trade has been ruined by the action of the men's unions. The case of the men of Messrs. Stevens and Williams's glass works referred to in your article, is, unhappily, not an isolated one, but it is an eminently typical one—typical, that is, of the position in which employers are placed by the high-handed action of the men's society. If it had not been for the blind policy of the men's societies, the pressed glass trade of the north of England would have found work for hundreds, where it now employs units. When our pressed glass workers quarreled with their bread and cheese, orders for pressed goods went to Belgium and France, and they have gone there ever since. The bane of trade unionism, as far as the glass trade is concerned, has been the resolve of the leaders to keep up the rate of wages under all conditions. The object alike of employer and employed should be the retention of English industries in England herself. We have had instances of great national industries being lost to us by the attitude of the workers in them. Is the glass trade to be added to them?"

The *Times* comments on this subject editorially as follows:

“ There has been much talk lately about the decline of British commerce and the advances of foreign competition. The correspondence that has recently appeared in our columns in regard to the glass-making trade in this country indicates that the problem is both serious and complicated. It is admitted that business in this department has largely passed away, and is still passing away, from the British manufacturer to his Continental rivals. Yet it seems—if we accept statements which have not been challenged—that the trade unions controlling the supply of skilled labor of this class are bent on enforcing an autocratic and paralyzing dictation on the workmen in this country . . . . We printed on Tuesday an account of the present state of the glass trade in this country. From the facts then put forward it would appear that little room is left for the perpetration of further errors in this branch of industry. Only about one-tenth of the glass used in the United Kingdom is of British make, and, though British work still holds the highest place in the market, the workmen themselves complain that the trade is languishing, and that the burden of payment for men out of work and for superannuation is increasing. French and German competition must, of course, be reckoned with. It is almost certain, however, that employment in British glassworks might be very largely increased if it were not for the extraordinarily complicated and restrictive rules of the Glassmakers' Society. The system, indeed, may almost be compared with the guilds of the middle ages . . . . Mr. Powell, a member of the well-known firm of glass manufacturers in Whitefriars, puts in a plea for the trade unionists . . . . In Mr. Powell's opinion, the root of the evil is that the demand for skilled workmen exceeds the supply. In such circumstances, excessive power is inevitably thrown into the hands of those who, by the organization of the union, can check and control the supply of labor. The consequence is that at present English glassmakers, whether employers or employed, have not a free



hand. There is good reason to believe that this is the main cause why the British glass trade has got the worst of it in the struggle against Continental competition. Mr. Powell, it is right to say, is doubtful upon this point. He admits that the supply of capable workmen is inadequate, but he looks for the cause of this not so much in the development of trade unionism as in 'the influence of recent factory and educational legislation.' It is possible that Mr. Powell is right. Many of the legal restrictions enforced by law in recent years have been adopted on purely theoretical grounds, and are only now being brought to the test of experience."

It does not require much reading between the lines to get at the real meaning of this. True to her economic traditions, England's trade must be maintained, whatever becomes of her labor. When it comes to a conflict between the foreign market idea and the interests of home labor, the latter must give way. This is not the particular fault of English capitalists; it is a logical working out of the inherent viciousness of the foreign market economic doctrine. In blind devotion to this theory the *Times* lays the blame for the present situation upon trade unionism and "factory and educational legislation." That is, the only logical remedy free trade has to offer is lower wages, longer hours and restricted schooling for working children.

England must be prepared for one of two things; a re-adoption of protection, or a long and bitter struggle over the wages question, ending in a loss to her laboring class of a large part of all it has gained through years of joint sacrifice, agitation and strenuous effort.

What is true of England is equally true of the United States. Our wages are the highest in the world, and upon this basis our national prosperity rests. To secure the continuance of these conditions, the protective policy must be maintained.

### Wages and Currency Depreciation.

If wage workers are at all desirous of learning how depreciated currency affects wages, ample information will be found by glancing over the history of depreciated currency from 1862-79. The most striking effect from depreciated currency was realized in the South, where the depreciation was such that it took fifty-five confederate dollars to purchase the equivalent of a gold dollar. Mrs. Jefferson Davis in her memoirs of her husband, to which the *Evening Post* has recently called attention, relates some interesting facts regarding prices that prevailed in the Southern States during the régime of depreciated currency. If there is any validity in the free silver contention that inflated prices and good times are synonymous terms, the prosperity of the South during that period should have surpassed anything known in this country since the time of the Continental currency which was redeemed at \$1 for \$100.

Confederate money began to depreciate practically as soon as it was issued. Thus it appears, according to Mrs. Davis, that by November, 1862, prices had risen to such an extent that corn would bring \$15 a barrel and wheat \$4.50 a bushel, while only three months later chickens were worth \$12 a pair and bacon \$8 a pound. In 1864 came a genuine Bryan millenium. Flour sold for \$300 a barrel; turkeys, \$60 each; white beans, \$65 a bushel; milk, \$4 a quart, and so on. This would have meant boundless wealth to the Southern farmers but for the fact that they had to make their purchases on the same luxurious scale. Their coffee, for instance, in 1862, cost them \$4 a pound; tea, \$18 to \$20 a pound; and sugar, \$20 a pound; later on they had to pay \$100 to \$200 for a pair of boots, while to get an old pair tapper cost \$50. For a plate of fried oysters, at a restaurant, they would be charged \$5; for roast beef, \$3.50; cup of coffee, \$3, et cetera.

Mrs. Davis gives a table of traveling expenses incurred by an officer of artillery, *en route* from Richmond, Va., to Atlanta, Ga., in March and April, 1865. This is the way in which the officer scattered wealth along his road:

March 11th, meal on the road, . . .	\$20 00
March 17th, cigars and bitters, . . .	60 00
March 20th, hair-cutting and shave, . . .	10 00
March 20th, pair of eye-glasses, . . .	135 00
March 20th, candles, . . . . .	50 00
March 23d, coat, vest and pants, . . .	2,700 00
March 27th, one gallon whiskey, . . .	400 00
March 30th, one pair of pants, . . .	700 00
March 30th, one pair of cavalry boots, . . .	450 00
April 12th, six yards of linen, . . .	1,200 00
April 14th, one ounce sul. quinine, . . .	1,700 00
April 14th, two weeks' board, . . . . .	700 00
April 14th, bought \$60 gold, . . . . .	6,000 00
April 24th, one dozen Catawba wine, . . .	900 00
April 24th, shad and sundries, . . . . .	75 00
April 24th, matches, . . . . .	25 00
April 24th, penknife, . . . . .	125 00
April 24th, package Brown Windsor, . . .	50 00

This, of course, was "prosperity"; of the kind, however, that no Southerner who remembers those days, ever wants to see restored.

Nor was this limited to the South. Although the national greenbacks were not depreciated as much as the confederate currency, the proportionate effect on prices was the same. In the North prices went up in a way that should have put every farmer in the country in affluent circumstances, according to the Bryan theory. Wages, however, did not share in the movement, and the result was actual loss to the wage earners of the country. This has always been the case in every period of currency depreciation, or debasement of the standard money. Free silver would give us the same experience over again.

The facts as to the movement of prices and wages during war times, when the value of the greenback was steadily falling, can be found in Vol. I. of the Aldrich Report on Wholesale Prices, Wages and Transportation. In the opening chapter of this volume, tables are given summarizing the

results of the Senate Committee's investigation, two of which we reproduce so far as concerns the period 1860-65 :

	<i>Wages.</i>	<i>Prices.</i>
1860.....	100.	100.
1861.....	100.7	94.1
1862.....	103.7	104.1
1863.....	118.8	132.2
1864.....	134.	172.1
1865.....	148.6	232.2

Thus, while prices advanced 132.2 per cent, wages only went up 48.6 per cent, or only about one-third as much. The difference was just that much actual loss to the laborers.

Professor Mayo-Smith contributes an article on "Free Silver and Wages" to the last number of the *Political Science Quarterly*, in which additional facts as to the effect of currency depreciation on wages are brought out. We quote a few paragraphs:

"Economists have long been familiar with the law that wages rise more slowly than prices, and they have many illustrations of it. A particularly striking case is found in the decline in the condition of the working classes in England during the sixteenth century, which was caused in part by the debasement of the currency. Henry VIII. commenced the process by putting in more alloy and coining the pound into a greater number of shillings. Edward VI. did the same thing. Elizabeth restored the old standard in 1560, but coined the pound of silver into 60 shillings instead of 45. The effect of this debasement, averaging 60 per cent, was to raise prices. Probably the influx of silver from America would of itself have made prices rise, but slowly and moderately. As it was, the rise was rapid. When Elizabeth reformed the currency the rates had become fixed.

"Meat was 3 times the old rates, corn  $2\frac{1}{2}$ , and dairy produce  $2\frac{1}{2}$ . But the rise in wages was only a little more than  $1\frac{1}{2}$  times. In other words, where the wages of a laborer rose from 6*d.* to 9*d.* a day, he had to pay 3*s.* for meat, 2*s.* 5*d.*

for bread, and 2s. 6d. for butter or cheese, where he paid 1s. before. . . . The same fact discloses itself in regard to those articles where labor gives them their chief value. The price of fish, of prepared fuel and of building material rose but little above that of labor. The producer of animal food, grain and other agricultural necessities commanded a better market than the dealer in any other article of value did, while labor, and those products the value of which is principally derived from the outlay of labor, partook in the least degree in the rise of prices.\*

“Even if base money had not been issued, the general rise of prices would, according to Rogers, have injured the laborer.

“Between the middle of Elizabeth’s reign and the breaking out of the Parliamentary war, a period of sixty years, general prices more than doubled, while a very miserable increase is effected in the wages of labor, certainly not more than twenty per cent.”\*

“It is perfectly obvious why prices rise faster than wages. The seller of goods can mark up prices with comparative ease, and he is generally foresighted enough to do it the moment he apprehends that the money he is to receive will be of decreasing purchasing power. He is eager to reap any advantage that may accrue from selling goods bought at the old prices, and he is pretty sure to advance prices far enough to cover any risk of further depreciation. The workman, on the other hand, is obliged to wrest an advance from the employer, who is unwilling to increase his labor bill, even if he has advanced prices. Moreover, it requires time for the workman to appreciate all that the increased cost of living means to him, and to bring about a union of forces sufficiently powerful to make a fight. In the long run, wages will doubtless go up, but in the interval the laborer suffers. It is inconceivable that the laborer should knowingly put himself into such a position.

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\* Rogers, “Six Centuries of Work and Wages in England.”

“On the other hand, when prices are going down the workingman has the advantage. The employer will not at once cut down wages, but will economize in other directions. A reduction in wages may cause a strike, disorganization of his labor force, loss of business connections and inability to take advantage of any turn in the tide. It is notorious that in times of depression many an employer continues to run his business, even at a loss, partly from a desire to retain his market, partly from consideration for his men. When prices are falling, wages usually follow more slowly; but if the fall in prices is due to improved methods of production, they need not fall at all. The employer may be obliged to charge to his loss account a part of his capital invested in old machinery, but the demand for labor will be the same. When prices rise or fall, the party adverse to a change in wages has the advantage; with rising prices, it is the employer; with falling prices, it is the employé. . . .

“Prices have decreased since 1873, while wages have increased since 1879. It appears, therefore, that in a period of declining prices the position of the laborer has improved. This fact, moreover, is not true of the United States alone. It can be shown on the authority of many economists and statisticians that it is generally true. Thus, Mr. A. L. Bowley, the latest authority in England on wages, after an elaborate investigation of all the accessible data, came to the conclusion that real wages (purchasing power) rose about twenty per cent between 1860 and 1871-4, the period of the maximum; and that after 1880 money wages rose continuously (with a check in 1886), while real wages rose still more rapidly. From 1860 to 1891 the rise, taking the same trades as those in the Aldrich Report, was 70 per cent; and including all trades, the rise in real wages was 90 per cent. Again, a most elaborate study of the effects of the low prices since 1873 has been made by M. Hector Denis, and he comes to the conclusion that both wages and the standard of life of the laboring class have risen since 1873. Finally, General Walker, the leading bimetallist of America, admits that since

1873 the laborer has received as large a share of the product of industry as he then had, or even more; although he contends that this share has not been as large as it would have been if silver had not been demonetized in 1873. But it is certainly something to have gained in a period of falling prices, and it seems chimerical to advise the laborer to exchange this certainty for a chance of recovering in wages the increased cost of living which advancing prices would bring. It is doubtful, too, whether the speculative boom given to business by inflated prices really causes prosperity, for it is sure to be followed by a period of depression, disastrous to employers and workmen alike."

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## **Problems of Railway Management.**

BY HENRY CLEWS.

The modern railway is one of the greatest of human achievements; and being a product of human intelligence, contains deeply inwrought in its constitution the elements of human perversity and imperfection. Existing in all civilized countries, it partakes in each locality of the character of the people who have constructed it.

In the United States, railway construction has been allowed to reach its full development as a form of speculative enterprise on the part of the individual. Until within a few years, since the legislators of certain western states formulated plans for curtailing the powers and the profits of the railways, government was not so much their ally as their servant. The individual dominated not only the state legislature but the national Congress. The latter gave to a few men grouped together in a corporate capacity not only vast areas of public land which, belonging to nobody, belonged to everybody, but also the bonds or promissory notes of the nation to redeem which enforces a taxation which bears upon every citizen of the republic. Government thus was compelled into a slavish co-partnership in which the partners who profited by the alliance were few and voluntary, and those who bore

the burdens only, without the hope of gain, were involuntary and numerous.

But this condition of affairs, so widely removed from the autocracy of eastern, and the paternalism of western Europe, has ceased to exist; and in a large proportion of our western territory railway managers find themselves grievously hampered by legislative interference. But railroad construction is still dependent upon individual enterprise, and exhibits in a manner quite unknown to Europe, and hardly familiar to Great Britain, the phenomenon of speculative principles carried out in the details of a business which, in its essence, is the least speculative of human transactions.

It is obvious at the first glance that the transportation of an article involves less risk than its production if a growth, or its manufacture if a fabric. The farmer runs countless risks in bringing a crop of grain to maturity, or any other crop whatever; and the risks of manufacturers are proverbial. But road building is one of the exact arts, and every detail from first to last can be contracted for in definite sums. And the traffic on any given route can be accurately arrived at. There are so many inhabitants, they produce so much, they buy so much in the markets. The population will never decrease; production and consumption, one year with another, will never lessen; on the contrary, it is reasonable to look for an increase of all these conditions. Here we have excellent *data* to work on; a certain amount of expenditure to construct and stock the railway, a certain amount of passenger and freight traffic at fixed rates, which are sure to be paid in cash. If the income yields a dividend upon the expenditure, with full allowance for wear and tear, salaries, etc., then there is no more secure investment of capital. In respect to this one item of security it leaves banking and merchandising far in the rear.

But in the face of this we are confronted by the fact that an enormous proportion of the railways constructed in the United States have had the value of their shares reduced to mere fractions or annihilated altogether, have defaulted on



their bonds, and either been sold out under foreclosure or lodged by the courts in the hands of receivers. In 1892 there appeared to be no reason why 1893 should be a period of extensive railway default. The nation was considered to be in a prosperous condition, and the World's Fair was counted upon to bring into the country a great amount of foreign capital, a portion of which would remain to benefit our own people. Such was the accepted outlook; the prevalent estimate of financial conditions with which the prosperity of our railways was implicitly connected. Yet what was the history of 1893? Seventy-three railroads passed into the hands of receivers. These included some of the largest systems in the United States. The big six of the roads taken in charge by the courts were the Reading, the Erie, the Northern Pacific, the Union Pacific, the Atchison, Topeka & Santa Fé and the New England. It is estimated that about 20 per cent of the entire mileage of the United States passed into the hands of receivers during that year, and almost as large a share of the entire capitalization. The roads which were overwhelmed with disaster in 1893 had an aggregate mileage of 32,995, funded debt \$1,680,552,000, capital stock \$668,566,600.

Thus, in a year which it was confidently believed would bring great prosperity, one-eighth of the railway capital practically ceased to be valuable as an investment, while the diminution in share values in the market scaled the remaining seven-eighths down to perhaps five-eighths. The catastrophes of 1873 and 1874 were even worse.

Merchants and manufacturers never fail like this. There are failures in all trades at all times. Men are continually over-trading, making unwise purchases, and bad debts; but out of any given thousand engaged in selling dry goods or groceries on credit, one hundred and twenty-five do not fail in any nine months. And if such a proportion of failures does not obtain with individuals whose business involves great risks, why should it obtain with corporations whose business involves almost no risk at all?

The solution of this problem is found in two of the

words that are used in its enunciation, namely "individuals" and "corporations." The corporation under unwise management succumbs where the individual leads a healthy existence.

To use a homely illustration, the common carrier work inside of all our large cities is done by truckmen. Each one has his own team or teams, and not only are they a proverbially honest class of men, but they are, as a rule, solvent, out of debt, and constantly improving their condition. Those who do the work of well-established firms or factories have valuable properties in their franchises arising out of their relations with the employers, the purchase price of these properties often amounting to thousands of dollars. Their functions differ in no respect from those of the railroads. Their surroundings are different, but the business of one is the business of the other; they are common carriers, and nothing else. But one enterprise is individual, the other is corporate. When it is a bad year for railroads it is a bad year for truckmen, but it is safe to say that one eighth of the truckmen in American cities during 1893 have not defaulted or been sold out. And the reason is, that each one looks out for his own individual welfare. This he is compelled to do by the force of circumstances. But there is no force of circumstances that compels any one to look out for the welfare of a corporation, if a failure to do so operates to his own personal benefit.

If Smith were a trustee for a minor, Brown, and in control of a railroad, in that capacity, belonging to Brown, he would repel without hesitation any proposition on the part of Jones to the effect that Jones should build a lateral to Brown's railroad, connecting some obscure town with the main line, worthless at present, and without reasonable expectations of future value, at a cost of a million dollars, which should be then sold to the unresisting and unconscious Brown for one and a half million dollars, and the profits divided between Jones and Brown's trustee. Smith would refuse such a transaction; or, if he should engage in it and be found out, the

courts would compel him to refund to his ward, and would probably send him to the penitentiary into the bargain. Yet it is well known that railway directors have in a corporate capacity been concerned in just such operations by which successful main lines have been loaded with the burdens of worthless laterals, sometimes to such an extent as to annihilate the dividend-paying power of the roads, of which they were, in fact, the trustees, and in the view of sound morality, acting in a fiduciary capacity. Such things have been, although they happen much less frequently in these latter days and bid fair to go out of use entirely.

It is a proverb that "blunders are worse than crimes," because, while we can sometimes forestall the criminal, and can always lock him up, we give the well-meaning and enthusiastic blunderer full swing in his destructive work. Of this, the wrecking of one of the great coal roads is a conspicuous example. About the year 1870, the president of this road, an able lawyer, a financial enthusiast, and a fanatic as to future values, persuaded his board of directors, at that time earning twenty per cent annually and declaring dividends of ten per cent, that it would be supremely wise to buy up all the coal lands in market and go in debt for the price. He and they failed to see that if an acre of coal land cost a thousand dollars and could not be utilized until fifty years had passed, with the compounding of interest at six per cent, this acre at the end of fifty years would have cost thirty-two thousand dollars.

If an individual should be offered a thirty thousand dollar house upon the stipulation that he should neither use it nor derive any income from it within fifty years, while himself paying taxes on it, he would refuse it as a gift. But this corporation collectively grasped at the delusive phantom of the future, and permitted themselves to ruin a splendid railway property. Their action has since been severely and justly criticised; but it was popularly commended at the time, and we have never heard them accused of having profited dishonestly by their stupendous and most costly folly.

This road, once so prosperous, now owes nearly two hundred millions of dollars, on most of which it is unable to pay interest, and is of course in the charge of receivers.

Evils generally work out their own cure. They happen pursuant to natural laws, and one of the laws by which they are governed appears to be that when they have run a definite course they shall cease to exist. It was when a certain section of our north-western territory was covered with bankrupt railway corporations, that the abilities and skill of Mr. Tilden and his associates rescued so many of them, and combined them into profitable properties. Dishonesty and wastefulness may run their course, but something has been accomplished. The railways remain, and coming into competent hands become useful to the community. Citizens of New York remember how fraud and larceny ran riot in the construction of the marble Court House in City Hall Park; and yet while the evildoers are dead or scattered, the Temple of Justice remains to adorn the city and benefit the community.

As Americans, we cannot help having a natural pride in our enormous scheme of railways. No nation on earth is so well appointed, considering the immense distances over which our territory extends. Nor anywhere else is travel so cheap. When a passenger is carried from New York to Chicago and back again, more than eighteen hundred miles, in a commodious carriage for fifteen dollars, we may safely say that the extreme of cheapness has been reached. As moralists, we may condemn, and lament over, the lapses from honesty on the part of dishonest contractors and conniving directors; but the undeniable merits and usefulness of the railways remain; losses have been distributed, absorbed, forgotten; the benefits are with us, and will continue.

The principal and most powerful enemy that our railways have now to contend against is not the carelessness or the dishonesty of boards of direction, since these features of the system are rapidly disappearing as construction diminishes, and economy in the management of existing plant becomes more

obligatory, but it is to be found in the interference of legislation. In the view of enlightened lawmakers and jurists, railways are private enterprises, operating as common carriers under the well settled principles of the common law, and entitled to the same protection from the state as the citizen engaged in an ordinary business or profession.

Railways must keep the peace as to the people, and people must keep the peace as to the railways. This obligation rests on each one of us. But as the railway crosses highways, and tends to render travel dangerous in crowded localities, certain statutes are necessary in order to protect the community. These are laudable and no one disputes the wisdom of their enactment. Such are the statutes that limit speed in defined districts, and compel raised or sunken tracks, and enjoin fixed appliances of safety, and forbid dangerous machines or fixtures. These and all their kind are necessary and useful.

But beyond these, and in a totally different field, is a mischievous legislation that interferes with private rights, and is unjust and really unconstitutional. Unless a citizen has a monopoly, no law should compel him to sell his labor or goods at a price, or stop him from doing a lawful business in his own way, so long as he commits no trespass on the rights of others. And if this is true in the case of the citizen, it is true in the case of the railway. And yet in certain states the legislatures are constantly enacting just such laws.

It would be threshing old straw to criticise these statutes. Being totally opposed to reason and common sense they fail, just as similar enactments have failed before. To go no further back than the French Revolution, the laws of the *maximum* were powerless to bring plenty and cheapness to the citizens, although the masses of the people ignorantly demanded them. But we need not confine ourselves to the vagaries of such shallow demagogues as Robespierre and St. Just, whose ideals, as Macaulay tells us, were the fictitious heroes of Plutarch.

Herbert Spencer has declared that of the laws passed in

England during a period of several centuries, an overwhelming percentage have totally failed to produce the effects intended, and many laws have had exactly the opposite effect from what was expected. No legislative body has been more capable or thoughtful than the English Parliament, and yet this is their record.

Our conclusion is that the railways of the United States, having been as a rule private enterprises, were constructed largely on speculative principles, among which honesty was not in all cases the primary consideration; that the great losses inevitably entailed on innocent people have been distributed and mainly forgotten; that the water is being squeezed out of corporate fictitious capital by the force of natural laws, and that eventually the roads with rare exceptions will arrive at a dividend paying condition on the price paid by the ultimate owners. Meantime legislation as to railways should be confined to the main object of government, that of keeping the peace and protecting the rights of citizens and corporations.

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### **The American Iron Industry.**

We give below a number of extracts from an important article written by Mr. James M. Swank, President of the American Iron & Steel Association, and published in the Annual Report of the Association for 1895. Mr. Swank is standard authority upon this subject. Special attention is called to his remarks as to the effect of the protective policy upon iron making in this country, since 1860.

“ Beginning with an abortive attempt at ironmaking on Falling Creek, Virginia, in 1622, and with a successful attempt at Lynn, Massachusetts, in 1645, the manufacture of iron was fully established before the Revolution in all the original thirteen colonies except Georgia. . . . Pig iron and bar iron were exported from the colonies to England in the first half of the eighteenth century, and shipments of these articles to the mother country attained considerable proportions in subsequent years down to the breaking out of hostilities.

“ The production of pig iron and bar iron in the colonies was encouraged by England, because she did not have a sufficient supply of these crude articles of her own manufacture, owing to the scarcity of charcoal, which was the only fuel used in making either iron or steel until about the middle of the last century. But the mother country always discouraged the manufacture in the colonies of the more finished forms of iron and of all kinds of steel. Bancroft, in his *History of the United States of America*, says that ‘ England, in its relations with other states, sought a convenient tariff; in the colonies it prohibited industry.’ An act of the British Parliament in 1750 prohibited the further erection in the colonies of any ‘ mill or other engine for slitting or rolling of iron, or any plating forge to work with a tilt hammer, or any furnace for making steel,’ and declared that ‘ every such mill, engine, forge or furnace so erected shall be deemed a common nuisance,’ to be abated by the colonial officials of the British government. . . . But the colonists had made a start in the manufacture of pig iron and bar iron, so that when the Revolution came they were prepared to make all the iron and steel munitions of war and other articles of iron and steel that were needed.

“ After the Revolution our iron and steel industries were further developed, but slowly and spasmodically for many years owing to the severity of foreign competition, which was only occasionally checked by tariff legislation. Although the policy of encouraging domestic manufactures by tariff legislation was distinctly avowed in the first tariff act under the present constitution, which act was approved by George Washington on July 4, 1789, for more than half the subsequent period down to our Civil War, the duties on iron and steel were not sufficient to afford adequate protection to our iron and steel industries. With the enactment of the Morrill protective tariff on March 2, 1861, and with the added stimulus of the Civil War, our iron and steel industries at once entered upon a period of extraordinary development, which, with some interruptions, has continued to the present

time, greatly surpassing the development of like industries in any other country.

“Our blast-furnace practice has been completely revolutionized since 1860 by the introduction of more powerful blowing engines and improved hot-blast stoves, by the increased height and width of the furnaces, and by the general use of bituminous coke and of richer and purer iron ores, the latter coming chiefly from the Lake Superior region. . . . In 1860 we made 821,223 tons of pig iron, and in 1890 we made 9,202,703 tons. In 1895 we made 9,446,308 tons. Our blast-furnace practice is conceded by European experts, even by our English friends, to be the best in the world. . . .

“It was not until 1867 that we began to substitute Bessemer steel rails of domestic manufacture for iron rails, although small lots of Bessemer steel rails were imported in 1864, 1865 and 1866. . . . Our iron rail industry, which attained its maximum growth in 1872, is now virtually extinct. So completely have steel rails taken the place of iron rails in this country that in 1894, according to *Poor's Manual*, 84.8 per cent of the total railroad track of the United States had been laid with steel rails. . . .

“Ten years ago the making of heavy armor plates was an untried industry in this country, but to-day our heavy armor plates are admitted to be the best in the world, and within the last year the Russian Government has purchased American armor plates in preference to those made in European establishments. The rapid strides which this country has made in the last few years in the building of steel merchant vessels for ocean and lake service, and in the building and armament of a new navy, are the world's wonder, and reflect the highest credit upon our steel manufacturers as well as upon our shipbuilders. The great progress that has been made in late years in this country in the construction of steel bridges, and in the substitution of iron and steel for wood in the erection of public and private buildings, particularly the very high buildings that are now to be seen in all



our large cities, could not have taken place if our iron and steel manufacturers had not first demonstrated their ability to produce the structural forms required and at low prices. It is within the bounds of probability that the production of structural steel in this country, embracing beams, beam girders, zee bars, tees, channels, angles and plate girders, will soon amount to a million tons annually. . . . .

“Our tin plate industry, the youngest of the industries belonging to the American iron trade, is wholly the creation of the last six years. Its marvellous growth is shown in the following summary from official statistics of our production of tin plates and terne plates during the four fiscal years beginning with July 1, 1891, and ending with June 30, 1895; fiscal year 1892, 6,092 tons; fiscal year 1893, 44,562 tons; fiscal year 1894, 62,153 tons; fiscal year 1895, 86,519 tons. This progress was made during a period which embraced two years of severe financial depression, followed by a sharp reduction in the tin plate duty. While we have been so rapidly developing our tin plate industry we have developed with equal rapidity the manufacture of black plates, or sheets, to be tin-coated or terne-coated . . . . .

“One result of the improvements that have taken place in the manufacture of iron and steel in this country in the last thirty-five years has been the partial or complete abandonment of time-honored methods of production which could not compete with the new methods. In 1860 only iron was used in the production of bars, rods, plates, sheets and rails, and the puddling furnace was an indispensable agency in their production. To-day the puddling furnace is second in importance to the Bessemer converter and the open hearth furnace, which will encroach upon it more and more from year to year. The Danks puddler, from which so much was expected twenty years ago, is never mentioned. The cementation furnace for making steel and the slitting mill for making nail rods survive only as curiosities. The blast furnaces that were run by water have nearly all gone. Except for special purposes the day of small furnaces is over. . . . .

“ The low prices at which steel rails of home manufacture have been sold to our railroad companies, will serve as an illustration of the cheapening of all iron and steel products in this country since we began the manufacture of steel in large quantities, under the stimulus of the Morrill tariff and its supplements. When it was proposed in 1870, just twenty-six years ago, to place a duty of \$28 a ton on steel rails, the Hon. S. S. Marshall, a prominent member of the House of Representatives, earnestly protested against the proposed duty because it would so increase the cost of foreign steel rails that our railroad companies could not afford to import them. The average price of Bessemer steel rails in this country in 1870 was \$106.75 a ton, in currency. The duty of \$28 a ton was imposed in that year and the price of steel rails fell in five years to an average of \$68.75 a ton, and it has never since risen above these figures, but has steadily fallen in most of the succeeding years. In the whole of the year 1894 the price was \$24 a ton, and in the early part of 1895 it was \$22 a ton, or less than a cent a pound. It is now \$28 a ton, which is exactly the amount of the duty that was imposed in 1870.

. . . . .

“ But, while full force should be given to the tremendous demand which all our railroads have made upon our iron and steel works, our bridge works, our car and locomotive works, and our machine shops and foundries, the fact is equally worthy of consideration that a large part of our railroad mileage could not have been built if our iron and steel manufacturers had not been encouraged by the protective policy to increase their facilities for the production of iron and steel, and if the competition between these manufacturers had not greatly reduced the prices of their products, most notably of steel rails, as has already been shown.

“ The statistics of pig iron production by Great Britain show how much more rapid has been the progress of our pig iron industry since 1860 than that of our rival. Great Britain produced almost as much pig iron in 1860 (3,826,752 tons) as the United States produced in 1880 (3,835,191 tons), and

yet, notwithstanding the fact that we started so far behind in the race, we made in 1890 more pig iron than Great Britain had made in any previous year or has since made. Her maximum production (8,586,680 tons) was attained in 1882; our production in 1890 was 9,202,703 tons.

“Our production of Bessemer steel rails exceeded that of Great Britain in 1879, and we have ever since retained the leadership in this branch of the steel industry. Beginning with 1884 we have continuously led our great rival in the production of Bessemer steel ingots, and since 1890 we have been uniformly in advance of Great Britain in the aggregate production of all kinds of steel. . . . .

“Now, what may reasonably be predicted of the future of our wonderful iron and steel industries? I have shown how rapid and substantial has been their development since 1860, how courageously we have invested our capital in establishing new branches of these industries, how promptly we have adopted new methods of manufacture, and how quickly we have responded to the demand for iron and steel for new uses. While we have made this creditable record as producers of iron and steel, we have steadily improved the quality of all iron and steel products, and as steadily reduced the prices at which they have been sold. It may be confidently assumed that our iron and steel manufacturers will meet the mechanical and commercial problems of the future as they have met those of the past.

“I assume that the protective policy of our fathers will be maintained in sufficient force to preserve the home market for the home producers of iron and steel, as well as for the producers of other products. The late industrial depression and its results, which still remain with us, have again shown the folly of any attempt to abandon the policy of protecting home industry against foreign competition. Granting, then, that our iron and steel manufacturers will continue to control the home market, will that market continue to consume our iron and steel products in quantities sufficient to maintain our iron and steel industries in healthy activity, bar-

ring, of course, periods of industrial depression which no foresight and no legislation can wholly guard against.

“I think that there can be no doubt that the recently developed use of steel in the construction of public and private buildings will continue to grow from year to year. Not the least among the advantages claimed for structural steel is its cheapness. We will continue to turn out a large annual product of steel rails, but chiefly for renewals and extensions of track already laid, and not chiefly for the construction of new railroads, nor of electric railways for local passenger traffic, important as both these sources of demand must continue to be. There will be an increased demand for iron and steel for use in the building of cars and locomotives and for the various appliances of electric roads. Steel will continue to be a favorite in bridge building. Whether we greatly increase our naval equipment or not, we will continue to require large quantities of steel in the construction of lake and ocean vessels. Our new tin-plate industry will require continually increasing quantities of steel from year to year, our steady increase in population of itself contributing largely to this result. The use of cast iron pipe and of wrought iron and steel pipe must also increase with our increase in population. This increase in population will also enlarge the market for stoves, agricultural implements, and hundreds of other articles composed wholly or in part of iron and steel. Our aggregate consumption of iron and steel must certainly increase as the years roll on.

“Our exports of iron and steel have greatly increased in recent years, owing to the superiority of our iron and steel products, and also to their increasing cheapness. American iron and steel manufacturers must look almost entirely, however, to their own country for the employment of the productive capacity of their iron and steel works, and if this capacity can not all be profitably utilized, some of these works, as in the past, must stand idle or be abandoned. The fittest works will survive. For these there will be sufficient employment.”

### **New Banking Law of Mexico.**

It cannot be too strongly or too often insisted that the real financial reform needed at the present time is in the field of banking, not that of the monetary standards. The possibilities in the direction of using the combined credit of the community as a basis for a circulating medium have been only partially appreciated in this country, or have been obscured by the interminable struggle over the relative merits of silver and gold as standard measures of value. Probably ninety-nine per cent of the business of the country is transacted upon pure credit, and only one per cent through the agency of coin, but the significance of this state of affairs, in its relation to the money question, has not been fully comprehended. The silver people believe that the whole problem is to be solved by effecting a reduction in the value, and perhaps some increase in the volume, of the medium through which but one per cent of our business is done; while on the other hand, many of the gold standard supporters, such as the *New York Sun*, imagine that nothing is necessary but to maintain present conditions. Both very largely overlook the opportunity, suggested by the immense use already made of credit in business transactions, of systematizing and utilizing a certain portion of this credit, through a general banking system, in such a way as to vastly increase its field of usefulness, and at the same time practically solve the money problem.

The use of credit, as a basis for currency, is one of the rational privileges to which the growth of civilization, with the increasing inter-dependence of society, and consequent greater honesty and responsibility in business relations, has logically entitled us. A definite monetary standard is, of course, the first essential, but paper currency expressed in terms of this standard, can, through the mechanism of banking, be guaranteed and backed by this vast fund of credit which modern conditions have produced, and perform the functions of money along with and even more satisfactorily than coin itself, because the very necessity for the regular redemption of non-legal-tender currency, automatically keeps it in circulation.

This principle is recognized in the banking systems of practically every great civilized nation, except the United States. Our national banking system requires the deposit of bonds to an even greater amount than the notes issued against them, and is hence the most costly and inelastic system in the world.

It is interesting to notice that even Mexico has recently taken a forward step in the direction of sound banking, thus recognizing the general trend of scientific currency reform. A new law on this subject, reproduced herewith, went into effect in Mexico on July 1st, last.

“*Article 1.* The Chief Executive of the Union is authorized to enact a general law, by which the concession, the establishment and the operation of all banks of emission in the State and Territories of the Republic are to be governed. It will be based on the following rules:

“(a) No concession will be granted, unless the concessionaires deposit bonds of the national public debt, whose nominal value, at par, must equal 20 per cent of the sum which the bank must have in cash with which to commence operations.

“(b) The minimum amount of capital which will be allowed will be \$500,000, half of which must be exhibited in cash before the bank can begin operations.

“(c) The amount of actual cash on hand must never be less than one-half of the sum total of bills in circulation, together with sight deposits, or deposits made with a notice of three or a less number of days.

“(d) No bank can be authorized to emit bills for an amount greater than three times its capital stock.

“(e) The acceptance of these bills will be optional, and no bill of less than \$5 will be issued.

“(f) Exemptions or diminutions of taxes can only be granted to the first bank which is established in any State of the Republic or in any of the Federal Territories. The other banks must pay all taxes established by the general laws, and, moreover, they will be subject to a special government

tax of two per cent per year on the amount of their capital stock. Those now established, providing they subject themselves to the regulations of the general laws, will be considered as "first" banks, as regards the foregoing portion of this article.

"(g) The banks which may be established in a State cannot have, outside of the limits of that State, branch houses for the exchange of bills without the special permission of the executive, who will only grant it in case of very close bonds of commercial interest between the various States; and such branches can in no case be established in the City of Mexico or in the Federal District.

"(h) The Federal Executive will have in each bank an interventer, whose duties will be stated, and who, in the revision of the annual balances, will have the same powers as the manager in anonymous companies.

"(i) The banks will publish monthly a cash balance, in which will be stated the amounts due the bank, the amount of silver on hand and the amount of bills in circulation, and the total amount of sight deposits and the amount of notice deposits of three or a less number of days.

"(j) The Executive will not grant any concession until after the enactment of this banking law, and such concession must be in conformity to it.

"Article 2. The Executive will also have the power:

"(a) To celebrate contracts with the National Bank of Mexico, by virtue of which and through an agreed-upon compensation, which shall be judged equitable, any incompatibility between said National Bank and the concessions granted to others under the general law may be adjusted.

"(b) In order to celebrate contracts with the banks already in existence by virtue of special concessions, on the understanding that the State banks may enjoy the benefits of the general law, they will have to renounce the special concessions under which they were established.

"(c) The authority conceded to the Executive by virtue of the present article will cease, as far as celebrating contracts

for State banks is concerned, six months after the publishing of the general law, and for other banks will cease on the 15th of September next.

“*Article 3.* The provisions which must govern other institutions of credit can also be subjected to the same law, or to any other special law which the Executive may enact, or which may seem to him the most convenient.

“*Article 4.* In the sessional period immediately following the promulgation of the decree or decrees relative to this law, the Executive will give an account to Congress of the use which he shall have made of the faculties empowered upon him by the present law.”

In 1884 the various chartered banks of Mexico were consolidated into one National Bank, with branches, having the exclusive right of issuing notes. The new law, it will be seen, allows the formation of outside banks with note privileges, and apparently well safeguarded. This system above outlined may not be an ideal one in all respects, but our southern neighbor is evidently upon the right track, and will doubtless continue to perfect her banking regulations as occasion may require.

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### The Saxon Land Credit System.

The possibilities of good banking are not limited to the one function of supplying a circulating medium based upon associated credit, and ample for the requirements of business. This, of course, is the feature most urgently needed in the United States at present, but the banking principle is susceptible of still wider application and usefulness. It may be employed, under proper safeguards, as an instrument for placing in the hands of capable and trustworthy men of limited means, the funds with which to inaugurate and carry on business enterprises, on the security offered by “personal character and satisfactory evidence of the intrinsic productiveness of the use to which the money loaned is to be put by the borrower.” The sentence quoted was applied to the Raiffeisen



banking system of Germany, in an article which appeared in this magazine last May: The two leading features of this system, as described in the article referred to, are "long time" credits, to be repaid presumptively out of the future profits of the business to be undertaken, and the unlimited liability of each member for all obligations which the association may incur. It is an application of the co-operative idea to banking, with the saving provision that the balance of authority in management is conferred upon the more well-to-do members, in proportion to the greater risk assumed by them. At the same time, the financial control of these associations can never be wholly monopolized by any individual or clique, since each member is limited to the ownership of one share of stock.

As a whole, the Raiffeisen system appears to have worked satisfactorily, but in the opinion of our commercial agent at Plauen, Mr. T. W. Peters, who has recently transmitted a report to the State Department on this subject, the Land Credit Association of Saxony is superior to it. He sends a translation of the rules and regulations of the Saxon association. A few extracts from these regulations, re-grouped for convenience, under explanatory titles, will indicate the main features of the system:

#### PURPOSES, MEMBERSHIP, ETC.

"It purposes to allow its members loans under its regulations.

"Any owner of an estate in the Kingdom of Saxony, who is of age, independent and capable of disposing of his property, and who has not been punished for dishonorable crimes, can apply for membership in the association as an ordinary member. The member can be male or female, corporations or communities, which are acknowledged to be persons in law.

"Every member is entitled:—When resolutions are taken on the affairs of the association, to give his vote at the general assembly. . . . If he can fulfill the regulations

of the association, to request a loan from the association for a certain time.

“Every member has a share in the net profits of the association in proportion to the stock he has.

“Every member is obliged:—To pay an entrance fee.  
 . . . . . To have at least 100 marks in the stock of the association.

“The maximum amount of stock allowed to any one member is 1,500 marks.”

#### LOANS.

“A member holding stock amounting to 100 marks is entitled to a loan of 5,000 marks; 200 marks, 5,000 to 20,000 marks,” and so on, up to “1,000 marks, 200,000 marks or more.”

“A member has a right to but one subscription, and the stock is untransferable.”

#### FUNDS, DEBTS, ETC.

“The capital to start the association is obtained from subscriptions to stock, receiving funds as a savings bank, and, generally, doing a banking business.

“The debts of the association consist of, (1) mortgage certificates and bonds issued by the association. (2) Loans made by the association against their obligations, and savings credited to account books. (3) Interest and expenses of administration, as well as (4) stocks of the members of the association.

“The general reserve fund is formed by the admission fees of the members, and by a certain per cent of the net profits, which is to be determined by the committee. . . . . This fund is to be used in cases of losses to the association, and can only be closed when the fund has reached an amount equal to ten per cent of all loans issued by the association.  
 . . . . .

“A sinking fund for the several series of mortgage certificates and bonds, and a special sinking fund for each series of unrecallable loans shall be formed; for this fund, the annual

net proceeds from these loans will be employed, the cost of administration having been first deducted.

#### ELEMENTS OF SAFETY.

“ The committee on elections can reject applications for membership if they believe the applicant ineligible or that his admission would be against the interests of the association. The applicant for membership can then appeal to the board of direction and the general assembly.

“ The liability of the members of the association is a joint and general one, under the following regulations, which must be observed :

“ (a) The general and joint liability of the members is to secure the credit of the association, but will not be used until all the available property and interests of the association have been exhausted.

“ (b) After the property of the association has been exhausted, the deficit remaining must be covered by the stock of the members.

“ (c) If the stock of the members does not cover the liabilities of the association, the members may be held to make further payments, *pro rata*, until the debts of the association are satisfied.

“ All property of the association, in land or other securities, as well as the sinking fund and stock of members, is liable for the debts of the association.

“ The board of direction can demand and exact information regarding all loans and advances given by the board of election, as well as the securities on which the loan is granted, and all other books and documents whatsoever or in any way relating to the affairs of the association. They may also install a substitute in the place of an offending member of the board of election ; when this occurs, a general assembly must be convened as soon as possible, and the case submitted for its decision.

“ A royal commissioner is appointed by the government to control the actions of the association. He is entitled to

take part in all meetings of the committee of the association and to examine all books and papers of the association at any time, and must co-operate in the issue of all mortgage certificates and bonds of the association; . . . . he must see that the regulations of the association are obeyed and that nothing is done contrary to the law and regulations."

In commenting upon this system Mr. Peters says:

"I am convinced that the same plan of organization may be adopted in the United States, where I believe it will flourish as it has in Saxony. The mortgage certificates of this association, par value 100 marks, are now quoted at 102.65 marks for the  $3\frac{1}{2}$  per cent and 103.80 marks for the 4 per cent certificates. This is a good indication of the confidence the Saxon people have in the association.

"The farming people of the United States, when they wish to borrow, especially in the West and South, pay a very high rate of interest. I am not writing of the great landed proprietors, who have the best borrowing facilities, but the small farmer, who has probably expended his entire capital in the purchase and equipment of his farm and finds he must borrow from \$100 to \$500 until he can market his crops. It is to this class that such an association will be of most benefit, for through its agency, he is at once put in communication with the great financial centers, where he can obtain the required advance at the lowest possible interest, whereas at present he must often pay a disastrous amount to the local banker or money lender."

The banking reform that Mr. Peters wishes to see accomplished will have to be upon broader lines than those of cooperative land-credit associations. It must include a remodeling of the entire banking system of the country, with a view to securing ample, safe and elastic currency. Nevertheless, these German systems are interesting illustrations of how the banking principle may be further applied in the encouragement of industry, and for the particular benefit of the deserving poor.

## Early Slavery in New Jersey.

In the minds of most people, the thought of slavery as it existed in this country, is associated almost exclusively with the Southern States. It is somewhat difficult now to realize that this institution flourished to a greater or less extent in practically all the early English colonies along the Atlantic seaboard. Of course, in those days it occupied no such place in the industrial organization of the community that it afterwards came to fill, when applied to the vast cotton-growing industry of the South. The great causes which led to the gradual localization of slavery in the South were economic—it went to that particular region because there it could be made highly profitable, owing to the nature of Southern industries. Otherwise it is probable that the same moral sentiment which drove it out of the North would have developed quite as strongly in the South a little later on and with similar results. It is interesting to study this institution of slavery as it existed in the Northern States, and the growth of the social and moral forces which led to its abolition here, and thus finally brought about the “irrepressible conflict.” An interesting “Study of Slavery in New Jersey,” by Henry Scofield Cooley, has recently been published as No. IX-X, in the Johns Hopkins University Studies in Historical and Political Science, Fourteenth Series. According to Mr. Cooley, New Jersey had a larger slave population at the beginning of the present century (*i. e.*, 12,422 in 1800), than any other state north of Maryland, except New York. Probably, therefore, the conditions prevailing in New Jersey, and the progress of the abolition movement there, may be considered as fairly representative of all the Northern colonies of the ante-Revolution and states of the post-Revolution period.

As to the social condition of these slaves Mr. Cooley says: “Male slaves were employed as farm laborers of all sorts, stablemen, coachmen, stage drivers, sailors, boatmen, miners, iron workers, saw-mill hands, house and ship carpenters,

wheel-wrights, coopers, tanners, shoemakers, millers, bakers, cooks, and for various kinds of service within the house or about the master's person. Slave women were employed at all kinds of household service, including cooking, sewing, spinning and knitting; and as dressing maid, barber, nurse, farm servants, etc. If a woman had children she was rendered less desirable as a slave. That the laxness of morals ordinarily found among African slaves was present in New Jersey is sufficiently evident. Frequently slave women were offered for sale for no other reason than that they had children. They were, in some cases, sold without their child.

“The newspapers contained many notices of reward for the return of fugitive slaves. In some cases the returned fugitive seems to have been treated very leniently. One instance is recorded in which he received no punishment whatever. In another case the advertisement promises that if he ‘shall return voluntarily, he shall be forgiven, and have a new master.’ Slaves of both sexes and various ages were among the fugitives. A man fled and left behind a wife and child. A woman with a child of nine months ran away. Slaves occasionally escaped by the ferries from Elizabethtown and Perth Amboy to New York. In 1734 three were thought to have gone off in a canoe toward Connecticut and Rhode Island. Others attempted to get on board some vessel, or sought a chance to go privateering. A slave sometimes escaped on the back of his master's horse.

“Negroes were frequently sold for a term of years. Slaves were at times hired out by their masters; occasionally a plantation together with the negroes to cultivate it was rented, or a mine with the slaves to work it . . . .

“Slaves were, on the whole, well treated in New Jersey. In most cases they lived in close personal relations with the master's family, and were regarded by him as proper subjects for his care and protection. As early as 1740 there is record of a slave that could read and write. Frequently slaves spoke both English and Dutch. Many slaves played the violin with considerable proficiency. Under the Colonial laws, it is true,

slaves accused of crime received severe treatment; but this severity must be viewed as part of the criminal law of an eighteenth century Colonial society, stern both from its origin and from its individual development.

“Mr. Mellick, in his ‘Story of an Old Farm,’ gives a very entertaining description of slavery on a farm at Bedminster in Somerset county. . . . The slaves of the farm were granted their holidays and enjoyments. In the week following Christmas they generally gave a party to which the respectable colored people of the neighborhood were invited. The whole week was one of great festivity, and but little work was expected of the blacks. . . .

“Mr. Mellick gives copies of bills for the schooling of the negro children, showing that in this family the law that slaves should be taught to read was well observed. When the farmer died, his will disposed of the negroes so that those who did not remain on the old farm were comfortably placed with friends of his. The boys and girls were sold for terms of years merely. This shows a considerate interest in the happiness of slaves, together with a consistent regard for the welfare of his family.”

Nevertheless, there was shocking barbarity connected with early slavery in New Jersey, no less than in the Georgias and Alabamas of a later period, as appears from this extract:

“That delirium of the New York people in 1741, known as the ‘Negro Conspiracy,’ appears to have spread to some extent into neighboring New Jersey also. Mr. Whitehead thinks that this panic caused many executions in New Jersey. In one day seven barns were burned at Hackensack; an eighth caught fire three times, but fortunately was saved. It was believed that these were set on fire by a combination of slaves, for one negro was taken in the act. The people of the neighborhood were greatly alarmed, and kept under arms every night. Two negroes charged with committing the crime were burned. Mr. Hatfield quotes from the Account Book of the Justices and Freeholders of Essex County the following items: ‘June 4, 1741, Daniel Harrison sent in his account of wood

carted for burning two negroes.' . . . . 'February 25, 174 $\frac{1}{2}$ , Joseph Heden acct. for wood to burn the negroes Mr. Farrand paid allowed 0.7.0. Allowed to Isaac Lyon 4s., curr<sup>y</sup>, for a load of wood to burn the first negro, 0.4.0.' Mr. Whitehead says that, in 1772, 'an insurrection was anticipated, but was prevented by due precautionary measures.'\*\*

The Quakers were among the earliest promoters of the abolition movement in the North, and most of them set a consistent example by freeing their own slaves. Mr. Cooley traces the decline and fall of slavery in New Jersey as follows:

"We find during the latter part of the Colonial period growing recognition of the iniquity of human slavery. It is among the Quaker inhabitants that this moral development is observed. As early as 1696 the Quakers of New Jersey and Pennsylvania voted in their yearly meeting to recommend to Friends to cease from further importation of slaves. A cautious disapproval of slavery is again seen in the action of the yearly meeting in 1716. Out of consideration for those Friends, whose consciences made them opposed to slavery, 'it is desired,' the minutes read, 'that Friends generally do as much as may be to avoid buying such negroes as shall be hereafter brought in, rather than offend any Friends who are against it.' . . . . 'Yet this is only caution, not censure.' These suggestions seem to have been received favorably, and to have been put in practice. At a monthly meeting held at Woodbridge in 1738, it was stated that, not for several years had any slaves been imported by a Friend, or had any Friend bought negroes that had been imported.

"This is the period of the life and work of John Woolman (1720-1772), one of the earliest and noblest of those who in this country labored for the abolition of human slavery. But a poor, unlearned tailor of West-Jersey, his simplicity and pure, universal charity gave him far-reaching influence among the Friends. These qualities, as shown in his 'Journal,' together with the exquisite style of his writing, have

\* The figures stand for *£. s. d.*



called forth the admiration of literary critics. He travelled about as a minister among the Friends North and South, preaching and urging his associates to do away with slavery. In 1754, he published 'Some Considerations on the Keeping of Negroes,' in which he contends that slave holding is contrary to Scripture.

"In 1758, the Philadelphia Yearly Meeting, largely as the result of a moving appeal by Woolman, voted that the Christian injunction to do to others as we would that others should do to us, "should induce Friends who held slaves 'to set them at liberty, making a Christian provision for them.'" . . . . Finally, in 1776, the Philadelphia Yearly Meeting directed the subordinate meetings to 'deny the right of membership to such as persisted in holding their fellowmen as property.' . . . .

"In the year 1804, an act for the gradual abolition of slavery within the State was passed after the bill had run through two sessions of the legislature. Every child born of a slave after the fourth of July of that year was to be free, but should remain the servant of the owner of the mother, as if bound out by the overseers of the poor, until the age of twenty-five years, if a male, and twenty-one years, if a female. The right to the services of such negro child was perfectly clear and free. It was assignable or transferable. One person might be the owner of the mother and another have gained the right to the services of the child.

"Slavery was abolished by statute in New Jersey in the year 1846. This action did not result in complete emancipation of the slaves. The abolition law simply substituted apprenticeship in place of slavery. By virtue of the act, and without the execution of any instrument of manumission, every slave became an apprentice, bound to service to his present owner, executors or administrators, until discharged therefrom. How similar were the two conditions is shown when we find many old provisions regarding slaves reproduced and re-enacted for the government of the new apprentices created by the statute. . . . Yet this change of

status represented a real improvement in the condition of the negro servant for life or years. The sale of an apprentice must be in writing, and with the consent of the apprentice, expressed by his signature. An apprentice having a complaint against his master was granted the same remedy as that previously provided by law for apprentices and servants. Children born to negro apprentices were to be absolutely free from birth, and not subject to any manner of service whatsoever."

In conclusion the writer says: "After the gradual abolition of slavery in New Jersey had been secured by law, the local anti slavery movement merged into the larger agitation going on throughout the nation. The resolutions of the legislature in 1824, 1847 and 1849 show that the people of New Jersey early recognized the connection of the institution of slavery with national interests."

### Editorial Crucible.

MR. WHARTON BARKER of Philadelphia, recently printed on the front page of his free silver weekly, *The American*, three testimonial letters under the heading, "What Statesmen Think of Us." These letters appeared in several issues. They were signed respectively by Thomas E. Watson, John P. Jones and James K. Jones.

Shades of Hamilton, Webster and Lincoln! What has this word "statesman" come to mean, anyway?

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WHEN THE CAMPAIGN of 1896 passes into history, it will be known as the first election in the world where a candidate sought the votes of workingmen for the specific purpose of inaugurating a general reduction of real wages. It is common enough for candidates for public office falsely to pretend friendship for measures in the interest of higher wages, but Mr. Bryan has the distinction of being the first to appeal to wage-earners deliberately to vote down the purchasing power of their own wages.

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FORTUNATELY THERE is no sign, whatever, that Mr. Bryan will receive anything like a majority of the electoral votes. Every day is witnessing a steady change in the conviction of the voters throughout the country. Nevertheless, the campaign of 1896 will be a landmark in the history of the Republic. November 3d, 1896, will be a crucial test of our fitness for democratic institutions. The extent to which the people vote for Mr. Bryan will indicate in a general way the amount of ignorance in the community, on economic questions, and the ultimate danger to popular government to be apprehended from that source.

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LORD ROSEBERY'S resignation of the leadership of the Liberal party because of his disagreement with Mr. Gladstone's views, strikingly indicates the immense influence still wielded in English affairs by the venerable Ex-Premier. Mr.

Gladstone's position is, briefly, that England should first, cut off diplomatic relations with Turkey, then, if necessary, threaten coercion, and, in the event of meeting active opposition from the Powers, should withdraw and disclaim all further moral responsibility for the Armenian outrages. It is hardly probable that Mr. Gladstone's faith in the success or wisdom of this policy will be shared by many, even of his own followers. The almost inevitable outcome would be a humiliating "backdown" on the part of the British government.

What the Turkish government needs is neither persuasion nor coercion, but extermination. The Sultan is an anomaly in modern Europe, and by some process or other, his whole reactionary and cruel régime ought to be taken out of the path of civilization. This is a work which England is better qualified to perform than any of the other Powers, but it is a fair question whether the cause of civilization would not be better served by putting Turkey into the hands, even of Russia, than by a continuation of the present order.

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THIS IS TRULY an educational campaign. When it is over, the American people will know more about the money question than ever before. It is to be hoped that the average voter will, hereafter, be too well-informed to be imposed upon by statements such as are now being made with authority. For instance, in a recent speech at Columbus, Mr. Bryan told his audience that the enemies of free silver repealed the Bland Act and "left nothing in its place." We supposed that everybody, and especially a candidate for the presidency whose special issue is the money question, knew that the Bland Act was in full force until the passage of the Sherman Act. The Bland Act authorized the coinage of two million dollars worth of silver per month, and was repealed by the Sherman Act, which authorized the purchasing of four and a half million ounces of silver per month. Again, according to the Louisville *Courier-Journal*, in his speech at Toledo, Mr. Bryan said, "If you think you have hard times, what would it be if the

same influences succeeded in driving India to a gold standard, if they should succeed in suspending the free coinage of silver in India." We had supposed that every tyro in the free silver movement knew that the free coinage of silver in India was stopped in 1893. (June 26), but the news seems not to have reached Mr. Bryan.

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FEW ARGUMENTS OF the silver propagandists have reacted quite so forcibly as their appeal to the "Fathers," in justification of the present plan to "restore silver to its rightful place by the side of gold." They have harped upon the "dollar of the daddies," as though there were actually some similarity between the Hamilton-Jefferson method of ascertaining the exact market ratio of the two metals and fixing the coinage ratio accordingly, and the Bryan-Jones proposition to rate silver for coinage purposes at twice its actual value. It is puerile to assert that early American statesmen ever favored a monetary policy even remotely comparable to the present agitation for a 50 per cent depreciation of the standard. Washington, Hamilton, Morris, Jefferson, Madison, Benton and Webster are all on record in the most unequivocal terms against the various "fiat" and depreciated money heresies that found currency in the early days. Many of them distinctly urged the superiority of gold as a standard measure of value. This is especially true of Hamilton and Benton.

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THE "FATHERS" also had some experience with and saw the shallowness and folly of just such demagogical appeals to class prejudice and hatred as the Democratic campaign of 1896 is based upon. The remarks of Daniel Webster in his speech of January 31, 1834, on the "Bank Question," are applicable, without a single modification, to the conditions of to-day; in fact, it is difficult to realize that they were uttered more than sixty-two years before the Chicago Convention.

"'The natural hatred of the poor against the rich!'" said Webster; "'The danger of a moneyed aristocracy!' 'A power as great and dangerous as that resisted by the Revolution!'"

‘A call to a new Declaration of Independence!’ Sir, I admonish the people against the object of outcries like these. I admonish every industrious laborer in the country to be on his guard against such delusions. I tell him the attempt is to play off his passions against his interests, and to prevail on him, in the name of liberty, to destroy all the fruits of liberty; in the name of patriotism, to injure and afflict his country, and in the name of his own independence, to destroy that very independence and make him a beggar and a slave. Has he a dollar? He is advised to do that which will destroy half its value. Has he hands to labor? Let him rather fold them, and sit still, than be pushed on, by fraud and artifice, to support measures which will render his labor useless and hopeless.”

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WHILE MR. MCKINLEY is morally certain of election, this campaign should be in truth a campaign of education to the Republican party. It should teach Republicans how near the danger line the mass of American voters are. In defeating Bryan, a national catastrophe will have been averted, but as we have often said, that is only a negative success. It is the prevention of an evil that would have come; but the social and industrial evils which made Bryanism with all its concomitants possible, will still have to be dealt with. The defeat of free silver settles nothing. A constructive policy, dealing with the fiscal and labor problems, will have to be vigorously undertaken, if the confidence of the people in the Republican party is to be maintained. In other words, the real work, the true statesmanship and great responsibility of the Republican party begins after the 3d of November. Then the work of the voters will have ended, for this campaign at least, and the responsibility will pass from them to the statesmen. The all-important duty of developing a policy which shall constructively deal with the real problems of the nation will then fall upon McKinley, Reed and the other great party leaders. The American people are putting Mr. McKinley in office with a greater responsibility than has rested upon any

other President, save Lincoln, during the last half century. Statesmanship, not partisan action, is now expected of the Republican party.

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IN OBJECTING TO Mr. McKinley's reference to the tariff in his letter of acceptance, the *Louisville Courier-Journal* says:

“Nothing can be clearer, nothing more absolutely certain to close observers of the trend of events, than that the panic of 1893 was due to the apprehension at home and abroad that we were about to lose our ability to pay our debts in money as good as gold, and would elect to pay them in depreciated silver.”

With all respect to the *Courier-Journal*, many things are “more absolutely certain” than that the panic of 1893 was due to apprehension about money. Indeed, few things are so unclear and difficult of proof as this. The one thing that is most obvious of all is that the panic of 1893 was not caused by fears about the money, but was wholly caused by fears about disturbance of business through abolition of protection. The reason this is so clear to most people is that it began the very morning after the election of an anti-protection President, and continued to grow in proportion as the temper of the new administration and Congress became known. But the thing that is clearest of all is that the *Courier-Journal* is purblind upon this subject. However, we are very glad that it has visual power enough to see that the free coinage of silver at 16 to 1 would make the present bad condition still worse, and that it is ready to support McKinley, even with protection, rather than have Bryan with free trade and free silver. This is truly encouraging and shows that, after all, some good can come out of Nazareth.

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MR. SEWALL, in his letter of acceptance, grants that the wealth of the country has increased enormously since 1873, but denies that farmers and wage workers have had any share in this increase. Of course, the “robber monopolists” have

gobbled it all. Refutation of this sort of rubbish has become a tiresome process, but apparently there is to be no relief from it in this campaign. Either Mr. Sewall has never sought for a single fact or consulted any authentic statistics upon the subject, or else the above deliverance is deliberate misrepresentation. We have referred several times to the facts contained in the Aldrich Senate Report—one of the most comprehensive investigations of industrial conditions ever made, the general accuracy of which has been admitted by so severe a British critic as Mr. A. S. Bowley. This report shows that between 1860 and 1891 wages rose 68.6 per cent and prices fell 3.8 per cent, making an increase in purchasing power of 75.4 per cent in the per capita income of a class which constitutes fully three-quarters of our entire population. The rise in real wages since 1873 has been 37 per cent.

Mr. Sewall is himself a capitalist, a bank president and a large employer of labor. He has certainly never been noted for any particular friendliness towards labor interests. If there have been any notable exceptions to the general upward trend of wages, it must have been due principally to the action of individual employers. Are we to conclude that Mr. Sewall bases his charge about the chief portion of the products of industry having been diverted from the laborers' pockets into those of the capitalists, since 1873, upon observations limited to the state of affairs existing in his own shipyards?

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THE KEYNOTE OF Governor Altgeld's recent address in Cooper Union was "Government by Injunction," and it must be said that he handled the subject with considerable ability. He urged that this extension of the authority of the Federal Courts in the direction of making them an instrument for destroying the rights of organized labor was unwarrantable and likely to lead to the most serious consequences. Upon this point he is undoubtedly correct.

But what next? Governor Altgeld made no effort whatever to show that the matter is to be remedied by electing Bryan. "Packing" the courts or changing the judges is no



solution of the problem. If the prerogative is there and the precedent established, any judge, by whomever appointed, is liable at any time to make this new use of the injunction power. The remedy needed is to restrict the authority of the courts as regards labor injunctions, and it is just this reform that is now in process of accomplishment, as we pointed out in our last issue.\* A bill for this purpose has already passed the United States Senate, and will meet with no opposition when it comes up in the House next winter. Republicans and Democrats alike favor it. Even Chief Arthur, of the Brotherhood of Locomotive Engineers, who was directly and personally affected by the proceedings in the Ann Arbor case, recognizes the lack of any connection whatever between Bryan's campaign and injunction reform, and understands clearly enough that this is only a sham issue forced into the campaign to draw attention away from the certain effect of free silver upon wages. Naturally, therefore, Mr. Arthur has declared strongly for McKinley.

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\* Government by Injunction. p. 242. GUNTON'S MAGAZINE for October.

### Economics in the Magazines.

ENGINEERING MAGAZINE. October. *The Simple Plan of Fair Dealing at Whitinsville.* By Henry Roland.

This is the first in a series of articles which will appear in the *Engineering Magazine*, as "Examples of Successful Shop Management." Whitinsville is a village of five or six thousand inhabitants, located some forty-four miles from Boston, and centering about several extensive industrial establishments, engaged in the manufacture of cotton and cotton mill machinery. Whitinsville has been practically the creation of the Whitin family, who have retained the ownership and control of its industries for several generations. A full description is given of the mills, the village, conditions of work and social life of employés, and the company's policy towards them. Labor troubles at this establishment have been unknown. This is not due to any particular scheme of profit-sharing or co-operation adopted by the management, but simply, according to Mr. Roland, to a steady habit of "fair dealing." It is an example of pure despotism as to management, and was selected for special study simply "because it has no settled or formulated policy, no defined method of adjusting pay rates, and hence no conspicuous or readily defined guarantee of that immunity from labor troubles which, nevertheless, has been enjoyed for well towards a century of operation by the Whitin shops. . . . The harmony existing between master and man at the Whitin machine works is due to the beautiful and healthful and comfort-giving environment, to the heredity of obedience and confidence transmitted from generation to generation of workers under one management, and the Whitin sense of justice and the employer's duty to protect the defenceless." The company has always been interested in the material condition of its men, but makes no pretense of admitting them to a share in the management; indeed, the present Mr. Whitin, treasurer and manager, is quoted as saying: "We do not consult our men at all; we know, of course, how they are situated, and what

effect any change will have on them, and we let their side of the matter influence us when we can consistently do so."

This establishment can probably be regarded then as an illustration of industrial conditions under the wage system, pure and simple, with no intermixture of semi-socialism. Laborers are apt to attribute their experiences with employers of the Carnegie and Pullman type to some inherent viciousness in the wage and capitalist system. The real question, however, is simply one of decency and consideration in the treatment of workmen, and an appreciation of the economic importance of labor interests. Carnegie and Pullman represent one answer to this question; the Whittin management the other.

POLITICAL SCIENCE QUARTERLY. September, 1896.  
*Free Silver and Wages.* By Prof. R. Mayo-Smith.

This is an admirable presentation of the case against free silver, upon the ground so often emphasized in these pages, namely, the inevitable reduction of real wages, which would follow such a policy, and the disaster to the entire community resulting from decreased consumption. A part of Professor Mayo-Smith's article, we have quoted elsewhere\* in this number.

Special attention should be called to Professor Mayo-Smith's practical adoption of the "cost of production" theory of prices, and his repudiation of the notion that the *quantity* of standard money in use, determines its value. He says: "It seems, therefore, questionable, to say the least, to attribute the fall in prices to scarcity of gold. The gain of the laborer is a real one, due to improvements in production which he has shared with the remainder of the community;" and elsewhere: "If the fall in prices is due to improved methods of production, we need not fear the 'permanent industrial crisis' so freely predicted by the bimetallicists . . . if labor is more productive than formerly, there is no injustice in the

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\* Wages and Currency Depreciation, p. 332.

debtor returning to the creditor a larger amount of commodities than he received." And, as to the value of money: "Many economists, entangled in a quantitative theory of money which had never been thoroughly thought out, yielded to what seemed to be the logic of the facts. Down to 1887 the ratio between silver and gold had increased only to 18.57 to 1, so that a restoration of bimetallism by international agreement seemed possible, and many eminent converts were made."

"At present the tide seems to be turning . . . all that has been done for silver by the Bland and Sherman Acts has not arrested its fall; for while the supply of money has constantly increased, prices have continued to decrease. Finally, since 1890, gold has rapidly increased, and still prices go down. In view of all these facts, there is an increasing skepticism in regard to the theory that the present low prices are due to an actual scarcity of gold."

THE ARENA. October. *What the Remonetization of Silver Would do for the Republic.* By United States Senator John P. Jones.

Senator Jones' article reminds us of some of Artemus Ward's famous lectures on Natural Wonders. After announcing a topic—for instance, "The Moon"—Ward would devote his entire lecture to observations on politics, the show business, domestic troubles, etc., without a solitary reference to our lunar neighbor. In like manner, Senator Jones makes a seven-page plea for silver, without a single reference to what its remonetization would do for the republic, except in the last two lines, where he tells us that "the wheels of progress will turn again, and the people will arise in their might, 'like a young giant refreshed with new wine.'"

From the character of certain assertions in this article, there is some reason to suspect that the Senator himself is the "young giant" referred to, so far as the refreshment is concerned. He repeats, for instance, the stale fallacy that in 1873 the "money changers . . . struck a death

blow at one-half our wealth." By "wealth," he presumably means silver money, of which over seven times more has been coined since 1873 than before. There is a pretty generally accepted belief that the world's history affords no parallel to the material development and progress of this country in the last quarter century, but in this new gospel according to Jones, we learn that "the country has never been really prosperous since that time" (1873).

In writing about appreciation and depreciation, he uses the following illustration:

"Suppose, for instance, that two clocks are started at the hour of noon, and in a day or two it is found that one says the time is three o'clock and the other says it is four. One observer will think that the first clock is too slow, while another will declare that the other is too fast, and no rational conclusion can be reached until a reliable standard can be consulted. The sun dial will show precisely which clock is wrong."

The Senator does not state what this sun dial is, but happily we are able to do so. The sun dial—the invariable test, is the *wages of labor*. In 1870, the general average of wages paid in this country was \$302.08; in 1880, \$346.91; in 1890, \$444.83. Which has appreciated, gold or wages? Senator Jones says, however, in reference to this same period: "Wages fall with prices"!

Some silver arguments pretend, at least, to maintain a lingering consideration for facts; others do not.

THE FORUM. October. *Compulsory Dishonesty*. By Hon. Benjamin Harrison.

Mr. Harrison's argument deals principally with the debt-repudiation aspect of free-silver coinage. He shows, in the first place, the falsity of the claim that debasement of the standard would be only an act of justice to the debtors of 1873, whose burdens are supposed to have been practically doubled by the alleged appreciation of gold since that year. "Mr. Bryan," he says, "takes no account of the fact that

the debtor and creditor classes are not fixed classes in this country; that the debtor of 1873 may be the creditor of 1896; and that the counter-claim, pleaded in behalf of the debtors of 1873, would be levied on their own goods in considerable part, and be paid to the men who are supposed to have despoiled them in 1873. About the only bonds that run twenty-five years are railroad and other corporate bonds. Farm mortgages rarely run more than five years. The railroads, the banks, the large corporations and the United States are the great debtors of 1873, who are still in the debtor class; and among their creditors are the thrifty poor, the widow, the orphan and the disabled veteran."

Unquestionably, the silver argument has appealed most strongly to the class of debtors who are not at the same time creditors to an approximately equal amount. The dishonesty of the scaling-down proposition is veiled to them by the argument that it would only be restoring the *status quo* of 1873. But, as Mr. Harrison shows, and as Mr. Reed also pointed out in a recent address, the average life of small debts is only three to five years, and hence the debtors of to-day could have suffered from appreciation by only about one-sixth of the amount they propose to take back through establishing the silver standard.

In arguing against the idea that gold has appreciated, Mr. Harrison unfortunately makes use of the old quantitative theory of money upon which the silver men themselves base the main point of their case. Thus, he says: "If a large wheat crop means, commonly, a lower price, so a large crop of gold must mean a lower value for gold," and proceeds to show by statistics the increasing annual production of that metal. No doubt gold has depreciated somewhat in value, but, if so, the cause has been reduced cost of production, not merely the increase in quantity. That may or may not be accompanied by lower cost; in the case of silver it has, very decidedly; with gold, only slightly. This is simply because the improved methods of production which have lowered the cost of silver nearly one-half have been available only to a limited extent in

gold mining, and the quantity of gold which it is still necessary to produce by the old processes is great enough to keep up the market price of the entire output.

*International Law and Arbitration.* By Lord Russell of Killowen.

This is a masterly treatment of a great theme. Lord Russell's attitude on international arbitration is conservative, but eminently sensible. He has little sympathy with the idea that international law can be definitely based upon any special principles of Natural or Moral Right, though it should, of course, be as nearly as possible in harmony with such principles. The trouble lies in ever getting any consensus of opinion among nations as to what constitutes "natural law" or "moral law," and he therefore defines international law as "the sum of the Rules or Usages which civilized states have agreed shall be binding upon them in their dealings with one another." Such usages, he believes, are constantly tending in the direction of greater justice and humanity, for "happily men and nations propose to themselves higher and still higher ethical standards."

Lord Russell's objection to proposed codifications of international law is particularly sound. "Codification has a tendency to arrest progress . . . . International Law . . . . is in a state of growth and transition. To codify it would be to crystallize it: uncodified, it is more flexible and more easily assimilates new rules." This is especially to the point in view of the objection recently made to the Monroe Doctrine, that it has never been recognized as a part of international law. The Monroe Doctrine is a declaration of national policy irrespective of international opinion, and any attempt to codify and stereotype past customs, and thereby restrict the freedom of nations in assuming such new attitudes as the evolution of society may dictate, would be an impediment to progress.

Nevertheless, Lord Russell believes "that the sentiment for peace and in favor of arbitration as the alternative for war,

is growing apace." Acknowledging the primary weakness of arbitration, namely, the lack of any authority to enforce decisions, he nevertheless thinks that influences are at work in this direction more powerful even than a coercive agreement between the powers would be. "The sanctions which restrain the wrong-doer—the breaker of public faith—the disturber of the peace of the world, are not weak, and, year by year, they wax stronger. They are the dread of war and the reprobation of mankind. Public opinion is a force which makes itself felt in every corner and cranny of the world, and is most powerful in the communities most civilized."

It is a genuine pleasure to find in this article an element that is too often lacking in British writing, namely, absolute fairness, courtesy and justice in every reference to America and American institutions. The Chief Justice's concluding sentiment, as to England and the United States, will meet universal approval: "Let us pray that they, always self-respecting, each in honor upholding its own flag, safe-guarding its own heritage of right, and respecting the rights of others, each in its own way fulfilling its high national destiny, shall yet work in harmony for the progress and the peace of the world."

*Banks of Issue in the United States.* By Prof. Wm. G. Sumner.

The discussion in this article is rambling, indefinite and wholly misleading. It is an attempt to glorify the present national banking system, by setting it off against a thoroughly distorted picture of early banking in the United States. The surprising thing is that Professor Sumner should be willing to undertake upon any grounds, the defense of a system based upon almost none of the recognized scientific principles of sound banking. His attack upon Hamiltonian banking is full of sarcastic references to "mistaken ideas," "bill-kiting," "business terrorism," etc., but contains absolutely no presentation of either fact or argument on any of these heads. The absence of any comment whatever on the great test



points about the two banks of the United States and their branches, namely, their absolute safety, and the elasticity and constant parity of their note issues, is quite inexcusable in a professedly scientific discussion of the subject. Indeed, it is impossible to determine throughout the bulk of this article whether Professor Sumner is visiting wrath upon the early private banks, state banks, or the Bank of the United States. What could be more absurd than to lump together in one category of condemnation, all the wild-cat banking of 1840-60, and the United States Banks of the previous period, when the "wild-cat" era was the direct outcome and result of the destruction, by Jackson, of Hamilton's great system! Yet, this is practically what Professor Sumner does.

To dig out and magnify the shortcomings of early private banking, in a peculiarly experimental and speculative era of our history, charge these errors upon the one institution which did maintain a sound currency through it all, and then employ the whole as an argument against adopting here and now a scientific and thoroughly safeguarded banking system, such as almost every other civilized nation has possessed for years, is about equivalent, for instance, to denouncing the modern railway because of the numerous accidents on the first strap-rail lines.

### Book Reviews.

A HISTORY OF MONEY AND PRICES. By J. Schoenhof. G. P. Putnam's Sons, New York and London. 1896. 352 pp.

Mr. Schoenhof announces in the preface of this book that he is emancipated from the theory that the quantity of money in circulation exercises any controlling influence upon prices. We hasten to congratulate Mr. Schoenhof upon his emancipation from this monetary superstition. We wish we could say as much for President Francis A. Walker, who almost alone among modern economists still clings to this traditional notion; a notion which is responsible for most of the heresies behind the present free silver craze.

In this little book Mr. Schoenhof has given abundant evidence that his emancipation is well founded. He shows with unusual clearness that prices of commodities are governed by the cost of production, and that this cost has been greatly reduced by the use of modern machinery, which is the explanation of the steady lowering of prices during the present century. He shows conclusively that this declining tendency of prices, consequent upon the use of more economical methods, is the secret of all the modern improvement among the masses. Their wages have risen 50 per cent in Germany, France and England, and 100 per cent in the United States, since the middle of the century, and through the decline in prices, consequent upon improved methods, the purchasing power of those wages has been greatly increased.

Mr. Schoenhof still adheres to the erroneous idea upon which he laid so much stress in his previous book, "Economy of High Wages," viz.: that the great economy in production in high wage countries is due to the increased skill, dexterity and personal energy of the laborer. In other words, that the laborer's individual productive efficiency increases directly as wages rise. We have several times pointed out the fallacy in this contention. If it were true, the American bricklayers would lay three and four times as many brick per day as the bricklayers in the various countries in Europe because they get

three and four times as much per day; but everybody knows such is not the case. European bricklayers will lay as many brick in a day as American bricklayers and some of them more. Indeed, most of the bricklayers in the United States are foreigners who come from some country in Europe. His argument therefore illustrates the misfortune of trying to strain facts to establish an impossible theory.

The object of this effort on the part of Mr. Schoenhof, Mr. Atkinson and a few others is to justify the doctrine of free trade. On the assumption that the higher the wages the greater the productive capacity of the individual laborer, it is claimed that the labor cost per unit of product must be lower in this country than abroad. since the wages are higher here than in any other country. The well-established fact that a large part of our manufacturing industries could not exist at all in free competition with English products, exercises no influence whatever upon the minds of those who think through this labor-efficiency, free-trade theory. It is the same defect which mars John Rae's otherwise remarkable book, "Eight Hours for Work." Mr. Rae is so strongly imbued with the importance of reducing the hours of labor, that he goes to the extreme of insisting, because true in a few cases, that the individual capacity of the laborer to produce is increased directly as the working day is shortened. This is unfortunate, because such reasoning, in the long run, can never help the cause; it is controverted by too many facts of daily occurrence. The same is true of this cheap-product contention of Mr. Schoenhof's.

It is encouraging, however, to see economic writers advocating shorter hours and higher wages, even if they do so from wrong reasons. The moral influence of favoring these movements will help the cause, even if it rests on poor logic. Despite this defect, which is a part of the free trade special pleading, Mr. Schoenhof's book contains a great deal of very valuable information upon the history of money and prices, all of which is presented in a clear, concise, readable form.

GREENBACKS: THE CAUSE OF ALL OUR TROUBLE AND THE SOURCE OF THE SILVER CRAZE. By William C. Cornwell, President of the City Bank, Buffalo, N. Y. 1896. 24 pp. Price, 10 cents.

Mr. Cornwell is one of the few bankers in this country who understands banking. He realizes, as few of our public men do, that the demand for cheaper money, expressed in the plea for free coinage of silver, arises out of the need of a better banking system. In other words, that the remedy for the defects in our monetary system is not to be found in free coinage but in better and cheaper banking facilities. He also sees with great clearness that the menacing feature of our present banking system is the existence of the government greenbacks. It is the greenback which has given rise to the gold reserve, which is the panic-creating mercury in the fiscal barometer.

"Greenbacks" is a tract in which Mr. Cornwell has presented the question of the gold reserve, the effect of the greenbacks and the delusion of free coinage in a most convincing form. This delusion is most vividly presented by an illustration on the front side of which is the picture of a maiden pouring from a cornucopia silver dollars without limit, under which is written, "Free silver as its advocates would have us believe it will be." When held up to the light, this is replaced by a skeleton bearing the announcement, "We pay our debts in fifty cents on the dollar and make it legal."

Although the illustrations give Mr. Cornwell's tract a decided campaign-document appearance, it contains more simple, explicit and accurate statements of the greenback question and its relation to the silver agitation than any other publication we have seen. As we have often remarked in these pages, the prevention of free silver is not the solution of our monetary difficulties. After the prevention of free coinage has been secured, the real work of fiscal reform will have to begin, and the first step in that direction must be the removal of the greenbacks. To the promotion of this reform, Mr.

Cornwell's pamphlet is an important contribution, as was also his larger monograph on "Currency and Banking in Canada."

A SOUND CURRENCY AND BANKING SYSTEM. By Allen Ripley Foote. G. P. Putnam's Sons, New York and London. 1895. 110 pp.

Like many books now appearing on the monetary question, this is largely made up of papers previously published. Mr. Foote's book is a plea for the appointment of a monetary commission by Congress to report a plan for the reorganization of our monetary system.

After asking for the creation of this commission, he devotes the remaining part of his book to showing what the commission should do. Many of his suggestions are in strict accord with the principles of sound banking, conspicuously the demand that the greenbacks should be retired and the government taken out of the banking business.

Mr. Foote seems, however, to labor under the not uncommon misapprehension that silver is redeemable in gold. He says:

"Coined silver must be convertible into coined gold at the option of the holder, or *parity* between the value of a gold and silver dollar in the hands of the holder will be destroyed. When silver coin is received and gold coin paid out, the silver coin is re-issued. *This is not actual redemption.*"

Of course, it is not redemption. There is no redemption of standard coins, and silver dollars have always been standard coin. It is because there is no redemption of one coin by another that free coinage of the cheaper metal cannot be permitted, with a great disparity in the value of the two, without the cheaper driving the dearer out of circulation. The chief argument of Mr. Foote's book, however, is on banking, and, in the main, is in the right direction.

THE STORY OF GREECE. By H. A. Guerber. American Book Company, New York, Cincinnati and Chicago. 1896. 288 pp.

This little book is intended for school use and is remark-

ably well adapted for that purpose. It tells the story of Greece in the most attractive and easily remembered form. The classic legends are related in a very terse and yet connected manner. Notwithstanding the great brevity with which the story of each hero is related, the narrative in each instance is complete so far as the salient features are concerned. The writer marks off with great definiteness the distinction between the mythological and the historical era. The heroism of the leaders and the ingratitude of the people and their eagerness to demand the banishment of those who had frequently saved their country from the enemy is brought out in such a way as to make the book very entertaining reading. This is equally true of the important features of the government of Solon, Lycurgus and Pericles.

The book only contains 282 12mo. pages in large, clear type. Yet it relates the history of Greece in a concise and logical form, suitable to young students, and at the same time, a form that is not less readable to adults. As an attempt to make ancient history and mythology attractive, the "Story of Greece" is a success.

# GUNTON'S MAGAZINE.

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## **Meaning of Bryanism in American Politics.**

The Presidential election of 1896 is passing into history as the most extraordinary and in some respects the most significant political campaign of the century. It probably will be known as the Bryan campaign. Yet Bryanism expresses no particular theory of public policy. At best it can hardly be said to reflect anything more than a popular feeling of social unrest. Personally, Mr. Bryan stands for nothing in particular. Prior to the Chicago convention he had done nothing in any field of public service to merit distinction. He had neither written nor spoken anything of sufficient merit to become permanent. There is no subject in literature, science or politics in which he was known to be proficient. Nor does he represent any principle of economics, finance or political philosophy. His nomination was secured by a declamatory speech, distinguished for eloquent invective and a plagiarized peroration. Of his several hundred speeches delivered in the campaign, not one contained a serious, responsible, statesmanlike utterance. Yet no candidate in the history of the Republic ever had such large and enthusiastic audiences throughout the country.

The character of the campaign was equally remarkable. The issue, of which Mr. Bryan was the standard bearer, namely, the free coinage of silver at twice its market value, was the most extraordinary proposition ever presented as the basis of a political contest. Never before in the history of government was it seriously proposed to give free coinage to two metals with one only half the value of the other, and pretend that they would continuously circulate at par.

In his speeches, including his written letter of acceptance

and his Madison Square Garden address, Mr. Bryan endeavored to support this marvelous proposition by a series of misstatements and false assumptions which became standard for the campaign. Among these cardinal statements were: (1) That our present industrial depression is all attributable to the adoption of the gold standard. (2) That this took place in 1873 when silver was demonetized and half our standard money "struck down." (3) That depriving silver of its monetary function doubled the value of gold and halved the value of silver by destroying the demand for silver and doubling the demand for gold. (4) That the decline in the price of silver dated from 1873. (5) That the prices of agricultural products are governed by the price of silver, consequently the fall in the price of silver was the cause of the fall in the price of agricultural products. (6) That in demanding the free coinage of silver at 16 to 1, they were advocating the doctrine of bimetallism as represented by the "Fathers of the Republic" and all prominent American statesmen.

These and similar statements, all of which are false in fact or deduction, were put forth as well established and accepted economic truths, and were so disseminated by an unprecedented mass of book and newspaper literature throughout the country.

As the campaign progressed, the fallacy of these statements was thoroughly exposed by the press and responsible speakers and statesmen from one end of the country to the other. It was shown that in fact we had been on a gold standard since 1834, and the law of 1873 only gave legal form to what custom had already established thirty-nine years earlier; and that so far from the gold standard being the cause of our industrial depression and disaster, all the industrial prosperity and progress, which was unequaled by any other country, had taken place under the gold standard régime.

It was shown that the act of 1873 did not demonetize, strike down or in any way impair a single dollar of our standard money; that silver was not in the slightest degree



deprived of its monetary function, but that, on the contrary, fifty-two times more silver was coined into standard dollars since the act of 1873 than during the entire previous history of the Republic. Since the act of 1873 did not destroy the demand for silver, but increased it fifty-two fold, it could not have caused the fall in the price of silver.

It was also shown that the decline in the price of silver did not date from 1873, but that it had been declining for five centuries. In the fifteenth century it averaged \$1.924 an ounce; in the sixteenth, \$1.805; in the seventeenth, \$1.403; in the eighteenth, \$1.381. In 1859 it had fallen to \$1.36 an ounce; in 1860 to \$1.352; in 1865 to \$1.338; in 1870 to \$1.328; in 1875 to \$1.246; in 1880 to \$1.145; in 1885 to \$1.064; in 1890 to \$1.046; in 1895 to \$.654; in 1896 to \$.65.

These facts show that the decline in the value of silver was a manifest economic tendency of five centuries' duration, and had no more relation to the act of 1873 than had the size of the corn crop or the declaration of independence.

The fifth claim that the prices of agricultural products are governed by the price of silver, which was designed to catch the support of the unsophisticated farmer, was completely exploded by the movement of the market which simultaneously sent the price of wheat and corn up, the former 20 cents a bushel, and the price of silver down. The insubordination of economic forces in sending the price of wheat up and silver down at this inopportune time destroyed the effect of the silver-wheat scheme and probably deprived Bryan of the electoral vote of six states.

It was further abundantly shown that in demanding the free coinage of silver at 16 to 1, when the commercial value was 32 to 1, they were not advocating the doctrine of bimetallism at all, but of silver monometallism, and that no American statesman ever favored such a proposition, and no government in the world ever countenanced such a scheme of financial insanity.

The striking feature in all this is that, notwithstanding

that Bryan and his followers were routed by the force of facts from every one of their assumed impregnable positions, they continued to hold the great mass of their followers. Having lost all economic standing ground, they made their appeal to class hatred, and finally converted the campaign into a social crusade, of which the rallying cry was "down with the rich," which, in the last analysis, may be said to be the quintessence of Bryanism.

It was at first thought that Bryanism would result in sectionalism, dividing the country on geographical lines. As the campaign advanced, it became apparent that the line of demarcation that was being created was not geographical but social; and this division was emphasized by every influence that exaggeration, misrepresentation and inflammatory appeal to ignorant prejudice could create. The consequence was that the intelligent, responsible, honest, patriotic elements of the community, regardless of previous party lines, aggregated themselves around McKinley as the representative of a conservative, constructive public policy; and the social disrupters of every grade aggregated themselves around Bryan as the representative of industrial and political disintegration.

The national significance of this is the size of the Bryan following. The final count will probably show that he received over six million votes, which is equal to the entire number of registered voters in Great Britain. This fact assumes an alarming aspect when we realize the motive that impelled over six million of American citizens to vote for Bryan.

If this movement had, been the result of the propagation of some constructive, economic, social or political principle, there would be no particular danger in it. It would then possess some central organizing motive. It would have a cohesive quality and be dominated by a general principle of integrity and social welfare; but all this is just what the Bryan aggregation lacks. It is made up chiefly of social misfits who have almost nothing in common but opposition to the existing order and institutions.

For instance, the real free silverites, taken alone, constitute a most insignificant group, a few hundreds or thousands at most. They are silver mine owners and those directly interested in the silver mining industry. Their object was to secure a guaranteed market for their product at an extravagant over-valuation. The Populists are a political group composed chiefly of farmers who have felt the pressure of economic dislocation, due to the development of modern methods and capitalistic farming, and have imbibed the socialistic spirit which ascribes all their ills to the successful in their own or other industries. They are not particularly interested in silver, but want to have the government compelled to adopt measures to make inferior methods of farming profitable. To this end, they are willing to try cheap (debased) money, government ownership of railroads, telegraphs, banking and other industries. In fact, to introduce socialism into everything except their own industry.

Another group is composed of the Greenbackers who believe that our industrial ills can be solved by the unlimited issue of government fiat money.

Although the strict Marxian Socialists did not disband their organization to join the Bryan movement, their influence was favorable to it, and most of their followers joined the Bryan ranks, as shown by the falling off of the Socialist vote where its increase has hitherto been greatest.

The Single Taxers also all joined the Bryan movement. As to numbers they are, perhaps, the most insignificant group of all; but their espousal of Bryanism is not the less surprising on that account. In taking this step, however, Mr. George has definitely placed himself upon the calendar of the economic insane. Many people who did not agree at all with Mr. George in his abstract reasoning regarding Single Tax thought him a serious social reformer, whose good sense could be trusted to put him on the sane side of a social movement; but in joining Bryanism he has destroyed all basis for such confidence in the future.

Still another group that joined forces with the Bryan move-

ment, on the ground of economic prejudice, was the wage workers. Bryanism appealed to an inflamed industrial feeling against capital as the real cause of poverty, which has been formulated into the doctrine that all profits are unpaid wages. This current was strong enough not merely to carry ignorant unsophisticated laborers in its sweep, but it carried along a considerable portion of the more intelligent organized mechanics. This is, perhaps, the most astonishing feature of all. Organized laborers, especially of the higher paid industries, have usually been clear upon at least one economic fact, namely, that their interest always lay with the policy that would maintain or increase the standard of real wages as expressed in the purchasing power of a day's work. All the strikes, boycotts and incidental hardships connected with loyalty to their organizations have been endured to this end. They have spent large sums of money in agitating for a reduction of the hours of labor, to defend the representatives of their unions, maintain the integrity of the right of organization, and, most of all, to resist reductions and enforce demands for increase in wages; and they have frequently made these demands the test of their support of candidates for public office. And yet, contrary to all previous experience, the bulk of the labor influence was with Bryanism which represented the most universal reduction of real wages that was ever involved in any political scheme since the dawn of the factory system.

Now, what does all this mean? What is the cause of this extraordinary state of affairs? How are we to explain such exceptional conduct on the part of the great mass of citizens? A careful survey of the facts shows, in the first place, that this is not a sudden uprising; on the contrary, that it is the result of a gradual change that has been coming over the farmers and laborers regarding the economic relation of social classes. The feeling, for a feeling it is, has been steadily but rapidly spreading, that the increase of wealth among the capitalists represents injustice towards the laborers and the community.

Although this oncoming tide of social prejudice, with its disintegrating possibilities, has been frequently pointed out, the responsible leaders of the great political parties have refused to recognize its true significance. But the fact that six million votes were cast for Bryan has made the dangerous character of this social tendency obvious to all who are really concerned for the stability of industrial progress and Republican institutions. A canvass of the election returns gives a realizing sense of the fact that another four years of similar growth in the same direction might compass the undoing of the Republic. This aspect becomes the more serious when we realize that the accident of a sudden rise in the price of wheat probably saved six states (47 electoral votes), and possibly more, from Bryanism.

The important question that here presents itself is, "What is the cause of this threatening movement of disintegration?" Of course, the answer to this question is not a simple one. No such widespread social movement is due to a single cause. But a careful consideration of the history of the situation will show that at least three facts have contributed very materially to this movement, and without which it could not possibly have reached its present serious dimensions.

The first of these is the propagation of the doctrines of socialism. For the most part, this has taken place in our large cities, and for a considerable time exclusively by immigrants from continental Europe. The basis of this doctrine is the assumption that all profits, interests and rents are unjustly taken from the earnings of labor, and consequently all rich men and corporations are the economic enemies of wage workers.

With every new social disturbance involving a conflict between laborers and capital, these views found new disciples. In time they began to have a quasi-lodgment in the minds of a considerable portion of sentimental, philanthropic reformers, including a large number of the clergy, who are usually influenced on these subjects more by sympathy than by study ;

but this did not take the form of organized political action. It served only as the basis of sociological discussion, and as such was more of a stimulant to social reform than a danger to industrial stability.

The second fact was a movement along similar lines, but less sincere, and considerably more dangerous because it was conducted by the responsible leaders of a great political party. We refer to the persistent attacks upon the integrity of American manufacturers and business men during the so-called tariff reform agitation resulting in the election of Mr. Cleveland. In order to destroy the confidence of the workingmen and the farmers in the protective policy, it was deemed necessary to create among them the belief that protected manufacturers, and ultimately eastern business men generally obtained their prosperity at the expense of the farmers and the wage laborers. This was done, of course, for the purpose and in the hope of inducing farmers and laborers to vote for an anti-tariff policy. In this agitation, which was clamorously persistent for a decade prior to 1892, nothing was left undone that the Democratic journals and speakers could do to distort facts and inflame the prejudices of the American people against successful enterprises.

Mr. Cleveland himself, in his official documents and campaign utterances, was equal to the most reckless of his followers in this respect. His appeals to social passion and the prejudice of the ignorant were scarcely less inflammatory than were the utterances of Bryan. This organized crusade against the social integrity of capital, and the ethical basis of American industry, by a great political party with a candidate for President who had already been once elected, and supported by a majority of college professors, gave a force and respectability to the disintegrating movement. The worst feature of this was that for the most part it was a dishonest movement. The responsible leaders of this agitation did not believe in what they were propagating, namely, that the success of capitalistic enterprise was the result of oppressions of the laboring and farming population. They did not believe

that profits are unjust exactions from the community, but they played upon this string because they knew it would appeal to a social prejudice which could be easily inflamed. This dishonorable policy was probably the more tempting to unscrupulous political leaders, because that party included in its ranks an overwhelming proportion of the ignorant and easily inflamed elements of our population.

This anti-capital agitation was such a complete confirmation of the doctrines and predictions disseminated by the Socialistic propaganda, and had such a large class of respectable leaders, that it made rapid progress among the discontented classes to which it was directed and for the purposes for which it was inaugurated, namely, the election of Mr. Cleveland and the anti-tariff congress and administration. Although it accomplished its object, in doing so it planted the seed and nourished the growth of social distrust and class enmity throughout the country. It carried grist to the Socialists' mill in such undreamed-of quantities that almost every phase of industrial and social agitation took on the socialistic or anti-capital form.

A third fact which contributed to this movement was the stolid indifference of the Republican party, as a party, to the new industrial problems arising among the laboring class. The specific questions affecting the industrial condition of the wage laborers and the fiscal condition of the farmers have received no adequate recognition from the Republican party beyond the general fact that they favored a policy for promoting national prosperity; but this was always limited to protective tariffs.

This negative attitude of the Republican party, which really amounted to a great sin of omission, made it quite easy for the masses to lend a ready ear to the dishonest platitudes of the anti-protection crusaders which culminated with the election of Mr. Cleveland. But instead of the farmers and laborers getting relief, hope and prosperity from this movement, they got, what careful observers foresaw must come, namely, a violent disruption of all financial and industrial conditions, sending disorder, loss, bankruptcy, enforced idleness and increased poverty throughout the entire country. And

this came immediately after Mr. Cleveland's election. The business men saw, if the deluded farmers and laboring men did not, what Mr. Cleveland's administration meant; and, consequently, industrial disruption and financial panic immediately ensued.

This was a colossal disappointment to those whose class prejudices had been inflamed and socialistic hopes inspired. They realized that they had followed false gods; but as is sure to be the case under such circumstances, they did not resume their former confidence in social institutions, but immediately distrusted both parties and cried "plague on both your houses."

The industrial depression and its consequent social hardships served only to stimulate this feeling of class prejudice which soon showed itself in the multiplication of anti-capitalistic organizations throughout the country. At the next election, 1894, they made short work of Mr. Cleveland's party, voting it out of office by unparalleled majorities; but, as we have pointed out, this did not imply a return of the previous confidence in the Republican party, but only the immediate punishment of false leaders. It was only necessary for a new anti-capitalistic issue to be invented, in order to get the great mass of those whose social passions the Cleveland agitation had inflamed and whose class hatred his industry-disrupting policy had deepened, in order to enlist them into a new social crusade.

This issue was found in the demand for the free coinage of silver, and the new leader was found in the person of Mr. Bryan. It was only necessary to substitute free silver for free trade, and Bryan for Cleveland, to have the new movement fit right into the harness of the old. The same arguments against the integrity of industry; the same appeals to social prejudice and class hatred could all be used to good effect, and this was successfully done. Mr. Bryan followed completely in the steps of Mr. Cleveland, only he had a larger command of adjectives and a personality more attractive to popular audiences. Thus, it was not difficult to use the very



forces and methods that Clevelandism had created in order to capture the Chicago convention and inaugurate Bryanism.

Bryanism was the legitimate child of Clevelandism, and the free silver campaign of 1896, with all its disintegrating tendencies, was constructed out of the ruins of the free trade campaign of 1892. Of course the managers of the free trade campaign did not aim to create the free silver campaign; but it was the dishonesty of their movement, the reckless misrepresentations which they indulged in for a political purpose that created public opinion they did not expect. The masses took seriously what they intended only for temporary deception. The result was a four years' disruption of American industry, and a threatening attack, well-nigh successful, upon the honor of our national credit and the stability of republican institutions.

When the history of the last decade of this century is finally written, Bryanism will be recorded as a violent, infectious, political disease, the product of a régime of unpatriotic, political charlatanry and economic hypocrisy which immediately preceded it. Clevelandism and Bryanism will be recognized as parent and child. The bold and audacious misrepresentation of industrial and fiscal data and the defiant appeal to the spirit of national repudiation, industrial disruption and social revolution of Bryan in 1896 was but the literal translation of the more pompous and hypocritical appeal of Mr. Cleveland to the revolutionary and mob spirit in 1888 and 1892. In 1894, the people voted down Clevelandism; in 1896, they voted down Bryanism; what may we expect in 1900?

This will depend upon the wisdom of the Republican party. The opportunity and responsibility are theirs. If the party pursues the narrow, traditional course and fails to deal with the problems out of which this social discontent has arisen, it may expect to share the same fate, and a régime of disintegration will set in. But the hopeful eyes of the American people, and to a large extent of Christendom, are upon the incoming administration. In order to justify this hope

(which now carries with it a large measure of confidence), two great classes of reforms will have to be undertaken. One dealing with our banking and fiscal institutions, so as to afford better and cheaper financial accommodation to the farming population; the other, frankly applying the responsible statesmanship of the party to the labor question, not merely as indirectly represented by capital, but as directly represented by wage workers themselves. Is the Republican party equal to the occasion ?

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### **The Future of Gold.**

ALEX. DEL MAR, M.E.,

Author of "A History of the Precious Metals," etc.

IN my humble opinion, the Silver Question in its late form is settled forever. I do not mean by this that the question of Money is settled, but the free coinage of silver, as advocated in the recent political campaign. The reason for this opinion is a physical one; it belongs to mining and metallurgy. The reason is that gold and silver are commonly found in the same districts and often in the same mines, and that since the demonetization of silver, the miners have turned so largely from the production of silver to that of gold, and the methods of producing gold have so greatly improved, that all fears of a scarcity of gold have passed away, and thus one of the principal reasons for wishing to restore silver upon its former footing has lost its basis in fact.

If it be asked: Did you not express a fear in your "Science of Money" that gold was substantially cornered in England, France and Germany? My reply is that I did; and I believe that at the time I expressed the fear, it was well founded. But such an apprehension, so deliberately expressed and so widely published, may have done something toward removing its grounds. Spain and Japan changed from gold to silver money. Russia last year suddenly coined two hundred and forty million roubles in silver, and other states

took similar measures to release themselves from too absolute a dependence upon gold.

What improved methods of producing gold do I refer to?

Chiefly improved mills and the cyanide process of reduction. The latter marks a new *æra* in the production of gold.

How are the *æras* of gold production to be distinguished?

The first *æra* was that of plundering it; the second that of finding it; the third *æra*, the present one, that of producing it systematically and economically. The Baron Von Humboldt is a witness to the fact that, until the opening of California and Australia, the accumulations of the precious metals, in the possession of modern states, were chiefly the product of conquest and slavery. For example, Alexander the Great despoiled Asia, Scipio despoiled Carthage and Spain, Cæsar despoiled Gaul, Cortes robbed Mexico, Pizarro robbed Peru, the Portuguese plundered Brazil and Japan, whilst the English buccaneers and sea rovers robbed the Spaniards and Portuguese. Millions of human lives were sacrificed by the Romans in Europe and Asia, and the Spaniards in America, to obtain gold and silver by slave labor. Indeed such was the origin of African slavery. It began in the Bisharee mines of the Pharaohs; it was renewed by Hawkins, Drake and Morgan; it will end with the conquest of Rhodesia and the establishment of a British protectorate over the line of auriferous hills that stretch from the Transvaal to the Soudan.

What of the second *æra*?

It began with the placer mines, or alluvions of California and Australia, where gold was substantially picked up, washed from surface deposits, or got by finding; where unskilled labor rose to \$10 and even \$20 a day; where meat and vegetables were sold for a dollar a pound, and iron tacks were weighed in the scale against gold dust. It ended when the hydraulic giant had leveled the placers "out of grade," filled the navigable rivers and harbors with mining debris and driven the farmers to seek judicial redress for the damage inflicted by miners upon their lands.

The third *æra*, the present one, what of that?

It began with the attack upon the "low grades," and it will go on until the commercial world is satiated with gold. This attack upon the low grades began in California at the Victory and other mines on the Mother Lode; it was carried to Alaska and to Deadwood, where the ores only average two dollars and a half per ton; and now, with the cyanide process, it will be extended to all the world.

Is gold ore to be found in abundance?

Gold is the most commonly diffused of all the metals. It is even to be obtained, and it has been obtained, from salt. There is an almost continuous line of hills filled with low grade ores, stretching from Alaska to Patagonia. This is the Mother Lode. I know of a single hill in California which has been explored enough to "demonstrate" nearly forty million tons of low grades, which numerous engineers have averaged at ten dollars per ton, but which, for safety's sake, we will put at five dollars per ton. It is a veritable quarry, and with adequate machinery can be all cleaned up in a few years.

What is the cost of reduction by the cyanide process?

With supplies of water for steam power and with average mining facilities, the cost is about one dollar to one dollar and a quarter per ton of ore.

What is the present production of gold throughout the world?

I have not yet received the returns from my London office where they are regularly received and compiled; but speaking roughly, North America will produce this year about \$55,000,000; Mexico, the Isthmus and South America, \$25,000,000; Asia, including India, Japan, China and Corea, about \$25,000,000; the Russian Empire in Europe and Asia, about \$30,000,000; Australia about \$40,000,000 and Africa about \$45,000,000; total, about \$220,000,000.

With this vast supply the United States ought to be able to retain a large proportion of its currency in gold coins.

The United States can never retain gold coins in circulation until it imposes a seigniorage upon the coins sufficient to

discourage (not to prevent) their being melted down or exported. When recoined into sovereigns, francs or marks, the same quantity of gold will circulate faster, and therefore will purchase more commodities in Europe than America. The tendency of the precious metals is therefore always to flow to Europe. When they become redundant there they are melted down into the arts. About three fourths of the annual product is thus lost to the circulation.

What rate of seigniorage is recommended ?

About  $2\frac{1}{2}$  per cent ad valorem. In England there is apparently no seigniorage, but this appearance is deceptive. The mint will receive no deposits of bullion under £10,000. This drives all depositors to the Bank. The latter sends the depositor to its assayers and refiners, who as a matter of fact levy a very stiff but variable seigniorage on deposits of bullion, to which the Bank adds  $\frac{1}{4}$  of 1 per cent. The seigniorage at the British mints in India used to be 3 per cent on gold and 4 per cent on silver, then 2 per cent on each, plus refining charge, then lowered to 1 per cent on gold, and in 1893 abolished. But England needs no seigniorage in order to retain its gold coins, and British India has no gold coins in circulation; whilst our monetary system is based upon them, and we need to retain them in our circulation or else in our public depositories.

What is the actual cost of mintage?

That is impossible to estimate unless the entire expense of erecting and maintaining the mints, together with the losses which occur in refining, recoinage, etc., are shown comprehensively. Roughly speaking, the actual cost of manufacturing coins out of bullion and maintaining their weight in this country is considerably in excess of  $2\frac{1}{2}$  per cent. At present the whole of this expense is sustained by the government without compensation, and is in fact a free present conferred upon foreigners. It ought to be stopped at once. Under existing laws, coins are merely bullion certificated and guaranteed by government. The certificate and guarantee is valuable; it costs the government millions of dollars annually; it ought to

be paid for by those who seek and enjoy it. Our effigies of Liberty and our pious motto, "In God We Trust," are every day melted down in the monarchical mints of Europe, and replaced by the insignia of royalty and hereditary power. This is indeed a sentimental objection, but Liberty itself is a sentiment, and without it what would distinguish us from the downtrodden peoples of other climes? The economical objection to gratuitous coinage is that it prevents us from enjoying the use of the gold which we win from Nature; it stands in the way, it is an insuperable obstacle to sound money. It drives gold coins out of the country, and leaves us a prey to inconvertible issues and periodical panics.

Has the matter attracted the attention of Congress?

Yes; John Sherman of Ohio and others have on various occasions advocated a seigniorage on our gold coins, but their views have always been overborne by the California gold miners, a circumstance alluded to in Sherman's speech to the Senate of January, 1871. This influence ought no longer to prevail against a measure designed to preserve our gold coins from exportation and the melting pot.

Is there no fear that a seigniorage or mint charge will send all our gold to foreign mints?

My answer is that it all goes there now; so that nothing would be lost by imposing a seigniorage. Whenever the balance of trade brings it back, as it does at intervals, it will be recoined here under the seigniorage, and after that there will be far less tendency toward its being again exported or melted down. The tendency to remain in this country in the form of American coins will greatly strengthen our Treasury and banks and remove from the issues of the latter that danger to which they are now always exposed, the danger of gold withdrawals for export, whenever exchange is against us. We must protect our gold currency by discouraging exportation and melting; and the only way to do this is to impose a seigniorage. This seigniorage will not be paid by our miners, who may, if they choose, send their gold abroad. It will be borne by the importers of gold, who will be left to the alternative of paying

the cost of its coinage, or else of keeping it in the form of bullion, which, unlike coin, can earn no interest. The privilege which they now enjoy is a menace to the stability of our currency. They can melt or export at pleasure; they can compel the government to coin their bullion for nothing; they get the alloy and the manufacture for nothing; they can compel the government to make good the wear and tear of gold coins for nothing. For all this service and expense, for all these benefits and advantages, they pay nothing. The system, were it not dangerous, would be ludicrous. It is as though log cutters and timber merchants had the right to compel the government to manufacture their raw material into tables and chairs and to provide an insatiable market for these products. It may suit the circumstances of a great commercial and maritime state, like England, to pursue such a policy—though even in that country there are numerous and influential advocates of a seigniorage on gold coins—but it does not fit the circumstances of the United States of America, and the sooner we amend the coinage laws in this respect, the better it will be for us. There is a large and growing class of annuitants and stipendiaries who demand that their incomes shall be paid not in paper promises that may not be realized but in gold coins, or else in paper promises that shall always be good for gold coins. There is an enormous financial edifice whose builders demand gold coins for its assured basis. The savings bank depositors and those who expect to derive a benefit from life insurance all demand gold coin payments. It is the duty of government to make provision that such demands shall be satisfied. At present there is no such provision. Our gold coins are at the mercy of every bill-drawer and banking house in Europe, at the mercy of every lender of capital in Europe, at the mercy of every jeweler, gilder and dentist, all of whom are innocently tugging away at the basis of our monetary system.

Said Mr. Davis, in the British House of Commons, "The exchange is governed by brokers; and, as it pleases them, the exchange must rise and fall." If this was true of England,

which had many resources for righting the exchange, how much truer is it of the United States, which, instead of many resources to right the exchange, possesses only the wretched one of exporting its produce at losing prices? England has the power to levy export duties; we have not. England can raise the rate of interest; we cannot. England has the power to call in her loans; we have no loans to call in. England exports many manufactures of which she has a virtual monopoly; our chief exports consist of produce which must compete with like produce from numerous other countries. Her merchants and brokers have, therefore, a powerful control over the foreign exchanges; we have none.

There was a time when these matters were of such slight importance that we could afford to let them alone. That time is past. Our very bulk and dimensions push us, however unwillingly, into the society of nations and compel us to make provision for the safety of our merchants, our capitalists, our annuitants, our banks, our stipendiaries and the producers of wealth. It is our duty, it is a sacred duty, to see that the Republic comes to no harm. We want peace, stability and value for value. These conditions are impossible so long as our gold coins, the basis of our monetary system, are exposed to exportation and the melting pot. A heavy seigniorage would prevent these catastrophies; a light seigniorage, say of 2 1-2 per cent, will discourage them, and it is our bounden duty to impose it so soon as the matter can be brought to the favorable attention of Congress and the President.

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### Common Sense on Trusts.

Despite the widespread hostility to capital and capitalistic methods of industry so vigorously propagated by socialists, populists and a certain class of degenerate journals, there are growing evidences that a common sense or true economic view of the matter is gradually coming to be recognized.



Political economists, who a few years ago were alarmists on the subject of trusts, are gradually coming to recognize the fact that trusts, which are simply large concentrations of capital, have come to stay; that they are a permanent and necessary feature of a high state of industrial development; that to fix the limit of capitalistic concentration is to fix the limit of industrial economy and progress. This view is also gradually finding its way among the intelligent and progressive portions of the business public. Every new industry, or expansion of industries, soon reaches the point where the profitable use of small capital becomes obviously inefficient. Excellence and cheapness are all largely dependent upon large concentration of capital and highly specialized productive organization.

The opposition to large organization of capital is not new. It has found expression in every era of marked progress and new industrial integration. It found expression in the fiercest form of mob law against the first inventions of the factory system and has been renewed with each epoch of concentration and invention. The small individual owners raised the alarm against corporations, and corporations are now raising the alarm against larger organizations known as trusts. Every effort has been made by the superficial and helped by demagogical speakers and writers to fasten on the word "trust" some obnoxious quality, like the Quaker who said of his neighbor's dog, "I will not kill thee, but I will do what is worse, I will give thee a bad name."

The effort to make the word "trusts" stand for economic dishonesty and social degeneracy has had considerable success with the ignorant and unthinking. It has been used by all grades of social disintegrators to create class hatred and popular antagonism to progressive economic integration upon which all societary progress really depends.

The most violent exhibition of this anti-capital and disintegrating spirit ever shown came to the front in the campaign just closed. In that campaign, all the disintegrating elements of society grouped themselves together in one party with a

leader largely ignorant of economics, very superficial and pronouncedly unscrupulous. It practically rested its claim to public confidence upon a frenzied appeal to the spirit of anti-trust superstition and class hatred.

Notwithstanding all the efforts of social disorganizers, daily experience brings forth the stubborn and unyielding fact that to new profits, with falling prices, rising wages and improved products, in short, with industrial progress and societary improvement, increasing aggregations of capital are as indispensable as is sunshine to ripening corn or rain to growing crops. Successful business is compelled to adjust itself to the infallible law of economic growth; and one business after another finds itself compelled to adopt the integrating or larger capitalistic forms. This is not a mere matter of choice, but of economic necessity, a part of the law of self-preservation. The day of small doings has gone. In every industry where the product is in popular use, hand methods and small individual capitalists are incompatible with the supply of superior products, low prices and high wages.

Every new era of prosperity must, of necessity, be marked by fresh aggregations and integrations of productive capital. The piano industry, for example, has had great and rapid growth in this country, but it has now reached the point where small and frictional competition prevents a real cheapening of pianos, and any marked improvement of the quality. The next step of real improvement in the piano industry will be the reorganization of that industry into larger concerns, so that much of what is now wasted in mere useless friction, booming, commissions, advertising and dead-head expenses, will, through more concentrated and economic organization, be given to the public in lower prices and better pianos.

Another example of this irresistible tendency is the manufacture of bicycles. This industry has sprung into existence with extraordinary suddenness, but the demand is now large and permanent, and the country is perforated with small, and in many instances, inefficient concerns. The de-

mand for bicycles is now large enough to warrant a much lower price for the high grade wheels. The public has become aware of this, and is constantly chafing under the high price demanded. The natural consequence is that an effort is being made to systematize and economize the bicycle industry in such a way that the business shall be permanent, investment safe, and economy introduced into the methods of supplying the public so that lower prices without lower profits may prevail. In this case, as in all others, the real remedy is found to be concentration of capital and integration of productive organization. Steps have already been taken to this end, and as promptly as sunshine produces shadow, the cry of "trust" and "monopoly" has been raised against the enterprise, and such journals as the *New York Herald*, *New York World*, and the organ of Bryanism, have begun to dispense their inflammatory dissertations on the bicycle trust. But it is encouraging to observe that with each such experiment, sound economic sense increases, and that new defenders of industrial progress arise. In other words, that every experiment increases the industrial education of the community. The necessity of concentrating the bicycle industry is making its contribution to popular knowledge on this subject.

The *Wheel*, a journal devoted to this industry, under the caption, "Trusts as Cycling Bugaboos," recently discussed this subject in a vigorous and sound editorial which we consider worth reproducing in full, as showing how economic sense is gradually increasing despite the ignorant clamor against every form of real industrial progress:

"When for the best of all concerned, the Cycle Board of Trade was organized, the Erudite Organization of Mare's Nest Discoverers promptly raised their associated voices and cried "Trust." When the tire-makers followed in the footsteps of the Board and united for their own, the users and the trade's protection, the E. O. of M. N. D. again brayed forth "Trust." A rumor, which may contain some truth in its composition, declares that the tube-makers are to follow the tire-makers, and again the Mare's Nest Discoverers shout

“Trust,” hoping against hope to get right once out of three times attempting the prediction.

“For the benefit of these gentlemen, and those who hearken to their mistaken ideas, it may be well to make perfectly plain the difference between the old-time trust and the modern trade combination, such as those above referred to.

“It is due to aggregation of capital and concentration of interests that prices upon so many manufactured products in the cycle trade have been materially reduced. Competition, aided by increasing exactions of conditions, has practically compelled manufacturers in certain lines to combine their interests, so as to do business at a lowered expense, and all intelligent tradesmen know that combinations have done and will do more to bring values down to a lower basis than any other known factor in commerce.

“Men who have capital extensively invested in the trade would be foolish if they did not protect their investments in every legitimate way. It is unfair to say that they become parties to an oppressive combination as members of a trust simply because they combine interests in order to keep in business.

“There is too much of a disposition to condemn capitalists for all the existing troubles in the commercial world. If it is wrong for manufacturers and producers to enter into agreements to sell only at a profit, it is wrong for workingmen to agree to work for certain wages only. And on the same principle it is wrong for farmers to organize alliances, for business men to effect associations.

“The prosperous man is generally a generous man. It is only when he sees his capital in jeopardy that he is inclined to exert harsh measures. Of course, there may be, and doubtless are, grasping monopolies and heartless trusts, but it is unjust and foolish to call every business combination like those existing and those contemplated in the cycle trade by such names. And the sooner we realize these facts and cease harping upon them, the quicker we will make the best of the opportunities and possibilities as they now obtain.

“ There are only three ways of getting and keeping a monopoly of anything or any industry. The first way is to own all there is of it. The second way is by unjust laws or criminal infringement of existing laws to secure unfair advantages over other people in the same industry or other owners of the same product. The third way is to produce a given article more cheaply than anybody else, so as to be able to undersell everybody. The first monopoly, namely, that of entire ownership of some important and necessary product of nature, does not and cannot exist in the cycle trade, and need not be considered for practical purposes. If there are any such attempted monopolies, they are either unsuccessful or too small to worry about. As regards the second kind of monopoly which depends upon unjust laws or upon the successful and wholesale violation of the common law, it may be said that there is no evidence that any such exists, in the cycle trade, at all events. Of the third kind of monopoly we have a number of instances in other lines of trade, and the real trouble is with regard to those instances. The Sugar Trust is a good example, and the Standard Oil Trust is another. Both are well known to the whole world, and have been invaluable to the platform orator and to space-filling members of the E. O. of M. N. D. when either needed an impassioned period designed to raise his audience to a pinnacle of predatory enthusiasm.

“ It is admitted for purposes of argument that the ‘ Sugar Trust ’ has a practical monopoly of the sugar business, and the Standard Oil Trust a practical monopoly of the oil business. Why? Because both these concerns have placed their product on the market at prices lower than those at which others can do so. The world, we suppose, has no fault to find with the simple fact that the price of sugar has been reduced from 10 cents in 1880 to below 5 cents. We may even suppose that the reduction in the price of oil from 10 3-4 cents in 1878 to 5 1-4 cents is also not of itself displeasing to the people whose light and fuel come from petroleum and its products. What it primarily objects to is the fact that the Sugar

company is extremely prosperous and the Standard Oil Trust immensely so, coupled with the fact that both of them, by the efficiency and economy of their operations, can undersell all competitors and still make a handsome profit.

“ If this is not what is the matter, perhaps some one of the Mare's Nest Discoverers will be good enough to tell us just what the matter is. In both cases the practical monopoly has been attained by the use of large capital in the hands of men with brains. Brains first and capital afterward. In neither case, however, is the monopoly complete, and in both competition has to be met.”

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### The Greenback Controversy.

IT is encouraging to note that the subject of currency reform is already beginning to occupy public attention. As must necessarily be the case in any adequate reform of our currency system, the question of retiring the greenbacks is the first point to be considered. It would be a misfortune to permit considerations of party politics to enter the discussion of a question so important to the welfare of the nation. If there is anything which should be above and beyond the limits of parties, it is surely the money question. Banking and currency institutions are so inseparably a part of the civilization of the country, that nothing but the highest consideration of fiscal science should be permitted to enter the discussion. Since no class can be benefited by a poor banking and currency system, and none be injured by a good one, it would seem impossible to find a motive for promoting any but the best methods of banking and currency. Yet, there is danger of a party spirit getting into the controversy, and at no point is it so likely to show itself as in the discussion over the greenbacks.

Mr. Cleveland's administration has been in nearly all respects a failure. His revenue policy had the misfortune to produce the opposite effect of what was predicted for it. Instead of stimulating business prosperity and increasing the

revenues, it disrupted industry and crippled the revenues so that his whole administration has been characterized by financial panic, business depression, Treasury deficit and increase in the national debt. The friends of the administration, including Mr. Cleveland himself, and his Secretary of the Treasury, have labored ingeniously to ascribe the necessity of bond issues and the perpetual embarrassment of the Treasury, wholly to the existence of the greenbacks.

On the other hand, those who were opposed to the Cleveland policy resent this interpretation of the case, and not a few of them go to the extreme of defending the greenbacks from any responsibility whatever in the fiscal difficulty, and insist that they are ideal money and should be maintained as a permanent part of our currency system. They charge the whole trouble to the revenue deficit caused by the Wilson bill.

In his speech in the Senate last session, Mr. Sherman charged the entire Treasury embarrassment to deficiency of revenues, and defended the greenbacks as "the best money the world ever saw."\* This defense finds some incentive in the fact that the greenbacks came into existence under the Republican party, which may also give encouragement to the friends of the administration in unjustly charging the greenbacks with the evils which the Cleveland revenue policy has created.

The *New York Sun*, though a Democratic journal, is as impatient with the efforts to make the greenbacks the scapegoat for the revenue blunders of the administration, as is the most rabid of Republicans; and it shows signs of being in danger of going to the same extreme as John Sherman and the *New York Tribune* in the defense of the greenbacks. Now all this is a mistake. Mr. Cleveland is unquestionably a failure, and has been the means of inflicting more loss and suffering upon the United States than was ever before allotted to a nation in time of peace. But since this is now generally

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\* Sherman and Cleveland on Finance, p. 117, GUNTON'S MAGAZINE for February, 1896.

understood, and Mr. Cleveland's permanent departure from public life on the 4th of March is already provided for, his irritating personality should not be permitted to prevent a fair consideration of this important public question. As a matter of fact, Mr. Cleveland, Secretary Carlisle and their followers, who endeavor to create the impression that all the Treasury embarrassments and consequent bond issues are chargeable to the existence of the greenbacks, are wrong, and those who insist that the Treasury disturbances are exclusively due to deficits in revenue are equally wrong. Such is not the case. The truth is that both the greenbacks and the deficiency in revenues have been factors in producing our Treasury disturbances; and no reform can be adequate which does not remove them both.

In a recent editorial on this subject, the *New York Journal of Commerce* says:

“It is not mere abundance of money in the Treasury that protects the notes, but a sufficiency of gold money as distinguished from paper currency; and, as the situation now stands, the Treasury has no means whatever, except that of contracting gold loans, for replenishing its stock of gold. Its income is exclusively in paper, and no increase of paper revenue can add a dollar to its stock of gold. During the three fiscal years, 1891-2-3, there was no deficiency of revenue, and yet within that period, the net gold, or reserve in the Treasury, fell from \$190,232,000 to \$94,747,000, or over \$95,000,000; showing incontestably that the Treasury may lose its gold at a most dangerous rate when its income is more than offsetting its expenditures. It is nothing to the purpose to say that the government has found it necessary to use the proceeds of its recent loans for covering its deficits; for it neither needed nor used gold for that purpose, but paid out legal tenders which it had received in exchange for its gold—a process of gold depletion in which has centered all the troubles of the Treasury, and which mere amplitude of revenue could do nothing whatever to prevent under the now existing exposure of the Treasury.



The real and almost only cause of the Treasury's trouble has arisen from the fact that, having suspended the settlement in gold of its debtor balances at the New York Clearing House, the banks deemed it necessary that, not they, but the Treasury should supply the gold required from time to time for export."

Now, this is a sample of the reasoning just referred to. The criticism upon this statement of the *Journal of Commerce* is not that it misstates, but that it only partially states the case; that it emphasizes the evils of the greenbacks and ignores that of revenue deficit. It brings out two important facts, however, that the friends of the greenbacks never feel called upon to refer to, namely, that during 1891-2-3 when the revenue was ample, the gold reserve in the Treasury fell over \$95,000,000, conclusively proving that with our present fiscal machinery, the Treasury may lose its gold even with a redundant revenue. This, of course, is due to the fact that nobody is compelled to furnish gold but the government. Having no necessary gold revenue, it can be compelled to borrow gold whenever the banks see fit to present greenbacks for redemption. By this process, the very gold which has been drawn from the Treasury by the greenbacks may have to be borrowed back again for exportation in payment of private debts, even though there were ample revenues in the Treasury.

The very possibility of such a condition should convince anybody, regardless of party considerations, that a comprehensive reform is indispensable.

As an example of the presentation of the subject from the anti-administration side, we take the following from an editorial in the New York *Sun* of November 16:

"Mr. Cleveland has given the country to understand, and, to our still remaining mystification, Mr. Carlisle has stood as his sponsor, that over a quarter of a million of bonds were issued by him for the purpose of maintaining the gold standard, and that the strain put upon the country's ability to redeem its notes in gold was due to the system of greenbacks, or, as he calls it, to the endless chain. As a minor feature of

the administration's misrepresentation in regard to the greenbacks, the President, animated, we must suppose, by a desire to avoid confessing the financial failure of the new Democratic tariff, cited millions of greenbacks for which gold had been demanded at the Treasury during a certain period, without mentioning the millions of gold for which, during the same period, the Treasury had been asked to exchange notes. But the main statement, that these bonds were sold to maintain the gold standard, is not true. More than half of them have been used to supply the deficiency in the Federal government."

In the same issue (over his *nom-de-plume*, Matthew Marshall), the financial editor of the *Sun*, in an article deprecating all efforts to retire the greenbacks as "mischiefmaking," says:

"As to the charge that the issue of circulating notes by the government involves a perpetual sale of bonds and an indefinite future increase of the national interest-bearing debt, only one word fitly characterizes it, and that is that it is a lie. The lie was first invented by President Cleveland, but it has been taken up and repeated by his subordinates and his partisans until too many simple-minded citizens accept it as the truth. It was, also, not the least effective of the weapons used by the silverites in the recent Presidential campaign, and its power for mischief was derived entirely from the respectability of its origin. The fact is, that the bonds sold by the present administration, ostensibly to procure gold with which to redeem the legal tender notes, were really sold to provide money for government expenses which its revenues failed to yield."

This is true as far as it goes. But it is very misleading, because it presents only a part of the truth, and all that on one side. It emphasizes the revenue deficit, but wholly ignores the menacing influence of the greenbacks in the situation. It is unquestionably true that part of the money raised by the bonds was used to pay running expenses of the government, and it is nothing short of dishonesty for the friends of the

administration to pretend otherwise. But it is not true that all the money so raised by the bond issues was used for this purpose; and it is not a fair statement of the case to pretend that it was.

There has been realized from the sale of bonds \$293,454,286, about \$184,000,000 of which has been used for current expenses. Deducting from this, \$15,000,000, paid for the redemption of national bank notes, leaves about in round numbers \$160,000,000 of the borrowed gold that was used for paying the government expenses, and not for maintaining the gold reserve. In other words, speaking roundly, nearly sixty per cent of the proceeds of the bond issues was used for paying the expenses, and only a little over forty for maintaining the gold reserve; but this shows quite conclusively that a bond issue might have been necessary, even with no deficit in the revenues, because the gold may be drawn out of the Treasury regardless of the amount of the revenue, since the revenue is not necessarily gold.

A fair statement of the facts shows that the revenue deficit, due to the Wilson bill and the greenbacks, mutually contributed to the Treasury embarrassment; and that the remedy cannot be found in removing either one of these causes. We may have ample revenue and still have a constant panicky condition of the Treasury by using the greenbacks to deplete the gold reserve; and, of course, the retirement of the greenbacks and abolition of the gold reserve, could not remedy evils of a deficient revenue.

It is quite clear that both the deficit and the greenbacks must be eliminated if we are to have a solvent and stable fiscal system. So long as the government has no gold revenues, and is compelled to furnish all the gold required for adjusting balances and exportation, and the greenbacks can be used to take away its gold, there can be no guarantee that the government may not be compelled to keep on borrowing indefinitely.

This has been rendered the more manifest by the almost scandalous fact that in borrowing the gold the government

frequently only gets back that which was taken from the Treasury a few days before in exchange for greenbacks. The first thing necessary regarding the greenback controversy is honesty and fairness of presentation. The subject is too important for mere partisan cavilling. Let statesmanship, and not politics, control the discussion of the question of revenue and finance, and a rational disposal of the greenbacks may be confidently expected.

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### **Evidence of Business Revival.**

One of the most striking lessons in industrial history is afforded by the marked contrast in their effect upon business of the two national elections of 1892 and 1896. These experiences conclusively show that whatever may be the political theory promulgated in support of a change of public policy, the industrial sense and experience of the community quickly gauges and anticipates the economic results.

Despite the numerous claims that a radical reduction of the tariff would bring prosperity, within a week after the election of Mr. Cleveland and a Congress bent upon that mission, orders were being canceled, mills were closing down, and all the forces for creating a financial panic and protracted industrial depression were fully under way, and the depressing stagnation of business has lasted during the whole of Mr. Cleveland's administration.

The election of 1896 was pronouncedly for an opposite policy, namely, stimulation of the conditions of domestic industry; and immediately, the very next day, a reverse influence upon commercial confidence and business enterprise was seen. Orders began pouring in, mills resumed operation and new enterprises were set on foot.

As we have said, the proclaimed policy of the Democracy in 1892 was distinctly anti-capitalistic and hostile to the maintenance and development of American domestic industries, and, accordingly, capital immediately withdrew itself for safety

as soon as the advocates of the new policy were known to have been elected.

In 1896, the Republican party was avowedly friendly to domestic enterprise, and stood for a distinctive policy of protection to domestic capital in competitive industries. Hence, immediately upon the news of Mr. McKinley's election, all the evidence of business confidence returned; money began to flow into the banks, and capital sought investment in every direction.

This business revival has been so remarkable that we have collected some of the specific instances of it; the total number of cases noted, up to November 21st, being over one thousand. This, of course, may not be half the actual number, but we give below a summary of the more important cases in the different states which, of themselves, make an extraordinary record and should be an object lesson in industrial legislation.\*

*Pennsylvania.*—As might be expected, Pennsylvania heads the list, with nearly 200 specific reports from all parts of the state. Some of the more important of these are as follows:

Additional plant has been ordered for the Atlas Cement Works at Northampton, to cost \$500,000; cotton mill at Millville, employing several hundred hands, resumes operations; additional work ordered in shops on Lehigh Valley Railroad; 200 additional men hired at J. Painter & Son's iron works, Pittsburgh. The Oliver Iron & Steel Works, and Clinton Furnace Company, Pittsburgh, employing 600 and 300 men respectively, resume on full time, and the Star Tin Plate Works start two additional mills, employing 100 skilled workmen. Other resummptions and extensions at Pittsburgh have been or will be made by Zug & Co., Jones & Laughlin, Howe, Brown & Company, 800 men; Hainsworth Steel Company, Monongahela Tinsplate Company, Black Diamond Steel Works, Shoenberger Steel Company, Bryce, Higbee & Company, flint-glass makers; Westinghouse Electric Company,

\* Later reports show that some of the shut-downs mentioned in this list had been of only a few weeks' duration, but might, and probably would have been protracted, or even permanent, in case of Bryan's election.

(200 men), goes on full instead of part time; National Tube Works, Consolidated Steel & Wire Company's Rankin Works, 900 men; Garland Chain Works, 250 employés; H. J. Heinz Company, and many others.

At Harrisburg, the Chesapeake Nail Works resumed with 300 men; also the Central Iron Works, Harrisburg Shoe Factory, and Jackson Barrow Works, the latter changing from part to full time; and the Lalance-Grosjean Company opened an extra tin mill, and are arranging to construct additional plant. At Duquesne, two new blast furnaces of the Carnegie Steel Company will be completed and enlarged; at New Castle, the Washington Elliott Steel Works, and the immense rolling-mill department of the New Castle Seamless Tube Works, resume operations; at Wilkes-Barre, the Wyoming Valley Lace Mills start up; at Pottstown, the Glasgow Iron Company and Pottstown Iron Works resume; at Erie, iron works, piano factories, etc., begin work; at Williamsport, the Rowley & Hermance Machine Company, and the Lycoming Pants Factory, start up on full time, and the Emery Lumber Company increases wages ten per cent.

At Waynesboro, the Geiser Manufacturing Company resumes with 500 men, and the Frick Ice Machine Company, 600 men, is working overtime. At Scranton, several factories start up, employing a large number of men. The Carnegie Works at Homestead, employing 3,500 men, are now running on full instead of reduced time, and the Consolidated Steel and Wire Company at Braddock has started up in full, employing 800 men. In the Shenango and Mahoning Valleys, about thirty large blast furnaces, which had been idle for some time, have now been fired up for steady operation. It is reported also that the immense Cambria Works at Johnstown are to resume in full.

The large number of Pennsylvania reports which cannot be enumerated here, are of practically equal importance with those above given.

*Ohio.*—Ohio comes next, with between 160 and 170 cases. Among the resumptions after shut-downs, are the

Britton Rolling Mill (tinplate) and Aetna Machinery Company at Cleveland; the Lima Paper Mills, 350 men; the Marietta Chair Factory, 700 hands; carriage and printing works and railroad shops at Cincinnati; iron furnaces at Iron-ton; Cleveland Veneered Door Factory; Barney & Smith Car Works at Dayton, employing 2,000 men; iron furnaces at Hubbard and Lowellville; the Thomas Furnace at Niles; Cooney Carriage Works at Toledo, 160 men, and Gendron Wheel Company at the same place, 500 men; Calcined Glass Works at Fostoria, employing several hundred hands; Corrugating Works, Orr Linseed Mill and other concerns at Piqua, employing large numbers of men; Turnbull Wagon Works at Defiance, 200 men, also woolen mills, furniture factory, bicycle works and plow works at the same place; iron works at Youngstown and Portsmouth, and so on. Additional men have been hired and works extended by important concerns all over the state, such as the United Salt Company, American Wire Nail Company, Hoffman Bicycle Company, Muhlhauser Woolen Mill, Otis Steel Works, Gobeille Pattern Co., Avery Stamping Company, Walker Manufacturing Company, Acme Machinery Company, and many others, at Cleveland; the Lodge & Shipley Machine Tool Company, Hall Safe & Lock Company, and Laidlaw, Dunn & Gordon, pump manufacturers at Cincinnati; the Snell Bicycle Works, Milburn Wagon Works, Maumee Rolling Company, and Lozier Wagon Works, at Toledo; numerous concerns at Findlay; the Steel Tube Works, and Cycle Works at Shelby; the Werner Company, 1,000 men, and McNeil Boiler Works at Akron; and the Taylor, Vaughan & Taylor Company at Cuyahoga Falls. Renewed activity is also reported in the Ohio coal and oil fields, and many new railroad cars are being built to accommodate increased business.

*New York.*—About ninety specific cases have been reported so far in New York State. On the second day after election, Major McKinley, at Canton, touched an electric button which set in operation the Niagara Iron Foundry at Iron-ton, near Tonawanda. Three hundred additional men were

taken on, and the event was made the occasion for a general celebration. Some of the more important resumptons of business are the following: Buffalo, nut and bolt works of Plum, Burdict & Barnard, 300 men; Amsterdam, several knitting mills, employing in all about 1,000 men, and the Shuler Steel Spring Works; Gouverneur, the St. Lawrence Marble Co., 100 men; New York, E. S. Higgins & Co., carpet factory, employing about 1,600 hands; Lyons, the New Haven Silver Plate factory; Elmira, R. W. Payne & Son's engine works; Palmyra, the Globe Press Works and Jones' Press Works; Syracuse, E. C. Stearns & Co., bicycle works, 1,200 men, at increased wages; Waterloo, woolen and piano factories; Poughkeepsie, Adriance, Platt & Co., mower and reaper works; Middletown, tanning mill and file works; St. Johnsville, Roth & Englehardt, piano factory, 200 men.

Many other concerns are increasing their force and making improvements and additions to their plant. Among these might be mentioned the Howard Iron Works of Buffalo, 250 men; the Solvay Process Company, Whitman-Barnes Company, Sanderson Steel Works, Barnes Cycle Company, and Syracuse Cycle Company of Syracuse; the West Shore Railroad shops at Frankfort; cotton mills at Utica and Oneida; numerous manufacturing concerns at Binghamton; the Jacob Fisher Pottery at Lyons; carpet mills at Newburgh; mills and factories in twenty towns of Saratoga county; several foundries at Albany; the West Albany railroad shops; the General Electric Company at Schenectady, and others. Several entirely new enterprises have been projected at different points.

*Michigan.*—About eighty reports have been received from Michigan, fully half of which relate to increased business, resumptons, etc., in Detroit city.

Some of the more important concerns which are resuming business after shut-downs, are the Dowagiac Manufacturing Company, at Dowagiac, 150 men; the Alaska Refrigerator Company at Muskegon, 300 to 450 hands; wagon works at Lansing; numerous wagon and wheel works at Kalamazoo;



the Phœnix Furniture Company, 500 men; Widdycomb Company, 600 men, and Michigan Peninsular Car Works, 400 men, at Detroit; also a large number of copper and iron mines in the northern part of the state, which it is expected will re-employ about 10,000 men.

Many other factories are extending operations and increasing their force or working time. Reports of this nature have come from Detroit, Escanaba, Lansing, Saginaw, Kalamazoo, Houghton, Bessemer, Ann Arbor and other points.

*Indiana.*—Indiana has reported about eighty cases. The Illinois Steel Company's plant at Hammond is to resume shortly, giving work to some 1,500 men; at Anderson, the Arcade File Company, Anderson Iron and Bolt Company, American Wire Nail Company, and plate and window glass works, all resumes work; at Muncie, the Indiana Iron Company resume on full time, with 800 hands, and several other concerns increase their force; a new glass factory is to be built at Muncie, employing 500 men. At Indianapolis, the Indiana Bicycle Company resumes with 700 men; carpet mills and hosiery mills at Lafayette also resume operations; twenty concerns at Evansville, aggregating 3,000 employés, commence full time work. In the oil fields, many new wells are being put down. At Terre Haute the rolling mills take on 400 extra men; at Chesterton, the Porter brick yards resume operations with 1,500 men, after six months idleness.

At Elwood, the Pittsburg Plate Glass factory starts up with 500 men, and a large number of other concerns increase operations. At Connorsville, the large furniture factories, carriage works, machine shops, etc., are all to resume work. Other instances of equal importance are reported from all over the State. The Indiana revivals, it will be seen, are each on a large scale, and the showing is a remarkable one.

*Connecticut.*—Next to Indiana is Connecticut, with about seventy-five specific cases. Every part of this little state seems to have been touched by the renewal of prosperity. The Sargent Hardware Manufactory at New Haven, employing 2,500 hands, resumed on full time immediately after election; the

Shetucket Woolen Mills at Norwich recommenced operations with 700 hands, after several months' idleness. The Malleable Iron Works at Bridgeport increased its force from 500 to 1,000 men; Cheney Bros.' silk mills at South Manchester, employing 2,500 persons, began running on full time; the Hartford Carpet Company at Thompsonville took on 100 extra hands; the Falls Company cotton mills at Norwich are to resume with 600 hands; the Central and Riverside Woolen mills at Stafford Springs resume on full time, and the Aetna Silk Company at Norfolk recommenced operations with a full force, after several months shut-down.

Other important extensions, increases of force, etc., are reported from Mt. Carmel, Wallingford, Waterbury, Meriden, New Haven, Derby, Bristol, Middletown, Danbury, Bridgeport, New London, Winsted, and many other localities.

*New Jersey.*—New Jersey contributes between fifty and sixty resumptions and extensions of industrial enterprises. Some of the more important are the Rothschild Shirt Factory at Trenton, increased from 100 to 400 men; the American Lamp and Brass Company, also at Trenton; the Argo Mills (yarns) and Gloucester Cotton Mills, at Gloucester City; Osgood Shoe Factory, Hammonton Hose & Knitting Company, and Bernshouse Planing and Saw Mills, at Hammonton; glassworks at Bridgeton; bicycle works of the Warwick-Stockton Company, at Newark, and many others.

*Illinois.*—Forty cases are reported from Illinois, nearly all relating to large establishments. A half dozen of the more important resumptions after shut-downs are the Joliet plant of the Illinois Steel Company, employing 2,800 men; the Parlin & Orendorff Implement Works, at Canton; the Rockford Manufacturing Company, at Rockford; the Moline Plow Company, at Moline; Sattley Plow Works at Springfield; American Glucose Company, and Peoria Grape Sugar Company, at Peoria; the Western Tube Company at Kewanee, 3,000 men.

Large concerns, such as the Pullman Palace Car Company, and the Wabash Railroad shops at Decatur, have taken on

extra men. At Chicago a contract for enlarging "The Fair" building has been closed; this will employ from 3,000 to 4,000 men. One estimate from Chicago put the amount of capital which will now go into active use in Illinois at not less than \$100,000,000.

*Kentucky.*—About forty instances of the business revival in Kentucky have been received thus far. Only a few of the most important can be mentioned. At Louisville, the Bridgford Stove Works, 200 men; Louisville Woolen Mills, 300 employés; Beargrass Woolen Mills, 200 employés, all resume work, and many other establishments increase their force. The Norton Nail Works and Ashland Steel Company, at Ashland, and the Blue Grass Tobacco Company at Lexington, all recommence operations. The Louisville Chair Factory, 125 men, has increased wages 10 per cent, and will enlarge its force.

*Massachusetts.*—The total number of instances for Massachusetts, so far, is twenty-six. Among these are the Ipswich Woolen Mills, 150 employés; Spaulding & Pepper bicycle tire works, Chicopee Falls; Chelmsford Iron Foundry, near Lowell; Winslow Skate Factory at Worcester; Hayward's Woolen Mill at East Douglass; Assabet Woolen Mills at Maynard, 1,500 hands; Briggs Carriage & Cab Company, at Amesbury; Hayden Cotton Mills, at Chiltonville; American Watch Factory, at Waltham; rubber works at Watertown, etc. Some of these cases are resummptions after shut-downs, others are increases in force or working time, and all affect large numbers of working people.

*West Virginia.*—This state has experienced a decided boom. About twenty-five cases are reported, among them the Ensign Car Works at Huntingdon, resumption after shut-down; the Kanawha Woolen Mills, at Charlestown; coal mines at Dingess; iron furnace at Steubenville, etc. Bentley & Gerwig, large furniture makers at Parkersburg, have raised wages, and several large iron, steel and glass works at different points have commenced full time operations.

*Missouri.*—Over twenty reports have been received from

different points in Missouri, notably St. Louis, Kansas City, St. Joseph, Sedalia, etc. About 4,000 men are said to have found employment in mills re-opened in St. Louis alone. Railroad shops are running full time, and several iron and glass works have resumed at various localities. The strike for higher wages at the Tudor Iron Works, St. Louis, which has lasted two years, has been won by the men, and 800 employés are back at work.

*Alabama.*—Prosperity is not confined to the North and East. Seventeen reports have come from Alabama, all of an important nature. It is estimated that 300 men have obtained work at Birmingham by the re-opening of factories and mills since the election. Several new enterprises are being projected.

*Wisconsin.*—Wisconsin also reports seventeen instances. Among these are the Milwaukee Harvester Company, 300 extra men; the Bay mills at Tomahawk resume with 200 men; woolen mills at Baraboo resume with 100 men after a year's idleness, and so on. Several resumptions are reported from Racine, such as the Case Plough Works, Case Threshing Machine plant, and Racine Woolen mills.

Space does not permit further enumeration of details. We give, however, a summary of the number of reports received from the other states, nearly all of which cover important establishments, or new enterprises to be actively pushed from now on.

Eleven reports have been received from California, 10 from Tennessee, 9 each from Colorado and Iowa, 8 each from Delaware and Maryland, 7 from Virginia, 5 from Rhode Island, 4 each from Minnesota, New Hampshire, Nebraska and Washington; 3 each from Georgia, Maine and South Dakota; 2 each from Arkansas, Louisiana and Texas, and 1 each from Arizona, Kansas, North Carolina and Nevada.

Thus it is apparent that while the revival of industrial enterprise has, of course, been most pronounced in the large manufacturing states of the East and Central West, its good effects are already being felt throughout the entire Union, even

in those sections which did their best to prevent this revival by supporting Mr. Bryan in his attack on the fundamental forces of economic progress.

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## Claims of Cuba for Self-Government.

RAIMUNDO CABRERA

(Author of "Cuba and the Cubans.")

THAT the Cubans are capable of governing themselves is beyond dispute, under whatever aspect the question be considered, whether the intellectual and moral, the social, or the economic and political.

Notwithstanding the obstacles to the development of their culture, placed, throughout the whole of Spain's protracted dominion, by an administration imbued with the same spirit of plunder that characterized the conquest of the New World, the natives of the island have managed to redeem themselves from the effects of this oppression, thanks to their superior intelligence and the advantageous geographical position of their territory which brings them into daily and constant contact with peoples of the highest civilization, and especially with the United States, whose progressive spirit they have caught.

What Spain has not given to the Cubans in the matter of education, the Cubans have procured for themselves either at home or abroad. It is a well-known fact that up to nigh the second half of the present century, wealthy Cuban families were obliged to send their children to foreign parts to be educated, owing to the lack of adequate educational institutions in their own country; and it is equally well known that in the budgets of the colony no appropriation had been assigned by Spain for the maintenance of public schools until 1827—only sixty-nine years ago—when the association called *Sociedad de Amigos del Pais*, composed of public-spirited Cubans, prevailed upon the home government, after many unsuccessful attempts, to allow \$8,000 annually for that object. Three years before, the same association had wrested

from the unwilling Municipality of Havana, by way of a loan, the paltry sum of \$100 monthly for the same purpose—a concession which was withdrawn by royal decree in 1824. But this is not at all surprising when it is remembered that, albeit Cuba was discovered in 1492 and settled by Spain, there was not a single school in the island during the sixteenth and seventeenth centuries. The first institution of the sort owed its existence to the liberality of a private gentleman, who founded and endowed it, and commended its direction to the Bethlehemite fathers in 1712. This and six schools, also private, attended by 552 pupils, constituted all that there was for the education of the Cuban people in 1793—at the end of the last century, and when the population of the island exceeded half a million inhabitants.

Whoever follows, step by step, all the efforts displayed by Cubans to ensure their intellectual improvement, will be forced to admit that they are fully qualified to govern themselves.

King Philip II. issued an ordinance forbidding the children of Spanish-Americans to be educated in foreign countries; King Charles IV. ordered that all the young Cubans who were receiving their education in the United States should return to the island; His Royal Majesty Ferdinand VII. confirmed this prohibition in 1828, and a Bishop of Havana—yclept Tres Palacios—declared at that time that there was no need of establishing more schools in the city of Havana, in opposition to the praiseworthy efforts of the “Association of Friends of the Country.”

But there are laws that from their very absurdity cannot be enforced. The Cubans educated in the United States, and the hundreds who returned home from their travels, brought with them to the country a large fund of knowledge and ideas which they set about to disseminate among their fellow-countrymen, and no power on earth could thwart their beneficent contact and influence.

They created associations devoted to Science, Literature and Art; endowed chairs of Philosophy, Political Economy, and Law; increased the number of free schools for the benefit

of the masses. As a result of these efforts, the Association of Friends of the Country had the satisfaction of reporting in 1836 that 9,082 children of both sexes were already being taught in the primary schools supported by private individuals. Cuba had then a population of 332,352 whites and 400,000 blacks; a total of 700,000 inhabitants toward whose education Spain did not contribute one penny, although she took out of the island for national purposes \$2,500,000. Cuban philanthropy could only afford to educate 1 1-4 per cent. of the population.

Not until 1841 did Spain recognize her duty to institute public schools for the poor, but this duty was left to the municipalities, and even then their number did not increase in proportion to the remarkable growth of the population, and twenty years later the Cubans were in still worse condition in this respect, for the proportion of attendance at the public schools, and the number of these, were less than at the time of the adoption of the new system.

As for the higher institutions of learning, Spain has established them in Cuba as a lucrative business, the enormous fees exacted for enrollment and examination constituting for her a not insignificant source of revenue.

The creation in 1857 of a system of town councils, though restricted, afforded a wider range to popular initiative, and thenceforth the Cubans themselves were in a position to improve these conditions, an improvement which was further extended after 1878, when, by virtue of the Zanjón Compromise, town councils began to multiply throughout the island. Yet private institutions for the education of the people in Cuba have always outnumbered the official establishments, in this manner Cuban philanthropy and patriotism have made up for the criminal shortcomings of the government.

In 1895, when the present war broke out, there were in the island 910 official public schools, with an attendance of 36,747 pupils, while the primary and secondary schools supported by private means and associations were double that number and with twice as many pupils.

The proportion of white Cubans who can read and write

is 36 per cent. of the 1,102,689, forming their whole number, and that of the colored population which reaches 489,187, is 12.28 per cent. In Spain not much more than 50 per cent. of the adult population are able to read and write. These figures show that Cuba, as regards culture, is in no worse condition to govern itself than the mother country which rules over it and presumes to maintain its supremacy.

Thus is explained how Cuba has been able to present, since the beginning of the century, in all the departments of Science, Literature and Art, a brilliant array of real eminences, in whom the most advanced nation might well take pride, and whose attainments, with the co-operation of the other cultivated classes, were enough to qualify them for the wise and orderly direction of their country's affairs.

Cuba, for instance, has had statesmen like Don Francisco Arango y Parreno, to whose efforts in 1818 was due the opening of the ports of the island to the commerce of the world; like Don José Antonio Saco, one of the most distinguished Spanish economists and publicists of the century; philosophers and thinkers like Father Felix Varela and Don José de la Luz Caballero, admired by Walter Scott; naturalists like Don Sandalio de Noda and Don Felipe Poey, whose works on Ichthyology were awarded a prize medal at the Exposition of Amsterdam; chemists like Reinoso, admitted as a member of the French Institute; mathematicians like Menendez, Menocal, now a United States Naval Engineer, and Don Francisco Albear, who built the magnificent Aqueduct of Havana, and whose plans won a prize at the Paris Exposition; historians like Zayas, Urrutia, Guiteras, Bachiller, Calcagno, Rodriguez, Sanguily; physicians like Romay, Cowley, Lebreto, Zayas, and Don Nicolas Gutierrez, who presided over the Congress of Physicians held in Washington; and, finally, great writers, poets, artists and composers, like Heredia, Avellaneda, Luaces, Zenea, Enrique José Varona (who is also an eminent philosopher), Chartrand, White and hundreds more, whose works are famous and appreciated, not only in their own country, but all over the civilized world.



The culture of the Cuban people and their industry have been revealed in all departments of human activity. They cannot be accused of Oriental indolence, nor of having relied upon the institution of slavery, which prevailed in the country until the end of the revolution of 1868-78. No individual of the Spanish race is more industrious than the Cuban. This is attested by the enormous production he realizes annually, notwithstanding the absence of official encouragement and protection, and the crushing burden of taxation weighing upon him. His enterprising spirit has always shown itself. Cubans were the planters who brought into the country the great inventions of European engineers for the manufacture of sugar. Cubans were the men who built the third railroad in the world, long before the introduction of railroads into Spain; Cubans founded the great central sugar estates; the coffee and tobacco plantations; Cubans till the fields and gather the valuable crops of that bountiful land, moreover the small farms and cattle ranches have always belonged to Cubans.

No stronger evidence could be cited to show the industrious spirit of the Cuban people than the fact that immediately after the abolition of slavery—brought about through their persistent demands, peacefully and without indemnity in 1883—the agricultural production of the island, instead of falling off, was greater than ever before, and has since continued to exceed the production of preceding years. The physicians, lawyers, pharmacists, musicians and workingmen in all the departments of labor are Cubans. The only occupation in which they are not found is that of office-holder, the Spanish government having always reserved all the public posts, whether national or provincial, for the exclusive benefit of the natives of Spain. Neither do they devote themselves to the small and usurious retail trade, a work that demands no exertion and is entirely in the hands of Spanish immigrants.

To Cuban activity and industry, therefore, was it due that the island could export annually \$89,862,514 worth of produce and import goods valued at \$56,265,315; that the

tobacco industry was estimated at \$25,000,000, and could afford to pay out \$60,000 daily in wages alone; and that its sugar industry should have made of Cuba the foremost sugar-producing country of the world, despite the lack of government protection and the heavy export duties with which the industry was handicapped.

Besides being industrious, Cubans are of a gentle, docile and manageable disposition, and simple in their habits, which have not yielded to the old European traditions, but reflect, instead, the democratic spirit of America. Moreover, their morality is unquestionable. This assertion is borne out by the criminal statistics published officially in Cuba. Out of a population, which in 1885 consisted of 860,000 native and foreign whites, and 460,000 colored, there was only 1 convict for every 4,777 whites born in the country; 1.20 for every 1,000 negroes; 3.60 for every 1,000 Chinamen; 1.40 for every 1,000 foreigners, and 4.32 for every 1,000 Spaniards or immigrants from the Spanish Peninsula.

These figures establish the moral superiority of the Cubans, both whites and blacks, as compared with the Spaniards who rule over them.

The fact that one-third of the population is colored does not argue against self-government in Cuba. Stanley has declared that the Congo African is the aptest to assimilate European civilization. The negro of Cuba proceeds from that region, and experience has demonstrated the truth of the famous explorer's assertion. Nothing could be more convincing than the spectacle presented by the Cuban negroes after the abolition of slavery, which was wholly unattended with any disturbance on their part. They cheerfully went on with their labors on the plantations, either as *colonos* (settlers) or *aparceros* (sharers in the profits), and continued in the cities their avocations as house servants. They helped to swell the general production, and as citizens in the exercise of their civil and political rights have evinced moderation and practical sense. They organized numerous societies for their instruction and recreation, founded schools and classes, and

under the guidance of the most cultivated of their race (for there are already among them many who have distinguished themselves in literature, journalism and the arts), assisted and stimulated by their white brothers, have displayed the most praiseworthy efforts to educate and regenerate themselves. The Cuban negro is, moreover, and above all, Cuban to the backbone; he has forgotten all the wrongs of his former bondage, and feels himself identified with the white natives in his love of country and hatred of the common oppressor. Under the influence of this sentiment he has shown himself resolute, heroic, disciplined and acquiescent in the superiority of the enlightened or cultivated elements for the direction and management of affairs.

And as regards the economical aspect of the question, who can deny that Cuba is in a condition to administrate itself, form its budget and vote its own taxes, once rid of the onerous tutelage that has so long and persistently deprived it of its right to the enjoyment of these legitimate prerogatives? A country having 1,600,000 inhabitants, that has paid annually \$26,000,000, and even \$36,000,000 to the national treasury—16.18 per capita—and from \$6,000,000 to \$8,000,000 more to the municipalities, is fully entitled to be considered as of age, and with sufficient resources to exercise its own sovereignty.

Lastly, viewing the question from a political standpoint, Cuba has furnished ample evidence during the whole of the present century that it has the conviction of its rights, that it is by no means ungovernable, and that if it resorted to the violent extremity of war on two occasions, it was through positive desperation provoked by the stupid and iniquitous obstinacy of the mother country in refusing to grant it a reasonable share in the administration of its own interests.

Since the beginning of the century, through such prominent Cubans as Arango y Parreño (1814), Saco, Gener, Varela, Armenteros (1820-1836), Luz, Pozos Dulces, Echeverria (1850-1865), and many others, in books, pamphlets, journals and speeches, Cuba's clamors have been unani-

mous in demanding such administrative and political reforms as should change the centralized military and despotic régime exercised in the management of the island by ignorant and irresponsible delegates of the Madrid government and a swarm of insolvent officials imported from the Peninsula.

The revolution of 1868, heroically sustained for ten years, though unsuccessful, proved the firmness and character of the Cuban people, their enlightened views regarding public life, and their determination to better their condition.

The seventeen years of peace, during which certain limited political reforms permitted the expansion of ideas in the colony—though far from being what the Cubans had unceasingly clamored for, namely, self-government—afforded the world an opportunity of seeing that there existed in Cuba a perfectly civilized society, whose intellectual level was well up to the highest standard of modern ideas and methods.

The Cubans, throughout this period of truce, made a wise and moderate use of their individual rights; they exercised the restricted suffrage (which the government craftily granted to only three per cent of the population), with the demeanor of a people inured to the practices of public life; their representatives in the Cortes proved that as statesmen and orators they were the peers of those who in Spain had won the highest reputation; and in the local municipal administrations which they were barely allowed to exercise, or in the consultive assemblies, where the government gave them a limited access into unsalaried positions, they displayed remarkable ability for the direction of public affairs. The great autonomist party, which was formed then as the political outcome of the first revolution, and in which prominently figured the most distinguished journalists, orators, statesmen and writers, such as Galvez, Govin, Montoro, Varona, Giberga, and hundreds more, was untiring in its exertions.

Their patriotic endeavors to secure, in peace and for the sake of peace, colonial autonomy, were rendered fruitless by stubborn refusals, or the deceit involved in artful and fictitious reforms. But that brilliant organization of defeated

patriots, and those who, with energy, tact, discipline and heroism have initiated and brought to a point where success is assured, the present devastating revolution, furnish the most irrefutable proof that the Cuban people are eminently qualified to govern themselves.

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### Statistics of Immigration.

Since the immigration problem is to be one of the leading subjects of public discussion and national legislation during the coming winter, it is important that the history, extent, characteristics and more recent tendencies of our foreign immigration should be clearly understood. In order to have a groundwork of data of this nature upon which discussion may be based, we have collected from the latest official sources a large number of representative facts dealing with the various important aspects of the subject. In the following tables we give the results of this investigation, and have called attention at the same time to the economic and social significance of the facts brought out.

The first table shows the total immigration, by years and decades, from 1820 to the close of the fiscal year ending June 20, 1896. In subsequent tables we have shown the details of immigration by nationalities for each year since 1884; the same for decades since 1860; the geographical distribution of our foreign born population in 1890; the ratio of foreign born to native population in the different sections of the country at each census since 1850; the proportion of foreign born population living respectively in the cities and in the country, and finally some statistics as to the foreign born element living within the cities themselves.

The following table shows the number of alien passengers landed in the United States for each year and decade since 1820:

	PER YEAR.	PER DECADE.		PER YEAR.	PER DECADE.		PER YEAR.	PER DECADE.
1820	8,385	8,385	1846	154,416		1872	404,806	
			1847	234,968		1873	459,803	
1821	9,127		1848	226,527		1874	313,339	
1822	6,911		1849	297,024		1875	227,498	
1823	6,354		1850	369,980	1,713,251	1876	169,986	
1824	7,912					1877	141,857	
1825	10,199		1851	379,466		1878	138,469	
1826	10,837		1852	371,603		1879	177,826	
1827	18,875		1853	368,645		1880	457,257	2,812,191
1828	27,382		1854	427,833				
1829	22,520		1855	200,877		1881	669,431	
1830	23,322	143,439	1856	195,857		1882	788,992	
			1857	246,945		1883	603,322	
1831	22,633		1858	119,501		1884	518,592	
1832	60,482		1859	118,616		1885	395,346	
1833	58,640		1860	150,237	2,579,580	1886	334,203	
1834	65,365					1887	490,109	
1835	45,374		1861	89,724		1888	546,889	
1836	76,242		1862	89,007		1889	444,427	
1837	79,340		1863	174,524		1890	455,302	5,246,613
1838	38,914		1864	193,195				
1839	68,069		1865	247,453		1891	560,319	
1840	84,066	599,125	1866	314,917		1892	623,084	
			1867	298,967		1893	502,917	
1841	80,289		1868	282,189		1894	314,467	
1842	104,565		1869	352,768		1895	279,949	
1843	52,496		1870	387,203	2,429,947	1896	343,267	2,624,003
1844	78,615							
1845	114,371		1871	321,350				18,156,534

Thus it will be seen that the first great immigration period was in the decade 1851-60. Owing to the Civil War there was a falling off in immigration between 1861 and 1870. Between 1871 and 1880 came another increase; but in the succeeding decade (1881-1890) all previous records were eclipsed, the total reaching nearly five and a quarter millions.

One of the best tests of the industrial condition of a country is the extent to which foreign populations emigrate to that country. The enormous increase of immigration into the United States during the first three years of the present decade, 1890, 1891 and 1892, is significant evidence of the great prosperity prevailing here at that time. Conversely, the remarkable decline in immigration since those years will serve as some indication of the changed conditions

brought about by the industrial policy of the present administration. In order to bring out these points in detail, we give a table showing the immigration from twelve of the leading European countries since 1890:

	1890	1891	1892	1893	1894	1895
Austria-Hungary...	56,199	71,042	80,136	59,633	37,505	33,462
Denmark.....	9,366	10,659	10,593	8,779	5,581	4,244
France.....	6,585	6,770	6,521	5,358	3,662	3,702
Germany.....	92,427	113,554	130,758	96,361	59,386	36,351
Italy.....	52,003	76,055	62,137	72,916	43,967	36,961
Netherlands.....	4,326	5,206	7,260	8,914	2,884	2,348
Norway.....	11,370	12,568	14,462	16,079	8,867	7,373
Poland.....	11,973	27,497	33,299	13,664	1,552	1,020
Russia.....	33,147	42,145	79,294	37,177	35,694	32,053
Sweden.....	29,632	36,880	43,247	38,077	18,608	15,683
England.....	57,020	53,600	49,770	46,501	29,579	31,948
Ireland.....	53,024	55,706	55,467	49,223	33,904	5,888

During the six or eight years previous to the high watermark period of 1890-92, the character of our immigration began to undergo a gradual change, the most notable increases being from the least desirable European populations. England and the Netherlands might perhaps be cited as exceptions to this tendency, but the immigration from those countries, and also that from Germany, began to fall off as early as 1883, and has not since regained its former level. To illustrate this change we give below the immigration figures between 1884 and 1889, for the same countries shown in Table II.

	1884	1885	1886	1887	1888	1889
Austria-Hungary.....	36,571	27,309	28,680	40,265	45,811	34,174
Denmark.....	9,202	6,100	6,225	8,524	8,962	8,699
France.....	3,608	3,495	3,318	5,034	6,454	5,918
Germany.....	179,676	124,443	84,403	106,865	109,717	99,538
Italy.....	16,510	13,642	21,315	47,622	51,558	25,307
Netherlands.....	4,198	2,689	2,314	4,506	5,845	6,460
Norway.....	16,974	12,356	12,759	16,269	18,264	13,390
Poland.....	4,536	3,085	3,939	6,128	5,826	4,922
Russia.....	11,854	16,603	17,309	28,944	31,256	31,889
Sweden.....	26,552	22,248	27,751	42,836	54,698	35,415
England.....	55,918	47,332	49,767	72,855	82,574	68,503
Ireland.....	63,344	51,795	49,619	68,370	73,513	65,557

The nations from which immigration increased most heavily during the prosperous times of 1890-92, as compared with the general record for the ten years previous, were Austria-Hungary, Italy, Poland and Russia. Investigations as to the illiteracy of immigrants during recent years reveal the fact that the percentage of illiteracy among the Austrians was 32.70, Italians, 52.93, Hungarians, 37.69, Poles, 39.82, and Russians, 36.42. During the current year, 1896, there has been a great increase in Italian immigration at the port of New York, the Austro-Hungarians and Russians also showing large gains. These facts have a very serious significance, and will no doubt exert a powerful influence on proposed legislation.

The proportion in which the more important foreign countries have contributed to our increasing immigration during the past three decades, will appear from the following statement:

	1861 to 1870.	1871 to 1880.	1881 to 1890.
United Kingdom.....	1,106,970	989,163	1,466,426
Austria.....	9,398	69,558	226,020
Denmark.....	17,885	34,577	88,108
France.....	37,749	73,301	50,460
Germany.....	822,007	757,698	1,452,952
Hungary.....	448	13,475	127,678
Italy.....	12,982	60,830	307,095
Norway and Sweden.....	117,798	226,488	560,483
Spain and Portugal.....	9,047	9,767	5,564
Russia and Poland.....	5,047	54,606	265,064
Switzerland.....	23,839	31,722	81,987
Belgium.....	7,416	7,278	17,506
Netherlands.....	9,539	17,236	53,701
China.....	68,059	122,436	59,995
Canada.....	184,713	430,210	392,802

The geographical distribution of our foreign born population can best be shown by groups of States, *i. e.*, the North Atlantic, South Atlantic, North Central, South Central, and Western. The figures for 1890, covering the most important foreign nationalities, are as follows:



	North Atlantic States.	South Atlantic States.	North Central States.	South Central States.	Western States.	Total for United States.
Total foreign born...	3,888,177	208,525	4,060,114	321,821	770,910	9,249,547
United Kingdom. . .	1,858,500	78,454	862,139	76,290	247,528	3,122,911
Canada . . . . .	490,229	5,412	401,660	8,153	75,484	980,938
Germany . . . . .	898,321	81,449	1,570,112	114,645	120,367	2,784,894
Austria . . . . .	61,549	2,154	39,175	10,410	9,983	123,271
Holland . . . . .	17,759	341	61,309	532	1,887	81,828
Belgium . . . . .	5,883	228	17,081	703	1,626	25,521
Norway . . . . .	16,084	660	283,847	1,807	20,267	322,665
Sweden . . . . .	87,756	1,797	335,871	4,720	47,897	478,041
Denmark . . . . .	15,197	623	89,633	1,388	25,702	132,543
Russia . . . . .	92,896	5,900	69,907	2,713	11,228	182,644
Hungary . . . . .	45,540	1,153	13,850	866	1,026	62,435
Poland . . . . .	56,694	2,471	84,104	2,458	1,713	147,440
France . . . . .	40,809	2,509	38,615	14,376	16,865	113,174
Italy . . . . .	118,621	4,894	21,837	12,314	24,914	182,570
China . . . . .	6,686	641	2,525	1,359	95,477	106,688

It will also be interesting to note the degree in which the ratio of foreign born to total population has increased or decreased in each of these groups of states during the past few decades. We show these changes since 1850:

	PER CENT., FOREIGN BORN OF TOTAL POPULATION.				
	1850	1860	1870	1880	1890
THE UNITED STATES.	9.68	13.16	14.44	13.32	14.77
North Atlantic Division . . . . .	15.37	19.10	20.49	19.40	22.34
South Atlantic Division . . . . .	2.24	3.03	2.85	2.29	2.35
North Central Division . . . . .	12.04	16.97	17.97	16.80	18.16
South Central Division . . . . .	3.18	3.99	3.62	3.08	2.93
Western Division . . . . .	15.11	28.92	31.64	28.29	25.46

From this it appears that the proportion of foreign born to native population has increased in every part of the country except the Southern and South Central States. The fact

that immigration has steadily flowed past the Southern States since the war as well as before it, is a significant commentary on the industrial backwardness of that region.

Lastly we present some statistics showing the proportion of immigrants living respectively in our principal cities, and in the remainder of the country. In 1890 there were 124 cities in the United States of 25,000 or more population. The total population of these cities aggregated 13,989,568; the foreign born element numbering 4,081,927, or 29.18 per cent. As the total foreign born population of the United States was, in 1890, 9,249,547, it is evident that almost half of them were living in these 124 principal cities, the exact division being 44.13 per cent in the cities and 55.87 per cent in the remainder of the country. The variations in different sections of the country are shown below :

	North Atlantic States.	South Atlantic States.	North Central States.	South Central States.	Western States.	The United States.
Number of cities of over 25,000 pop.....	56	10	36	13	9	124
Proportion of total foreign-born in these cities.....	59.44%	56.32%	32.18%	31.98%	31.63%	44.13%
Proportion of total foreign-born outside cities.....	40.56%	43.68%	67.82%	68.02%	68.37%	55.87%

This indicates, of course, that immigrants remaining in the eastern part of the country have been largely drawn into the cities, while those going West have more generally occupied themselves with agricultural pursuits.

The extent to which the relative proportion of foreign born to native born population within some of our great cities has been changing in recent years will appear from the following table :

	1890			1880		
	Foreign Born Population.	Native Born Population.	Per cent. Foreign.	Foreign Born Population.	Native Born Population.	Per cent. Foreign.
New York... ..	639,943	875,358	42.23	478,659	727,640	39.68
Chicago.....	450,666	649,184	40.98	204,846	298,339	40.71
Philadelphia. ....	269,480	777,484	25.74	204,337	642,839	24.12
Brooklyn.....	261,700	544,643	32.46	177,705	388,958	31.36
St. Louis.....	114,876	336,894	25.43	105,015	245,503	29.96
Boston.....	158,172	290,305	35.27	114,802	248,037	31.64
Baltimore.....	69,003	365,436	15.88	56,127	276,186	16.89
San Francisco.....	126,811	172,186	42.41	104,263	129,696	44.56
Cincinnati.....	71,408	225,500	24.05	71,668	183,471	28.09
New Orleans.....	34,369	207,670	14.20	41,165	174,925	19.05
Washington.....	18,770	211,622	8.15	17,122	160,502	9.64
Minneapolis.....	60,558	104,180	36.76	15,013	31,874	32.02
Omaha.....	35,039	105,413	24.95			
Denver.....	25,464	81,249	23.86	8,704	26,925	24.43

As will be seen from the foregoing statistics, the agricultural regions of the west, and the slums of great cities, are the two points that are being most strongly and unfavorably affected by this constant tide of low grade immigration. And these are precisely the two points that are most in need of protection from further deterioration at the present time.

### Labor Insurance in Germany.

In the evolution of the wages system, the next step to be taken has to do with the problem of labor insurance.

Under the old hand labor methods of industry, this was a matter which may be said, in a sense, to have taken care of itself. The economic relations between lords and tenants, small employers and their helpers, were largely of a personal and obligatory nature, but with the rise of the wages system this bond of personal obligation gradually weakened. Instead of having his old feudal claim upon the aristocracy, the labore

was left more and more to shift for himself. Paupers and the unemployed, and those disabled from work by age or infirmity, became a public rather than a private charge. Poor rates were established, and the church came to inherit a large share of responsibility for maintenance of the poor. With the advent of the factory system and the attainment of religious liberty, the reliance of the laborer was transferred almost wholly to his wages. No obligation then rested upon any of the upper classes to look after his welfare. His nominal independence had been secured, but in the event of losing employment he was left economically helpless.

The gain of the laboring class in rising out of the hand labor régime into the wages system was immense. The development of the capitalist and wages method of industry has meant a tenfold increase in the comforts of life, lessening of individual toil, and ever-widening social freedom and opportunities for the masses. At the same time this lack of provision for maintenance during disability and old age still remains the great defect of the wages system. The remedy needed is a scientific and comprehensive plan of labor insurance, incorporated into the wages system itself as an essential part of it, and free from any suspicion of organized benevolence or enforced charity.

The necessity of this step has not yet been generally comprehended by capitalists in this country, nor has such a plan yet been made a part of our constructive statesmanship. Some American railroad companies, and other corporations, accord voluntary pension relief to a limited extent, mostly in the nature of special grants, but this is all.

Such is not the case, however, in Europe. Germany, Austria, Hungary, Italy, Denmark and Switzerland, all have more or less comprehensive systems of age and invalidity insurance, while a strong agitation in the same direction is in progress in several other countries. This is, of course, to be attributed more to the aggravated social conditions which have forced the question to the front, than to any special recognition of the economics of labor insurance on the part of Euro-

pean statesmen. In Germany at least, it came largely as a self-defensive measure on the part of the government. There is certainly no reason, however, why we in this country should also wait to be forced into this reform by absolute necessity.

The German system is, perhaps, the most comprehensive, certainly the most centralized of any yet developed. It has not been found to work to perfection, owing to its strongly paternalistic spirit, but at the same time it constitutes an important illustration of the practicability of labor insurance on a national scale. Its defects will at least serve as indications of what must be avoided in framing an ideal system.

A complete history and description of the German system is to be found in the Fourth Special Report of the Commissioner of Labor, on "Compulsory Insurance." This report is the work of Mr. John Graham Brooks, who investigated the subject on the ground; it was prepared under the direction of Labor Commissioner Carroll D. Wright, and is thoroughly comprehensive.

Mr. Brooks carefully traces the origin and development of labor insurance from the customs voluntarily observed in the early German guilds and mining communities, down to the imperial legislation of 1883, 1884 and 1889. Naturally, the influence of Manchester liberalism was against the whole proposition from the start. In 1876 these doctrinaires even secured a relaxation of the limited compulsion applied to employers by a law enacted in 1854. "Larger freedom will bring slower results, but safer ones," it was urged. In reality, "larger freedom" brought one result very promptly, *i. e.*, a rapid decline in the progress of the whole insurance movement. But meanwhile a new school of economic thought had been gaining a foothold in Germany. The socialist party also grew at an alarming rate, and in 1878 two attacks were made upon the emperor's life. From that time on, the imperial policy of compulsory relief for the masses was forced through, theory or no theory. In 1883 the sickness insurance law was passed, through the efforts of Bismarck, the Iron Chancellor, vigorously backed by the Emperor himself.

Under this law, all persons receiving less than \$476 yearly wages, with a few special exemptions, are compelled to join some one of the various sick associations through which the machinery of the law operates. The insurance fund is maintained, two-thirds by the employé and one-third by the employer, but the total contributions must in no case exceed  $4\frac{1}{2}$  per cent of the wages paid. The average contribution by work people is stated to be between 1 and 3 per cent. The minimum aid given consists of free medical attendance and medicine, and, after the third day, 50 per cent of average wages, for at least thirteen weeks. Certain of the associations grant extra relief in special cases. In 1891 the total expenditures under this department amounted to \$21,312,610.

The Accident Insurance Law, approved July 6, 1884, provides for a fund to be maintained by employers only, and the relief granted depends upon the nature of the accident. The injured person, however, is cared for first by the sick society, and is entitled to assistance from the accident fund only after the thirteen weeks have expired, unless the accident is wholly the employer's fault. In the latter case, the sick association may recover by law from the employer all that it has paid out for the injured man. Boards of arbitration, whose officers are appointed by the government, settle all disputes as to liability.

The Old Age and Invalidity Pension Law was approved June 22, 1889. This fund is maintained jointly by the government, the employer, and employés. The two latter make equal contributions sufficient to cover certain fixed expenses, the government's share being the same in all cases, \$11.90 annually to each actual pensioner. After 1896 five years' contributions must have been paid into the fund before an invalidity pension can be claimed; between 1891 and 1896 only one year's contribution need have been made, provided the applicant has been regularly at work during the four years previous. For old age pensions the time of contribution is thirty years, except that in order to put the

system into practical operation at once, all persons of seventy or over might receive pensions after January 1, 1891. The contributions are made by means of stamps purchased at the post office, and pensions are paid through the same agency. According to the *Labour Gazette* (London), the total amount thus expended in 1894 was £1,732,381, to about 230,000 pensioners, for old age and invalidity. The government's contribution amounted to £692,744.

The *Gazette's* figures also show that the total number of persons insured under the Old Age and Invalidity Law, in 1894, was about 11,510,000; under the Accident Law, 18,191,747, and under the Sick Fund, for 1893, 7,232,854.

The chief criticisms to be made upon the German plan relate to the opportunities for fraud in the accident and sickness funds, and the bad effect of state contribution to old age pensions. Mr. Brooks finds the simulation of injury and sickness, especially "rheumatism," to be a most serious evil, and a growing one. The Socialist organs have insisted all along that this fund belongs to the laborers by natural right, and practically encourage them to draw from it by all possible means. The effect is demoralizing in the extreme, and almost no remedies have been found. The tendency of State contributions to the old age pensions is to make employers transfer their old employes to the pension list as rapidly as possible, thus letting the public pay part of their wages as was done in a little different way under the old English poor law.

In the system to be developed in this country, employers ought to stand the whole expense of labor insurance. This would be equivalent to a wage increase of only two or three per cent, and being equally borne by all, could be no real burden to any. If it proved a handicap in meeting foreign competition, the remedy would be that urged by Bismarck in defending the German insurance scheme, namely, a higher protective tariff.

The German experiment furnishes an object lesson, both in what to avoid and what to imitate. It is the part of

good statesmanship, in this country, to take up the labor insurance problem now, and get the benefit of the experiments made by others, without having to repeat their mistakes.

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## New Political Deals.

WILLIAM B. CHISHOLM.

Surveying the recent campaign in the light of results as well as of its current history, the period of party disintegration would seem to be dawning. Never in the history of any party has there been a more thorough disintegration than in the one recently defeated at the polls. Yet it is true eminently of the Democratic party that it has immense recuperative and cohesive powers; and under ordinary circumstances—were it simply defeat without serious cleavage—we should not use the word disintegration in connection therewith. If, however, there is a radical disagreement on the subject of coinage; if there are scars too deep to cicatrize, is it not allowable from an entirely non-partisan standpoint and in the utmost fairness to hazard a prediction that the party thus cloven in twain will never again be what it has been?—that a new “deal” will have to be made—the *membra disjecta* of democracy seeking severally their own proper place under their new political régimes? Of course, speculation as to the ultimate destination of these great political fragments would at this time be rather premature. Republicans have everywhere unhesitatingly recognized that the Democratic vote which so largely contributed to their triumph this year was an anti-silverite vote, pure and simple, or possibly, also, a vote of protest against other features of the Chicago platform. In fact, it was for the time being an entirely independent vote; it may be expected to swing around to partisan Democracy, if the party is ever hereafter reunited on its olden lines. But above and beyond such contingencies are the signs of the age pointing to novelties in politics—an evolution of new ideas and new



leadership. The election of November, 1896, was an epoch. It marked the parting of the ways for two antagonistic classes of Democratic statesmen—what it marks for the future of the Republican party remains to be seen. In the Republican party there has thus far been greater unity in ideals. The centrifugal tendency has been found in the jealousy of leaders. The swing of the convention of 1860 from Seward to Lincoln did not portend a serious break as regards party cohesiveness, for the times were far too stormy and critical to admit of personal antagonisms as living issues, even had there been any personal antagonism between Mr. Lincoln and his future secretary. Together they toiled and suffered and both felt the assassin's stroke almost in the identical moment. But the third term movement in favor of General Grant, the whole of the later political history of Mr. Blaine, the vicarious vengeance visited upon Judge Folger in 1882 by Republicans of this state, and certain well remembered features of the presidential history of General Harrison, indicate clearly enough where the peril of Republicanism lies; and it is these things which may well bid Mr. McKinley pause at the threshold of his triumphant presidential career.

The question thenceforth would seem to be a question for both great parties of the centripetal versus the centrifugal—with the apparent advantage in favor of the Republican party. With the Democracy, things are quite different. It is a disagreement as to vital points in party policy, plus more or less jealousy among leaders. Still, it may well be that the peril is about the same. At all events, the horoscope of to-day is not particularly favorable to partisan solidarity. We stand on the edge of something, we know not what. We can dimly discern the precipice. For the thoughtful political student the situation is one of keenest interest.

### Editorial Crucible.

MR. CARLISLE IS reported as saying that he "would not, under any circumstances, hold a cabinet position under the McKinley administration." Won't somebody please intercede with the President-elect to spare Mr. Carlisle the embarrassment of having to decline to serve again as Secretary of the Treasury? The American people have voted to give both Mr. Carlisle and his master a long leave of absence from office, and we are sure Mr. McKinley would not be so unkind as to interpose an obstacle to their much needed rest.

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IT IS REPORTED in Washington that Secretary Carlisle has not yet decided to admit that the deficiency of the revenue is responsible for the larger portion of the sales of bonds during the present administration. Well, what difference can it make whether he admits the point or ignores it? The fact is there, all the same, and it has become so plain that there is no possibility of disputing its existence.—*Boston Herald*.

This is an unusually frank statement by the Boston organ of the administration. When the *Boston Herald* finds it necessary to make the unqualified admission that the deficiency created by the Wilson Bill "is responsible for the larger portion of the sales of bonds during the present administration," it is useless for Mr. Cleveland and Mr. Carlisle longer to continue the pretense that it is not. Every effort to keep up such a pretense does but add to the growing impression that their lack of integrity is only surpassed by their lack of capacity successfully to deal with national affairs.

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ANNEXATION IS A subject upon which the American people are easily stirred, and when Congress meets we may expect to see some effort made to extend the wings of the American eagle over Cuba. The official recognition of Cuba's belligerency would probably be the first step; and, if by any means, Spain can be induced to give up Cuba, the annexation temperature will rapidly rise. Yet, nothing could be further

from the true interests both of the United States and of Cuba. The political independence of Cuba from Spain must sooner or later be the outcome of the struggle now going on. But it is self-government, not annexation to the United States, that Cuba should have. Moreover, we have enough Cubas in this country already. If we could only have had Cuba, Hawaii and Mexico this year, we might have had a Bryan for president, a debased currency, national repudiation and internal disruption. Instead of annexation of ignorant, low-wage populations, we want further to restrict immigration from such countries. We need, at least, a quarter of century of strict application to internal development and improvement in the social quality of our existing population before we permit any further addition from the inferior elements of less civilized countries.

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AMONG THE NUMEROUS efforts at "cabinet making," one assigns the Treasury portfolio to ex-Senator Warner Miller. There are many reasons why Mr. Miller may not get it; although there are many reasons why he is better fitted for it than any other person whose name we have yet seen suggested for the place. Unless the new administration is to be an utter failure, some important reform in our banking and currency system will have to be undertaken. It is therefore of the utmost importance that the Secretary of the Treasury should be a man of modern ideas and wide information upon the principles of banking and monetary science. In this respect Warner Miller is immensely in advance of any other person whose name has yet been publicly mentioned.

Of course, political influence will be against Mr. Miller. The New York Republican organization will oppose his appointment; but however excusable, or even justifiable, this opposition may be, it is wholly political; it is based entirely upon disagreements regarding the methods of local party organization in New York state. Such reason ought hardly to be sufficient for determining the selection of so important a cabinet officer as the Secretary of the Treasury will be in the coming adminis-

tration. If the Republican party musses and muddles on the banking and currency question, it may expect to see an adverse Congress elected in 1898 and be turned out of office in 1900.

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THE NEW YORK *Times* and the New York *World* seem to be trying to do for journalism what Bryan did for politics, viz., make an issue out of a class feeling against capital by demagogical brawling against trusts. Among the dishonorable methods employed to this end is the circulation of statements to the effect that the incoming administration is going to try to make friends with the workingmen by adopting an anti-trust policy. Of course, there is no truth in this any more than there is in most of the things that these journals say; and if there was it would indicate that the new administration is to be no improvement upon the present one. Nothing could be more uneconomic, retrogressive and unstatesmanlike than for the Republican party to follow the lead of these industrial disintegrators. They are the very people who for years have industriously fanned the flames of social suspicion and class distrust, and are the enemies of all sound, constructive and economic policies.

The new administration will do well to recognize more definitely than the Republican party has heretofore done the industrial needs of the wage workers; but an anti-trust crusade is not in that direction. To abolish trusts could do nothing to improve the condition of labor, but it might do much to destroy the efficient organization of capital, by which labor and the public generally are continually being benefited. The anti-trust advocate is usually a superficial ignoramus or an economic humbug.

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IT IS INTERESTING to note the assurance with which the anti-Bryan Democrats talk about what the policy of the new administration "must be." Some have gone so far as to demand that a sound money Democrat be put into the cabinet. In fact, almost everything except the presidency itself has

been suggested as a sort of "fatted calf" for them. In his address at the Chamber of Commerce dinner, Mr. Bourke Cockran said, "The men who have co-operated to elect Mr. McKinley cannot be held in co-operative support of his administration by the bestowal of offices upon any of their number, but only by the adoption of a policy which will commend itself to all of them."

Now, these Democrats who bolted the Chicago nomination and supported McKinley were the special admirers of Mr. Cleveland. To adopt a "policy which will commend itself to all of them," means the new administration must follow in the steps of the present one. This is exactly what Mr. McKinley was elected not to do. It was very patriotic of Mr. Cockran to deliver eloquent addresses to save the nation from Bryanism; but he should not make the mistake of thinking that the policy he and his free trade friends pursued with such disastrous effects upon the country for the last four years, and which really created Bryanism, is to exercise any influence with the new administration. It ought not to, and Mr. Cockran will be perfectly safe in assuming that it will not. Mr. Cockran's school of statesmanship takes an indefinite vacation, commencing on the 4th of March.

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IF ANY DOUBT existed in the public mind that political policies affect business, that doubt must surely have been dispelled by the experience of the last two presidential elections. In 1892, despite all the solemn predictions and learned endorsement of the tariff-reform policy of Mr. Cleveland, his election almost instantaneously created an industrial disturbance which, in three months after inauguration, had become an intense financial panic, the evil effects of which have continued throughout his entire administration.

With the election of McKinley, the exact opposite industrial effect has occurred. Within two weeks after the result of the election was known (long before the official count was in), over a thousand instances of business revival were authentically announced. In many cases, they were new enterprises; in

some, enlargements; in others, starting up with additional force, and still others, opening up after long stopages. Some of the leading instances are given in another part of this number. The depressing effect of the election of 1892, and the inspiring effect of the election of 1896, were but the economic estimate of the business world of the effect the policy represented by Mr. Cleveland and Mr. McKinley respectively would have upon business prosperity. Although, to ordinary folk, this universal estimate of the two policies and their consequences upon public welfare is a matter of great significance, there are still disciples of the prophet of 1892 upon whom this experience is lost; and, if they could have their way, would make us live it all over again. But, thanks to the "horse-sense" of the American people, these reckless writers for the millions in "sensational pennyworths" cannot again have their way in this century.

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ABOUT A YEAR AGO, the President asked Congress not to adjourn for the holidays without making provision for an increase of revenues which his own policy had destroyed. Under the guidance of Mr. Reed, the Dingley Bill was introduced, and in a few days was passed by the House, but was "hung up" by the Democratic and free silver obstructionists in the Senate, where it still is. As the result of this unpatriotic action, another sale of bonds was necessary.

Will the same obstructive conduct be repeated in the Senate this year, and still another bond issue, with its disturbing influence upon finance and business, be made necessary? It is doubtful if there is another country in the world in which the higher branch of the national legislature could be made to descend to such pettifoggery when the nation's solvency and business stability are at stake. It is not pretended that the Dingley Bill is a comprehensive, scientific measure; but it is known to be a brief, practical measure that would yield an immediate increase in the revenues and correct one or two of the admittedly bad features of the present law.

It provides for putting wool and woolens and certain kinds of lumber on the protected list at 60 per cent of the duty that was imposed by the McKinley Act of 1890. It also provides adding a duty equivalent to 15 per cent of the present duty to all other articles in schedules A, B, C, D, F, G, H, I, J, L, M, N, provided, however, that in no case shall the duty be higher than that imposed by the Act of 1890.

This is a very simple and specific measure which would cause no disturbance in business; and since it is only to continue until 1898, it ought to encounter no serious opposition, unless it can be shown that it would not furnish the needed revenue, in which case, some other article, like sugar, might be added. But would Mr. Cleveland sign the bill, should it pass the Senate? That is for Mr. Cleveland to decide, and should not affect the conduct of Congress. If, in the face of the present conditions, the President would permit his anti-protection theory, which has already cost the nation four years of disaster and thousands of millions of dollars, and came near giving us Bryanism into the bargain, to stand in the way of relieving the government from insolvency and the nation from another financial disturbance, the responsibility must be his. The bill should be re-introduced at once and the responsibility of its defeat rest on whomsoever is unpatriotic enough to obstruct its passage.

### **Economics in the Magazines.**

NORTH AMERICAN REVIEW, November, 1896. *What the Country is Doing for the Farmer.* By W. S. Harwood.

Mr. Harwood thinks that despite the vast progress of the United States in manufacture, commerce, etc., "there is perhaps no branch of our national life which has shown more immense advancement in the past thirty years than that of agriculture." This is a somewhat surprising statement, and it would be interesting to know the grounds of Mr. Harwood's belief, more fully than he has given them in this article.

He describes the comparative wastefulness and carelessness of agricultural methods fifty years ago, but says we have now reached conditions under which the successful farmer must have education, must rely upon science, and must fit himself liberally for his occupation. This is of course true, but the education needed should deal with the broader economic aspects of agriculture under modern conditions, the use of capitalistic methods, specialization of work, etc., fully as much as with the details of crop and stock raising.

Mr. Harwood has been for several years connected with the work of a leading agricultural college and experiment station, and presents many interesting facts as to what is being accomplished by these institutions. Agricultural colleges, or regular colleges having agricultural courses, are now located in every state and territory in the Union. They have, undoubtedly, done a great deal, as Mr. Harwood points out, towards procuring the introduction of scientific methods into farm management. The influence of graduates of these institutions returning to their farms is said to be very great, and this is, perhaps, one of the most important considerations, as tending to raise the standard of intelligence, and introduce modern progressiveness into agricultural communities. With a better educated farming class, agricultural discontent will find expression more and more in rational reform propositions, and less often in dangerous and unreasonable crusades against industrial stability.



At these institutions every influence is brought to bear to persuade the students to return to their farms after graduation: No fault can be found with this, since the object of the college is wholly defeated when the students adopt other pursuits. Migration from the country to the cities will continue to go on anyway, but farmers there must be, whether or no, and so far as these colleges are concerned, the question is merely one of having an educated or non-educated agricultural population. Whatever carries the spirit of modern life and action into the isolation and stagnation of the rural sections cannot but produce good results. Statistics given by Mr. Harwood show that a majority of the students do return to the farms, though the variation for different states is very great.

*Government by Party.* By Col. Geo. E. Waring, Jr.

Colonel Waring regards government by party as an un-mixed evil, and thinks we will come into dire straits if it continues. He declares that party organization has destroyed all sense of personal responsibility, that "we are generally led by the nose," and that party politics is a hotbed of corruption.

Many of Colonel Waring's criticisms on the methods pursued by political rings organized mainly for patronage purposes, are no doubt justifiable. The average primary is very often conducted in the manner which he describes, and injustice is apparently done.

But what is the remedy? Colonel Waring would have parties abolished and non-partisan methods substituted. But manifestly, the source of the trouble lies deeper than this, and therefore calls for a different kind of action. Colonel Waring himself gives a hint of this at the outset of his article, when he says: "If those who have the right to vote had the virtue to vote honestly and the sense to vote intelligently, our case would be other than it is." Ordinarily, a corrupt political organization reflects either the actual character of the bulk of the party adherents, or else their prolonged indiffer-

ence. It is popular education, therefore, rather than the abolition of parties, that is needed.

It is idle at this day to propose carrying on popular government without political organization. Parties are the necessary agencies for organizing public opinion into tangible issues, so that clear discussion and definite decisions may be had, and legislation shaped accordingly. Government itself is nothing but an organization, and subject of course to occasional misuse. Here, as almost everywhere, the remedy is not abolition, but reformation. Contrary to Colonel Waring's opinion, we believe that even under party government political corruption is growing less, votes are more unpurchasable, revolts against bossism are more numerous, and mere party ties are less effective in restraining individual judgment on public issues. Recent elections in New York city and state, and the late national campaign in particular, have demonstrated this very strikingly. Political parties are now compelled to convince people by reason and argument, and hence become in spite of themselves, powerful instruments of public education.

When political organizations become corrupt, they need very much the same sort of treatment administered by Colonel Waring to the streets of New York—not abandonment, but a general cleaning up.

THE FORUM, November, 1896. *Bond Sales and the Gold Standard.* By Prof. F. W. Taussig.

Prof. Taussig, in common with most defenders of the Cleveland administration, attempts to throw the whole blame for the Treasury embarrassments and bond sales of the last few years upon the silver coinage acts of 1878 and 1890. Every such addition to the circulation, he thinks, has increased to just that extent, the government's difficulty in maintaining gold payments. He presents the following as a summary of the obligations resting on the gold reserve:

United States notes (Greenbacks).....	346.7	millions of dollars.
Treasury notes of 1890.....	128.3	“ “ “
Silver dollars and certificates ..	431.8	“ “ “
Total.....	906.8	“ “ “

to which, he says, must also be added \$76,000,000 of subsidiary silver coins and \$226,000,000 of national bank notes.

It is difficult to understand what Professor Taussig means by such a statement as this. He knows, of course, that silver dollars are standard money of the United States, and that not one dollar of the 431.8 millions of coin and certificates which he tabulates, is redeemable in gold. No more are the 76 millions of subsidiary coins, while national bank notes are almost never presented for redemption, having the double guarantee of the government and the banks' assets behind them. The greenbacks, it is true, are a menace to the national Treasury, and should be retired in favor of a revised system of bank note currency. But the existence of this danger did not become manifest until the failure of the revenues under the industrial panic following the election of 1892. Can Professor Taussig explain what has become of the proceeds of the late bond sales if they have not been used to defray current expenses?

It was just this attempt on the part of President Cleveland, which Professor Taussig now tacitly sustains, to attribute the bond sales to the necessity of maintaining the gold standard, rather than to deficient revenues, that furnished the silver men one of their most powerful weapons in the late campaign.

THE ARENA, November, 1896. With this number *The Arena* completes its campaign task of assailing every successful feature in American industrial and political life, and advocating practically every fanatical and cranky economic proposition that has yet been advanced from any quarter. Free Silver, Socialism and the Single Tax have been the chief favorites of late, but we have no doubt that by the time another campaign rolls around *The Arena* will have evolved a whole new set of social panaceas, compared with which, Free Silver and Socialism, will appear like disguised plots of Plutocracy itself.

### Book Reviews.

FACTS I OUGHT TO KNOW. BY Wm. H. Bartlett. Press of Charles Hamilton, Worcester, Mass. 150 pp.

This is a particularly neat and handy little leather bound volume, containing a mass of useful and well-arranged information on matters of permanent importance. It includes, says the author in his Preface, "a review of the nature and origin of our government, an explanation of the most important portions of the Constitution, a summary of the rights and duties of citizenship, the text of the Constitution, a Glossary which defines such terms used in the Constitution as may not be readily understood, the history of the flag, valuable statistical tables, a series of "Search Light" questions calculated to arouse the interest of the reader and to stimulate him to research, and a list of works on government, suitable for perusal or reference."

This little book, we think, is very appropriately dedicated to "Young Americans, on whose love and loyalty depend the preservation and stability of the best government on earth."

INTRODUCTION TO PUBLIC FINANCE. BY Carl C. Plehn, Ph.D. Macmillan Co., New York and London. 1896. 364 pp. Price \$1.60.

Professor Plehn has written an able and, within its limits, fairly comprehensive treatise. At the outset he confines himself closely to a scientific study of the actual nature and characteristics of taxation, past and present, and an analysis of the ultimate effects of various applications of the taxing power. His field is that of what *is*, not what *ought to be*. The determination of the proper functions of the state with reference to taxation and kindred powers, he regards as belonging to Political Science, rather than the Science of Public Finance. "Scientific investigation," he says, "should precede, and ever remain independent of, any possible use of the truths discovered. In no other way than by the search for truth for its own sake, can we obtain absolute clearness of view."

Professor Plehn adheres very closely to this standard of inquiry, and as a result his work has an interest rather more scholastic than practical. It appeals less to the active reformer than to the purely scientific student. Nevertheless, the practical man cannot deal intelligently with public problems without a clear comprehension of the actual nature of such problems, and it is to give this comprehension that Professor Plehn's book, by its evident thoroughness of research and impartiality in treatment is especially adapted.

The general classification made of the various forms of taxation is according to the "benefit" theory, under four heads: (1) universal taxes for the support of certain functions regarded as conferring a common benefit; (2) special taxes to cover special benefits; (3) special taxes upon the wealthy; (4) universal taxes for the support of the poor, etc. This is the classification suggested by Professor Cohn, and developed somewhat differently by Professor Seligman.

The work is divided into four parts: Public Expenditure, Public Revenues, Public Indebtedness and Financial Administration. Under the first, Professor Plehn discusses the Nature of the State, and Expenditures respectively for Common and Individual Benefit; under the second, the Character and Classification of Public Revenues, the Tax System and its development, Excises, Customs Duties, Property and Personal Taxes, and the Incidence of Taxation; under the third, the Growth and Nature of Public Credit, Forms of Public Debts, Negotiation, Redemption, etc.; under the fourth, the Budget, Control and Audit, Collection of Revenues, and Public Accounts.

It is to be particularly noted that Professor Plehn's treatment of protection, under the heads of Expenditure for Individuals and Customs Duties, is fair and impartial, and fully recognizes the scientific basis upon which that economic policy rests. "To refuse," he says, "as Bastable does, to discuss protective duties because we believe them 'vicious' and 'uneconomic,' is not scientific. In spite of the condemnation heaped upon them by economists of the old school, the people

of many great nations have continued to use them;" and elsewhere: "Contrary to popular opinion as to the views of economists, none of the writers who have contributed to this symposium (papers by American economists, in *The National Revenues*, 1888), find it possible to attack protection on a *priori* grounds."

The chapter on Incidence of Taxation is not wholly satisfactory. It is shown in considerable detail just what taxes are "stopped at the source," and what are "shifted," and that taxes upon profits come under the former head; but the fact is not well brought out that such taxes as result in increased cost of living to laborers are eventually shifted upon profits. In the case of "starvation wages," he says: "The burden would mean higher wages in order for the labourer to live and meet the tax." Since all wages are fixed by the cost of living of the different groups and classes of laborers, this tax shifting is as true in the case of relatively high wages as of low. The comforts enjoyed by the \$5 a day carpenter are as essential to him as the bare necessities obtainable for \$1 a day are to the Italian laborer.

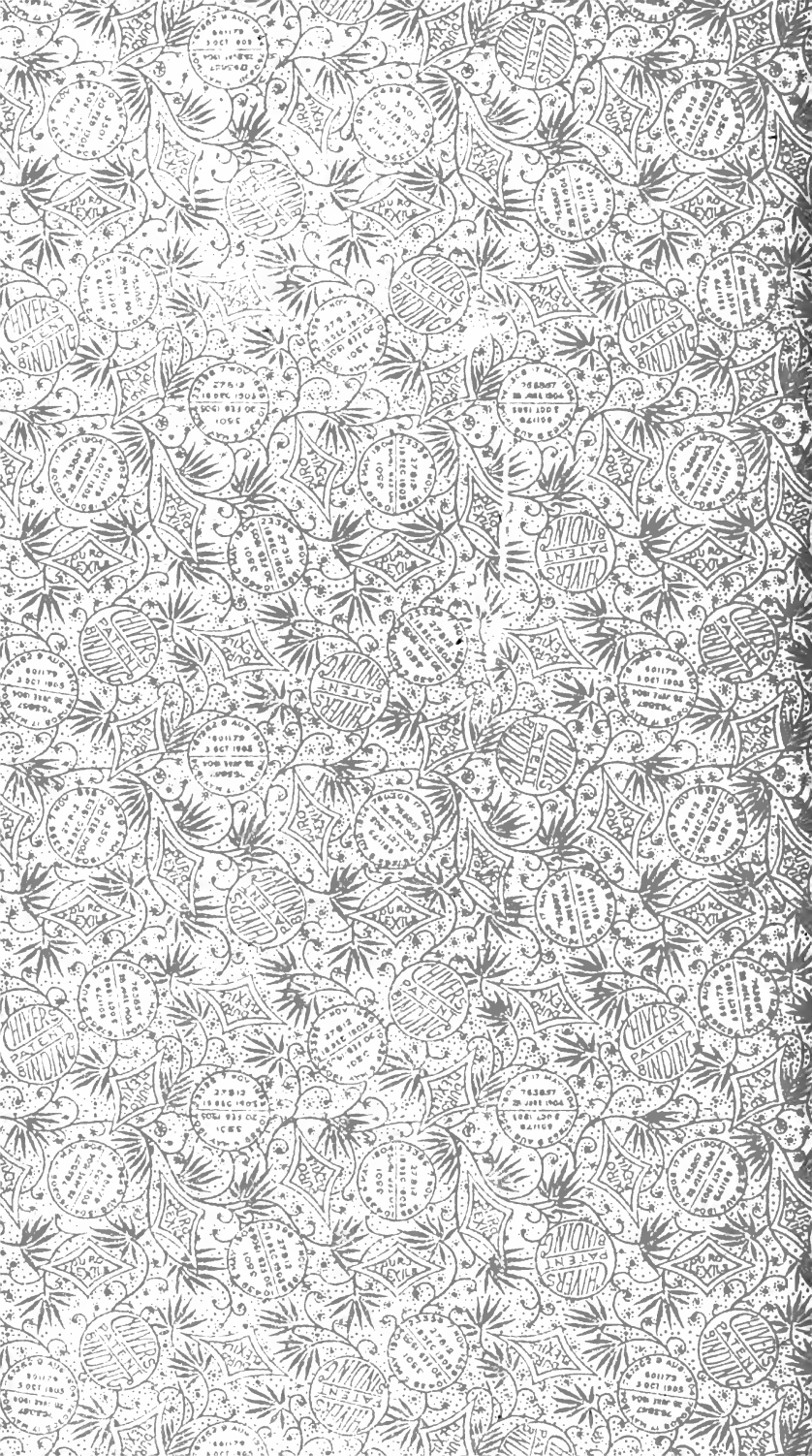
On the whole, however, we are glad to say a good word for Professor Plehn's book.











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