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# GUNTON'S MAGAZINE

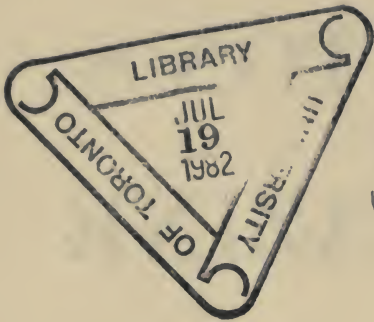
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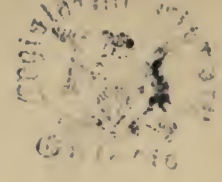
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# GUNTON'S MAGAZINE.

JANUARY, 1897.

## Cleveland's Last Message.

Mr. Cleveland has delivered what is believed and hoped to be his last official message to the American people. In view of the numerous mistakes committed alike in foreign and domestic affairs by his administration, with their disastrous consequences to the nation, his last message might have been expected to contain at least an air of modesty regarding the topics on which his policy has been most disastrous to the country. But such is not the case; he is evidently bound to leave office an unrepentant blunderer. Instead of frankly confessing the miscarriage of his great tariff reform measure, which cut off the revenues, destroyed business, created a financial panic, and added nearly \$300,000,000 to the national debt, he attempts a defense of it with as much assurance as if it had been a great success. In the face of the fact that the nation has suffered industrial depression and panic during his entire term, and bonds have four times been issued to save the Treasury from bankruptcy, he pretends that the Wilson Bill has increased the market for our manufactures and produced a surplus of \$128,000,000 in the Treasury. He says "whatever may be its shortcomings as a complete measure of tariff reform, it must be conceded *that it has opened the way to a freer and greater exchange of commodities between us and other countries*, and thus furnished a wider market for our products and manufactures."

"Freer and greater exchange of commodities," forsooth! It has indeed opened a greater market in this country for foreign producers, but, as everybody knows, it has been at

the sacrifice of our domestic industries. Is Mr. Cleveland so blinded with self-approbation as to imagine that the great mass of manufacturers and business men who have had to suspend operations, going into bankruptcy and losing the savings of a lifetime, and the millions of workmen who have had to endure the privations of enforced idleness can be deluded by such phrases? If the American people could be made to accept such sophistry in the face of the last four years' experience, there would indeed be little hope for the perpetuation of popular government in this country.

To say that the Wilson Bill has furnished a wider market for our products and manufactures betrays a reckless disregard for accuracy, unsurpassed by Bryan in his most desperate moments. Mr. Cleveland knows that instead of our manufacturers having secured wider markets, they have lost the domestic market they previously had, and for more than three years have been languishing in a state of paralysis solely because their market has been contracted by the withering hand of so-called tariff reform.

In his endeavor to justify the above, he says, "The only entire fiscal year during which this law has been in force ended on the 3d day of June, 1896. In that year our imports increased over those of the previous year more than \$6,500,000, while the value of the domestic products we exported and which found markets abroad was nearly \$70,000,000 more than during the previous year."

This statement is doubly dishonest in that it is a misstatement and a misinterpretation of the case presented. The imports for 1896 were not, as he says, \$6,500,000 but \$47,740,059 greater than those of the previous year. The facts are as follows:

Total imports, 1896, -	-	-	\$779,710,024
" " 1895, -	-	-	731,969,965
			<hr/>
			\$47,740,059

The next part of Mr. Cleveland's statement, namely, that we exported nearly \$70,000,000 more in 1896 than dur-



ing the previous year is false by implication. The evident intention here is to create the impression that the export of domestic products to foreign markets is greatly on the increase by virtue of the Wilson Bill. To use his own words, "It has opened the way to a freer and greater exchange of commodities between us and other countries, and thus furnished a wider market for our products and manufactures."

In taking 1895 for the basis of comparison, Mr. Cleveland selects the zero year. That was the year when the industries of the whole nation lay most prostrate under the paralyzing influence of the disastrous onslaught of the Wilson Bill, and our exports touched their lowest point since 1889. That is very much like basing the percentages of progress on zero, and then counting every symptom of life as a great advance. It reminds one of the argument against co-education, on the grounds that the census shows that 50 per cent of the women and only 1 per cent of the men attending co-educational institutions get married during the school year. When examined, the facts show that in the institution investigated there were two women and one hundred men students, and one of the men married one of the women. In order to have accuracy of statement, it is just as important to have an honest basis of comparison as it is a correct statement of facts. To put integrity into Mr. Cleveland's statement regarding the influence of the Wilson Bill on imports and exports, the comparison must be made not between 1896 and 1895, but between 1896 and 1892, when the business conditions were under the policy his administration overthrew.

In 1892 the exports of domestic products to foreign countries amounted to \$1,015,732,011, and in 1896 they amounted only to \$863,200,487, or \$152,531,524 less than in the year before Mr. Cleveland took office. In other words, instead of increasing the markets abroad for American products by nearly \$70,000,000, his policy reduced the foreign market for American products by over 152½ million dollars. The way to get the real effect, however, of Mr. Cleveland's policy upon our national prosperity, as indicated in foreign

trade, is to compare the total exports and imports for 1892 and 1896. They were as follows:

1892, Exports, - -	\$1,015,732,011	
1892, Imports, - -	827,402,462	
	<hr/>	\$1,843,134,473
1896, Exports, - -	\$863,200,487	
1896, Imports, - -	779,724,674	
	<hr/>	\$1,642,925,161
Difference, - -		200,209,312

Thus, in 1892, our foreign trade amounted to over \$200,000,000 more than in 1896, the year in which Mr. Cleveland would have us believe that our exports were increased nearly \$70,000,000. In other words, our foreign trade was over \$200,000,000 less in the best year of Mr. Cleveland's administration than in the year before his muddling régime began. This pretended showing of increased prosperity in the face of general business prostration is equalled only by his announcement of \$128,000,000 surplus in the Treasury as an evidence of ample revenues when he has run the country in debt \$262,000,000. On that principle, a person might borrow \$1,000,000, squander \$900,000 of it and then point to the remaining \$100,000 as a surplus abundantly proving his solvency. A new system of mathematics, as well as of statesmanship, would be necessary to give the semblance of integrity to this kind of presentation.

#### A BROADSIDE AGAINST TRUSTS.

The last topic considered in the message is "trusts and monopolies," which is treated as follows:

"Another topic in which our people rightfully take a deep interest may be here briefly considered. I refer to the existence of trusts and other huge aggregations of capital, the object of which is to secure the monopoly of some particular branch of trade, industry or commerce, and to stifle wholesome competition. When these are defended it is usually on the ground that though they increase profits they also reduce prices and thus may benefit the public. *It must be remembered, however, that a reduction of prices to the people is not one of the real objects of these organizations, nor is their tendency necessarily in that direction. If it occurs in a particular case, it is only because it accords with the purposes or interests of those managing the scheme.*

Such occasional results fall far short of compensating the *palpable evils*

*charged to the account of trusts and monopolies.* Their tendency is to crush out individual independence and to hinder or prevent the free use of human faculties and the full development of human character. Through them the farmer, the artisan and the small trader is in danger of dislodgment from the proud position of being his own master, watchful of all that touches his country's prosperity, in which he has an individual lot, and interested in all that affects the advantages of business of which he is a factor, to be relegated to the level of a mere appurtenance to a great machine, with little free will, with no duty but that of passive obedience, and with little hope or opportunity of rising in the scale of responsible and helpful citizenship."

Whoever may be responsible for Mr. Cleveland's misstatements and sophistical reasoning on the tariff, this passage is unquestionably his own. It has the same pompous, market-place flavor which characterized his "6th of December message," his "Madison Square Garden" speech and other house-top deliverances, intended to inflame the sentiment of the masses against the promoters of American industry. If it were the utterance of a private citizen, a newspaper editor or an aspiring politician, it might be passed over as a piece of flippant sensationalism, but being the official utterance of the President of the United States, gives it undue, and even dangerous, significance, as the following, from a recent editorial in the *New York Journal of Commerce*, clearly shows :

"President Cleveland has been quoted as saying that the greatest dangers which now menace the country are the greed of organized wealth and the rapacity of corporations. The Secretary of the Interior, Mr. David R. Francis, has just given utterance to an opinion of like tenor in the following terms: 'If some legislation is not enacted to check the growing influence of wealth and circumscribe the power of trusts and monopolies there will be an uprising of this people before the century closes which will endanger our institutions.' Neither Mr. Cleveland nor Mr. Francis is of the Bryan order of phrase-mongers. Official position apart, both of them are men whose words have a weight, as presumably based on experience, reflection and conviction."

Alas, it is too true that upon this subject Mr. Cleveland is really "of the Bryan order of phrase-mongers." His whole



passage on "trusts and monopolies" is a virtual misrepresentation of the subject, unsustained by either fact or principles. He confounds legitimate industrial organization with uneconomic legislation which is at once to confound and misrepresent the subject. Mr. Cleveland ought to know that the Standard Oil Trust, Sugar Trust, Tobacco Trust and the Western Union Telegraph Company are *bona fide* productive organizations and are as unlike mere speculative combines, as truth is unlike falsehood. The uneconomic character of these speculative combines constantly tends to prevent their ultimate success, as is abundantly illustrated in the experience of the copper, nail, whiskey, pottery and steel pools, and the Chicago wheat corner, all of which within the last few years have come to grief, involving the ruin of millionaires, and, in the case of copper, came near wrecking the Bank of France; all through trying to make abnormal profits by uneconomic methods. Trusts, as we have said, are an entirely different type. They are not mere agreements between individuals arbitrarily to regulate the price of commodities, but are the integration of productive plants for permanent economic purposes.

The history of trusts shows that wherever they have been sufficiently well managed to become permanent, they have rendered a double service to the community by both improving the quality of the product and lowering the price to the public. Take, for instance, the Standard Oil Company, the most conspicuous in this class of organizations. In 1871, the year before this trust was organized, the price of refined oil was 24.24 cents per gallon, and it was poor explosive stuff which endangered the life of every housewife who used it. During the twenty-five years of this organization, it has steadily improved the quality of the product until it is now practically non-explosive, and it has, at the same time, through the use of improved methods, steadily lowered the price until it is now, December 14th, in barrels, 6.2 cents a gallon. Besides this the trust has greatly improved the quality and lowered the price of a whole series of mineral oils which have been developed as by-products of the petroleum industry.



When the Cotton Seed Oil Trust was organized twelve years ago, the price of standard summer yellow oil was over 47 cents a gallon, and is now only 26 cents a gallon; thus, during twelve years, the price has been reduced by the trust 21 cents, or about 44 per cent.

The Sugar Trust, although it has made some mistakes, has performed the same kind of service in reference to the sugar industry. During the nine years of its existence it has gradually improved the quality of all refined sugars, and reduced the price to the consumer by nearly three cents a pound, or over 40 per cent. The same is true of the telegraph and railroad organizations, all of which are the victims of this so-called "anti-monopoly" antagonism.

Again, after admitting that, "though they increase the profits, they also reduce prices and thus may benefit the public," he says: "It must be remembered, however, that a reduction of prices to the people is not one of the real objects of these organizations. . . . If it occurs in a particular case, it is only because it accords with the purposes or interests of those managing the scheme."

Is it possible to imagine a more uneconomic statement than this? If trusts reduce prices "and thus benefit the public, it is only because it accords with the purposes or interests of those managing the scheme"! Who, but an ignoramus, ever supposed that it was done for anything else? Does Mr. Cleveland imagine that large business enterprises, involving the investment of hundreds of millions of dollars, are conducted for pastime and philanthropy? Does he invest in gilt-edge stocks at the suggestion of Broker Benedict as a matter of charity or to reduce prices to the public? Is that the way his large fortune has been made since he became President?

Every mere tyro in political science knows that self-interest is the controlling influence in all industrial organizations. Productive enterprise could not be successfully conducted on any other principle. The very fact that "the interests of those managing" trusts leads to a reduction of prices and a

benefit to the public is the surest and most conclusive evidence that trusts are beneficial institutions.

To object to an institution as a public evil because its prime object is profits, when the very self-interest of profit getting brings low prices, is to talk more like a charlatan than a statesman. The development of industrial institutions which couple public good with private gain, by making large profits inseparable from low prices, is the very acme of economic organization. Successfully to inaugurate such a productive régime would do more permanently to solve the problem of poverty and barbarism for the human race than all the philanthropy evolved since the dawn of the Christian era.

The claim that trusts reduce the individual to "a mere appurtenance to a great machine" and destroy "responsible and helpful citizenship" further shows that Mr. Cleveland is influenced more by ignorant sentiment than by economic knowledge. The one great fact which does more than all others to promote "responsible and helpful citizenship" is industrial prosperity and social opportunity. It is not the mere fact that a person *works for himself*, but that he gets a *large income for his work* that makes for "helpful citizenship." Being a "mere appurtenance to a great machine" is not disadvantageous to citizenship, if it brings steady employment and high wages. The easier and more secure is made the earning of a living by the masses, the greater their freedom for political and social development and "helpful citizenship." Nothing destroys "helpful citizenship" so much as low wages and the precariousness of employment.

Character is not developed by the way people work, but by the way they live; not by what they do in the shops, but by what they do and where they go and the influences they come in contact with when they leave the shops. In other words, it is not in earning the income but in the size of it and the manner of consuming it that develops character and makes for good or poor citizenship.

If Mr. Cleveland's statements were true, every factory, every corporation, every industrial concern which increases

the division of labor would be detrimental to "helpful citizenship," whereas, all the "helpful citizenship" among the common people has come with and through this very division of labor which has constantly tended to make the laborer an "appurtenance to a great machine."

The truth is, trusts are a normal phase of industrial growth. They are simply the most efficient form of the corporation type of industrial organization. They are more prevalent in this country than in Europe, because the corporate form of industrial organization is more necessary here, solely because of our rapid advance. In the older countries where the progress is slower, productive capital remained in the hands of individuals, families or partnerships, but the rapid industrial advance made here rendered this impossible. It was because we needed capital faster than we could create it, and the corporate form made it possible to obtain capital in small quantities from all classes and countries through the sale of bonds and stocks, that this type of organization evolved and became most prevalent. To have prevented the growth of corporations in this country would have destroyed the possibilities of a greater part of the industrial progress we have made during the last thirty years.

The trust is but a larger and newer phase of the corporate form, namely: the integration of smaller corporate bodies. They are rendering the same economic service to the community that the corporations rendered years ago; and those who rail indiscriminately against them do but reveal their ignorance of the principles and history of modern industrial development.

There are three important respects in which trusts render a valuable economic service to the community. (1.) As we have already pointed out, in improving the quality and reducing the price of commodities. (2.) In giving permanence and stability to productive enterprise, and thereby lessening the tendency to business inflation and industrial depression. (3.) Giving regularity of employment to labor, and reducing the evil of enforced idleness. These are the natural conse-



quences of large integrations of capital, because the larger the capital invested, the greater the loss by stoppage or partial operation. Success in colossal enterprises depends chiefly upon continuous use at full capacity, consequently, as a matter of self-interest, not philanthropy, continuous employment is an inseparable element of the trust form of industry. Whatever will reduce prices, diminish industrial depressions and lessen the frequency of enforced idleness, although it may have some defects, is a permanent benefactor to the human race. Those, therefore, like Bryan and Cleveland, who merely mouth against trusts, lumping them with speculative corners and combines, are but preaching economic sedition, and fomenting a vicious sentiment in the community that can have no other effect than industrial disruption and political danger.

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### **The Election and Republican Institutions.**

There is no evil without some good. The good that seems to have resulted from the dangerous aspects of the recent election is its awakening and educational effect upon the American people. Hitherto statesmen, party organizers and public citizens generally have failed to realize the growing significance of the social question, especially in its industrial aspects, as represented by the working people. The perturbations created by the different localized efforts of workingmen, sometimes moderate and sometimes irrational, have been treated with direct opposition, contemptuous sneers or with indifferent silence. The amalgamation, however, of all these malcontent groups at Chicago resulting in the nomination of Bryan and securing for him a plurality of votes in twenty-two states, and a popular vote of over 6,000,000 has very properly created serious alarm for republican institutions. Whether this alarm will promote the efforts broadly and scientifically to deal with the problems which have given rise to the discontent or whether it will promote only efforts to repress the movement of popular hostility to existing institutions is the serious question.



Thus far, the signs are not particularly encouraging. The tendency seems to be to ascribe the dangerous movement to the surface symptoms rather than to economic and social causes from which they really arise. Not a few of the newspapers, for instance, ascribe the large vote for coin-debasement to the demagogical oratory of persons like Debs and Bryan; as if the empty demagogue could ever be a serious item in a social uprising, if not backed by a social grievance, real or imaginary. All such people can ever do is to fire an already inflammable mass; they never create it.

The *Forum* for December contains three articles devoted to this subject: "Some Practical Lessons of the Recent Campaign," by Hon. Andrew D. White; "Will Government by the People Endure?" by David MacGregor Means, and "The Brewing of the Storm," by Goldwin Smith.

In discussing the coming storm, Professor Goldwin Smith is scarcely less depressing than is the popular vote cast for Bryan. He writes like a helpless and hopeless pessimist pointing to a brewing storm whose catastrophe is only to be averted by relapsing into militarism.

Professor Smith has the misfortune of viewing American economic phenomena from the Manchester School point of view, and consequently misapprehends at the very outset the real working yeast of our industrial problem. As one of the brewing dangers in store for us, he cites the use of improved methods and the factory system, and says:

"The improvement of machinery must always be throwing hands out of employment. Women are displacing men in what once were male occupations; and the trade unions, whether for good or evil in the long run, create a temporary monopoly of labor. An adjustment will, no doubt, come. But it is far off; meantime there is suffering and revolt.

"Factory life could hardly fail to be, even in the United States, as it has been in Europe, a seed-plot of industrial and social discontent. The labor is in the last degree mechanical, monotonous and repulsive. A hand-loom weaver might at least have joy in his completed work. The factory hand, hour after hour, day after day, repeats the same petty operation

amidst the din of machinery, perhaps amidst furnace heat and grime. He has no interest except his wages, increase of which fills his thoughts. The congregated masses are inflammable and present materials ready for the agitator, who does not fail to appear and ply the trade by which he lives. It is the fatal tendency of the factory system, and generally of production on the large scale, to draw a sharp line between the master and the workman; and to make that line still sharper is the policy of the labor agitator who discourages in the workman any idea of rising into the master class. The wages of the workman have risen, his condition has improved; but the general result is not contentment; naturally enough, it is rather craving for more."

All this is but the normal working of social progress; it is the very march of civilization itself. To be sure, the factory system creates discontent, but it is the discontent upon which human progress depends for its momentum. Without this, the race would remain in barbarism and poverty. The nations which have made marked progress during the last 150 years are those where these very forces have most actively operated. Instead of being dangerous to popular government and individual freedom, factory methods and the social conditions they create, are the bulwarks of permanent democratic institutions.

Having mistaken the social character and influence of the factory system, it is not surprising that he should exhibit the following misapprehension of the influence of the protective policy which has promoted the development of manufacturing industries in this country:

"Protectionism and political corruption have gone, and can hardly fail to go hand in hand. That, under the system of protection, the non-manufacturing West and South must have suffered, may be assumed without statistical proof. The consequences of the policy have been greatly tempered to the United States by the vast extent of the home market; and they have owed their prosperity, not to external protection, but to internal free trade. On the other hand, the evils of the system have been aggravated by the form of government

and the mode in which the tariff is framed. Under the Cabinet system of England there is a responsible Minister of Finance, who frames the budget and is bound to show that it is equitable to all interests and consistent with the requirements of the revenue. In the case of the United States, there is no such initiative or controlling authority; the tariff is the resultant of a scramble among conflicting interests, success in which, if Congress is not much belied, sometimes depends, if not on bribery, on influences virtually corrupt. So far as this question is concerned, no disciple of Adam Smith and the great economists can refuse sympathy to the Chicago convention, especially as the name of the Republican candidate was a synonym for extreme protection."

From this, one would imagine that our immense progress and prosperity was a real calamity, and that the factory system and the protective policy that promoted it are the chief causes of our woes. This is something akin to the doctrine that prosperity is a bad thing because it produces cities with tenement houses and Tammany Halls. Of course, the simple and effective remedy for this is not to have too much prosperity; if we had no factory system and no protection, we should have had sparse rural population, with few manufactures, and there might have been no Bryan or brewing storm. In other words, if we had been contented to remain in barbarism, we should have avoided the difficulty of having to deal with the problems of civilization.

Consistently with this kind of reasoning, he points to trusts and monopolies as the culminating danger, and concludes by suggesting more soldiers:

"Yet the very existence of the apprehension, together with such warnings as the Pittsburg riots and the Debs riots, would seem to suggest that law, liberty and civilization can hardly be safe without a regular force sufficiently large to be sure of putting down violence and havoc at any given point within twenty-four hours after their outbreak. Regulars are respected by the populace, and would be especially respected by a foreign populace accustomed in its European home to



military repression. It is on regulars alone that in restoring order perfect reliance can be placed. The militiaman shares the passions of the local parties. If he is politically hostile to the movement which begets the riot, he is apt to fire too soon; if he is at heart in sympathy with the movement he is apt not to fire at all. The regular fires when the word is given."

In discussing the question "Will Government by the People Endure?" Mr. Means goes over much the same ground as Goldwin Smith; condemning large wealth, censuring protection and pensions, but ascribes our chief danger to relaxing the power of the Supreme Court, as if free government depended upon the maintenance of an absolute power beyond the influence of the people. He thinks the fact that "a majority of Congress acting with the President could create a Supreme Court obedient to their will and a majority of the people could create a Congress and a President obedient to themselves," is the danger point in our government. This is simply the cry for more militarism in another form. If the Supreme Court is to be above Congress acting with the President and beyond the will of a majority of the people, it is no part of government by the people. According to this writer, the safeguard for governments by the people is to prevent the people from governing.

To talk of the safeguards to "government by the people" being gone because the complexion of the Supreme Court can be affected by the legislative and appointing power is mere political hysterics. Under democratic institutions all legislative, appointing and judiciary institutions derive their character, good or bad, from the people, hence the remedy for defects in government is not to be sought in taking the government away from the people, but in elevating the character, intelligence and patriotism of the people who make the government. To increase the absolutism of the Supreme Court and augment the ranks of the standing army, can no more contribute to the solution of the problem of popular government than the shooting down of strikers contributes to the



solution of the labor problem. As we have said, the true remedy lies not in strengthening the government against the people, but in strengthening the intelligent power of the people behind the government.

It is highly gratifying to note that at least one of the writers in the *Forum*, Mr. Andrew D. White, has enough of the true spirit of American statesmanship and political philosophy to look in the right direction. In discussing "Some Practical Lessons of the Recent Campaign," Mr. White notes the disintegrating symptoms, but instead of rushing to militarism and Supreme Courtism for the remedy, he turns to the means of creating sound public opinion on economic and political problems as the only method of giving security to prosperity and permanence to popular government.

Instead of abusing the rich for having produced so much wealth, he suggests that they use a more liberal portion of it in the promotion of economic and political education. No sounder advice than the following has for a long time been given to American millionaires:

"Here is a hint to men who are both rich and patriotic. Our leading colleges and universities should be strengthened more and more as fortresses against future outbursts of demagogism and Jack-Cadeism. Such institutions as the University of Virginia, that of North Carolina, and Tulane University in the South, and a multitude of universities in our Northern States might well be thus strengthened. New departments of history, of economical, political and social science, of comparative legislation, and of international law should be created and old ones strengthened. There are endowments possible to all fortunes. Professorships, lectureships, fellowships, scholarships, travelling bachelorships, and funds for buying books should be established or increased; thus shall future leaders be supplied and equipped—leaders in public life and in the press to marshal and guide the forces of right reason in the future developments of the present struggle and in other struggles. And not only this: from such central institutions sound doctrine will filter down through

various channels into the popular mind. The clergy, teachers, and broad-minded men of business will thus be equipped as missionaries of sound ideas, social and political. Not one of our universities, North, South, East or West, is equipped in this respect as it should be; not one is there that cannot be made, with such aid, far more effective in the present struggle and in other conflicts before us. . . .

“Let wealthy and patriotic men consider this. How can they better hand down an honorable name to posterity? How can they better serve the country which they love?”

“The time is coming when, in the increasing complications of public affairs, public men will take more and more the character of experts. In order to deal successfully with most public questions there will be needed the preparation which comes only from thorough acquaintance with best thinking upon such questions, and from careful study of the best methods and results in our own and other times, and in our own and other countries. Such training and knowledge will not supersede practical facility gained in public life itself, but it will fit men for entering public life; just as training in the best methods in law, medicine or engineering is a preliminary to practical experience in those professions. The critic may say, ‘This will produce doctrinaires.’ Even if so, doctrinaires are vastly better than destructives. But there is no real danger of doctrinairism in a country where all theories are so constantly subjected to practical tests as in ours. One of the needs of the country which cannot be too strongly urged is the need of enlisting our best, strongest and brightest young men in public life. Here is the opportunity for far-sighted men of wealth to promote this enlistment. . . .

“The recent campaign, among its most practical lessons, teaches most clearly that the enlightenment of the citizens is the most important of public duties and the main condition of continued freedom. All should, so far as possible, contribute to that education which extends the area, not of the license urged on by anarchists and the utopias pictured by socialists, but of liberty as developed healthfully and steadily

in obedience to the lessons of history and constructive thought.

“ To say nothing of great benefactors still living, let such exemplars as Peter Cooper, Cornell, Johns Hopkins, Stanford, Peabody, Vassar, Tulane, Stevens, Case, Pratt, Rose, Drexel, and their like be held in honored remembrance. Let a new and greater growth of munificence come in with the approaching growth of prosperity. Thus shall wealth justify its existence; thus shall the outcries against the selfishness of the rich be proved slanderous; thus shall the liberty of our more enlightened states be increased and the foundations of rational liberty be imbedded deeply in the popular gratitude and in the universal sense of justice. No answer to nihilist or anarchist, in the press or upon the platform, is so effective as the mention of Americans who, having gained wealth in developing the great enterprises of their country, have used it largely in promoting the public good. Let this patriotic list be now extended in every field, and especially for the enlightenment of our people and the strengthening of our free institutions.”

One of the chief sources of the present social unrest is the lack of sound teaching on economic and political questions in our higher institutions of learning. They encourage the constant tendency to interpret American institutions and public policy in the light of European rather than American experience. Our American educational institutions should furnish the background for sound American public opinion. It is, therefore, not only highly important that American millionaires strengthen the hands and increase the power of American universities, but in doing so, it is of prime importance that they be strengthened in those departments dealing with the economic, political and financial problems. Moreover, the education on these lines should be less negatively abstract and metaphysical, and more inductive and constructive, with the view of preparing their students, in whatever walk of life they may enter on leaving the university, to grapple with the real problems that our progressive and highly complex industrial conditions are creating.



### “Sun”-Light on Southern Politics.

Party zeal is a most effective obstruction to clear political vision and correct public action, yet given time enough, experience works wonders in bringing people round to a recognition of the essential truths in social life. It has taken many years to bring our brilliant contemporary, the New York *Sun*, to a full appreciation of the political methods of the South. It needed a Bryan campaign finally to lift the veil from its vision regarding the fraudulent and dangerous character of Southern politics.

Twenty years ago, when Samuel J. Tilden ran as the Democratic candidate for President, it was demonstrated to all, whose judgment facts can influence, that such a thing as a fair election in the South was an unknown phenomenon. Ballot stuffing was the mildest form of fraud; people were kept away from the polls by shotguns, masked mobs and other methods known to the politics of the South. In whole districts, Republicans were coerced and deprived of their suffrage, and not infrequently killed, if they persisted in exercising their right to vote after receiving proper warning to stay away from the polls.

*The Sun's* devotion to Tilden and Tammany was too strong to permit it to recognize the significance of these facts. The failure to seat Mr. Tilden in the White House by these fraudulent methods seems to have caused our contemporary practically to ignore these barbarous tactics and assume the role of martyr, as if elections in the South were orderly, honorable affairs. Even so late as four years ago, it aided, and claims to have accomplished, the election of Mr. Cleveland by inventing the motto, “no negro domination;” the object, of course, being to intensify party feeling by stimulating class and race prejudice. These brute-force methods have gradually declined with the advance of civilization. Fraud and coercion were less prevalent in the Southern states during the recent election than ever before. Yet, the work of political regeneration is not quite complete; it is known that the electoral votes of at least two states were



stolen in 1896. The fact that the frauds this time were in the interest of Bryan instead of Tilden seems to have had a clarifying effect upon *The Sun's* view of the subject, for which every American should rejoice. *The Sun* is a great power in American journalism. It is a colossal force to have on the right side, and almost a monster to have on the wrong side; but thanks to Bryan (there is no evil that does not bring some good) *The Sun* is at last on the right side of this subject.

In its issue of November 28th, it had a vigorous editorial entitled "A Disgrace and Peril," which, in its characteristically powerful style discussed Southern political methods. It not only pointed out the disgraceful extent of fraud practiced in Southern elections, but it conclusively proved that the Southern states have an abnormally large representation in Congress proportionately to the votes they cast, as compared with the Eastern states. It says:

"All the eleven old secessionist, or Confederate States, gave their electoral votes to Bryan. At least, they will be counted for him, no matter what was the real poll. Those States, according to the official returns and the approximately correct unofficial returns, polled an aggregate vote of about 2,100,000, or a little more than 15 per cent of the total vote of the Union; yet they have 112 electoral votes out of the total of 447, or about one-quarter. They are notorious for fraudulent election practices, and their vote, in many cases, is shamefully small, considering their population. This, of course, is not merely scandalous; it is also injurious and dangerous, and assails the principles on which our Government rests. It gives the old Southern Confederacy an unfair advantage, or rather by means of it they take an unfair advantage of the honest States, whose electoral colleges really represent the voting population and the voters who actually go to the polls without restraint, and have their votes counted. Let us make some comparisons of the vote at the late election as officially returned. Louisiana, with 8 electoral votes, polled, or there was returned as polled, a popular vote of only 100,900; but Connecticut, with 6 electoral votes only,

cast 174,462 votes. New Jersey, with 10 electoral votes, or only 2 more than Louisiana, polled a popular vote of 371,014, or more than three times as many. Florida, with 4 electoral votes, polled only 46,248; but Vermont, with the same number of electoral votes, cast 63,655. Kansas, with 10 electoral votes, or only 2 more than Louisiana, cast 335,143. The two States of Louisiana and Florida, with 12 electoral votes together, return only 147,148, as against the 371,014 of New Jersey, with its 10 electoral votes.

“The unofficial reports show even more strikingly this disproportionate Southern electoral vote. For instance, in Mississippi, with 9 electoral votes, the popular vote was less than 70,000, or little more than that of Vermont, with its 4 electoral votes.”

Nothing could be more gratifying to the friends of pure elections and honest political methods than this frank though rather belated recognition of the true character of Southern politics, which has for a generation scandalized American political life in the eyes of the civilized world. But *The Sun* has not merely got its eyes open to the fraudulent character of Southern politics, but it has awakened to the further fact that the “no negro domination” cry was really a false issue, and now admits that “negro domination,” bad as it might have been, would have been better than the domination of fraud and crime which prevailed. It says:

“Nothing justifies election fraud, and its shameless justification in Southern states on the pretext that it is necessary to prevent negro domination, is creating a sentiment among honest men that perhaps the time has come when, after all, negro domination is requisite to cure the terrible evil and ward off the menacing infamy. Far better would be negro domination than is the present domination of fraud. Better negro domination in the South than the domination of cheating in the Union, is an opinion which is finding very general expression in all honest communities at this time, when we have just escaped from the possibility of ruin threatened by such cheating.”

This is but another proof that *The Sun* is the greatest newspaper in America.

### Evolution of English Trade-Unionism.

The September number of the *Political Science Quarterly* contains an important paper on "Primitive Democracy in British Trade-Unionism," by Sidney and Beatrice Webb, of London, authors of a comprehensive History of Trade-Unionism.

The object of the article in the *Quarterly* is to trace the processes by which centralization and efficient organization have succeeded the attempts at pure democracy, rotation methods, direct legislation, etc., which characterized the early history of English trade-unions. It is important to understand the development of workingmen's organizations in England, since the forces underlying the labor movement have been longer at work there than elsewhere, and trade-unionism has now established itself as a permanent factor in British industrial life. Unfortunately, it has not yet reached that point in this country. Here, the movement has yet to be accorded that definite recognition and standing, both legal and moral, which must be accorded before it will be able to attain its highest usefulness as one of the great and necessary forces in the progress of society. The problem of gaining this recognition and respectability for organized labor is one of the most serious and pressing with which we now have to deal.

The article referred to is an admirable presentation of the subject. We regret that limit of space prevents its reproduction entire, but its main points will be found in the following extracts. The authors have gone into the subject of British trade-unionism quite thoroughly, and may be regarded as good authority:

"The early trade club was a democracy of the most rudimentary type, free alike from permanent officials and from a representative or executive. Each member had an equal and identical share in the government of the society, and we may trace the existence of a strong prejudice in the workman against the setting apart of any of his fellows to form an administrative or governing class. Persistent efforts are accordingly made, through fines and free refreshments, to



secure the attendance of the whole body of the members. The general meeting strives itself to transact all the business, and grudgingly delegates any of its functions either to officers or to committees. When this delegation can no longer be avoided, the expedients of rotation and short periods of service are used 'to prevent imposition' or any undue influence by particular members. In this earliest type of trade-union democracy we find, in fact, the most childlike faith not only that 'all men are equal,' but also that 'what concerns all should be decided by all.'"

"It is obvious that this form of democracy was compatible only with the smallest possible amount of business. But it was, in our opinion, not so much the growth of the financial and secretarial transactions of the unions, as the exigencies of their warfare with the employers that first led to a departure from this simple ideal. The legal and social persecutions to which trade-unionists were subject, at any rate up to 1824, made secrecy and promptitude absolutely necessary for successful operations; and, accordingly, at all critical times we find the direction of affairs passing out of the hands of the general meeting into those of a responsible, if not a representative, committee. . . ."

"So far we have dealt principally with trade clubs confined to particular towns or districts. When, in any trade, these local clubs united to form a federal union, or when one of them enrolled members in other towns, government by a general meeting of 'the trade,' or of all the members, became impracticable. At this stage some kind of representative institutions would nowadays seem to have been inevitable. But it is significant to notice how slowly, reluctantly and incompletely the trade unionists have incorporated in their constitutions what is often regarded as the specifically Anglo-Saxon form of democracy—the elected representative assembly, appointing and controlling a standing executive. . . . The trade-union met the needs of expanding democracy by altogether new expedients. Instead of a representative assembly, the supreme authority was, as in the local trade clubs, 'the voices' of the whole community, expressed in the



referendum. Instead of a cabinet dependent on such an assembly, we have the unique institution of 'the governing branch.' And contrary to the practice alike of political governments and of joint stock corporations, we find the civil service of this trade-union world chosen, not by the executive committee, but by direct vote of the whole body of members. . . ."

"The institution of a 'governing branch' had the advantage of being the cheapest machinery of central administration that could be devised. The far-reaching national union secured its executive committee, in fact, at no greater expense than a small local society. It is, therefore, not surprising that, with slight modifications which we shall hereafter describe, the governing branch has continued to form a feature in the majority of trade-union constitutions down to the present day. So long, indeed, as the function of the national executive was confined to that of a 'center of communication' between practically autonomous local branches, or, to use the phrase of the Friendly Society of Operative Stonemasons, 'a center of action that we may the more readily communicate with each other,' no alteration in the machinery was necessary. The duties of the secretary, like those of his committee, were not beyond the competence of ordinary artisans working at their trade and devoting only their evenings to their official business. But with the multiplication of branches and the formation of a central fund, the secretarial work of a national union presently absorbed the whole time of a single officer, to whom, therefore, a salary had to be assigned. . . ."

"The reader will have perceived that, in passing from a local to a national organization, the trade-union unwittingly left behind the ideal of primitive democracy. The setting apart of one man from among the members to do the clerical work of the whole society destroyed the possibility of equal and identical service by all the members and laid the foundation of a separate governing class. The practice of requiring members to act in rotation was silently abandoned. Once

chosen for his post, the general secretary could rely with confidence, unless he proved himself obviously unfit or grossly incompetent, on being annually re-elected. Spending all day at office work, he soon acquired a professional expertness quite out of the reach of his fellow-members who remained at the bench or the forge. . . . ."

"By the term referendum, the modern student of political institutions understands the submission to the votes of the whole people of any measure deliberated on by the representative assembly. Another development of the same principle is what is called the initiative, that is to say, the right of a section of the community to insist on its proposals being taken into consideration by the representative assembly. As a representative assembly formed no part of the earlier trade-union constitutions, both the referendum and the initiative took with them the crudest shape. Any new rule or amendment of a rule, any proposed line of policy or particular application of it, might be straightway submitted to the votes of all the members. Nor was this practice of consulting the members confined to the central executive. Any branch might equally have any proposition put to the vote through the medium of the society's official circular. And however imperfectly the question was framed, however inconsistent the result might be with the society's rules and past practice, the answer returned by the members' votes was final and instantly operative. Those who believe that pure democracy implies the direct decision, by the mass of the people, of every question as it arises, will find this ideal realized without check or limit in the history of the larger trade-unions between 1834 and 1870. The result was significant and full of political instruction. Whenever the union was enjoying a vigorous life we find, to begin with, a wild rush of propositions. Every active branch had some new rule to suggest, and every issue of the official circular was filled with crude and often inconsistent projects of amendment. The executive committee of the United Kingdom Society of Coachmakers, for instance, had to put no fewer than

forty-four propositions simultaneously to vote in a single circular. . . ."

"The disadvantages of a free resort to the referendum soon became obvious to thoughtful trade-unionists. It stands to the credit of the majority of the members that wild and absurd propositions were almost uniformly rejected; and in many societies a similar fate became customary in case of any proposition that did not emanate from the responsible executive. The result in these cases was the practical abandonment of the initiative. Branches got tired of sending up proposals which uniformly met with defeat. But the right of the whole body of members themselves to decide on every question that might arise was too much bound up with their idea of democracy to permit of its being directly abrogated, or even expressly criticised. Where the practice did not die out from sheer weariness, it was quietly got rid of in other ways. . . ."

"We see, therefore, that almost every influence in the union organization has tended to magnify and consolidate the power of the general secretary. . . . . But working class organizations in England have, almost without exception, tenaciously clung to the direct election of all officers by the general body of members. Whether the post to be filled be that of assistant secretary at the head office or district delegate to act for one part of the country, the members have jealously retained the appointment in their own hands. In the larger trade societies of the present day the general secretary finds himself, therefore, at the head, not of a staff of docile subordinates who owe office and promotion to himself, but of a number of separately elected functionaries each holding his appointment directly from the members at large. Any attempt at a personal dictatorship is thus quickly checked. There is more danger that friction and personal jealousies may unduly weaken the administration. But the usual result is the close union of all the salaried officials fully to conduct the business of the society in the way they think best. Instead of a personal dictatorship, we have, therefore, a closely combined and practically irresistible bureaucracy."



“If, therefore, democracy means that everything which ‘concerns all should be decided by all,’ and that each citizen should enjoy an equal and identical share in the government, trade-union history indicates clearly the inevitable result. Government by such contrivances as rotation of office, the mass meeting, the referendum and the delegate restricted by his imperative mandate leads straight either to inefficiency and disintegration, or to the uncontrolled dominance of a personal dictator or an expert bureaucracy. Dimly and almost unconsciously this conclusion has, after a whole century of experiment, forced itself upon the more advanced trades. The old theory of democracy, it is true, still survives in full strength, and constantly comes to the front when any organization has to be formed for brand-new purposes; but it is significant that the last twenty years have witnessed a marked change in trade-union constitutions. The old ideal of the rotation of office among all the members in succession has been practically abandoned. Resort to the aggregate meeting diminishes steadily in frequency and importance. The use of the initiative and the referendum has been silently given up in all complicated issues, and has been gradually limited to a few special questions on particular emergencies. The delegate finds himself every year dealing with more numerous and more complex questions, and tends, therefore, inevitably to exercise the larger freedom of a representative. Finally, we have the appearance in the trade-union world of the typical form of democracy in its modern sense, the elected representative assembly, appointing and controlling an executive committee under whose direction the permanent official staff performs its work.”

“Under a constitution of this type the trade-union may attain a high degree of efficiency. The United Society of Boilermakers and Iron Shipbuilders (established 1832; membership in December, 1895, 39,629), for instance, is admittedly one of the most powerful and best conducted of English trade societies. For the last twenty years its career, alike in good times and bad, has been one of continuous prosperity. For



many years past it has dominated all the shipbuilding ports, and it now includes practically every ironshipbuilder in the United Kingdom. As an insurance company it has succeeded in paying, even in the worst years of an industry subject to the most acute depressions, benefits of an unusually elaborate and generous character. Notwithstanding these liberal benefits, it has built up a reserve fund of no less than £154,000. Nor has this prosperity been attained by any neglect of the militant side of trade-unionism. The society, on the contrary, has the reputation of exercising stricter control over the conditions of its members' work than any other union. In no trade, for instance, do we find a stricter and more universally enforced limitation of apprentices, or a more rigid refusal to work with non-unionists. And, as we have elsewhere described, no society has more successfully concluded and enforced elaborate national agreements applicable to every port in the kingdom. Moreover, this vigorous and successful trade policy has been consistent with a marked abstention from strikes—a fact due not only to the financial strength and perfect combination of the society, but also to the implicit obedience of its members, and the ample discretionary power vested in and exercised by the central executive . . . .”

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### Spain's Extortions from Cuba.

RAIMUNDO CABRERA.

Those who doubt that the people of Cuba are justified in their claims against Spain have but to study the statistics of the exactions to which Cuba has been subjected. The figures show the iniquity and avarice of the mother country towards the colony, and amply justify the efforts of the people of Cuba in their struggle for emancipation.

All colonizing nations, such as England, France and Holland, have attended in one way or another to the support and advancement of those distant countries whither they have undertaken to carry their civilization and people, to enlarge their dominion and increase their wealth. Spain has disregarded

this rule. Her policy has always been to make the colony support itself with its own resources, and also contribute to the national revenues. During the whole of the first quarter of the présent century in which the population of the island of Cuba did not reach half a million, notwithstanding the large importation of negro slaves from Africa, Cubans defrayed, with their own resources, all the expenditures of their exchequer, while the Spanish nation failed to contribute a single penny toward the increasing needs of the colony, even for the support of public schools, which were entirely neglected.

In 1827 began to a certain extent the agricultural prosperity of the island by the exportation of its cane-sugar and tobacco, and by the increase of its population, due to the immigration of Spaniards from the Central and South-American countries that had just achieved their independence. Spain then hastened to withdraw half a million dollars from the treasury of the island, which she took to Madrid and applied to the needs of the nation. From that date Cuba continued to contribute annually to the treasury of Spain, up to 1864, a sum averaging not less than two million and a half dollars, and aggregating \$89,107,287. The first step having been taken in this direction, the mother country imposed upon Cuba in its local budget the assignment of \$5,372,205 for the use of Spain, without conceding to Cubans the right of representation in her Parliament or of discussing and voting these assessments.

Spain made war in Africa against the empire of Morocco, and imposed upon Cubans a large portion of the expenses incurred thereby. In 1841 she acknowledged a perpetual debt of \$570,000 at five per cent interest, in favor of the United States, to indemnify American citizens who had sustained losses in consequence of the wars of independence in South America, and committed the injustice of compelling Cubans to pay the whole of this national debt.

She did the same with the expenses of the unfortunate expedition to Mexico in conjunction with France, which ended with the drama of Queretaro and the humiliating

withdrawal of the European armies; and she also made the island of Cuba pay the cost of the occupation of San Domingo, and the adventures in the Pacific with her former dependencies, the republics of Peru and Chili, in 1864-'65.

Thus is explained how the estimate of expenditures of the island of Cuba, which in 1830, when the population was 755,695 inhabitants, amounted to \$6,120,934, at the rate of \$8 per capita, gradually increased every ten years, to \$9,605,877 in 1840, \$10,074,677 in 1850, until, in 1860—when the population had augmented only one-third (being 1,109,429)—it reached the enormous sum of \$29,610,779, say four-fold, or at the rate of \$24.69 per capita, this sum being mainly applied to defray national expenditures and debts, arising from wars and adventures in which the Cuban people were not directly concerned, and, at all events, should only have been called upon to bear their proportion, conjointly with all the other provinces and dependencies of the Spanish monarchy.

In the Spanish Chamber of Deputies, a representative who is an authority in financial and economic matters, Don José del Perojo, proved by incontrovertible figures, that the Spanish government had withdrawn from the treasury of Cuba during the century, for the exclusive benefit of the mother-country, a total of \$137,000,000.

The annual budget of the island in 1868, at the breaking out of the first of its two great revolutions, amounted to \$25,415,945.

During the ten years of that disastrous struggle, the nation so passionately and tenaciously interested in maintaining its dominion over the unfortunate island, which it calls and considers "an integral part of its territory," did not contribute one penny toward the expenses of the war, but laid them all, absolutely all, upon the shoulders of the Cubans themselves, and has compelled them to pay these expenses in their contemporary and subsequent budgets. In the Spanish colonial policy the consideration has never obtained that the colony should receive assistance from the mother-country; but instead, that it was bound always to produce for the ben-



efit of the latter, and pay, as its own punishment, for the rebellions which in another sense are held to be a national conflict, of interest to all Spaniards.

In short, the Cuban colonist is considered by Spain as a *Spaniard*, in order that he may pay taxes and obey. He is required to be loyal to the nation, but is assigned an inferior position, and subjected to heavy burdens, from which the other more favored Spaniards are exempt.

Let us see in what proportion Cuba has paid, together with its own expenses, those of the revolution of 1868-'78, as shown by the following figures of its yearly budgets.

In the first five years, from 1868 to 1873, its ordinary expenses at the rate of \$25,415,945 aggregated \$127,079,725. Since then its annual budget gives these crushing figures:

1873-74.....	\$40,686,517	1880-81.....	\$34,435,850
1874-75.....	40,430,322	1881-82.....	34,435,850
1875-76.....	40,430,422	1882-83.....	35,860,249
1876-77 ..	40,430,422	1883-84.....	34,180,880
1877-78.....	40,430,422	1884-'5.....	34,180,880
1878-79.....	54,752,977	1885-86.....	31,169,653
1879-80.....	54,752,977	1886-87.....	25,959,734

Since 1886-'87 the annual estimates of expenses for Cuba have never been less than \$25,000,000. In 1894-'95, at the outbreak of the present revolution, the estimate amounted to \$26,733,322; the island had a population of 1,631,687; every Cuban paid taxes to the State—not including in this calculation the municipal dues—\$16.38 per capita, which is about the same proportion as that paid by the British subject, two dollars less than that of the French citizen, double the amount paid by the Spaniard *in Spain*, and nearly thrice the rate per capita in the United States.

All these estimates, which from 1850 to 1895, represent a total of 1,500 millions of dollars, have been applied to the payment of the foreign war expenses already mentioned, the revolution in Cuba, the interest and amortization of the debts contracted in consequence of these wars, and above all the support in the island of a large personnel of officials in



the administration, appointed at Madrid and coming from Spain; also to the maintenance of an army of occupation, for in each annual estimate the amount destined to improvements in the island, to agriculture, public works or education, has never reached one million dollars, say, one twenty-fifth part of the budget.

In 1894-'95 the sum appropriated for internal improvements was \$771,125. To the national debt and general obligations, the army, navy and government administrative officials, the whole balance of \$25,962,129 was devoted. Are stronger motives needed for a people to arise and struggle desperately to break their yoke, and overthrow the system that thus despoils and crushes them?

When the revolution broke out in February, 1895, Cuba was saddled with a public debt of \$175,000,000, at the rate of \$118 per capita.

Spain, as ever, desired that the Cuban should himself pay the cost of the war, provoked and sustained by her to prevent his emancipation, and let us see how with that object in view she manages the money of the rebels.

To convert and consolidate all the Cuban debt, the Spanish Parliament, in 1890, authorized the issue of bonds amounting to \$175,000,000. At the outset of the revolution she still had on hand \$113,768,200 of the bonds with which she was to complete the conversion and pay all legitimate creditors.

Instead of applying them to this object, the government has negotiated said bonds at 35 per cent discount, with the Bank of Paris, Banks of the Netherlands, and the Banks of Spain and Barcelona, realizing therefrom \$80,000,000, with which she has attended to the expenses of the war for the first year. By reason of this operation the debt of the island of Cuba stands thus:

Total amount of bonds issued in 1890 to consolidate and convert all the debts.....	\$175,000,000
Amount of bonds negotiated to cover the expenses of the first year of the revolution.....	113,763,200
Previous debt, left without consolidation and conversion..	46,000,000
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Total.....	\$335,163,200*

\* See "Cuban War and the Spanish Treasury," p. 122, GUNTON'S MAGAZINE for August, 1896.

The interest of this debt, at five and six per cent amounts annually to \$18,000,000. The Cubans have put up with Spanish domination during four hundred years; but they will not be able to bear the terrible burden which this debt implies, nor the other expenses that are increasing every day through the present war. At this moment the debt represents a mortgage of \$201, and \$11 yearly interest per inhabitant.

Whoever studies dispassionately these figures, must realize the desperation which has again driven the heroic people of Cuba to the determined struggle now waging.

No one can fail to recognize its justice nor to see that the entire responsibility for its horrors rests upon the mother country.

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### Failure of the Nail Combine.

The Wire Nail Manufacturers' Association, organized in June, 1895, by Mr. John H. Parks, of Boston, was formally dissolved on December 1, 1896, after an existence of just one year and six months. All the obtainable facts in the case lead to the conclusion that from first to last this was an uneconomic and illegitimate combination, maintained for purposes and by methods which could have no other result than ultimate disaster. Its collapse was the inevitable consequence of economic ignorance and foolhardy management, in what might otherwise have been a perfectly legitimate and justifiable industrial enterprise.

This combination has, of course, been regularly held up by demagogical newspapers and speakers as an illustration of what they call the growing "trust" evil." It is nothing of the kind. The nail combination never was a trust at all. There was no permanent integration of capital, under a definite and responsible management, employing sound business methods, improving the means of production and seeking commercial supremacy through the lower prices and better service made possible by such improvements. The Standard Oil Company and the American Sugar Refining Company are conspicuous examples of the legitimate "trust." Such

combinations are directly in the line of economic evolution, and are absolutely essential elements in industrial progress.

But the nail combination was of exactly the reverse type. It was simply a "corner," and sought to perpetuate itself, not by any relative economic superiority, but by arbitrarily forcing prices up to an absurd figure and drawing on the profits thus realized to buy up competitors, and prevent the sale of nail machines to outside manufacturers. Of course, the whole force of public opinion, trade interests and economic law was against any such undertaking, and it collapsed. No amount of reckless anti-trust legislation could possibly have a deterrent influence on other "cornering" schemes, equal to the lesson of this one failure. The treasurer of the nail association, in his final statement to the public, says significantly, that "whether the manufacturers are ever likely to get together again is a matter of much doubt." Probably they will not, at least until they come to recognize the difference between a scientific organization of capital, and an indefensible, uneconomic "corner."

In the various published reports and comments on this case, there has been practically no disagreement as to the facts, though these have, of course, been made the pretext for any amount of indiscriminate railing against trusts in general. The history of the nail combination is substantially as follows:

The association was organized, as before stated, in June, 1895. According to allegations made and not denied, in legal proceedings brought against it at Indianapolis, the combination included besides the American Wire Nail Company, the Indiana Wire Fence Company, the Consolidated Steel and Wire Company, the Illinois Nail Company, the Superior Barb Wire Company, the Judson Manufacturing Company, the Brooklyn Wire Nail Company and the Oliver Wire Company, a majority of all the remaining smaller nail establishments in the country.

Before the organization of this pool the price of nails ranged from 80 to 90 cents per keg, which it is quite generally



admitted was too low, there being practically no profit in the business at that rate. But instead of endeavoring to organize the industry upon a more economical basis, with perhaps some rational and justifiable increase in prices, the combination proceeded at once to the other extreme and adopted an absurd and excessive price schedule. Thus, by September, 1895, the Pittsburg price for wire nails had been advanced to \$2.25 a keg; in March following it had gotten up to \$2.40, and from May to the time of the collapse it was held nominally at \$2.55. This, however, was 50 cents less than the actual selling price maintained by the manufacturers during the last few months of the pool's existence, and as a result nails cost at New York and Chicago, freight included, about \$3.20, and at points farther West, perhaps \$4 to \$5 a keg. Nails for export, however, were sold at much less than the domestic rate.

One of the methods employed by the association to perpetuate its existence, was to collect from each manufacturer a certain contribution for every keg of nails sold, and make use of the fund thus formed to buy up competing mills, prevent the sale of nail machines to outsiders, and so on. Another device, used principally to keep the trade, was to allow monthly rebates of ten cents a keg to all dealers who could show that for the six months previous they had neither bought any nails from outside manufacturers, nor sold any nails at less than the established prices, and that they had duly paid for all purchases from the association, at the fixed rates.

After the advance in price made in March last, the situation began to grow more and more strained, and the position of the combination less secure. New mills were continually starting up, and had to be purchased at generous prices, out of the association's fund for that purpose. Of course this drain kept on steadily increasing, and was one of the chief contributing causes to the final break-down.

Then the association was obliged to maintain a regular force of inspectors to see that members were not violating their agreements, and this, of course, imposed a heavy additional



burden on its treasury. On the other hand, the non-violators were likewise a source of expense to the association, since they, by reason of their very fidelity, became entitled to the ten cent rebate on each keg sold. The organizer, Mr. Parks, had also to be paid something for his services. He was to receive, it is claimed, a royalty of one cent per keg, on all nails sold by members of the pool.

Competition from such outside concerns as were not or could not be bought up, constantly helped to undermine the combination. In Iowa, a convention of hardware merchants from all over the state was held at Des Moines, and went so far as to commence definite negotiations for the establishment of independent mills sufficient to supply the entire Iowa market.

Legal proceedings were instituted against the association in behalf of private complainants, and the prospects were good for a large amount of protracted and costly litigation. The most prominent suit was that brought by Louis B. Bramkamp of Cincinnati, who claimed to have made a contract with the Woolley foundry and machine company of Anderson, Ind., for the delivery of forty wire nail machines, which contract was broken by the Woolley company at the instance of the nail association. The plaintiff alleged that he had been unable to purchase machinery from any source whatever, because of the agreements between the nail association and nail machine manufacturers. However, it is evident that other outsiders were able to get plenty of nail machinery through some means or other, whether Mr. Bramkamp was or not. Still, there seems to be no question but that nail machine manufacturers quite generally had agreements with the nail pool, of the sort complained of, and it is easy to see what an expense this must have brought upon the latter's treasury.

Along with all these accumulating penalties for economic rashness and folly, came an inevitable falling off in the consumption of nails, due to the extravagant price demanded for them. During the summer of 1896 it appears that the association was unable to sell off even the limited output agreed

upon. Thus it is stated that while the pre-determined output for July and August was 60,000 and 50,000 kegs respectively, the actual sales in July only reached 30,000 kegs, and in August 25,000. In March last, the output was almost a million kegs.

Towards the last, nails made in association mills were virtually boycotted by the retail hardware trade, both because of the high prices and because of the 50 cent addition to card rates, before referred to, the effect of which was to burden the retailers with the necessity of constant explanations to consumers, and at the same time practically prevent them from realizing any profits for themselves. The National Hardware Dealers' Association, at its Philadelphia convention in November, did in fact pass resolutions amounting to a boycott of nails made by members of the pool.

Of course, there could be but one outcome to all this. The break came on or about November 21st, when Chicago agents and jobbers began selling nails openly at less than \$2 a keg, though underselling had been going on quietly for some months previous, despite all the association could do. On December 1st a meeting of the association was held in New York city, and the organization was formally dissolved. The price of nails will probably settle down at about \$1.25 per keg.

After the dissolution, the treasurer of the association gave out a remarkable statement to the public, from which we make a few extracts:

“The Nail Association has been in operation since June, 1895. It has lived much longer than its most sanguine promoters expected, and as a financial undertaking has been an unprecedented success.

“Its present abandonment is not due to any adventitious conditions in the organization, or to any internal differences or shortcomings, but solely through the large growth of outside competition, which has sprung up within the last two months. We do not think it would be good business to continue longer a policy which is increasing competition so rapidly.

“The nail manufacturers of the United States have facilities for production which, when employed full time, will turn out about four times as many nails as the country requires. As a consequence, the nail manufacturing business, up to the date of the present organization, had long been known as one of the most unprofitable industries in the iron and steel line without an organization. . . . Low prices on nails are now likely to prevail for some time. In a nutshell, this whole matter is simply a shuffle from high to low prices, deliberately planned and undertaken; and it is done as can scarcely be done under any other form of co-operative organization without any one losing a dollar.

“Whether the manufacturers are ever likely to get together again is a matter of much doubt. Certainly it will be a long time before they can do so, and meanwhile the consumer will have the benefit of cheap sales while the manufacturer will have to work without profit—and who is to be benefited?”

According to its own admission, therefore, the Wire Nail Association was never intended to be a permanent integration of capital at all, but merely a temporary device for squeezing as much as possible out of the industry, and then suddenly dropping it to take care of itself as best it might. Instead of having benefited the trade, it has called into existence such a large number of new rival establishments that the total capacity of the nail mills of the country is now probably sufficient to supply many times over the maximum demand.

The reckless indifference to rational business principles which has characterized the management of the nail association is well illustrated by the observation made in this bulletin that “this whole matter is simply a shuffle from high to low prices, deliberately planned and undertaken; and it is done as can scarcely be done under any other form of co-operative organization, without any one losing a dollar.” Yet in the very next paragraph, this gentleman complains that from now on “the manufacturers will have to work without profit,” and asks, “who is to be benefited?”



Equally remarkable is the statement, made right on the heels of the collapse, that as a financial undertaking this combination has been an "unprecedented success." What with the tremendous expenses incurred in carrying out the association's policy, the great falling off in sales, the unexpired obligation of numerous expensive contracts with nail machine makers and leases of idle mills which had to be bought up, and the general condition in which the industry has now been left, the element of "success" is very difficult to locate. The fact is, the whole enterprise has been a complete failure, and the fact of its dissolution is the best evidence of the financial straits it had gotten into.

There is room for an intelligent, rational and efficient organization of capital in this industry, and some time, no doubt, such a concentration will be effected. The pessimistic prophecies contained in the bulletin of the defunct association only indicate how completely the nail manufacturers have failed to grasp the correct principle which should govern all large capitalistic enterprises, if they are to meet with industrial and financial success. Had they gone about organizing the nail industry upon a permanent and responsible basis, introduced efficient and economic methods, and established a reasonable price scale, their undertaking would undoubtedly have been a success, and the net results would have been advantageous both to the trade and the public at large. As it was, they embarked upon a wild, irrational, speculative enterprise and had to suffer the inevitable consequences.

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### A Zollverein in Central Europe.

G. DE MOLINARI.\*

Colbert established the first customs union by removing the barriers which separated the twelve provinces and subjecting them to the same tariff, which was, by the way, strongly protective. A century and a half later the Constituent Assembly completed his work and brought about the

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\* Translated from the *Journal des Economistes* for November, 1896, by A. B. Woodford, Ph.D.



customs union of all France. In the interval, in 1701, a customs union was accomplished between England and Scotland, and later, in 1782, one between England and Ireland. But this progress was not accomplished without meeting any resistance. The customs union between England and Ireland, for instance, gave rise to the most violent opposition, not, as we should have expected, on the part of the Irish, but on the part of the English protectionists. "A reform which puts England and Ireland on an equal footing," they said, "will be fatal to the manufactures and commerce of England. . . . Our manufacturers, our merchants, our ship owners, our landed proprietors, have become alarmed because they all realize that they will infallibly be ruined if we expose them to competition with a country which is almost without debts." Petitions against the union came from all parts of the kingdom. The merchants of Glasgow begged Parliament not to allow Ireland, either then or at any future time, an advantage which would result in loss to Great Britain. Manchester energetically condemned the proposed concessions, and Liverpool did not hesitate to declare that if the concessions were accorded, its port would shortly become a desert. The result has shown how accurate were the predictions of the protectionists.

These unions, however, were between countries under one sovereignty, as were also the unions later made between Russia and Poland, and between the different Italian States. It, therefore, came to be believed that political unity was the indispensable condition of a customs union. But the establishment of the Zollverein has shown that it is not in the least so, and that different countries can take down the customs houses which separate them and form a tariff union to the profit of their revenue as well as their industrial development, without losing in the least degree their independence.

It was Dr. Frederick List who did most in promoting the Zollverein, and he met every kind of opposition, by no means the least important arguments being entirely contradictory in character. On the one hand, great prominence was

given to the fact that the association was conceived by a mere theorist, in utter disregard of all practical notions, and that it would be ruinous not only to the finances but to the industry of the small states; and that the spinning and weaving industries of Saxony could not fail to ruin those of Prussia. On the other hand, its critics insisted that the union would be an inexhaustible source of trouble and disturbance, because of the conflicts of interest which it would entail, and that it would inevitably provoke a war between the members of the union, which would thus certainly be dissolved. But in spite of these sinister prophecies, the tariff union was established. Let us look at some of the results of the association from the point of view of the amount of wealth produced and from that of the finances of the members of the union.

Both agriculture and industry in Germany have taken an extraordinary rise, since relieved of the artificial barriers which limited their markets. This appears from the following table of imports:

	1836-1840.	1866-1870.
Cotton.....	233,000 cwt.	2,024,000 cwt.
Wool.....	131,000 "	869,000 "
Flax.....	185,000 "	980,000 "
Silk.....	5,175 "	35,000 "
Total coal used.....	6,870,000 "	75,510,000 "

The importation of articles of comfort, tea, coffee, wine, tobacco, etc., rose in an equally rapid ratio, showing that the increase in the well-being of the people was equal to that in the production of goods. And it should always be remembered that this general progress was not purchased at the expense of some particular trade. Even the textile industries of Prussia, which were threatened with inevitable ruin by reason of the competition with Saxony, partook of the general industrial progress of the countries of the Verein. According to the statistics collected by Dr. Engel, the number of looms and spindles for spinning and weaving cotton, flax, and silk, more than doubled in Prussia between 1846 and 1861. I do not need to add that this progressive movement has continued,

and that German industry has become an important competitor to British industry, while it was practically of no account at the time when its home market was cut in pieces and a drag was thus placed upon its development.

The success of the Zollverein has been no less great, if viewed from the standpoint of the treasury department. The amount collected by the general system has easily surpassed that raised by the several countries, and although the common tariff may be submitted to important reductions in the next thirty years, the customs revenue of the associated countries has nearly trebled as a consequence of the extraordinary increase in the foreign commerce of Germany;—1835, 61,500,000 francs; 1845, 103,000,000 francs; 1873, 168,000,000 francs.

Contrary to the predictions of the adversaries of the union, it is the smaller states which have received the greatest benefit from the suppression of local tariffs. "The receipts from customs duties in Bavaria were less than one franc per capita in 1831-1834, and have risen in a few years to 2 francs 35 centimes—an increase of 116 per cent. In Wurtemberg the rate of increase was 49 per cent; in Nassau, 160 per cent; in Brunswick, 50 per cent. The receipts from customs duties in the Grand Duchy of Hesse have increased tenfold, and for Saxony the amount is seven times what it was before the union." \*

Moreover, the receipts have more than doubled in the twenty years that followed the establishment of the Empire, customs duties amounting to 339,451,000 marks in the budget for 1892-'93. In short, the fiscal as well as the economic results of the union have surpassed the hopes of all its promoters.

These results were of a nature to create a lively impression on the minds of partisans of commercial liberty and to encourage them in their efforts to induce other countries to follow the example of Germany. As early as 1846, Léon

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\* Dictionnaire de l'Economie politique de Coquelin et Guillaumin. Article, *Zoll-Verein*.



Faucher had formulated a plan for a southern union which should include the countries of the Latin race. In my turn, when I read the excellent work of M. Henri Richelot on *l'Association douanière allemande*, I asked myself, whether a union of the states of central and western Europe which had arrived at about the same degree of agricultural and industrial development, and which had the same products, would not procure to the countries thus associated, advantages both fiscal and economic, and whether the scheme could not be carried through without encountering insurmountable obstacles in the opposition on the part of various interests, industrial, agricultural and fiscal. The study which I made of the subject fully confirmed my belief. On examining the tariff receipts of France for the year 1876, I found that nine-tenths of the gross receipts of 249 millions came either from exotic articles or from the products of English, Spanish, Italian, Russian or Scandinavian industry. The larger part of the income came from half a dozen articles:

Coffee, 83.5 millions; sugar (foreign countries), 32.1 millions; sugar from the colonies, 32.1 millions; cocoa, 10.4 millions; pepper and spices, 5.5 millions; coal gave 9.4 millions; iron, steel, tools and machinery, 5 millions; cotton, wool, silk, flax, hemp and their manufactures, 25 millions, the larger part coming from England. In Germany the division of the receipts differed considerably from this. Out of a total of 153,162,000 francs in 1872, coffee furnished 40,583,000 francs, tobacco furnished 18,040,000 francs, sugar furnished 14,321,000 francs, southern fruits furnished 5,669,000 francs, rice furnished 1,911,000 francs, tea and cocoa furnished 1,432,000 francs.

An examination of the foreign commerce of the countries of southern Europe showed similar results, so that I felt authorized to conclude that if the customs duties were abolished between France, Belgium, Holland, Denmark, Germany, Austria-Hungary, and Switzerland, and a Zollverein established between these different states, the quota which each would receive from the total collected on goods passing into



any of them would equal the amount of their present receipts—the history of the Zollverein showing that it would soon exceed that amount. Such a tariff union would relieve travelers and commerce of the many vexatious annoyances, delays and expenses with which they are now afflicted, and this could be done not only without loss of revenue to the countries associated together, but with an almost assured prospect of benefit.

Moreover, would not the industries of these states, henceforth accustoming themselves to the free market of 130,000,000 consumers, progress sufficiently to be able to meet all competition from other countries and become less sensitive to the establishment of tariffs elsewhere? And would not the fear of being excluded from this rich and extensive market serve to curb the excessive exactions and protectionism of foreign countries in their relations with this union?

Without dissembling as to the difficulties, political and otherwise, which the establishment of an international Zollverein would have to encounter, I said to myself that if I could make plain the advantages and could interest some influential statesman in the scheme, it might not be impossible to succeed. At that time Bismarck was by far the most influential statesman, and I asked Prince Orloff for a letter of introduction to the great chancellor. I found Bismarck at Gastein, and was received by him in the most amiable manner. As is his habit, he was very communicative, and began by entertaining me with an account of his own affairs and the difficulties of his situation. He told me that he had to protect himself against court intrigues on the one hand, and against the almost unbearable attacks of the opposition press on the other. When I suggested that the opposition press was everywhere unbearable, he maintained that it was worst in Germany. "You ought to get accustomed to it," I said to him; "you are too nervous." This was well worth the following humorous reply: "If I were not nervous, do you think I would concern myself with public affairs? I would have remained a good country gentleman. If I were not nervous I should not be Bismarck."

When he finally reached the question of a customs union, he presented me with a long list of objections. It would be necessary in the first place, he said, to abolish war. As long as war lasted, there would be tariffs. Moreover, a tariff union he regarded as possible only between peoples of the same race. Even among Germans it was not accomplished without difficulty. "But," I replied, "if you have succeeded in being understood by Germans, why should you not succeed in the same way with other nations?" To which he replied by emphasizing the fiscal and economic difficulties. He expressed confidence in French customs officials and in some others, but not all. Nor did he believe that it was possible to satisfactorily partition the receipts among the states in the union and adjust them to the internal taxes. Even in Germany it had been necessary to put a special tax on beer and brandy. Finally, conditions were not favorable to free trade. England herself would soon be obliged to renounce it for fear of an industrial decline. He insisted that a tariff union would end in a continental blockade, and the idea did not seem to displease him. In vain I called his attention to the fact that the extended base of operations of the union's industries would render them sufficiently strong so that they need not fear English competition. He concluded by saying, however, that he did not wish to discourage me, and that if I would bring him a favorable opinion of my scheme from a minister of finance, though he should be in the least significant of the states of the future union, he would give my project serious consideration.

On my return to Paris I gave an account of our conversation to M. Léon Say, who was then Minister of Finance. He recognized the force of all the political, economic and fiscal objections which would be urged without fail against the proposal to form a tariff union between states which had so many causes to separate them and make them hostile; but he was of my opinion, that this union would be a powerful instrument in favor of international peace, and that, although it would be exceedingly difficult to establish, it would not appear to be impossible. He was of the opinion, moreover,

that the surest and easiest way to secure a complete union would be to proceed as England had done, and establish partial associations.

The Minister of Finance at the Hague, M. Vissering, a learned friend and colleague, who was formerly professor of political economy at the University of Leyden, encouraged me to pursue my project for a complete union, and told me that for a long time he had favored a customs union between Holland and Belgium. The chief difficulty, he told me, lay in the different excise systems. He also said that it would be necessary to adjust railroad rates, as these served to "protect" some industries.

At Brussels the eminent statesman to whom Belgium is indebted for the suppression of the octrois, M. Frère-Orban, stated to me that he had a long time since accepted the idea of a customs union between Holland and Belgium.

It now remained for me to acquaint Bismarck with the result of the steps I had taken, and to await the serious examination which he had promised to give the scheme. I ought to say that he fulfilled this promise very exactly. He sent me a note which, however, was only an amplification of the objections which he had offered in our conversation. In the terms of the letter which accompanied this note, Bismarck did not absolutely reject the plan of a customs union; he only wanted to "inform me in a general way of the conditions which seemed to him to prevent a realization of the plan in question, for the moment at least." Notwithstanding the polite restriction, I understood that I had nothing to hope for in this direction, and I determined to address a person more influential than the most influential statesman, public opinion.

In Germany, I have had the assistance of an eminent publicist, M. Richard de Kaufmann, himself a protectionist, but an intelligent protectionist who understood that enlarging the general market will enormously increase the industrial power of continental Europe. In a pamphlet of 118 pages he undertook to show that the fiscal difficulties in a customs



union in central Europe would be no greater than were the apparently insurmountable obstacles which were overcome in constituting the Zollverein. M. Kaufmann also maintained that continental industries had nothing to fear from mutual competition; and that German and French industry particularly would not injure, but would complement each other—supporting his opinion by a careful analysis of the foreign commerce of France and Germany.

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### **Influence of Issues on Parties.**

Political parties are the creatures, not the creators of public opinion. They are the unofficial machinery for formulating public opinion into definite recognizable issues, upon which legislative and administrative government can confidently act. We find, therefore, that in progressive countries political parties are constantly undergoing modification according as the convictions of the people recede or advance in the direction of any given policy, and periodically we have a general breaking up of party lines and the formation of substantially new groups; or, in other words, a reorganization of the elements of the old parties on new lines for new issues. Here in the United States these reorganizations have been more pronounced and frequent than anywhere else, because of the new problems constantly developed by the very rapidity of our social and industrial progress.

One of these reorganization periods culminated in the election of last November. For more than a generation the Democratic party has been clinging tenaciously to the doctrine that tradition is infallible. For the key to its policy it has persistently looked backward to the methods and standards of the past, instead of forward to the changed conditions and new ideas of the present and future. Its chief strength and resource has lain in the most backward portion of our population, that of the Southern states. The South had slave labor for the corner-stone of its policy, and has steadily clung to the idea that the abolition of slavery was a crime against



Southern independence and prosperity, for which the perpetrators, the free states, were to be cordially despised.

With this nest-egg of industrial and political bitterness, the South has been a permanent incubator for economic and political heresies with which to sustain its unbroken antagonism to the public policy favored by the party which had earned its hatred. Its opposition to every form of re-adjustment to the progressive conditions and needs of the national life has forced it unconsciously to give aid and encouragement to the various industrial and financial heresies which have arisen, such as the greenback policy, the sub-treasury scheme, free trade, free silver, and the most radical socialistic features of the Populist programme.

The South being the chief strength of the Democratic party, Southern ideas have of course dominated in the councils of the party. Democrats in other parts of the country have been more progressive, patriotic and intelligent, especially on questions affecting the economic welfare of the nation. But they have always been in a hopeless minority and compelled to yield for the sake of party unity, until finally the most reckless and incompetent element has come into complete possession of the party machinery and control of its policies. Gradually, also, the Democracy has gathered from other parties the elements of population having most affinity with itself, thus incorporating most of the malcontents and enemies of the existing social order from every walk of life. The final culmination was the fanatical and revolutionary platform adopted at Chicago last July, and the nomination of a demagogical Populist for President.

The issues there brought to the front necessarily became the issues of the campaign. Democrats throughout the nation who believed in maintaining the public honor, the integrity of industrial relations and the principle of the individual ownership of property, were compelled to revolt against the Chicago platform and join with the Republicans for the preservation of our national institutions. The result of the election and the course of events since have made it apparent

that a very general and probably permanent rearrangement of party lines has taken place. Of course many Democrats who were repelled from their party by the revolutionary methods of its new leaders, struggled hard to maintain the integrity of their Democracy, and organized the third party movement for that purpose. But the results of this attempt were so insignificant that its perpetuation can hardly be regarded as a matter of serious probability. The mob has gotten full control of the Democratic party, and has driven the respectable minority element from its councils. In view of Mr. Bryan's aggregate of over six million votes, the political outlook for the future is too serious and menacing to permit of any considerable breaking up, on the grounds of sentiment, of the elements which came together in opposition to the movement represented by him.

Some idea of the extent of this breaking up of party lines can be obtained from a study of the election returns.

In 1892 Mr. Cleveland received pluralities in 23 states, and obtained a total of 277 electoral votes, as against 15 states and 145 electoral votes for Mr. Harrison. General Weaver, the Populist candidate, had pluralities in 6 states and received 22 electoral votes. Mr. Cleveland's plurality of the popular vote was 380,810.

In 1896 Mr. McKinley carried 23 states and will receive 272 electoral votes. Mr. Bryan was successful in 22 states and will get 175 votes. Mr. McKinley's popular plurality was about 750,000.

In order to get a more exact comparison between the relative strength of parties in 1892 and 1896, the Populist vote of 1892 should be counted with that cast for Mr. Cleveland, since the Democratic vote of 1896 represents the fusion of Democrats and Populists. Also, in order to show the full strength of this fusion, the Bryan-Watson vote should be included in that cast for Bryan and Sewall. Having done this, we get the following results:

	1892.		1896.	
	Popular.	Electoral.	Popular.	Electoral.
Democratic-Populist vote..	6,597,946	299	6,508,700	175
Republican vote.....	5,176,108	145	7,109,500	272
Demo.-Pop. plurality.....	1,421,838	154	.....	.....
Republican plurality.....	.....	.....	600,800	97

This great reversal was brought about by the vote of the Eastern and Central Western states, together with a few of the border states formerly classed with the solid Democratic South. The states carried by the Democrats or Populists in 1892, and by the Republicans in 1896 are as follows; the figures shown being the strict pluralities only, irrespective of the Weaver vote in 1892 or the Watson vote in 1896.

	Dem. Plurality, 1892.	Rep. Plurality, 1896.
California.....	144	1,822
Connecticut.....	5,370	53,557
Delaware.....	498	3,837
Illinois.....	26,993	142,607
Indiana.....	7,125	17,948
Kentucky.....	40,020	281
Maryland.....	21,130	32,233
New Jersey.....	14,974	87,692
New York.....	45,518	268,325
North Dakota.....	181 (Pop.)	5,647
Oregon.....	811 (Fusion)	1,972
West Virginia.....	4,174	11,487
Wisconsin.....	6,544	103,607

On the other hand, five Western states, carried by the Republicans in 1892, voted for Mr. Bryan in 1896, as follows:

	Rep. Plurality, 1892.	Dem. Plurality, 1896.
Montana.....	1,270	33,190
Nebraska.....	4,093	13,060
South Dakota.....	8,344	183
Washington.....	6,658	12,493
Wyoming.....	732	440

The political revolution of 1896, therefore, resulted in

Republican victory throughout the entire manufacturing and commercial East and Central West, and in the Southern states most nearly in touch with these sections; while the Democrats, in fusion with the Populists, captured the purely agricultural and mining West, except California and Oregon, and retained, of course, the old slave states of the South.

The Democratic pluralities in the old Southern states averaged about the same in 1896 as in 1892. In most of these states, however, there was a very considerable Populist vote in 1892, and as most of this went directly for Bryan and Sewall in 1896, it is evident that large numbers of the more sane and conservative Southern Democrats must have voted the Republican ticket. In a few of the Southern Democratic states, the increased Republican vote was very pronounced, as will appear from the following table:

	Harrison vote, 1892.	McKinley vote, 1896.	Increase.
Alabama.....	9,197	54,737	45,540
Florida.....	.....	11,389	11,389
Georgia.....	48,305	60,191	11,886
Louisiana.....	13,282	22,012	8,730
Missouri.....	226,918	304,940	78,022
North Carolina.....	100,342	155,222	54,880
Tennessee.....	100,331	148,773	48,442
Texas.....	81,444	164,886	83,442
Virginia.....	113,262	135,388	22,126

The vote of the great cities is one of the most significant features of the election. Contrary to the popular impression, these large centres of population have shown themselves to be among the strongest bulwarks of our industrial and social institutions. The influence of the intelligent, progressive forces developed in cities can be seen also in the large Republican majorities given in the rural sections of the Eastern and Central Western states, where contact and intercourse with the great centers is most frequent. The following statement shows the way a few of the principal cities voted in 1892 and 1896:



	1892.		1896.
	Dem. plu.	Rep. plu.	Republican plu.
Boston.....	10,376	.....	18,296
New York.....	76,300	.....	21,997
Brooklyn.....	25,595	.....	32,253
Philadelphia.....	.....	32,215	113,999
Baltimore.....	14,606	.....	21,109
Louisville.....	5,816	.....	11,608
Chicago.....	35,625	.....	56,543
St. Louis.....	.....	859	15,805
Minneapolis.....	9,429	.....	5,454

In the regular Republican states of the East and North, the increases in pluralities from 1892 to 1896 were remarkably large, and in the main consisted of direct gains from the old Democracy. Thus, Massachusetts, which gave Mr. Harrison a plurality of 26,001, rolled up 188,446 for Mr. McKinley; Rhode Island, 2,637 for Harrison, 22,978 for McKinley; New Hampshire, 3,547 for Harrison, 36,173 for McKinley; Maine, 14,979 for Harrison, 48,204 for McKinley; Pennsylvania, 63,767 for Harrison, 306,246 for McKinley; Ohio, 1,072 for Harrison, 51,950 for McKinley; Michigan, 20,412 for Harrison, 56,076 for McKinley; Minnesota, 21,903 for Harrison, 53,875 for McKinley; Iowa, 22,965 for Harrison, 65,552 for McKinley. These increases were made in spite of the fact that Mr. Bryan received in most of these states practically the entire Populist vote cast for General Weaver in 1892, which, in some cases was quite large. The conclusion is, of course, that whole bodies of former Democrats voted for McKinley, thus giving, within the short period of one campaign, a breaking up of party lines almost unparalleled in our history. Nothing could show more forcibly the growing importance of the *issue* in political contests, and the lessening hold which mere party tradition has on the public mind.

This breaking of party lines and reorganization of political forces means a considerable change in the character of both the old parties. The Democracy, instead of being the Tory party, may now be expected to be the revolutionary,

socialistic party of unadjusted notions, class feelings and spasmodic impulse. The Republican party, with the accession to its ranks of a large body of old school Democrats, may also undergo more or less modification. Whether it will modify in the direction of more conservatism and become the party of wealth and respectability merely, or whether it will be true to the spirit of its own traditions and step to the front in its reorganized capacity as a still broader and more progressive party, taking hold of the new issues which the great progress of the last thirty years has called into existence, will determine whether the republic is to continue its progressive march, or is to encounter a period of social experiment and chaos that will put it back a quarter of a century on the calendar of civilization. Bryanism has been defeated for the present, but whether that defeat will be permanent or only temporary depends chiefly upon the conduct and policies of the victors during the next four years. Business confidence and social tranquillity have been restored, the revival of prosperity is already under way, and all the conditions are now favorable for applying the broader statesmanship of the reorganized Republican party to our national conditions.

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### Natural Causes of Agricultural Depression.

JEROME DOWD.

Agriculture has been undergoing the same change in America which it has experienced in all thickly populated countries. As the population of a country multiplies, large farming near the great centers must give place to small or truck farming. With large areas of cheap virgin soil, farmers can make good profits by raising large quantities of staple products, such as corn, wheat and cotton, together with a certain amount of live stock. But as the soil becomes exhausted, the cost of the culture becomes greater, and as the value of land rises in consequence of enlarging population, the taxes of land rise also, still further narrowing the margin of

profits. Soon it becomes more profitable to cultivate smaller tracts and to exact from the soil larger proportional production. In course of time, unless improved methods are adopted, even this intensive system, so far as applied to staple products, begins to yield less and less profits, because of increasing cost of labor, fertilizing, and continual rise in the value of land. Finally, the only profitable agriculture becomes truck farming in the vicinity of cities. Another potent influence operating to change the character of agriculture from extensive to intensive farming, is foreign competition. As the old farms in America begin to deteriorate, virgin soils are being put under cultivation in Russia, Australia, South America, Africa and many islands of the sea. The new rich lands, with the cheaper labor, yield large returns at a small cost, and consequently undersell American products in the markets, just as American products have been underselling those of England, France and other countries. Agriculture is subject to many vicissitudes growing out of international competition. For instance, the culture of coffee in Arabia, the place of its discovery, has been injured by the introduction of the coffee tree, in Brazil. Wheat culture in Great Britain has been injured by the cheaper wheat of America. The raising of wool in Spain, where for several centuries most of the world's supply was obtained, has been almost abandoned in consequence of the cheaper products of Australia, the United States and the Argentine Republic. Cotton culture in America is now suffering from competition with the more fertile soils of Egypt, India, Russia, Japan, China, Australia and the Indies. At one time having a monopoly in tobacco production, we are now forced to compete with Turkey, Australia and the East Indies.

These observations help us to understand why agriculture in many localities is unprofitable. The interior lands where large farming prevails, are those which are suffering the most. They are depreciating in value because of the falling value of staple products and the slowness of farmers to make use of modern industrial methods. The lands near the cities are



appreciating because of the nearness of market for all foods, especially vegetables, fruits, dairy and poultry products.

This evolution in agriculture is not altogether gloomy for the tillers of the soil. Some losses and hardships are inevitable for those who are still pursuing the extensive system. But the farmers are not the only class who are subject to disadvantages due to changing methods of production. The manufacturer of stage coaches is injured by the introduction of the railway. The horse car companies in cities are ruined by the introduction of the electric car. The manufacturer of hoop-skirts is injured when fashion decrees that they shall cease to be worn, and so on in practically all occupations. Another cause for the depression of agriculture is the fact that while prices have fallen the standard of living has been raised. Many of the present conveniences and comforts of life were luxuries forty or fifty years ago, to be enjoyed only by the wealthy. For illustration, in North Carolina, the average farmer had sugar in his coffee only on Sunday. He made his own plows, rakes, handles, cradles and spokes, shod his own horses, and built his own house and stables. His wife not only made the clothes for the family, but the mattresses, pillows, quilts, etc., as well.

Now the farm people build better houses, buy tables, cupboards, tablecloths, carpets, curtains, pictures, pianos, organs, patent churns, cherry seeders, eight-day clocks and so on. They buy more and better clothes, hats and shoes. They eat better prepared food, buy more fish, beef, sugar, coffee and rice. If the farmers would consent to live as their fathers lived before the war; raise home supplies and buy little or nothing to eat or wear, the profits in the business would seem to them larger. The improved standard of living is the obstacle in the way of the farmer's realizing the fact that while the prices of his products have fallen the prices of the things he buys have fallen also, and in some localities to a still greater extent. They do not take into account or half realize that their standard of living requires them to buy a great many more things than formerly. A citizen



with \$20 a month may now live better, perhaps, than people generally lived a century or two ago. But pride does not permit one to live in any other style than that of his own age.

And this pride is proper. It is to be expected that the standard of living should rise among all classes with the advance of civilization. It is also to be expected that the return from agriculture should increase so as to afford better living for the farmers. But the increased return has not been proportional to the raised standard of living, for reasons just explained, and because farmers do not seem to realize that antiquated hand labor methods of production cannot give the increasing returns necessary to maintain this improved standard of living.

Agriculture is subject to one disadvantage which does not apply to other occupations. In every other business it is profitable to reduce the price of products and recoup by enlarged sales. But agriculture on a large scale, as we have just seen, is not profitable in populous countries. Despite all disadvantages, farming is the best occupation for men of modest ambitions. There is no other business in which an uneducated man can support a family with so little labor. The statistics of labor bureaus in the South show that many farmers make from 20 to 40 per cent on their investment after deducting all items of home consumption. Numbers of farmers whose lands, houses and tools do not exceed \$2,000 in value, make a comfortable support for their families. There is no other occupation where this can be done with the same capital and labor. Agriculture is not an attractive field for fortune seekers. Men and women prefer to exercise their skill and genius in the cities, and the brightest and most ambitious of the young people are daily leaving the farms to become the leaders in trade, manufacture, literature, law and medicine. Human beings have gregarious instincts, and few of them voluntarily choose the rural life. If the manufacture of food and other farm products by artificial means continues in the future as in the past quarter century, it may not be long before

everybody can move to town. Even the raw products, cotton and silk, are now made artificially.

The writer does not deny that bad legislation, state and national, and other artificial influences, have contributed to the misfortunes of agriculture. To enter into a discussion of all the causes of agricultural depression would require several articles of this length. The aim of this article is simply to impress the lesson that some suffering must accompany all progress under the present economic régime, and that it is not in the power of legislation to shield all producers from the effects of competition without arresting industrial progress.

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IT WAS SAID of a certain class in France before the revolution "that they lied and lied until they began to believe their own lies." Mr. Cleveland seems to be in a similar state of mind regarding the absolutism of his own authority. He has exercised such an extraordinary amount of personal authority that he seems to think the Constitution invested him with the power of dictatorship. In his treatment of Hawaii, he assumed absolute personal power both in appointing "paramount" Blount and in his determination to reinstate Queen Liliuokalani on the throne.

He appears to be laboring under the same hallucination regarding Cuba. There may be some danger of rashness on the part of certain elements in Congress, but nothing is better calculated to increase such rashness than Mr. Cleveland's pretension to absolute power on the subject. His claim to be above and beyond the power of Congress is more likely to precipitate injudicious action than anything Spain can do. It is hoped that Congress will not permit itself to be goaded into any mistaken action by his offensive obtrusion of authority, but will possess itself in patience with the knowledge that in three short months he will depart into harmless oblivion.

### Editorial Crucible.

PRESIDENT FRANCIS A. WALKER appears to have difficulty in inducing American economists to accompany him in adhering to the ancient quantity theory of value. Mr. Walker has been so accustomed to unmixed compliments from young economists that avowed dissent is apt to almost have the effect of chafing. Yet there seems to be no escaping the ordeal, if Mr. Walker insists on a theory that scientific thinking has really left behind.

In the *Yale Review* for November, he has a ten page "rejoinder" defending his book, "International Bimetallism," against a very mild criticism by Professor Henry W. Farnum. And in an editorial note Professor Farnum executes a neat and, what seems to be, a conclusive "explanation," which practically puts Mr. Walker out of court, and largely by using his own materials and his own authorities. In unqualifiedly adhering to the doctrine that the value of money is "like the value of everything else in the world, governed by the law of supply and demand," and in assuming that "those who hold the quantity theory of money are not bound to prove their case," President Walker appears to be departing from the scientific spirit and following the fortunes of a lost cause.

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THERE IS a movement in New York City among a few eminently respectable people to make Mr. Joseph H. Choate, the United States senator from the Empire State. The ostensible object of this movement is to raise the standard of United States senatorship from New York. We had always understood that the function of a United States senator is statesmanship. In what sense Mr. Choate would raise the standard of statesmanship, it is difficult to understand. So far as the world yet knows, statesmanship is something with which he is more than ordinarily unacquainted.

If a contempt for public questions and being proficient as a never-to-be-taken-seriously after-dinner speaker is an evidence of a high standard of statesmanship, then Mr. Choate



should be elected; but if acquaintance with great subjects of national concern and active interest in public policy are required, Mr. Choate is not within the range of consideration. The only rational test of fitness for the United States senatorship is a known capacity to deal with great economic, financial and political problems affecting the national welfare. So far as we know, there is not a single great industrial, political or financial question to which Mr. Choate has given any consideration on which he could properly be expected to give a competent opinion. Mr. Choate's candidacy looks very much more like a game of personal politics than a serious effort to elect a competent statesman to the United States Senate from New York.

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IN DISCOURSING on "Bank Facilities for Farmers," Matthew Marshall, the financial expert of the New York *Sun*, gives the following advice:

"The plain but unpalatable truth of the matter is that if the farmers who complain of the lack of bank facilities and of their inability to borrow money for useful purposes would spend less than they earn they would soon have money enough for their daily transactions." As if credit was not an essential element of modern civilization.

During the last few months a flood of inane stuff on money has found expression, but this surpasses anything we have seen up to date, even from the wildest greenbacker or the craziest silverite. None of the tribe of Peffers, Coins and Bryans, or the most reckless followers of Altgeld and Tillman, ever gave utterance to a statement so loaded with financial imbecility as this announcement by Matthew Marshall. Why not say, if our business men would spend less than they receive, banks would be entirely unnecessary. Or better still, if everybody would pay spot cash, all credit could be abolished and Wall street wiped out. Or go a step further and say if cities would do without police and fire departments, water works, sewers, paved streets and public parks, our municipal indebtedness could be avoided,



and if they would only do without government, all taxation could be abolished. But Matthew Marshall's philosophy has even greater possibilities yet, for if the people would but refuse to be influenced by social customs and indulge in only such food, clothing, shelter and travel as nature demands, the immense labor and expense of manufacture and commerce could be avoided; nay, more, if we would only be content with barbarism, all the burdens, sufferings, costs and anxieties of civilization could be dispensed with. Matthew Marshall is indeed a rare philosopher: he should be called to Washington at once.

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IN HIS report to Congress, Mr. Carlisle thought it necessary once more to deliver himself on the question of free trade. In order to show the injustice of a protective tariff and how little it contributes to national prosperity, he presents a table giving the number of employés and amount of wages paid in protected industries.

According to these figures, protected manufacturers employ 987,579 laborers, or about 21 per cent of those engaged in all manufacturing and mercantile industries. The fact that protective tariffs directly affect only 21 per cent of the working population, Mr. Carlisle thinks is a great injustice to the other 79 per cent, since whatever benefits the 21 per cent obtain must be at the expense of the others. Just when this childish kind of reasoning will become too absurd for repetition is difficult to say. It is of the same piece as the much repeated stuff about the injustice of organized labor making special demands for short hours and high wages when they include less than 30 per cent of the wage class; and the similar talk about the Cuban revolutionists having no right to speak for Cuba because a majority of the Cubans have not taken up arms. The truth with these and all societary movements is that every step in progress is virtually gained by the action of from 10 to 20 per cent of the class or country benefited.

If it be true that protection will benefit 21 or even 15 per cent of our industrial population, then it is certain that it

would be a national benefit. The prosperity of the entire country can any time be boomed or destroyed by affecting the prosperity of any 20 per cent of the population. Take the wage workers for instance; let 20 or even 10 per cent be thrown out of employment and what effect would it have upon the laborers of the whole country. And conversely, if increased employment or a rise of wages should be procured by 10 or 20 per cent of the wage earners, it would create a prosperous boom among the wage class throughout the country. The same is true of industries—close 10 or 20 per cent of the factories and all of our manufacturing interests will droop, and, conversely, add 5 or 10 per cent to the workshops and the industries of the nation will boom. Therefore, instead of the 21 per cent whose prosperity is directly affected by the tariff being a tax on the remainder, their prosperity stimulates and often creates prosperity for the whole nation.

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IN ANTICIPATION OF legislation for the further restriction of immigration to the United States, an effort is already being made in certain quarters to magnify the political importance of our immigrant population. It is cited as evidence of their superiority that the foreign vote was cast against Bryanism. It is cited as proof of this that the states which gave the largest vote for repudiation were those which had the smallest per cent. of foreigners in their population. It is true that in the South Atlantic and South Central states, which went so largely for Bryan, only 2.65 per cent of the population are foreign born; while in the North Atlantic and North Central states, which went heavily for sound money, 20.10 per cent are foreign born.

But these facts prove nothing to the point. In order to establish the claim that the vote of the foreign population contributed largely to save the honor of the country, it must be shown, not merely that they lived in the states which voted against Bryan and repudiation, but that their votes were cast on that side. But there is nothing in the above facts to warrant such a conclusion. It does not matter whether poverty and ignor-

ance are native or foreign, they always imply political gullibility. The Southern states went for Bryan and disintegration because their population is made up largely of this quality. But there is no evidence whatever that the 2.65 per cent of the foreign population in the South Atlantic and South Central states voted against Bryanism. In the North Atlantic states, the 22.34 per cent of foreign born in the population are for the most part located in the large cities, like Boston, Fall River, Cohoes, Troy, New York and Jersey City. We know that in these great centres an overwhelming proportion of the foreign born population voted for Bryan. In New York City it is more than probable that 100,000 out of the 135,000 votes cast for Bryan were cast by foreign born voters. So that while the majority against Bryan in these states was very large, he unquestionably received an overwhelming majority of the foreign vote. This conclusion is also confirmed by the vote in the West. In the Western states where 25.46 per cent of the population are foreign born, the vote was overwhelmingly for Bryan. The probability is that fully 75 per cent of the foreign vote of the country went for repudiation.

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IN A RECENT sermon on the "wrongs of the poor," Rev. Dr. Walpole Warren remarked: "I thank God that the money question has been settled as it has. I am thankful that it was raised at this time. It has focused the main question, the widening abyss between capital and labor, the rich and the poor, so that we may realize its importance. Shall we wait until it is too late?"

This has brought down upon the reverend gentleman some fierce criticism by the press. One journal says: "The 'widening chasm between the rich and the poor' is a favorite bit of rhetoric with many agitators and plutocrat-baiting stump orators and sentimental preachers, but there is no such chasm in the United States. . . . The foreign and native blatherskite, the crank, the Anarchist, the virulent Socialist of the educated or semi-educated type, may like to abuse the rich. The shiftless loafer will usually envy those better off



than himself and grudge to others the good fortune which he has not the patience or the skill to win."

This kind of rash denial of the fact of poverty is as conducive to false sentiment as the most blatant exaggeration of anti-capital Socialists. Nothing is to be gained by denying what is obvious to everybody. It is useless to pretend that there is no "labor question" which demands specific consideration. As well might the Sultan deny that there are outrages in Armenia, or Croker claim that corruption was unknown under Tammany rule. To pretend that no man is poor in this country, who is not a "shiftless loafer," is arrant nonsense, and the utterer of such rubbish is no less a "blather-skite" than is the anarchist or socialist who declares that "profits are robbery." Perhaps no one thing contributed more to Bryan's immense vote than the continued experience of the wage class with exactly this kind of irrational treatment at the hands of the press.

It is a fact known to everybody that the wage class is at the bottom of the social scale, and that the changing conditions of industry are constantly creating new hardships which other classes do not have to bear. While this is an inevitable result of the progressive movement of society, it is the greatest of all reasons why statesmanship should be especially directed to the problems of the laboring class, and those who persist in denying the existence of these problems, or by belittling sneers create a public contempt for them, are the worst enemies of orderly progressive society.



### Economics in the Magazines.

ENGINEERING MAGAZINE, December, 1896. *Labor Riots and So-Called "Government by Injunction."* By Leonard E. Curtis. Mr. Curtis occupies thirteen pages with a defence of "Government by Injunction," with special reference to the Chicago strike of 1894. In the Ann Arbor case he thinks the courts did "go too far," but the Debs affair he regards as different. It is true that the circumstances at Chicago were aggravated, and that United States troops were actually needed to quell the riot, but it is also true that so far as the injunction matter is concerned, the same theory was acted upon there as at Ann Arbor, and the two cases were different only in details, not general principles. We make no defence of Debs personally, but merely as the person who happened to represent the interests of organized labor at that time. We agree with Mr. Curtis in his remarks about the interference of federal troops to stop the rioting. But the injunction was really directed at the strike itself, and Mr. Curtis unwittingly testifies to this fact in his argument. The injunction, he says, was that Debs and his associates should "desist and refrain" from interfering with traffic, etc., and upon proof that they had disobeyed the order, they were arrested and jailed. Now, the only way in which Debs was interfering with traffic was by calling his men out on strike, and the only conceivable way in which he could obey the injunction was by abandoning the strike and thus practically calling it off. It is not claimed that he had any part in inciting the riots. It was for refusing to declare the strike off that he was sent to jail. Mr. Curtis quotes Debs's statement that: "As soon as the employés found that we were arrested they became demoralized and *that ended the strike.*" This is true. The injunction ended the *strike*; the rioting was another matter and one for the troops to handle. But it is perfectly apparent that in spite of the Court's declaration that "the right of any laborer or any number of laborers to quit work was not challenged," the arrest of Debs and the others did

challenge that right, and defeated the whole purpose of the laborers' struggle.

This, we still insist, is a new and dangerous extension of judicial authority. All that Mr. Curtis says about the growth of the injunction principle and its present necessity may be true, but is not to the point. The use of this power, as applied to labor strikes, is *new*, and the readiness with which it is being employed shows it to be a most serious menace not only to organized labor, but to ordinary personal liberty. The point that the Constitution only guarantees jury trial in cases of *crime*, and that these cases are not crimes, has no bearing at all on the question of whether such trial *ought* to be guaranteed. This is a problem of to-day; not of 1789. Certainly there is nothing in the Constitution to prevent this reform, and even if there were, the Constitution has not heretofore been found too sacred for amendment when the still more sacred interests of civilization and social progress demanded it. The success or failure of the labor movement cannot safely be hung upon so slender a thread as the personal judgment of Supreme Court judges, however great their legal attainments or personal integrity.

*Has the Election Settled the Money Question?* By Hon. Wm. J. Bryan. One hint of the correct answer to this question might be found in the fact that the ex-candidate, in this his first important utterance since the election, fails to suggest a solitary new consideration or line of argument which his followers could use now or in 1900 to stem the tide of adverse silver sentiment which began as soon as the campaign of education got under way and the country commenced to seriously and intelligently study the money question. Probably if the election had been held in the middle of September, Mr. Bryan would have been elected; six weeks later he lacked some 600,000 votes of success. The whole category of free silver argument was rehearsed during the campaign, until now the nation knows it by heart, and Mr. Bryan evidently has no new revelation to make. The question he should really set about

answering, therefore, is how long it will take to settle the money question at the above rate of 100,000 deserters a week. Of course, we are referring to the free coinage proposition, pure and simple. Whether the problem of *Bryanism* is settled or not, is an entirely different matter, and one which the ex-candidate does not discuss. Except for the sudden abandonment of the silver issue and the adoption of a fanatical, socialistic crusade against organized capital, with a deliberate appeal to ignorant passions and class hatred, Mr. Bryan's defeat might have been as complete and crushing as that of Greeley in 1872. This anti-capital demagogery may very possibly form the issue in 1900, but the people have lost interest in the free silver delusion, and Mr. Bryan is only wasting time in trying to revive it.

NORTH AMERICAN REVIEW, December, 1896. *The Duty of the Republican Administration.* By Hon. J. H. Eckels, Comptroller of the Currency. Irrespective of the merits of Mr. Eckels's advice, it must be said that for a representative of an outgoing administration, as thoroughly condemned as this one has been, both by its own record and by the popular judgment upon it, to rush into print at this time with an article on the "duty" of the new administration, is a remarkable exhibition of political egotism and bad taste. It is like a bankrupt advising a successful business man. There is no reason whatever why the opinions of Mr. Cleveland or his officers should have the slightest weight in shaping the policy of their successors, and the attempt of the administration to twist a vindication for itself out of the election returns is pure presumption.

Mr. Eckels's suggestions about the tariff are singularly inapt. He makes the customary *laissez faire* fling at "law-made wealth," which may be passed because it means nothing; but when he says that "the protective theory, as applied to our tax laws . . . . has introduced into the citizens' private business the elements of legislative control to such an extent that injury instead of benefit has been



the resultant effect," it is time to demand particulars. When, where and how has protection injured the country? From 1865 to 1892 was the period of the "protective theory as applied to our tax laws," and 1893-1897 has been the period of an attempted overthrow of that system. Mr. Eckels thinks that the prospect of continual tariff changes means prolonged business uncertainty, depression and stagnation. Perhaps so, but the only change since the war that has actually produced that effect was the Wilson law of 1894, which was the outcome of the free trade agitation begun and perpetuated by President Cleveland and his coterie of Mugwump admirers, and was not half bad enough to suit even them. Because of this impending business uncertainty he tells Congress that it must "not attempt a general revision for protective purposes." How is it that the administration did not happen to think of this objection when it set about smashing the McKinley tariff law three years ago? This tenderness for the security of "business interests" is a remarkably sudden development; certainly it was not a noticeable factor in the preparation of the Wilson Bill.

Mr. Eckels's remarks on the currency question, however, are in the right direction. We do not endorse his particular plan for getting rid of the greenbacks, *i. e.*, gradual redemption in gold *by the government*, and cancellation; but it is creditable to Mr. Eckels that he is in line with the most competent authority and best thought of the day on the subject of sound banking and currency.

*Reform of the Currency.* By J. C. Adams, A. K. Miller and Hugh Craig, respectively Presidents of the Indianapolis Board of Trade and Chambers of Commerce of New Orleans and San Francisco. Messrs. Adams and Craig are right in arguing for retirement of the greenbacks and a reformed banking system, and Mr. Miller is wrong in assuming that a restoration of adequate revenues is all that is necessary to solve the problem of the currency. Mr. Miller's article is noteworthy, however, because of the emphasis laid upon the



fact that the panic of 1893 and the industrial depression since were due primarily not to financial distrust, but to "the threat of a low tariff and the election of a Congress to discharge that threat." As he says: "The repeal of the silver purchasing clause in no wise appeased the distrust; the promise of remunerative production, the invitation to investment and the satisfactory assurance to business enterprise still became less and less down to the ultimate enactment of the present tariff." Clearness of political and economic vision is so decidedly *not* a Southern characteristic that we are glad to make special note of such gratifying exceptions as this.

*What Shall be Done about Cuba?* By Mayo W. Hazeltine. This is an exceptionally strong and well supported presentation of the case for Cuba. It is the most complete and impressive statement of the facts regarding Spain's outrageous misgovernment of Cuba that we have yet seen. In the first part of his article Mr. Hazeltine discusses the character of Spanish rule, and in the second argues for the recognition of Cuban belligerency by the United States. He shows very clearly the farcical nature of the alleged representation granted to Cubans both in the Spanish Cortes and in their own town councils; the enormous indebtedness charged upon Cuba (nearly \$300,000,000 in July, 1895); the manner in which the immense annual taxation is squandered on salaries and for purely Spanish purposes; the burdens put on Cuban industry and commerce; the maladministration of justice, and the absurdity of the so-called "reform" project which was under consideration when the present revolution broke out. Hayti, Mr. Hazeltine thinks, is no test of the fitness of Cuba for self-government, since the race division in the former island is about as sixteen blacks to one white, while in Cuba there are two whites to one black. In arguing for recognition of Cuban belligerency, Mr. Hazeltine calls attention to the fact that the insurgents now control practically all the open country of the island, or much more than at any time during the former rebellion; that they have organized a *de facto* gov-

ernment; and particularly, that Spain, after having sent nearly a quarter of a million soldiers and most of her navy to the island, has been able to accomplish almost nothing towards suppressing the revolution. He also shows that Cuba's position is nearly as strong as was that of the thirteen colonies when we were recognized by France, and that later on we, in turn, extended belligerent rights to the South American republics in their struggles for self-government.

THE LOUISVILLE *Courier-Journal* announces that beginning the first of the New Year it will replace its ten-page weekly edition with a six-page semi-weekly Wednesday and Saturday issue, at the present subscription price for the weekly, \$1 per year. We are glad to see that the *Courier-Journal* is sharing to some extent in the revival of prosperity which it helped bring about by its strong and effective work during the campaign. It is a well-managed, ably-edited paper, and thoroughly free from any taint of Mugwumpery—in fact, the *Courier-Journal* is the New York *Sun* of the South, and, though like its Northern prototype, frequently contriving to get on the wrong side of important economic and political questions, it is always interesting. We confess our inability to understand to what the *Courier-Journal* has reference when it speaks of “continuing the battle for pure Democracy and true Democratic principles.” Bryanism is the logical development and outcome of traditional Democratic ideas—state-rights, wildcat banking, free trade and *laissez faire*. It is the evolution of “pure Democracy and true Democratic principles.” We can hardly imagine a stiff-backed old Kentucky newspaper, with so little of the humbug in its make-up as the *Courier-Journal*, being content to straddle and dodge on any subject, least of all on politics.

### Book Reviews.

THE AMERICAN COMMONWEALTH. Abridged Edition. By James Bryce. Macmillan & Co. New York and London. 1896. Price, \$1.75.

Mr. Bryce's work is the best book yet published on the form, operation and character of American institutions. This edition is abridged especially for class room work in colleges and high schools. It is not merely a curtailment of the larger work, but it is a concentration of it and in some respects has new matter bringing it down to date. No European writer, not excepting De Tocqueville, ever studied the workings of American institutions with such success as has Professor Bryce. He has accomplished what is impossible to most Englishmen; namely, kept his British prejudice out of the discussion of American institutions.

The author makes some adverse criticisms on the workings of certain parts of our political machinery, but in doing so he is always fair and usually correct. In nothing does he show to better advantage than in delineating the characteristic difference in the political theories and principles represented by Hamilton and Jefferson. Without detracting from the strength and character of Jefferson, he sees that he represented the negative principle in statesmanship, that he practically believed in the divinity of the mob, always assuming that, if left alone, the people would solve all problems wisely. Thus while Jefferson stood for the maximum freedom, he lacked the elements of constructive statesmanship which involves the existence of central authority.

On the other hand, Mr. Bryce sees in Hamilton the power of superior constructive statesmanship, with perhaps too low an estimate of the character and capacity of the masses. But this very constructive quality in Hamilton gave us the protective policy and an efficient national banking system, the two requisites to national development; neither of which would have come for a century, if at all, from the *laissez faire* of Jefferson. His no-government policy and his aversion to large cities would probably have kept us an agricultural peo-



ple, whereas the constructive centralizing doctrine of Hamilton, which saw civilization only through the development of American manufactures and commerce, gave us the impetus and principle of national development.

As a storehouse of facts on the construction and working of American institutions it is invaluable; and the philosophic spirit in which the subjects and characters in American history are treated makes it a most useful and wholesome book which no American citizen should fail to read.

OUTLINES OF ECONOMIC THEORY. By Herbert Joseph Davenport. Macmillan & Co. New York and London. 1896. Price, \$2.00.

This is a remarkably well arranged book for classroom use. It is also true to its title, "Outlines of Economic Theory." Moreover, it is entirely free from staleness. The author has evidently made a special effort to be very modern; so much so that he has been led, in not a few instances, to accept the undigested new with insufficient verification. In his opening chapter (p. 3) he lays down the admirable principle that "Somehow and sometime the scientific law must fit into the business and practice of life in its moral, emotional, or bread-winning activities—otherwise science has failed to justify itself. It is not its own excuse for being."

This is excellent doctrine, especially for economics. Economic theories which lead only to abstract abstractions, tending to no practical direction of social affairs are worse than useless. Besides involving a waste of time, they tend to unfit the student for useful citizenship. Scientific economics are both inductive and constructive. A theory of wages which throws no light on the means of increasing wages and bettering the condition of the wage class is but a metaphysical contribution to pessimism and a hindrance to sociological science. It is, therefore, gratifying to take up a text book which sets out with the announcement that economic theories must justify their existence by contributing to the solution of economic problems, even if the author is not consistent with his own proclamation.



On the subjects of value, cost of production, wages and international trade, Mr. Davenport holds some very questionable positions. On the matter of value, he has evidently accepted that immature and doomed-to-be-rejected doctrine of final utility, which assumes that the market price of commodities is determined by the marginal purchaser or the purchaser to whom the article has least utility, instead of by minimum cost at which the dearest producer can afford to supply it. Just as if the utility of a thing to a person who would not pay the equivalent of its cost of production could have any more effect on the price than could the longings of a penniless tramp on the price of four-in-hands.

He says "the cost of production is not what is expended on the production, but what is sacrificed in an alternative opportunity." In other words, the cost of producing a thing is what might have been procured in devoting the energies to something else. Thus the laborer estimates the value of his labor not by what it costs him to perform it, but by what he could get by working at something else, or by what he sacrifices in not working at something else. In support of this he quotes Professor Giddings as saying: "The blacksmith might be able to make \$1.50 a day as an agricultural laborer when any other man in the neighborhood could make but \$1.25; but, being able as a smith to make \$2 a day, he stays at the forge. He will estimate the cost of production of his work at the value of his best alternative employment—the \$1.50 a day."

This is purely imaginary. It is not true in any general sense among the wage workers, indeed if true at all. The blacksmith does not measure the value of his labor or the "cost of production of his work" at what he could get at tailoring or watchmaking or farming, for he does not know what he could get at any of these; he never tried them. He may know what others get, but he has no idea of his own capacity in any of those directions. He has been a blacksmith all his life. He makes no such comparisons; they never enter his head, because he is wholly ignorant of them and of his capa-

city at those employments. The pressure behind the blacksmith which makes him demand \$2 a day and strike against any effort to make him accept \$1.75 is not at all what he could get at shoemaking or tailoring or watchmaking, but what it costs him to live in his accustomed way. That may happen to be for the blacksmith \$2 in one place, \$1 in another, and \$4 in another. But in no community does it arise from his comparison with what he could get in other industries. Cost of production is, indeed, sacrifice, but it is the sacrifice of what one has, and not of what one imagines that under some other circumstances he might have had. This is another case of heading for the fog.

Mr. Davenport also affirms the untenable doctrine that profits are essentially the same as wages. This is one of the most confusing of the recently suggested economic tenets. It confounds what is a primary element of cost with what is essentially and always an incidental, contingent, surplus increment; the result of this is to involve the wage question, which is one of the most important social problems of our times, in hopeless confusion. The wage receiver and the profit receiver occupy essentially and emphatically different economic positions. Wages are an indispensable condition of production. Profits are an incidental result of exceptionally successful production only. High wages are the result of permanent social forces. High profits are the result of exceptional productive enterprise. The one is the necessary result of a social cause and the other the temporary result of exceptional effort, which can be continued only so long and in proportion as the effort producing profit is exceptional, disappearing whenever by the general progress the exceptional has become the normal.

The book, however, has many strong points. It is well written. The theoretical positions are lucidly presented and it has the merit, at least, of committing its errors in the direction of struggling for new light rather than tenaciously hugging old exploded theories.

# GUNTON'S MAGAZINE.

FEBRUARY, 1897.

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## Practical Versus Metaphysical Economics.

Whatever may be true of other sciences, it cannot be said of economics that "it is its own excuse for being." The study of economics is little better than waste of time unless it contributes to the practical solution of social problems. Economists should be the scientific advisers of statesmen to the end of promoting the opportunities and conditions for successful industrial pursuits and social development.

Business men do not study economics and sociology, but markets and methods. Their function is to appropriate and utilize existing opportunities and possibilities. The statesman is concerned with the opportunities and possibilities of the nation collectively. In short, the business man deals with existing facts from week to week and month to month; the statesman with the conditions which make those facts possible. The function of economists is to study the economic and social laws underlying and governing this larger societal movement upon which sound statesmanship rests. In proportion as they fail in this, they may properly be regarded as useless to society and to have failed to justify their existence. Yet candor compels the admission that this is largely the position economists have hitherto occupied. They have for the most part been dabblers in abstractions rather than constructive scientists. Hence, instead of being reliable advisers for practical statesmen, they have ever been irresponsible, negative critics of all constructive policy. This has been so characteristic of economists as a class that they have come to be regarded as unpractical theorists.

The successful directors of affairs, both in business and statesmanship, have almost uniformly acted contrary to the



theory of economists; hence, the adage, "it is true in theory but not in practice." In all the struggles of the laboring class since the dawn of the factory system, they have not been aided in a single movement by the theories of the economists, but in nearly every instance have had to push their way with the doctrinaires against them. The same is true of business and statesmanship. The industrial policies of the world's great statesmen have almost universally been in opposition to the economic theories of the period. The influence of this has tended to create a doubt as to whether a college education does not injure rather than help prepare the student for business and practical usefulness in society.

On the great questions affecting the very life of nations, like money, banking, revenue, protection, wages, etc., the influence of the economists, who ought to be experts, is almost *nil*. There is probably not a college in this country nor in Europe where responsible statesmen would think of going for serious consultation on any great measure of public policy. Why is this? It is not true of other branches of knowledge; why should it be true of economics? In biology, physiology, chemistry, architecture, engineering, pedagogy and law, knowledge all leads to practical efficiency and social usefulness and the advice of the experts in all these departments is sought on all important occasions, whereas, in economics, it is avoided or rejected with the feeling and not infrequently with the statement, "they are theorists." The others are all theorists, too; indeed it is because they are theorists that they are called in to pass upon the wisdom of undertakings in which the correct theory alone is adequate to furnish a reliable opinion. Then why are economists rejected? The real reason is this: In the other departments of knowledge, the theories have a constructive relation to the phenomena studied, while in economics they have had for the most part only an abstract and metaphysical relation to the subject. The tendency has been to study economics from hypothetical rather than actual phenomena, and so find out what would occur under conditions that never exist, and practically create

a world in which nobody lives, by eliminating nearly all the phenomena that modify and mould human conduct. Thus, abstract principles are arrived at which, if true, would render no aid in dealing with practical problems. Hence, so many economists, instead of being leaders of social progress, are logical anarchists and advocates of the doctrine of do-nothingism.

Much of the negative mysticism has arisen, of course, in the discussion of value, which is necessarily an abstruse question. Upon the doctrine of value hangs all the theories of equity and justice in the relation of the different classes to each other. Value is the key to the distribution of wealth, consequently, it is at the root of all problems relating to wages, prices, profits, rent and interest. Every movement for the advance of society, either as a whole or as related to any particular class, as laborers, consumers, traders or manufacturers, must have its justification in the doctrine of value.

There are two general movements which contribute to and always indicate a betterment of society. One is the downward tendency of prices without loss to producers, the other the upward tendency of wages without loss to employers. Unless one or both of these movements take place, there can be absolutely no permanent progress in any country. No theory on the subject is of any social account which does not furnish a fulcrum upon which statesmanship can place its lever to promote these economic movements, yet this is just what the economic discussion of value has failed to do.

For more than a century the theory of value presented by economists was that of supply and demand, which, in brief, is that the value of commodities and labor rises as the demand exceeds the supply and falls as the supply exceeds the demand; the logic of which is that the over-production of a commodity (the sure precursor of loss and industrial depression) is the only means of lowering the price, and monopoly, of raising it.

It is obvious that this theory could lend no stimulus to

any economic movement for permanently lowering prices. In their daily experience, manufacturers and business men knew that a permanent lowering of prices was feasible only with a permanent lowering of the cost of production, and consequently regardless of the theories of economists and frequently with a perfect contempt for their opinions, the practical men of affairs acted upon the cost of production principle, through which the great factory system and modern improvements with their wealth cheapening influences have all come into existence.

On the labor side of the situation, the doctrine of supply and demand was even more pernicious. It taught that wages were governed by the proportion between the number of laborers and the quantity of capital devoted to the payment of wages, and concluded that wages could only be high when laborers were scarce, and they would always be low when laborers were abundant. Consequently, the only way that wages could be increased was either for laborers to reduce their number or contribute to the wage fund of the capitalists. Instead of furnishing any clue by which the laborers' condition could be improved, this doctrine gave the dignity of science to the idea that a general increase of wages was practically impossible; that the only hope of relief for the laboring classes was in war, pestilence or immigration. Of course, this was convenient for the capitalists, because it furnished them with an argument for resisting every rise of wages. It is needless to say, however, that the laborers did not resign themselves to fate by virtue of this doctrine; on the contrary, they ignored the doctrine and followed the natural law of the least resistance. As the pressure of their rising social standard of living upon their wages increased, they demanded higher wages and shorter hours and better conditions, with utter disregard for the theories of economists. They took all the risks of disrupting society, of personal ostracism and sometimes of imprisonment to accomplish these ends. In other words, they did exactly what the business classes did; they acted upon the cost of production principle, which to them was the cost of their



living. Following this line of least resistance, fighting when the present endurance involved more hardship than the contest for reform, they have nearly quadrupled their wages, shortened their hours of labor by one-third and acquired a political and social status, not enjoyed by the employing class itself in the last century.

It was this hopeless economic theory which really gave rise to the Christian Socialist movement in the first half of the century, and during the last quarter of the century developed the Marxian doctrine that all forms of capitalist income are robbery, which is at the basis of the dangerously disrupting movements of to-day. It was this social impotence of political economy which led Carlisle to denounce it as the "dismal science" and August Comte to deny to it any scientific status, and both the laboring and capitalist classes to ignore or distrust all who spoke in its name.

About the middle of the century the unpractical character of economics became so manifest that a departure from the traditional doctrines occurred, and a new school arose. Since 1870, and particularly during the last dozen years, an immense amount of new-school literature has come into existence in this country and Europe, particularly in Germany. Unfortunately, however, the efficient treatment of the numerous economic, social and political problems arising from our highly complex social conditions is receiving little, if any, more practical aid from the doctrines of the new school than did the problems of the first half of the century from the old school. Statesmen charged with the responsibility of shaping the national policy or of directing legislation in the different states get no more aid from the universities to-day than they did a half century ago.

The reason for this inutility of economics is that we are still in the realm of metaphysical instead of practical and constructive economic thinking. Quasi-mysticism seems to be regarded as more profound than simple, direct explanation; and negative conclusions are more scholarly and impartial than positive conviction. Where two modes of explaining the

same phenomena are possible, it has almost become the fashion to take the more obscure and involved, as if the aim of the science was to arrive at a "colorless" conclusion and be entirely "above suspicion" of lending aid to practical conduct.

Of course, the central question in the doctrine of the new school, as in the old; is value; hence, the chief difference in the two schools is the difference in their doctrinal treatment of that subject. What supply and demand was to the old school, "final" or "marginal" utility is to the new school, and in reality it is but a further refinement of the same doctrine, and hence is open to essentially the same criticism. To be sure, it is presented with greater elaboration and more scholarly eclat, and it is correspondingly more beclouded, "subjective," metaphysical and abstract. This doctrine of marginal utility, although introduced in England by Jevons, has been most extensively elaborated by the writers of what is known as the Austrian School, conspicuously by Friedrich Von Wieser of the German University of Prague ("Natural Value") and Eugen Bohm-Bawerk, of the University of Vienna ("Positive Theory of Capital"). The writings of these prophets of the new school and their continental collaborators have practically captured the field in this country, about as completely as did Adam Smith and his immediate disciples in England at the beginning of the century, and with similar results upon the social utility of the science.

By marginal utility is meant that portion of the general supply of a commodity which has the least utility to a possible purchaser. The last remnant of the supply is called the marginal quantity, and the most reluctant or indifferent purchaser is called the marginal consumer. Hence, according to this theory, the highest price that the most indifferent consumer will give for the last remnant of the supply is the marginal price, and the marginal price determines the price of the whole.

In defining marginal utility, Bohm-Bawerk says:\* "Here,

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\* "Positive Theory of Capital," pp. 148, 149. Cf. "Natural Value," Von Wieser, p. 13.

then, we have reached the goal of the present inquiry, and may formulate it thus: the value of a good is measured by the importance of that concrete want, or partial want, which is *least urgent* among the wants that are met from the available stock of similar goods. What determines the value of a good, then, is not its greatest utility, not its average utility, but the least utility which it, or one like it, might be reasonably employed in providing under the concrete economical conditions. The law which governs amount of value, then, may be put in the following very simple formula: The value of a good is determined by the amount of its marginal utility. This proposition is the key-stone of our theory of value. But it is more. In my opinion it is the master-key to the action of practical economic men with regard to goods."

In 1891, Prof. William Smart of Queen Margaret's College, Glasgow, the able translator of Bohm-Bawerk's works, and editor of Von Wieser's "Natural Value," and probably the most lucid expounder of the doctrine among English economists, published a little work of 88 pages for the special purpose of clarifying this doctrine of marginal utility. On pages 55 to 57 he states what he regards as the complete case, thus:

"This is the ordinary case of what may be called complete competition—where there are several buyers and several sellers of similar articles. Suppose the case of six buyers, each wishing to purchase a barrel of apples, and five sellers, each wishing to dispose of one barrel. We assume that the barrels are all of equal quantity and offered simultaneously, and that the competitors on both sides know their own interests and follow them:

Buyer 1 values the barrel at and will pay any price under .....	18s.6d.	Seller 1 values the barrel at and will accept any price above.....	13s.
Buyer 2 do do	18s.	Seller 2 do do	14s.
Buyer 3 do do	17s.6d.	Seller 3 do do	15s.
Buyer 4 do do	17s.	Seller 4 do do	16s.
Buyer 5 do do	16s.	Seller 5 do do	17s.
Buyer 6 do do	15s.		

"Here the subjective valuation which the first three buyers put upon the apples is so high that they are, economically, "capable" of purchasing from any of the sellers. But, naturally, they will not pay more than necessary, and the transaction begins by low offers on the side of the buyers, and holding back on the side of the sellers. Let us follow the course of the bids methodically:



At 13s. 6d.	there are 6 buyers and 1 seller.
14s.	“ “ 6 “ “ 1 “
14s. 6d.	“ “ 6 “ “ 2 “
15s.	“ “ 5 “ “ 2 “
15s. 6d.	“ “ 5 “ “ 3 “
16s.	“ “ 4 “ “ 3 “
16s. 1d.	“ “ 4 “ “ 4 “
16s. 6d.	“ “ 4 “ “ 4 “
16s. 11d.	“ “ 4 “ “ 4 “
17s.	“ “ 3 “ “ 4 “

“Thus we see that at any price from 16s. 1d. to 16s. 11d. there will be as many buyers as sellers, and the conditions will have emerged at which exchanges take place and price is determined. For at that price four buyers and four sellers will make a gain by exchanging. The fourth buyer was willing to pay anything under 17s., and the fourth seller willing to clear at anything over 16s.; thus, both gain by a price which falls between 16s. and 17s., while the three more capable pairs gain proportionately more. And at that price, the valuations of the remaining competitors, be they few or many, are unable to have any effect on the exchange. 16s. 1d. will not suit buyers 5 and 6, who are not willing to give more than a maximum of 15s. 11d. and 14s. 11d., and 16s. 11d. will not suit sellers who demand at least 17s. 1d.

“Again, any price above 16s. 11d. would cause the fourth buyer to withdraw, and any price under 16s. 1d., would cause the fourth seller to withdraw. The price, then, will be determined somewhere between the subjective valuations of the last buyer and the last seller—what we may call the marginal pair. And the most capable exchangers are proved to have been those who put the highest valuation on the commodity they wished (apples or money), and the lowest valuation on the commodity they had (money or apples).”

We do not insist that the full significance of this statement will be obvious to every reader of these pages, although it is regarded as the clearest statement of the point yet presented. It is not our purpose in this article to question the correctness of this theory; that we defer to another time. We are here concerned only with its practical utility.

Let it be granted that everything assumed in the last table is true. What of it? Of what significance is it to anybody to know that out of nine grades of buyers and nine groups of sellers, if the price rises above 16s. 11d., one buyer would withdraw, and if it falls below 16s. 1d. one seller will withdraw? How does the knowledge of this fact throw any light whatever upon the means of promoting public welfare through the medium of prices? Since social progress depends upon the downward movement of prices and the upward

movement of wages, if economic science is to contribute anything to civilization, it must not only explain the movements of these phenomena, but it must explain them in such a way as to render aid in directing public policy to that end. Now that is precisely what this theory fails to do. All it explains is that when the price is above 16s. 11d., there are some who will not buy, and when it is below 16s. 1d., there are some who will not sell. If we ask why won't they buy at above 16s. 11d. or sell below 16s. 1d., the answer is, because 16s. 11d. and 16s. 1d. are respectively the marginal utility of the buyers and sellers of apples, and pray how much the wiser are we?

The grain of truth conceded in all this is that the price must be high enough to cover the cost of the most expensive producers whose goods are demanded—a fact which in the light of the cost of production principle is simple and obvious.

To illustrate: Let us suppose that a given market for hats is supplied by six competing groups of manufacturers, whose cost of production varies from \$2.75 to \$3.00, as follows: No. 1 can produce hats at \$2.75 each, No. 2 at \$2.80, No. 3 at \$2.85, No. 4 at \$2.90, No. 5 at \$2.95, and No. 6 at \$3.00. If the supply of the dearest group, whose cost is \$3.00, is necessary to fill the market demand, the price cannot be less than \$3.00, and if the demand of those who would do without rather than give more than \$3.00 is necessary to carry off the supply, the price cannot be more than \$3.00. Clearly, then, the price will be \$3.00, which is the equivalent of the cost of the dearest (or marginal) producer, and this is what the marginal consumer is compelled to pay, or cease to be a consumer at all. But suppose that a new machine is invented which enables the marginal producer to supply the same hats at \$2.90? A group of previously non-consumers, to whom the hats had a utility of \$2.90, could now become purchasers, and a new marginal utility would thereby be established, and why? Simply because a new *marginal cost of production* has been created. The \$2.90

utility purchaser is not new; he was there before; the only new fact is the \$2.90 marginal producer.

This is what occurs in everyday life. The cost principle is intelligible to practical men of affairs, and is the one upon which they instinctively act, whereas the Austrian theory, besides obscuring what is already clear, leads only to a vacant circle devoid of dynamic suggestion.

For example, we recognize that the price is determined by the marginal utility; we want to lower the price of hats to the public without involving loss to those who supply them. How can we do it? Oh, by lowering the point of marginal utility. Yes; but how can this be done without loss to the producer? and echo answers how?

If we turn to the marginal cost theory with the same question the case is very different. We recognize that the price is determined at the point of marginal cost. We want to lower the price to the consumer without injuring the producers. How can we do it? Lower the marginal cost. How can that be done? By stimulating the forces and conditions which lead to improved methods of production, and the problem is solved.

In the matter of wages, the Austrian theory is still more objectionable. The marginal utility of labor is the lowest utility to the employer. We want to increase wages. How shall we do it? Raise the marginal utility of the laborer. How shall we do that? Increase the price of products or else reduce the number of laborers, either of which is an injury to the wage class.

If we approach the wage question with the marginal cost theory, the result is wholly different. We recognize that wages are determined at the point of marginal cost (dearest laborers), we want to increase wages. How shall we do it? Increase the marginal cost of labor. How shall we do that? Raise the social standard of living of the laborers. Here we have an affirmative answer which increases the laborers' wages by improving his social life.

It is not a little surprising that in the closing days of the



19th century, when statesmanship is so much in need of practical aid from economic science that this impotent metaphysical theory should find general acceptance in the practical atmosphere of the United States. Yet much of the literature now being published in this country, not accepting that issuing from our great universities, is largely beclouded by this marginal utility fog.

As an example of this, at the recent meeting of the American Economic Association in Baltimore, an ardent student of the new school remarked with an air of triumph that he had devoted fifteen weeks of close study to Professor Clark's "Philosophy of Wealth," a book of 236 pages. Of course, the profundity of a book whose meaning was so difficult to fathom, must be wonderful. Indeed, this seems to characterize the entire Austrian school discussion. The burden of nearly all the replies of the new school disciples to their critics is that their meaning was misapprehended.

It is fair to say, therefore, that the doctrine of marginal utility is unclear and unpractical, and hence ought to have no place in the scientific teachings, in an age and country where the crying demand of social life is for the practical aid of economic science. If economists insist upon preferring the obscure and impotent, to the obvious and efficient in economic doctrine, they can hardly expect the confidence of men of affairs or to exercise any real influence upon the direction of public policy and the shaping of social institutions.

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### Decline of Cobdenism.

The Cobden Club held its annual meeting at the National Liberal Club, London, on November 24th last. The principal addresses were made by Lord Farrer and Lord Playfair, neither of whom manifested any particular enthusiasm over the outlook for free trade principles throughout the world. The club occupied itself chiefly in making the most of the assumed failure of Mr. Chamberlain's Imperial Federation scheme, and in working itself up to the point of accepting

with philosophical resignation the unwelcome fact of Germany's remarkable growth in industrial importance and as a factor in international trade.

The Cobden Club has had a long, long wait for a fulfillment of the prophecy made by its founder over a half century ago, that within ten years after England had inaugurated the golden era of commercial freedom every civilized country would be free-traders to the backbone. To-day England not only finds herself still alone in support of that policy, but even within her own borders there is a growing and crystallizing sentiment favorable to the protective idea. To be sure, Englishmen are very wary of the name "protection," but they are beginning to say a great deal about "national defense," "inter-colonial reciprocity," "maintenance of commercial supremacy," and so on, all of which reflects not so much a definite change in theoretical standards, but a serious alteration in commercial conditions which has been taking place within the last few years. English manufacturers are feeling for the first time the stress of outside competition upon a large scale, at home as well as abroad, and they will in all probability be found quite as ready to throw free trade overboard when it has ceased to serve their interests as they were to support it during the period of foreign market extension. For this reason the attitude of the Cobden Club is no longer aggressive but defensive. It finds nothing to congratulate itself upon, except the apparent slowness of its own decadence. Unable to deal with the new conditions which are arising in international and domestic trade, it takes on the attitude of economic dogmatism, and says that its principles are too self-evident to warrant submitting them to further discussion. This was the spirit of Lord Farrer's remark in reference to the many challenges received by the club during the year, that "when those persons had not the slightest knowledge of the elementary principles with which they (the club) were concerned, he did not think that because they trailed their coats the club was bound to tread upon them." No doubt British manufacturers will continue to ignorantly

consult their own interests and leave the Cobden Club in undisturbed contemplation of its elementary principles. "Some challenges, however," said Lord Farrer, "were definite; for instance, the challenge contained in Mr. Williams's book, 'Made in Germany.' . . . Mr. Williams had really something of a case to state; there were important facts to be brought before the British public; but he had distorted and exaggerated the conclusions to be drawn from those facts. He was possessed by the belief that the success of other countries was ruin to England. Of course the truth was just the reverse. He considered every new manufacture that Germany created as a sort of piracy, almost a kind of wrong to the English manufacturer. If the Germans could make chemicals and chemical manures better than we could, for heaven's sake let us buy them and send them something we could make better than they. If France sent us more tasteful silks, let us do the same with France, and so on through the whole gamut." This, at least, is something of an advance, for the Cobden Club to acknowledge that free trade is no longer a guarantee of British supremacy. "The past, at least, is secure," it says, "now let us accept the inevitable." Here the club marks out an onerous task for itself, since its own future status will depend upon its success in bringing British producers to look upon disappearing markets and vanishing profits in this same philosophical spirit.

One extract from Lord Playfair's speech reveals characteristic British sagacity in the interpretation of American affairs. "After referring to the silver craze in America, Lord Playfair said he did not believe President McKinley could or would reimpose a heavy tariff in place of the one in operation. After McKinley's law of 1890 a paralysis came upon the export trade of American manufactures. Even protectionists would recollect their distress then, and would oppose a repetition of that high tariff." This is good enough to have appeared in *Punch*, unless it be a fact that real humor is not permitted in that staid and respectable publication. We agree



with Lord Playfair that such protectionists as can "recollect" the distress of American manufacturers under the McKinley tariff, under which domestic exports reached the largest total in our history (\$1,015,732,011 in 1892), and general prosperity touched high water mark, will oppose a re-establishment of the protective policy. Let them speak up.

The editorial of the London *Times* upon this meeting of the Cobden Club so exactly reflects the declining influence of that organization in British public affairs, and the cautious, yet growing sentiment for a positive policy of industrial defense, that we reproduce it entire:

"The annual meeting of the Cobden Club is seldom a lively entertainment, and the gathering yesterday addressed by Lord Farrer and Lord Playfair, and attended by Sir Wilfred Lawson, Mr. Shaw Lefevre and Mr. Picton, was not an exception to the rule. Mr. Chamberlain's suggestions on the subject of an Imperial *Zollverein* naturally were the subject selected for dissection by the President, but it may be doubted whether the operation as it was performed will carry conviction to those who were not convinced before. Mr. Asquith at Leicester referred to the same topic and agreed with Lord Farrer in regarding the question as practically defunct. Lord Farrer, indeed, seems to look upon the Colonial Secretary as an interesting convert to the pure traditions of Cobdenism, who has found salvation since the reception given to his alleged heresies last summer by the congress of the chambers of commerce. The club, he thinks, should be satisfied with what took place on that occasion, and its gratification ought to be heightened by the contrast lately drawn by Mr. Chamberlain himself between British and foreign methods of colonial policy and the results which follow from each. It needs no great adroitness to triumph in controversy over an absent adversary, when the sole disputant enjoys the advantage of stating in his own way the arguments he is about to demolish. Lord Farrer found himself in this enviable position yesterday, but it may be doubted whether his dialectical triumph would have been, even in his own eyes, so complete, had Mr. Chamberlain been

present to put his case for himself. It will strike many people of abilities very inferior to his that no great difficulty exists in reconciling the views which the President of the Cobden Club chose to treat as contradictory. Prussia, which worked out the unification of the German Empire in no small measure by the machinery of the *Zollverein*, approached more nearly to free trade principles in her commercial legislation than most European countries at the time when she first adopted that far-reaching policy. Indeed, one of the most recent of German historians boasts that she was then far in advance of England. The objections to any scheme encroaching, however slightly, upon our traditional free trade system are manifest and of extreme gravity, but it does not follow that all projects for promoting the unity of the Empire by fiscal means are necessarily hopeless and impracticable. Lord Farrer bids the Cobden Club look with a hopeful eye upon the progress of free trade in Australia, and even in Canada and the Cape. It may be that the financial unity of the Empire will ultimately be furthered in that fashion, but the prospect certainly seems remote. The Cobden Club have been hoping—at times with much better grounds—for the conversion of the chief states of the old world and the new to the doctrines which seem to us in England so unanswerable. Yet the fact remains, as Mr. Balfour observed the other night, that our only fellow-disciples are the Turks, and that the greatest commercial country across the Atlantic has just reaffirmed its faith in protection."

English free traders attempt to account for German success by the superiority of German technical training. In view of the history and industrial experience of the two countries, this appears at best like a highly strained attempt to cover up the real and determining cause, namely, the lower wage rate of Germany, accompanied by machine methods practically up to the British standard. Of course, if this fact were recognized by the Cobden Club, *et al.*, it would inevitably give a spur to protectionist sentiment among English wage-workers, hence the insistence upon this "technical training" theory. Mr. John Morley, in a recent address to an audience of

students advanced this notion, together with the following, which must have been received with unbounded enthusiasm by the young men present: "Was there not," said Mr. Morley, "a little too much addiction to pleasure nowadays—did not young men attend rather more to their athletics and sport than was wholly good? There was no doubt, taking the country as a whole, that pleasure and sport were now absorbing an amount of time and mental pre-occupation which must block out some other subjects which it would be well if men and women paid attention to." So then, we have in all three attractive suggestions regarding the present and future of English trade. The first, as we have shown in previous numbers, comes from such manufacturers as have begun to feel the pinch of foreign rivalry, and it is, lower wages; the next, from Mr. Morley, is, less pleasure and harder work; the last is from the Cobden Club,—more technical training, and after that, resignation.

In further illustration of the heresy at home with which the Cobden Club must be prepared to deal from now on, we take the following from the London *Times* of December 18th last:

"A conference, open to all persons favorable to a reform of the fiscal policy of the country upon protectionist lines, was held in St. James's Hall last Thursday. Mr. James Lowther, M. P., who presided, said that no other nationality or state of any power in the world had adopted the principle of the Cobden Club. The new Prime Minister of Canada had distinctly given an assurance before his election, which he had repeated since, that under no circumstances would he lend himself to any attempt to interfere with the protective tariff. The Canadian general election had to all practical intents definitively settled the policy of Canada, so far as both political parties were concerned, as permanently being in the direction of protection. There was now not a colony in Australia which had not under its consideration practical proposals largely moving in the direction of protection, while others remained staunch to the principles that meeting had been called to advocate.



“ Sir H. Howorth, M. P., moved a resolution declaring that the fiscal system of the country urgently required reconsideration with a view to protection being afforded native industries, while insuring an unfailing supply of food together with secure markets for our home manufactures by means of preferential trading relations with all parts of the British Empire. This was carried unanimously, as was a resolution affirming the principle that all competing imports should pay such duties as would prevent foreign products having undue preference over internally-produced commodities, with discriminating duties in favor of our colonies and dependencies.

“ Sir W. Barttelot moved: ‘That in the opinion of this meeting it is of the utmost importance that local protectionist associations be formed without delay in all parts of the country, with a view to their co-operation with the various other societies, to advocate a comprehensive reform of our fiscal policy.’ This also was unanimously adopted.

“ Mr. Disraeli, M. P.; Mr. Seton-Karr, M. P.; Colonel Sandys, M. P., and Lord Masham were among the speakers.”

The English are strong in prejudicial feeling, and slow to abandon traditional institutions and customs, but there has never been a time when their own best interests have not finally been determinative in public policy. It is this fact which is again being illustrated in the growth of protectionist sentiment and decline of Cobdenism in England itself.

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### Walker's Contribution to Economics.

In the death of Francis A. Walker, the vineyard of economics has lost an active and able worker. It is the privilege of few men to have such all-round efficiency as General Walker possessed. Although less than fifty-seven years of age, he had held with honor and distinction enough prominent positions to give fame to half a dozen men. He was born in Boston in 1840 (July 2), and graduated from Amherst College in 1860. After giving a year to the study of law, he entered

the army as sergeant-major in 1861. Before the close of the same year, he became assistant adjutant-general, with the rank of captain, and in 1862 was made adjutant-general, with the rank of major, and after serving under a number of distinguished generals, including Hancock, and experiencing a taste of life in Libby prison, he finally received the brevet of brigadier-general.

When turning to the sphere of civic pursuits, he was scarcely less successful. From 1865 to 1881, he passed in rapid succession from a teacher of Greek and Latin at Williston Seminary (1865-67) to assistant editor of the *Springfield Republican* (1868); and in 1869 was made chief of the Bureau of Statistics in the Treasury Department at Washington. In 1870 he became superintendent of the ninth census; in 1872, commissioner of international affairs, and in 1873 professor of political economy in Yale. In 1876, he was chief of the Bureau of Awards at the World's Fair in Philadelphia, and in 1878 was United States commissioner to the international monetary conference at Paris. He was superintendent of the tenth census in 1880, and in 1881 was elected president of the Massachusetts Institute of Technology, which position he held at his death.

His scholarship was also liberally recognized by institutions of learning. He received the degree of A.M. from Amherst in 1863, and from Yale in 1873. The Doctor's degree of Ph.D. was conferred by Amherst in 1875, and that of LL.D. by both Amherst and Yale in 1881; by Harvard in 1883, and by Columbia in 1887, and by St. Andrew's, Scotland, in 1888.

Although he was both brilliant and popular as a soldier, statistician and scholar, it is upon his work in the special sphere of economics that his claim to distinction rests. While in the other fields, he was an able, enthusiastic worker, in this he was a specialist. It is, therefore, as an economist that General Walker will be known in history, and here his title to distinction is beyond dispute. He was the leader of organized economic work in this country since the war.

His contributions to economics were not so much those of an original genius as an inspirer to wholesome, active, economic work.

His first important book, "The Wages Question" (1876), was a definite and lasting contribution alike to the literature and the science of economics. The chief value of this work was in giving vigorous emphasis to a then incipient rebellion against a long-standing economic fallacy—the wage fund theory. As a vehicle of hopeless pessimism for the laboring classes, this doctrine was one of the most pernicious ever taught in the name of social philosophy.

It is true that General Walker was not the first to attack this doctrine. The first bold attack upon it was made by Thornton in 1869. Although Mr. Thornton's criticism was sufficiently effective to convert John Stuart Mill, it did not deprive the theory of general acceptance by economists. This task remained for General Walker, and he really accomplished it in his "Wages Question." The effect of Mr. Walker's onslaught upon the doctrine did not consist wholly in its logical demolition, which was very complete, but in the frank, healthful discussion of the wages question as a class question, amplified by data and supported by cogent reasoning and forceful statement. Besides giving the wage fund theory a blow from which it has never recovered, it gave the wages question a respectable status in economic discussion which it has retained ever since. Although he was a free trader of a rather virulent type, in this book he vigorously attacked the doctrine of *laissez faire*, as a general principle of public policy. His effective exposure of the fallacies of this doctrine of indifference and logical anarchy, was second only to the exposure of the wage-fund theory, either of which are sufficient to make "The Wages Question" a book of permanent value.

In this book, Mr. Walker also undertook to replace the wage fund theory with a new doctrine of wages. Here, however, he was less successful. He endeavored to establish the theory that wages instead of being paid out of capital, as



taught by the wage-fund theory, were paid out of production. He says (p. 128, "The Wages Question,") the "popular theory of wages . . . . is based upon the assumption that wages are paid out of capital, the saved results of the industry of the past. Hence, it is argued, capital must furnish the measure of wages. On the contrary, I hold that wages are, in a philosophical view of the subject, paid out of the product of present industry, and hence that production furnishes the true measure of wages."

He here really took the wage-fund formula and endeavored to give all the creative and regulative power over wages to production which the old theory had given to the capital fund. It was not difficult, however, to show that this theory was radically defective. Although it was not as pessimistic and narrow as the old doctrine, it proved wholly inadequate to establish a general economic law of wages,\* and found little acceptance.

Mr. Walker's principal work, however, is his "Political Economy," published in 1883. This was a general economic treatise, covering the subjects of production, exchange and distribution of wealth, prepared as a text book for use in colleges and universities. In its revised form, this work is more generally used in our colleges and universities than any other American text book.

He was a devoted Ricardian, and one of the most lucid expounders of Ricardo's doctrine of rent, which he affirmed in its entirety without question or qualification. The strongest feature of this work was the masterly way in which he brought out the principle of marginal cost of production in the theory of business profits, which was really the application of the Ricardian doctrine of rent to profits. Mr. Walker's relation to this is quite similar to Ricardo's relation to the theory of rent. The marginal theory of rent was clearly stated by Dr. Anderson thirty-eight years before Ricardo wrote; but it was not until Ricardo's powerful and elaborate presentation of it

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\* "Wealth and Progress." Pp. 53-59.

that the doctrine took a recognized place in economic thought. Hence, it is properly associated with Ricardo's name rather than Anderson's.

Similarly the theory of marginal profits was explained by Mill, who said:\* "The value, therefore, of an article (meaning its natural, which is the same with its average value), is determined by the cost of that portion of the supply which is produced and brought to market at the greatest expense." Again,† "The extra gains which any producer or dealer obtains through superior talents for business, or superior business arrangements, are very much of a similar kind. If all his competitors had the same advantages, and used them, the benefit would be transferred to their customers, through the diminished value of the article; he only retains it for himself because he is able to bring his commodity to market at a lower cost, while its value is determined by a higher."

Although this is a concise statement of the principles of marginal cost of production, it is manifest that Mill never realized its full significance in connection with profits. The statement was made incidentally when discussing "rent in its relation to value," but when discussing business profits he nowhere uses it; but on the contrary treats profits as a part of the cost of production and hence entering into price.‡ "Profits, therefore, as well as wages," he says, "enter into the cost of production, which determines the value of the produce," while, like Ricardo, he stoutly affirmed that|| "rent, therefore, forms no part of the cost of production which determines the value of agricultural produce."

Mr. Walker's contribution was in taking up what Mill apparently incidentally dropped and giving it a permanent place in scientific thought. He definitely affirmed and conclusively proved that profits are "of the same genus" and "governed by the same law as rent," and denied that they were either

\* "Principals of Political Economy." Vol. I., pp. 579, 580.

† *Ibid.*, pp. 586, 587.

‡ "Principles of Political Economy." Vol. I., p. 568.

|| *Ibid.*, 581.

abstracted from wages or added to prices. This was a real contribution to economic doctrine, the credit of which properly belongs to Walker rather than to Mill, because it was he who recognized its scientific significance and co-ordinated it with a body of permanent economic doctrine.

Since scientific truth is added by such small increments and at rare intervals, too much should not be expected from any one person; yet, it has never ceased to be a matter of surprise to us that one who so thoroughly grasped the Ricardian theory of rent and successfully applied it to the theory of profits should utterly fail to see its application to interest and wages. Yet, Mr. Walker not merely failed to extend the principle of marginal cost of production to the other parts of the economic field, but he resolutely denied that it had any application there. This appears to be Mr. Walker's weak point as an economist; what he did not see, he dogmatically denied.

He clearly saw that there could be "no-rent land," and that there could be "no-profit employers," but he boldly and baldly declared that there is not "any no-interest capital," and says "the whole theory of rent rests on the assumption that there is a body of no-rent lands. . . . In the theory of capital there is nothing to correspond to this. The economist does not find any no-interest capital. In theory all capital bears an interest, and all portions of capital bear equal interest."\*

For this astounding statement he never deemed it necessary to give any explanation either in fact or reason. Nor has he, so far as we know, in any of his subsequent writings given any hint of justification for thus assuming that interest and wages are governed by entirely different economic principles from rent and profits. This failure to stop when his economic sight failed appears to have marked Mr. Walker's departure from the field of coherent scientific economic work.

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\* "Political Economy," Walker, pp. 222, 223.



On other phases of economic distribution, Mr. Walker had no strictly scientific standing. On the question of wages, he projected the residual claimant hypothesis; a theory, it could hardly be called. But this was so weak and unsustained, that it never found serious acceptance even among Mr. Walker's ardent admirers. It has even less to sustain it than did the wage-fund theory whose overthrow he did so much to accomplish.

In the treatment of the order and relation of the different factors in production to each other, Mr. Walker was disorderly to the point of being contradictory; sometimes affirming that wages are a necessary part of the cost of all products and at other times that labor is the residual or last claimant in the distribution. It is fair to say, however, that Mr. Walker was never overcome, as some of his contemporaries appear to have been, by the metaphysical maze presented by the Austrian school. While he was not philosopher enough to develop a consistent body of doctrine, he was too practical to get lost in the Austrian fog. On the contrary, when facing new problems his tendency was rather to cling to heresies of the old school. Thus, in the discussion of the money question, he was an ardent bimetallist, for the defense of which he based his whole reasoning on the quantity theory of value which is none other than the supply and demand theory of the 17th century, with which his marginal cost doctrine of both rent and profits was entirely inconsistent and of which his opposition to the wage-fund was an absolute denial.

These shortcomings, however, ought not to be surprising. Nature does not make all-round geniuses. Mr. Walker was a success in too many lines to be a genius in any one, but when all the criticisms have been given their full weight, General Walker still stands out as the chief leader and inspirer of good economic work in the United States during the second half of the century. He did two things and did them well. He gave the death blow to the wage-fund fallacy. No amount of qualification and new interpretation can ever re-establish that as a working theory of wages. He took the

now universally acknowledged marginal cost principle of rent and firmly established it in relation to profits. It now remains only to extend this principle to wages and interest to give us a consistent body of doctrine, covering the whole economic field—a body of doctrine true to the facts, consistent in principle and susceptible of practical application in public policy. This would be a great boon to scientific sociology. It would save us from being immersed in the flood of economic mysticism with which we are threatened from Continental Europe and give economics its true position as the scientific basis and safe inspirer of social conduct and national statesmanship.

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### **Indictment of Organized Charities.**

The time has come when some plain and pointed words need to be said in reference to our whole system of public and private charities. We have seen them grow in number and revenue, till they now have become great machines, disbursing in the aggregate immense sums of money. The public has come to believe in their necessity, and responds to their annual appeals with increasing generosity, and the result is that we are gradually allowing our charitable giving and distributing to be done for us by societies. The individual as a factor is fast disappearing, and some sort of organized agency takes his place, and worse than this, it is an accepted belief that the latter is indispensable. The administration of these charities is already erected into a study, and we are bidden to regard this as a sign of progress, as something of which to boast.

Is it all right? It is a criticism of the system we are proposing, which surely its upholders and advocates will not resent. It is a challenge of largely accepted and extending methods of charity, and not of the motives of those who have adopted them, which we offer. We cannot escape the conviction that so far as the general public is concerned, these methods involve a harmful tuition and generate a false attitude and temper.

The patrons and managers of these societies are reluctant to have their point of view questioned, yet this is precisely what needs to be done. We are strongly of the opinion that the tendency to exploit charity distribution as a science and a profession, is one which should be checked, rather than encouraged. The number is daily augmenting of those who are ready to call a halt, and who are beginning to see the evil results of the prevalent system.

The truth of the matter is, that the whole modern method of organized charities is based on a wrong principle. It is the outgrowth of sentiment, it proceeds on the assumption that the present condition of things is inevitable, and therefore must be accepted. One deplorable consequence is, that that which should be regarded as temporary, as the outcome of an abnormal social condition, is perpetuated and made even worse—in a word, that is made chronic which should be deemed transient and ultimately preventable. It is "*the point of view*" of these associated charities people which is at fault, and because of this their system should be called in question.

The problem of poor relief is essentially economic, not charitable, and thus far the dealing has been wholly with the wrong end of it. The study most imperatively called for is not how best to administer charity, but how to make charity more and more unnecessary. What is wanted is not the systematized alleviation of a confessedly bad social and industrial situation, but its absolute alteration.

Poverty, we are told, is increasing, and well it may, for we are making no general economic effort to dry up its springs; we are not dealing with the causes of it, nor are we seriously trying to make charity superfluous. On the contrary we are, by our relief methods, seeking to make people endure what ought not to be endured, and are giving out doles to help them eke out an existence that should not, and need not, be tolerated. Ministering now and then to individuals and to families brings no permanent relief to the class to which such belong. Society cannot be essentially improved by



tinkering at it in spots; and no uplift that amounts to anything can be secured except through the class, as a whole, that requires it.

What are our charity associations doing about the causes which produce mendicancy, tramp-life and the growing dependence on charitable or municipal relief? They are studying, it is true, how to discover who are worthy applicants, and have invented a bureaucracy which makes the obtaining of aid most difficult, and engenders on the part of suitors therefore a skill and persistency which is the counterpart to their own checks and guards against fraud. They have the pedigree of families and houses, and a circumlocution office whose aim is, how not to give alms. There is little provision for promptly needed help in emergency cases, and the whole attitude is one of suspicion and the method that of a detective agency.

This is reducing charity giving, it is claimed, to a science, obviously taking out of it all soul; cautious and unwhasteful it is affirmed to be, and the churches and general public are coming to use these associations almost exclusively as their almoners. In saying this we do not for a moment mean to impeach the motives of the noble body of men and women identified with them, and who really believe they are working wisely. Let it not, however, be forgotten that through mistaken and misdirected charitable efforts, society has in all ages received its greatest harm, for that is the indisputable testimony of history. The abatement of the hardships of poverty is not the main end to be kept in view, but the removal of the causes of poverty by the general amelioration of social conditions. The peril of the situation lies in the economic impotence and despair that are paralyzing those who are cultured and kindly disposed, together with the absence of really curative and constructive effort. The time has come to take hold of the other end of the problem to see what are the obstructions to the social progress of the masses and to remove them.

Instead of employing mild methods with the owners of

unsanitary tenements, it would remedy the situation far more quickly if we insisted on the enforcement of laws which condemn them and forbade their occupancy by men and women. Instead of studying economy in the care of the streets in the districts where the wage class is obliged to live, it would be the part of civic prudence to spend freely in keeping such streets clean and well lighted.

So, too, the hour has struck when a general and determined fight should be made against unrestricted immigration, for it is the incoming of the shiftless, the ignorant and the incompetent from the old world into our American cities that cheapens labor and keeps down the standard of living. This is why protection for our civilization and for the industries on which depend our development as a nation is indispensable. Such protection is an economic, not a political necessity.

The labor problem comes before charity, and it is because we have shirked the former, that we have had so much of the latter thrust upon us. Decent home life costs more than herding together like pigs, the apology for which is its cheapness. It is because the cost or standard of living controls wages, that the maintenance of the former marks the type of civilization. The economic problem of society is, therefore, not one of reducing rents, regulating interest, or abolishing profit, but it is a problem of increasing wages, and the latter depend ultimately on the desires, character and opportunities of the laboring classes. Charity does not deal with this problem, it rather complicates and delays its economic solution by expedients to alleviate the consequences of a low wage. Charitable relief given to low wage workers makes it possible for them to compete with self-supporting workingmen, and such a struggle is contrary to all conditions of economic competition, since the cheaper laborer succeeds not through any superiority, but solely because of his social inferiority, and this takes away the incentive for the ill paid toiler to rise, and defeats all progress.

Fewer work hours have also an economic significance; they cannot come in response to the appeal for charity; they

imply increased leisure with diminished exhaustion and enlargement of opportunity for a greater variety of social life. Regarding the laborer, as has been usual, as only a physical factor in production, while ignoring him practically as a social factor in consumption, explains his slow progress, and has neutralized the advantages he has had under our republican institutions. It was Dr. Johnson who said, "I have found men more kind than I expected, but less just," for after all it is easier to be charitable than to be just; easier to give a contribution to some benevolent society, than to pay a fair wage to employés. Our charity organizations have educated the people to shunt their responsibility for social conditions they sadly acquiesce in, and yet which they condemn. One tithe of the effort now spent on equipping their plants and in administering what is entrusted to them by the benevolently disposed would, if devoted to the getting at and removal of the causes of poverty, have radically improved the social and industrial outlook.

Organized charity has largely spent itself helping individuals escape from a bad lot in life,—and that is the very ground of its impeachment. Economics aims to change *the lot*, for therein is the root of the evil. Then, too, more or less of charity may be found blended with manifold plausible schemes for social improvement, it is the concealed factor oftentimes in many quasi-benevolent devices for ministering to human welfare, and to that extent is it positively harmful. For whenever meals or the necessities of life are sold at less than cost to the poor, it is an injury to the recipients, and is commercially dishonest, because it makes it harder for every person who must do business without the aid of any secret relief funds. The lunch carts, which are now found in every street and are making their appearance in almost every town are fraudulent devices to furnish low-priced meals. They are not honest competitors with those who are in the restaurant business, for they escape the cost of rent, by using the public streets with slight compensation to the municipality for their movable saloons; they cater to an irresponsible and



irregular class of customers, and are not to be regarded as filling any economic or wholesome function. It is doubtless a money-making scheme, and mainly so because avoiding the conditions which belong to the conduct of every recognized and properly housed restaurant. We seem to have overlooked almost entirely the effect of charity on others than its recipients.

There is too much of coddling and nursing on the part of charitable agencies, by which the improvident and incapable are carried along and made permanent burdens on society. A growing class is thereby created which has come to feel that it will be cared for somehow, and so the only thought it entertains is to get along with the least effort on its own part. Even the fresh air funds and country weeks and excursions for poor children which are now so popular, and withal so humane, that even to criticise them seems heartless, when institutionalized as they now have become, develop a class which depends upon them, and regards them as something society owes to it. It would be in the long run far better by the enforcement of sanitary laws, to give the children all the year round clean and wholesome streets to live in, and healthful lodgings, thus rendering less necessary the spasmodic and irregular gifts, which reach, after all, only a comparatively small number of the thousands dwelling in the wretched slums of the cities. Warner says the most constant cause of poverty everywhere and at all times is sickness, but for this the remedy is not free dispensaries established by charity, but a wholesome environment. Lord Beaconsfield, when Prime Minister of England, said, "The health of the people is really the foundation upon which all their happiness and all their power as a state depend." The London Board of Health reports that, on the lowest average, every working man or working woman loses about twenty days in the year from simple exhaustion induced by bad housing, yet we are just awaking to the ethical and economical significance of sanitary living environments for the toiling masses.

We have had enough of the *laissez faire* system; the

time has now come to face squarely our social problems, to deal with them by economic methods. It is preventive work that is called for—not the increasing of charitable agencies which augment yearly the burdens of the benevolent, while at the same time not affecting the conditions that make temporary relief necessary. Concern for persons will call for charitable doing and friendly ministry, but it is concern for the improvement of social and industrial conditions that is most urgent. For the unemployed, work should be furnished; and how to provide it is an economic question; it does not come within the purview of charity.

It is really a hopeful sign when laborers refuse to be satisfied with a wage on which it is impossible to live decently. A contribution from great employers of labor, to lessen the distress of such, is no salve for the sin and suffering the pitance they pay to women and girls makes inevitable.

So far as there has been improvement in regard to the tenements in our factory towns, it has been due in the main to the Labor Bureau, whose investigations have made public the conditions amid which operatives in the mills are forced to live, and this fearless exposé has paved the way for remedial legislation. In the battle for industrial progress economic considerations have carried the day in the face of bitterest opposition on the part of statesmen, employers of labor and political economists of the Manchester school. Charity was busy mitigating hardships that were as brutal as they were atrocious, but charity was impotent to alter a state of things that was its own condemnation. Even with us a rich church corporation resists some of the requirements of the law for the sanitary improvements of tenements from which it derives a large revenue, yet, because at the same time a conspicuous dispenser of charity, it practically silenced criticism on its business methods. Thus has charity been made to condone or extenuate what needed to be strongly dealt with as a flagrant wrong.

The constant charge organized labor is making against our charities is, that they are only ameliorative not preventive,

that they do not deal with a condition which can and ought to be altered. It is the transference of emphasis from charity distribution to the prevention of conditions which seem to make it imperative, for which in good faith we plead; and one failure of the study of charitable methods is found in the fact that it has not made its advocates and helpers one whit wiser as to causes of poverty, which it is possible to alter, if not wholly eliminated. There are methods now pursued which only augment poverty, which pauperize people instead of rendering them self-respecting and self-dependent. It is not the individual case of distress that is alarming; it is when that distress attaches to a class, when it is symptomatic of a condition, that there need be alarm. The true economic procedure is to render wholesome and happy conditions general, to make it possible for the masses to live in self-dependence, and yet continually rise in the standard of living as their social needs and desires develop. Economic science concerns itself with what ought to be, and therefore it antagonizes conditions charity seeks only to alleviate.

The social crisis in this country increases in gravity every day, and unless we approach it on the plane of broad economic principles we shall be forced, as Macaulay predicted, to make our choice between "Civilization and Liberty."

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### American Standard of Living.

The more thoroughly industrial and social phenomena are investigated, the more clearly it is coming to be seen that the one great factor in determining wage rates everywhere is the *standard of living* of the wage receivers themselves. No other theory is able to account satisfactorily for the wide variations in wages paid to laborers in different countries, or in different groups in the same country, or to city, as compared with country laborers, or to men as compared with women. No other theory furnishes a scientific explanation of the changes in rates that have taken place since the beginning of the wages system, or of the steady rise in wages which



has characterized the industrial history of the present century. No other theory of wages carries with it the possibility of logical and at the same time tangible and practicable efforts being put forth for the improvement of social conditions by increasing the material well-being of the laboring classes. If wage rates depend ultimately upon the consuming power, the standard of living, of the different groups of working people, then we are at once enabled to deal intelligently with the situation by setting in motion forces whose tendency will be to elevate that standard, and thus force wage-workers to unite and struggle for increased incomes sufficient to meet their growing needs. It is this pressure of *demand*, this expansion of human desires and necessities, which has lain at the bottom of all the betterments and economies in industrial methods, and all the resulting increases in wealth production which have ever taken place. Capitalistic methods, it is true, have made possible the payment of rapidly increasing rates of wages, but capitalistic methods themselves depend for their existence and success wholly upon the consuming power of the community, which in turn rests mainly upon the standard of living of the great laboring class.

The French economist, Emile Levasseur, recently contributed to the *Yale Review* an interesting article on "The Standard of Living of American Workingmen," which contains strong testimony in support of this view, even though the writer himself does not seem to have appreciated the full significance of his own investigations. He recognizes the superiority of the American to the foreign standard of living, and draws many striking contrasts to illustrate it, but makes the common error of attributing this fact to the higher wage rates paid in this country, instead of the wages being the result of the superior standard of life. At any one time it is of course true that the income determines the expenditure, but if M. Levasseur's economic vision had been a little clearer on this point and had penetrated beneath the surface instead of stopping there, he would have seen that the true relation which these facts sustain to each other in the progress of

society, as regards the ultimate determination of wage rates for different groups, countries and periods, is exactly the reverse. Nevertheless, most of M. Levasseur's observations are sound, and certain portions of his article we regard as of great value. We make the following extracts:

"The wages of American workingmen are higher than those of the workingmen of France, and even of England. This is a generally recognized fact. I have proved it. By an attentive study of wages in the workshops, factories and industrial establishments, having regard to the occupation and to the personal skill of the worker, to the diversity of these wages, and to the changes that have taken place in the rate of wages during the past fifty years, and especially since the War of the Rebellion, I have been led to conclude that \$2 represent about the average of the daily wages of a man employed in industrial pursuits during the years 1890 to 1893. The elements are too diverse and incomplete to obtain a true mathematical average, but this is the most probable estimate. Having established this figure, I checked it by taking 207 series of wages paid in July, 1891, which are printed in the great investigation of prices and wages made under the direction of the Honorable Mr. Aldrich, and in calculating the general average of these series I found it to amount to \$2.07. The estimate that I had made was thus confirmed. The average industrial wage in France does not go above 5 francs, and it does not, perhaps, exceed 5 shillings in England. . . .

"In order to understand the material condition of the workingman, we must inquire what are the habits of life and of consumption of the working class. The needs are not exactly the same in a hot country as in a cold country, in a rich country as in a poor country, in one state of civilization as in another; it is clear, *e. g.*, that our fathers had no desire to travel on a railroad seventy years ago, and that they spent less than we do on travel, although travel was then more expensive. Wants arise and multiply with the possibility of satisfying them. I have often and long insisted upon the distinction between the *commercial power of money* and what I

call the *social power of money*, the first corresponding to the amount of commodities which a sum of money will buy, the second to the sum of money which is necessary in order to maintain a certain social position.

“ It is a matter of dispute whether the average price of commodities has fallen or not, and, consequently, whether the commercial power of money has risen; it does not admit of doubt, that in all classes of society in America, as in Europe, people spend more money to-day than fifty years ago, in order to maintain their rank. This is because new wants have arisen and imposed themselves upon us, and each one thinks that he would lose his position if he did not make room for them in his budget; consequently, the social power of money has diminished, since we must spend more on penalty of degradation. It would be a mistake to be alarmed at this change, which means an increase of well-being resulting from the general progress of wealth. . . .

“ The American workingman spends more for his rent; but as he has generally a more comfortable lodging than the French workingman, the two rents do not represent equal enjoyments, and could not be properly compared in ascertaining the commercial power of money.

“ Without going into more details on this question I will confine myself to the statement that in my estimation a family of working people, in their ordinary consumption, obtain with a certain sum of money as much in America as in England, and probably more than in France. Now, since the commercial power of money is not less on the west than on the east of the Atlantic, it follows that the working class gets all the benefit of the larger pay that it receives, and that the real wages of the American stands in the same ratio to those of the Englishman or the Frenchman as his nominal wages. . . .

“ The American workingman also spends more on his clothing relatively, than the Frenchman. I attribute this difference to several causes: first, the higher wages, which give him the means of spending; secondly, the strong demo-



cratic spirit of Americans, which incites the workingman to dress himself like the business man; finally, the coquetry of the young girls, whom the desire to get married, added to their great independence, tempts to adorn themselves. In the budget which I have studied, the clothing covered from 11 to 23 per cent of the total expenditure, with an average of about \$100. In general a bachelor contributes less to this rubric than a family. However great the economical intentions of the wife, the figure increases with the number of children. The young girl spends proportionately more money on it than the young man; the shop girl more than the factory hand. The workingman does not see why, when he has left the workshop, he should dress differently from his employer, and, in point of fact, it is difficult to distinguish one from the other, except, perhaps, by the quality of the material and the cut. Working girls also tend to dress like the girls of the middle classes; they do not succeed quite as easily, but they wear, like these, dresses and ribbons of silk, hats decorated in no less profusion, gloves and sunshades. In 1893, I landed on a Sunday, and I went to take a walk in Central Park. During my first journey in 1876, I had been struck with the elegant distinction with which the women of New York dressed. I looked again at these toilets, and I did not see the same elegance, and when I remarked upon this to the lady who was walking with me, she replied: 'Do you not see that this is Sunday, and that these are mainly working girls and maids who are walking in the park?' An Englishman who has made a profound study of American life, Mr. Bryce, was deceived as I was; he was at first surprised to see in the trains in the far West no women but those who seemed to belong to what one calls in Europe the middle class, and he added: 'A more careful observation showed me that these were the wives, the daughters, and the sisters of workingmen.' . . . .

"I have visited lodgings occupied by workingmen. They differ according to the wages of the family and the care of the inhabitants. All had several rooms. If there are families who

have but a single room—I know that there are some, though I did not have the opportunity of seeing any myself, excepting once at Boston—there are also frequently lodgings of from five to six rooms and more, and I think that I am speaking within bounds when I give as the general average, including cities, suburbs and country places, four rooms for the lodgings of American workingmen, and \$8 monthly rent, not including the states of the South. . . .

“All in all, the workingman spends more in America than on the European continent, and he needs to spend more in order to keep up to the level of his position. At Philadelphia a designer, a sensible man born in Europe and married to an American woman, told me, in showing me his parlor: ‘I have paid \$65 for the furniture. This is too much for me; but I had to do it for my wife and my friends.’ In this way one may say, ‘the cost of living of the workingman is expensive in the United States,’ but to be exact we should add: ‘It is expensive because the workingman is accustomed to live with greater comfort, and because the social power of money in the United States is less for the working class than in any country of the continent of Europe, even than in England.’ . . .

“The life of the workingman is broader in America than in Europe. His well-being shows itself in the expenditure of a larger sum under almost all the heads of his budget—by a dietary, which, if not more varied, is at least more abundant and substantial; by the luxury of his dress, by the comforts of his dwelling, by the amount expended on trade associations and savings, on travel, on moral needs and amusements; on the other hand, by the proportional amount charged to each of these heads, food absorbing hardly one-half of his income, while it absorbs three-fifths in other countries. If he occasionally wastes, this is a fault which comes from a lack of education; but to carry the amount of his consumption to the level of his earnings, is his right, and if in one way or another he saves, he cannot be charged with prodigality.

“It is true that the cost of living of the American workingman is dear. Indeed, the social power of money is less

for him than for the European; that means that he has more needs to satisfy in order to live like his peers and to maintain the social position in which he is placed. His wants being more numerous, he requires more money. If an accident, such as a reduction of wages or lack of work, temporarily obliges him to retrench, he suffers from the privation, as people suffer in all classes of society from a diminution of their comfort, and he thinks himself miserable. With five francs a day a French workingman is in ease; with \$1 the American is pinched . . . . .

“A man lives on wealth, and if wealth is not the ideal—indeed, if it is far from being the sole practical end which mankind pursues—it is, nevertheless, the condition of his material life, and it greatly aids the development of his moral life. Comfort is of value by itself, independently of the superficial pleasure which it procures, and it is all the more important for humanity, as well as for politics, that it should descend into the lower social strata, where there is always much discomfort, privation and misery, and that it should improve the condition of the less fortunate masses who earn their daily bread by their daily labor, always exposed, whatever may be the rate of their wages, to be deprived of them by economic accidents, like lack of work, or by physical accidents, like sickness. The three-fold progress of nominal wages, real wages, and of the general wealth of a country shows itself in a diminution of the social power of money, which is not confined to America. I have proved it, and I have tried to estimate it for France in my work on the French population.

“The improvement is due, on the one hand, to the progress of agriculture and manufactures; on the other hand, to the productivity of the workingman armed with a more powerful instrument, to the abundance of capital, to the demand for labor, to the development of education, and to the corporate organization of the laborers. Sir Robert Giffin and other economists have established this for England, and recently the Royal Commission on Labor emphasized it as the last conclusion of its final report.”



### **The Indianapolis Monetary Convention.**

It has long been a matter of some surprise and discouragement that the bankers of the country have not taken a more intelligent interest in the reform of our banking system. For twenty years they have exhibited an almost unaccountable indifference to the crude and crazy-quilt features of our banking and currency institutions. It almost seemed as if American bankers were possessed only of the mere shopkeepers' spirit regarding financial institutions.

The discontent with the working of our monetary institutions, and the clumsy, inadequate facilities for credit accommodations, especially in the South and West, culminating in the demand for free silver, appears to have awakened them to a realizing sense of the situation. The recent convention in Indianapolis is a wholesome first step in the direction of the much needed banking reform. The convention was somewhat disappointing in its practical outcome, nevertheless it is a good beginning, and its platform, which we print in full below, announces some sound doctrine on the subject:

#### THE PLATFORM.

First.—That the present gold standard should be maintained.

Second.—That steps should be taken to insure the ultimate retirement of all classes of United States notes by a gradual and steady process, and so as to avoid injurious contraction of the currency or disturbance of the business interests of the country, and that until such retirement provisions should be made for a separation of the revenue and note issue departments of the Treasury.

Third.—That a banking system be provided which should furnish credit facilities to every portion of the country and a safe and elastic circulation, and especially with a view of securing such a distribution of the loanable capital of the country as will tend to equalize the rates of interest in all parts thereof. For the purpose of effectively promoting the above objects,

*Resolved*, That fifteen members of this convention be appointed by the chairman to act as an Executive Committee while this convention is not in session, with full powers of this convention. The Executive Committee shall have the power to increase its membership to any number not exceeding forty-five, and five members thereof shall at all times constitute a quorum of said committee.

The Executive Committee shall have special charge of the solicitation, receipt and disbursements of contributions voluntarily made for all purposes; shall have power to call this convention together when and where it may seem best to said committee to do so, and said committee shall continue in office with power to fill vacancies until discharged at a future meeting of this convention.

*Resolved*, That it shall be the duty of this Executive Committee to endeavor to procure at the special session of Congress, which it is understood will be called in March next, legislation calling for the appointment of a monetary commission by the President to consider the entire question and to report to Congress at the earliest day possible.

Or, failing to secure the above legislation, they are hereby authorized and empowered to select a commission of eleven members, according to the rules and plans set forth in the suggestions submitted to the convention by Mr. Hanna of Indianapolis, as follows:

ARTICLE I.—The commission shall consist of eleven members to be named by the Executive Committee appointed by this convention. The Executive Committee shall have power to fill vacancies in the commission as they occur.

ARTICLE II.—The first meeting of the commission shall be held at a time and place to be designated by the Executive Committee of this convention in a call to be issued therefor; and, at such meeting, the commission shall organize by the election of such officers and the adoption of such rules and by-laws for its own government as may be agreed by a majority of its members; and thereafter it shall be governed by such rules and by-laws, subject to these articles.

ARTICLE III.—All rules and by-laws of this commission and all its proceedings shall be directed toward the accomplishment of the objects of its creation, which is to make a thorough investigation of the monetary affairs and needs of this country, in all relations and aspects, and to make appropriate suggestions as to any evils found to exist, and the remedies therefor; and no limit is placed on the scope of such inquiry, or the manner of conducting the same, excepting only that the expenses thereof shall not exceed the sums set apart for such purposes by the Executive Committee.

ARTICLE IV.—The Executive Committee of this convention shall use so much of the voluntary contributions made to it as may be available for that purpose, to defray all necessary expenses of the commission, and shall notify the commission from time to time of the amount so available, in order that it may regulate its expenditures accordingly, and no liability shall attach to said committee or to this convention beyond the amount so notified.

ARTICLE V.—When the labors of this commission have been completed so far as practicable, the Executive Committee shall issue a call to bring this convention together again at a time and place designated in such call, and at the meeting so convened the commission shall make report of its doings and suggestions in such manner and form as it shall deem best adapted to present the same to this convention and its members for action; and if the action is deemed advisable shall accompany such report with a draft of such bill or bills providing for such legislation.

*Resolved*, That all resolutions and communications as to methods of currency reforms which have been presented to this convention be referred to such commission when formed.

The third plank is worthy of special emphasis. It asks "*That a banking system be provided which should furnish credit facilities to every portion of the country, and a safe and elastic circulation, and especially with a view of securing such a distribution of the loanable capital of the country as will tend to equalize the rates of interest in all parts thereof.*"



This statement embodies the essential features to be obtained by a sound system of banking. If the Convention had done nothing more than make this declaration, it would have been well worth the effort. If the banking interests throughout the country should become approximately united in the demand for a banking system, which should furnish in practice these qualities, there would really be little difficulty in obtaining a good banking law from the next Congress.

It is to be regretted, however, that a convention which could make such a creditable declaration as this, should have adjourned without doing something to render practical aid to Congress in giving us immediate legislation upon the subject.

The appointment of a commission to investigate the subject, partakes more of an educational than of a legislative character. It is to be hoped, however, that the commission appointed by the convention will be more practical than was the convention itself, and report at an early day a working scheme to be submitted to Congress when it meets in extra session in March.

If the commission will take the present national banking system for its basis, and eliminate from it the bond basis of note issue, and introduce a feature by which the banks (without detriment to themselves) shall take charge of the retirement of the greenbacks, replacing them by banknotes, subject to current coin redemption; and provide for utilizing the clearing houses as redemption centers, and the development of the branch bank system; close up the wasteful sub-treasury and provide for placing the Government funds on deposit with the banks, we shall be on the high road to a sound, efficient and self-working banking system, into which all the state banks would gladly enter, and so avoid the necessity of the ten per cent tax on the state bank circulation.

It cannot be expected in the present state of the public mind in this country, surcharged as it is with suspicion and distrust, that an ideal banking system can be organized; but by the elimination of the crude handicapping features from our present monetary system, such as the retirement of all

Government notes and legal tender paper money, and the removal of the bond security for circulation, substituting bank notes for Government notes, and business assets for Government promises as security, we may reduce our crazy-quilt system to a workable basis, and accomplish the two things supremely needed in our public finances, viz. : the withdrawal of the Government from banking, and the furnishing of a safe and elastic currency whose volume shall respond to the ever varying needs of the business of the country.

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### The Convict Labor Problem.

In the October number of this magazine we gave a synopsis of a recent report made by the United States Commissioner of Labor, on the subject of convict labor. From this report it appeared that the total value of goods produced or work done by convicts in all penal institutions of the grade of state penitentiaries or prisons throughout the country, was \$24,271,078.39 in 1885 and \$19,042,472.33 in 1895, a decrease of \$5,228,606.06. The product of prisons of lesser grades being relatively insignificant (\$4,482,921 in 1885) no investigations of these prisons was made in 1895, and the above totals refer to the higher grades of institutions only, in each period.

It was also shown that while the total number of convicts employed in productive labor throughout the country had increased from 30,853 in 1885 to 38,415 in 1895, the class of work done had been undergoing a change in the direction of occupations less calculated to interfere with free labor, such as farming, work on prison buildings, etc. Legislation also, in the last ten years, has distinctly tended towards either complete abolition of the contract system, or substitution for it of less objectionable methods, such as the public account system, with various restrictions as to the use of machinery, number of convicts in any one industry, and minimum price of products. Finally, the Commissioner's report showed that only a small portion of the \$19,000,000 product in 1895

actually represented convict labor, probably not more than \$2,500,000, all the rest being chargeable to raw materials. In 1885 the ratio was as \$1 of convict labor wages to \$8.19 of finished product, the aggregate of convict wages in that year, in all institutions, being \$3,512,970.

Our concluding comment upon the subject was as follows:

“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.”

This conclusion has since been subjected to some criticism by friends of the anti-convict-labor movement, who have seemed to interpret it, erroneously, as a quasi-endorsement of the convict labor system, when kept within reasonable limits. It is true that common humanity and the public welfare are opposed to the policy of locking convicts up in cells and leaving them in total idleness to serve out long sentences, at the end of which they are fit only to be transferred to insane asylums. It is also true that while all able-bodied convicts ought to be kept healthfully and advantageously employed at some sort of work, their labor should be so directed as to offer the least possible amount of competition with the honest free labor of the community. Public policy ought always to be directed towards stimulating the forces which make for high wages, and never towards the encouragement of inferior low-wage elements in the labor market. In line with this idea we remarked in the October article referred to, that “the state can hardly afford to assist its criminal class at the expense of free workingmen.”

Our position was simply that in the light of the Commissioner's figures the convict labor problem could not be considered one of alarming magnitude, or as constituting any great menace to the free labor of the country. This conclu-



sion is certainly justified by the fact that the convict labor product declined from over \$24,000,000 in 1885 to \$19,000,000 in 1895, and also by the fact that \$2,500,000, the estimated total of convict labor wages in 1895, is but a little over one-tenth of one per cent of the total wages paid in all our manufacturing industries in 1890. What this problem *might* become if neglected, or whether the small competition now existing ought to be permitted to continue, are entirely different questions. In our opinion it would be better to have convicts employed only in making the supplies required for their own maintenance, or on certain classes of public works, which would otherwise have to be paid for out of public taxation, such as prison repairs, forest improvement, and road making. Chain gangs, however, should not be tolerated.

It is true, as one of our correspondents suggests, that the mere quantity of low-priced goods offered is not always a conclusive indication of what the effect will be upon the market. If convict labor, or some considerable portion of it, is concentrated in one line of industry, whose products have not an extremely large market, it is quite possible that the result would be the crowding out of some of the dearest producers, while the knowledge that convict-made products were in the field would no doubt have a demoralizing effect upon the whole market in that line of goods. This seems to have been the situation with reference to various instances submitted to us through a representative of a certain Anti-Convict-Labor Association. All the cases relate to the "hollow ware" industry, a branch of the hardware trade, including stoves, kettles, plumbing goods, etc. Two New Jersey firms, two in Pennsylvania and one in Wisconsin report having had to restrict operations and discharge hands within the last few years on account of inability to compete with convict labor. To the extent to which this has actually occurred, it is, of course, to be regretted, and the interests affected are right in agitating against the presence of this class of competition. At the same time it must be remembered that many other depressing influences have been at work within the last few years of in-

dustrial stagnation and financial panic, tending to reduce consumption and ruin profitable industry in almost every direction, so that it is highly improbable that all the trouble in the hollow ware business has been the result of this one factor of convict labor competition. Indeed, upon investigation of the facts in the Commissioner's report, it appears that the total value of hollow ware produced by convict labor in the United States, instead of having greatly increased, as the above reports seem to imply, was actually less in 1895 than in 1885.

In 1885, goods coming under the head of "hollow ware," were made by convicts in New York, Illinois, Maryland, Ohio and Oregon; and in 1895, in New York, Illinois, Indiana, Nebraska, Maryland, Oregon, Tennessee and Texas.

Indiana does not appear in the 1885 list, nor Ohio in the list for 1895. In Indiana, however, in 1885, convicts produced \$390,000 worth of goods classed as "Hardware, fancy," and in Ohio, in 1895, there was a product of "Hardware, wagon and foundry work," valued at \$101,735.60. It is quite possible that a certain proportion of hollow ware was included in both these statements, and in order to make the comparison as complete as possible, we will assume that one-third of each of the above items consisted of hollow ware, which would give \$130,000 for Indiana in 1885, and \$34,000 for Ohio in 1895. The figures for the other states apply definitely to hollow ware, and the total record is as follows:

	1885	1895
New York.....	\$120,000 00	\$60,000 00
Illinois.....	10,000 00	128,367 40
Indiana.....	130,000 00	183,364 50
Maryland.....	120,000 00	120,000 00
Nebraska.....	.....	2,796 00
Ohio.....	215,988 00	34,000 00
Oregon.....	108,000 00	36,376 21
Tennessee.....	.....	45,000 00
Texas.....	.....	23,701 37
Total.....	\$703,988 00	\$631,605 48

From this it appears that the total value of convict-made hollow ware was some \$70,000 less in 1895 than in 1885.

Whether more complete figures would sustain this or not, it is apparent that the convict labor product in this industry has at least shown no appreciable increase during the last decade. Illinois, Indiana and Tennessee are the only states in which decided increases occur, and in each of these states there was a great falling off in the total of *all goods* produced by convict labor in 1895, as compared with 1885. Thus, in Illinois, while the increase in the hollow ware product was \$118,367.40, there was a decrease in the total convict labor output amounting to \$1,976,459.38; in Indiana the hollow ware increase of \$53,364.50 was 1,325 per cent less than the aggregate decrease for all products of \$760,880.19; while in Tennessee, though \$45,000 worth of hollow ware was made in 1895 and none in 1885, the total of all convict-made goods was \$461,700 less in 1895 than 1885. The aggregate value of all convict labor products in each of the above nine states in the two periods under consideration, was as follows:

	1885	1895
New York.....	\$5,533,432 48	\$2,708,513 93
Illinois.....	3,005,000 00	1,028,540 62
Indiana.....	1,568,301 07	807,420 88
Maryland.....	395,000 00	680,000 00
Nebraska.....	148,000 00	72,436 25
Ohio.....	967,462 51	732,172 18
Oregon.....	120,000 00	44,033 33
Tennessee.....	1,142,000 00	680,300 00
Texas.....	652,742 00	1,864,015 28
Total.....	\$13,531,938 06	\$8,617,432 47

That is to say, in all these states which have been complained of by the hollow ware manufacturers, there has been a decrease of 37 per cent since 1885 in the total of all goods produced by convict labor; and it is, of course, this aggregate tendency which interests the business community at large, rather than the experience of isolated trades. We call attention to these facts, not to justify whatever bad effect convict labor competition may have had upon the hollow ware or any other industry, but simply to indicate the correctness of



the position before taken, namely, that the evil is not on the increase.

It should also be noted that the constitutional prohibition of convict labor in New York state went into effect on January 1st of this year. As the New York product was by far the largest in the list, both in 1885 and 1895, it will be seen at once what an important additional reduction in convict labor competition this prohibition will effect. Of course, it is not proposed to leave the convicts in idleness. They will be employed in making prison supplies, enlarging and improving prison quarters, breaking stone for public roads, and so on. Under the head of prison supplies would come all such occupations as making boots and shoes, cloth and clothing, tile and matting, canning fruit, etc., so that possibly enough work can be provided to keep all the convicts employed. Governor Black, also, in his message to the Legislature, suggests that convicts be employed in making supplies for the state hospitals and charitable institutions. The Superintendent of State Prisons, Gen. Austin Lathrop, in a recent interview, expressed the belief that under the new constitution sufficient work can be provided for the convicts, though several weeks might be required to adjust the prisons to the new order of things.

Such an arrangement as this, if adopted in all the states, would put an end to whatever injurious effect convict labor competition may be exerting on free labor in special industries, and at the same time would keep the prisoners properly employed in healthful and useful work. We believe that prison legislation throughout the country ought to tend in this direction. We have no quarrel whatever with the work of the various Anti-Convict-Labor Associations which have been mentioned by our correspondents, but on the contrary are glad to call their attention to the fact that on the face of the Commissioner's report their efforts have been more successful than they themselves seem to think.

### **Anglo-American Arbitration Treaty.**

The general arbitration treaty just concluded between Great Britain and the United States, is such an important landmark in civilization, that we print below the full text of the treaty as signed by the representatives of the two governments:

The United States of America and her Majesty the Queen of the United Kingdom of Great Britain and Ireland, being desirous of consolidating the relations of amity which so happily exist between them, and of consecrating by treaty the principle of international arbitration, have appointed for that purpose, as their respective plenipotentiaries:

The President of the United States of America, the Honorable Richard Olney, Secretary of State of the United States, and Her Majesty, the Queen of the United Kingdom of Great Britain and Ireland, the Right Honorable Sir Julian Pauncefote, a member of Her Majesty's most honorable Privy Council, Knight Grand Cross of the Most Honorable Order of the Bath and of the Most Distinguished Order of St. Michael and St. George, and Her Majesty's Ambassador Extraordinary and Plenipotentiary to the United States, who, after having communicated to each other their respective full powers, which were found to be in due and proper form, have agreed to and concluded the following articles:

ARTICLE I.—The high contracting parties agree to submit to arbitration in accordance with the provisions and subject to the limitations of this treaty all questions in difference between them which they may fail to adjust by diplomatic negotiation.

ARTICLE II.—All pecuniary claims or groups of pecuniary claims which do not in the aggregate exceed £100,000 in amount, and which do not involve the determination of territorial claims, shall be dealt with and decided by an arbitral tribunal, constituted as provided in the next following article. In this article and in Article IV. the words "groups of pecuniary claims," mean pecuniary claims by one or more persons aris-

ing out of the same transactions, or involving the same issues of law and of fact.

ARTICLE III.—Each of the high contracting parties shall nominate one arbitrator, who shall be a jurist of repute, and the two arbitrators so named shall within two months of the date of their nomination select an umpire. In case they shall fail to do so within the limit of time above mentioned, the umpire shall be appointed by agreement between the members for the time being of the Supreme Court of the United States and the members for the time being of the judicial committee of the Privy Council in Great Britain, each nominating body acting by a majority. In case they shall fail to agree upon an umpire within three months of the date of an application made to them in that behalf by the high contracting parties or either of them, the umpire shall be selected in the manner provided for in Article X. The person so selected shall be the President of the tribunal, and the award of the majority of the members thereof shall be final.

ARTICLE IV.—All pecuniary claims or groups of pecuniary claims which shall exceed £100,000 in amount, and all other matters in difference in respect of which either of the high contracting parties shall have rights against the other under treaty or otherwise—provided that such matters in difference do not involve the determination of territorial claims—shall be dealt with and decided by an arbitral tribunal, constituted as provided in the next following article.

ARTICLE V.—Any subject of arbitration described in Article IV. shall be submitted to the tribunal provided for by Article III., the award of which tribunal, if unanimous, shall be final. If not unanimous, either of the contracting parties may within six months from date of the award demand a review thereof. In such case the matter in controversy shall be submitted to an arbitral tribunal consisting of five jurists of repute, no one of whom shall have been a member of the tribunal whose award is to be reviewed, and who shall be selected as follows, viz.: Two by each of the high contracting parties and one, to act as umpire, by the four thus nominated, and to be



chosen within three months after the date of their nomination. In case they fail to choose an umpire within the limit of time above mentioned, the umpire shall be appointed by agreement between the nominating bodies designated in Article III., acting in the manner therein provided. In case they fail to agree upon an umpire within three months of the date of an application made to them in that behalf by the high contracting parties, or either of them, the umpire shall be selected in the manner provided for in Article X.

The person so selected shall be the President of the tribunal, and the award of the majority of the members thereof shall be final.

ARTICLE VI.—A controversy which shall involve the determination of territorial claims shall be submitted to a tribunal composed of six members, three of whom—subject to the provisions of Article VIII.—shall be Judges of the Supreme Court of the United States, or Justices of the Circuit Courts, to be named by the President of the United States, and the other three of whom—subject to the provisions of Article VIII.—shall be Judges of the British Supreme Court of Judicature, or members of the judicial committee of the Privy Council, to be nominated by Her Britannic Majesty, whose award by a majority of not less than five to one shall be final. In case of an award made by less than the prescribed majority, the award shall also be final, unless either Power shall within three months after the award has been reported protest that the same is erroneous, in which case the award shall be of no validity.

In the event of an award made by less than the prescribed majority and protested as above provided, or if the members of the arbitral tribunal shall be equally divided, there shall be no recourse to hostile measures of any description until the mediation of one or more friendly Powers has been invited by one or both of the high contracting parties.

ARTICLE VII.—Objections to the jurisdiction of an arbitral tribunal constituted under this treaty shall not be taken except as provided in this article. If before the close of the

hearing upon a claim submitted to an arbitral tribunal, constituted under Article III. or Article V., either of the high contracting parties shall move such tribunal to decide, and thereupon it shall decide that the determination of such claim necessarily involves the decision of a disputed question of principle of grave general importance affecting the national rights of such party as distinguished from the private rights whereof it is merely the international representative, the jurisdiction of such arbitral tribunal over such claim shall cease, and the same shall be dealt with by arbitration, under Article VI.

ARTICLE VIII.—In cases where the question involved is one which concerns a particular state or territory of the United States, it shall be open to the President of the United States to appoint a judicial officer of such state or territory to be one of the arbitrators, under Article III., or Article V., or Article VI. In like manner, in cases where the question involved is one which concerns a British colony or possession, it shall be open to Her Britannic Majesty to appoint a judicial officer of such colony or possession to be one of the arbitrators, under Article III., or Article V., or Article VI.

ARTICLE IX.—Territorial claims include all other claims involving questions of servitude, rights of navigation and of access, fisheries, and all rights and interests necessary to the control and enjoyment of the territory claimed by either of the high contracting parties.

ARTICLE X.—If in any case the nominating bodies designated in Articles III. and V. shall fail to agree upon an umpire in accordance with the provisions of said article, the umpire shall be appointed by His Majesty the King of Sweden and Norway. Either of the high contracting parties, however, may at any time give notice to the other that, by reason of material changes in conditions as existing at the date of this treaty, it is of the opinion that a substitute for His Majesty should be chosen, either for all cases to arise under the treaty or for a particular specified case already arisen, and thereupon the high contracting parties shall at once proceed to agree upon such substitute to act either in all cases

to arise under the treaty or in the particular case specified, as may be indicated in said notice; provided, however, that such notice shall have no effect upon an arbitration already begun by the constitution of an arbitral tribunal under Article III. The high contracting parties shall at once proceed to nominate a substitute for His Majesty in the event that His Majesty shall at any time notify them of his desire to be relieved from the functions graciously accepted by him under this treaty, either for all cases to arise thereunder or for any particular specified case already arisen.

ARTICLE XI.—In case of the death, absence, or incapacity to serve of any arbitrator or umpire, or in the event of any arbitrator or umpire omitting or declining or ceasing to act as such, another arbitrator or umpire shall be forthwith appointed in his place and stead in the manner provided for with regard to the original appointment.

ARTICLE XII.—Each government shall pay its own agent and provide for the proper remuneration of the counsel employed by it, and of the arbitrators appointed by it, and for the expense of preparing and submitting its case to the arbitral tribunal. All other expenses connected with any arbitration shall be defrayed by the two governments in equal moieties. Provided, however, that if in any case the essential matter of difference submitted to arbitration is the right of one of the high contracting parties to receive disavowals of, or apologies for, acts or defaults of the other not resulting in substantial or pecuniary injury, the arbitral tribunal finally disposing of the said matter shall direct whether any of the expenses of the successful party shall be borne by the unsuccessful party, and, if so, to what extent.

ARTICLE XIII.—The time and place of meeting of an arbitral tribunal, and all arrangements for the hearing and all questions of procedure shall be decided by the tribunal itself. Each arbitral tribunal shall keep a correct record of its proceedings, and may appoint and employ all necessary officers and agents. The decision of the tribunal shall, if possible, be made within three months from the close of the arguments on



both sides. It shall be made in writing and dated, and shall be signed by the arbitrators who may assent to it. The decision shall be in duplicate, and one copy thereof shall be delivered to each of the high contracting parties through their respective agents.

ARTICLE XIV.—This treaty shall remain in force for five years from the date at which it shall come into operation, and further until the expiration of twelve months after either of the high contracting parties shall have given notice to the other of its wish to terminate the same.

ARTICLE XV.—The present treaty shall be duly ratified by the President of the United States, by and with the advice and consent of the Senate thereof, and by Her Britannic Majesty, and the mutual exchange of ratifications shall take place in Washington or in London within six months of the date thereof, or earlier if possible.

In faith whereof we, the respective Plenipotentiaries, have signed this treaty, and have hereunto affixed our seals.

Done in duplicate, at Washington, the 11th day of January, 1897.

RICHARD OLNEY.

JULIAN PAUNCEFOTE.

### Editorial Crucible.

THE REPUBLICAN party in this state is evidently becoming Bryanized. Instead of rising to the plane of statesmanship, and filling the function of real leaders of public opinion, our Albany legislators are seemingly adopting the Nebraskan method of catering to the most inflamed anti-capital class feeling. Mr. Bryan found that an appeal to the ignorant portion of his audiences against capital and successful enterprises, called forth the greatest applause, and the Republican legislature in this state is apparently bidding high for the same kind of popularity. The price it offers is a general legislative attack on corporations in this state. Whether the scheme to investigate trusts, inaugurated by Mr. Lexow, is a plan to blackmail corporations by exacting a high price for the suppression of injurious legislation, or an attempt to placate the populistic sentiment aroused by the Bryan campaign, it is equally dishonorable. If the Republican party can find nothing better to do than imitate the worst methods of the worst element of the Democratic party, it had better retire from business.

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THE BILL restricting immigration has finally passed the Conference Committee of House and Senate, and will, therefore, probably become law. The chief restrictive feature of the bill is an educational test, which provides that all immigrants shall be able to read and write, in some language, at least any five lines of the Constitution of the United States, that may be presented; the immigrant to designate the language in which the test shall be made. Of course, this will afford some restriction to immigration, and it will probably operate most on the immigrants from Russia, Italy, and the more backward Continental countries. Without question it will be beneficial, but the educational test is wholly inadequate to the needs of the case at the present time. We should have a law practically shutting off immigration for five years, then have an economic as well as educational test, for at least twenty-five years more. The economic test should consist of requiring the immigrant, on landing, to possess at least one year's

American wages in the trade at which he expects to work. However, the present bill is better than nothing, except that it postpones a more efficient treatment of the subject.

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WE PUBLISH in this number the full text of the arbitration treaty between Great Britain and the United States, as signed by Richard Olney and Julian Pauncefote. Although a show of opposition to the treaty is being made by the Senate, there is every probability that it will be confirmed. It is proper, however, that the Senate should be sufficiently critical to insure that nothing of vital importance to this country is surrendered. As, for instance, the principle of the "Monroe Doctrine," and the right to construct and control the Nicaragua Canal. Besides exhibiting bad taste, it will be a mistake for the Senate to act on the assumption that England is trying to trick us. There is no doubt that the English sentiment on this subject is genuine, and that public opinion in favor of international arbitration is much stronger there than in the United States. This treaty is the most important step yet taken towards establishing a peaceful means of settling international controversies. If it proves to work successfully between England and the United States, the two most advanced and most powerful nations in the world, much will have been accomplished toward the ultimate overthrow of militarism, and the substitution of industrialism as the means of carrying civilization to the more backward portions of the human race.

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THE *Evening Post* rebukes Senator Lodge for venturing a word in defense of the United States Senate, of which he is a member. It thinks that for a member of the Senate to defend that body is like an individual expressing a good opinion of himself. This may seem smart to the *Evening Post*, but it is not true. A member of the Senate, if he is a capable, fair-minded man, is in the best of all positions to know the real condition of the Senate. To assume that only those who are far removed from the Senate are competent to form a correct



judgment of it, is equal to saying that those who know the least about a subject, are best qualified to discuss it. Upon this principle, the *Evening Post* is wholly incompetent to discuss anything connected with journalism.

Is it not a little too exacting upon the intellectual and moral resources of the human race for the *Post* to demand that a body composed of nearly a hundred members shall be measured by the high ideal standard fixed by the present administration? It has taken civilization ages upon ages to evolve the Cleveland species of statesman; and in the myriad of centuries, it has yet produced only one specimen.

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IT IS GRATIFYING to note that the principle of labor insurance is making progress in this country. Several large corporations, notably the Illinois Central Railroad Company, are showing a disposition to introduce some provision by which the laborer's condition shall be improved. The *American Journal of Sociology* for January contains an article by Paul Monroe upon "An American System of Labor Pensions and Insurance." It reviews briefly the German experience, and points out the defects of governmental aid in this direction. Mr. Monroe finally comes to the method of insurance evolved by Mr. Alfred Dolge, Dolgeville, N. Y., which he finds to be the most feasible and satisfactory of any system of insurance for wage-workers yet adopted. This is undoubtedly true. Mr. Dolge's system has been in operation now some twenty-eight years, and has been found to improve in effectiveness as the number to whom it applies increases. It undoubtedly contains the foundation upon which a thoroughly feasible and national system of insurance for wage-workers can be constructed.

This is one of the problems that should occupy the attention of our statesmen in the immediate future. The labor question is assuming serious proportions in this country; one of the means of contributing to its permanent solution is the adoption of the national system of labor insurance, which will remove from the wage-worker the nightmare of destitution, when his economic efficiency begins to decline.

IN A VERY able editorial discussing "Japanese Currency Commission," the *Journal of Commerce* says: "By whatever test may be applied, this country never knew a period more prosperous on the whole than that from the resumption of gold payments in 1879 till the overthrow of the gold standard was threatened in 1893." Of course, this statement is intended to convey the idea that the cause of the panic of 1893 and its subsequent effect on the country, was the threatened overthrow of the gold standard, which is simply shocking.

It is true that this country never knew a period more prosperous on the whole than that from the resumption of gold payments in 1879 until the close of 1892. But how can the *Journal of Commerce* say that this prosperity was destroyed by the threatened overthrow of the gold standard? It is generally supposed that the great event which occurred in the fall of 1892 was the election of Grover Cleveland. Was that a threat to overthrow the gold standard? Previous to his election there had been no formidable attack upon the gold standard.

The agitation for free silver did not assume any threatening aspects until long after the panic of 1893. But as the *Journal of Commerce* knows, the panic began the morning after Mr. Cleveland's election. Within a week of that date orders were being cancelled and factories were closing in every state in the Union, and within three months after his inauguration we were in the midst of a high-grade panic, which has had few equals in the world's history. Cleveland was the herald of the panic of 1893, but he did not bring a threat against the gold standard; what he brought was a threat against the conditions upon which the greater part of our manufacturing industries depended for security and prosperity. This threat sent fright and paralysis throughout the whole country, which gave us the greatest record of bankruptcies for any six months in our history. The truth is, Cleveland's threat against our industries really created this threat against the gold standard; but for that "Coin's Financial School" would probably never have been published, nor Bryan nominated for President.

### Economics in the Magazines.

Through a mistake in the make-up of this department, last month, Hon. W. J. Bryan's article, "Has the Election Settled the Silver Question?" which appeared in the December *North American Review*, was erroneously credited to the *Engineering Magazine*.

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NORTH AMERICAN REVIEW, January, 1897. *The Meaning of the Votes*. By Hon. Henry Cabot Lodge.

Senator Lodge takes an optimistic view of the political situation as revealed by the completed election returns. He points out, very properly, that post-election computations as to how small a change in votes, here and there, would have altered the result, really signify very little, since the same argument might be applied to nearly every election we have ever had, and to most of them with much greater force than to the election of 1896, and, furthermore, when the margin is narrow and political lines tightly drawn, it is much more difficult to change votes than under opposite circumstances. Senator Lodge compares Mr. McKinley's popular plurality of 725,448, and majority of 380,059, with Lincoln's popular minority of 944,149 in 1860, and Cleveland's minority of 945,515 in 1892, and remarks: "Yet we know how decisive both those elections were at the time." He also shows that the population of the McKinley states was nearly double that of the Bryan states, their wealth almost three times as great, and their average percentage of illiteracy less than one-half that in the states carried by the Democratic candidate. All this may be true, yet it is not at all conclusive as to what political developments may be expected within the next four years. Altogether novel forces are at work, and the fact that such a disastrous programme as that formulated at Chicago could receive the support of six and one-third million voters, or almost half the total poll, is too serious to be ignored. Political revolutions are much more frequent and pronounced than of old, and the only basis for predictions regarding the



campaign of 1900 is the character and result of the public policies to be adopted by the new administration, not the election returns of 1896. Senator Lodge is mistaken in describing the election of 1892 as decisive. Within a year popular opinion had been completely reversed, and the administration was condemned by some of the largest majorities ever given in this country, all because of disappointment and dissatisfaction over the outcome of Democratic policy. What has happened once is all the more likely to happen again, unless current problems are dealt with wisely, effectively and promptly.

*Root Difficulties of Irish Government.* By T. W. Russell, M.P., Secretary of the Local Government Board.

The four great difficulties in the way of Irish government Mr. Russell finds to be, (1) the poverty of Ireland, (2) the Irish agrarian system, (3) difference in race and religion, and (4) absence of industrial enterprise. On all of these points he writes clearly and with considerable force. In Ireland we have an illustration of the destitution and hardship which must inevitably fall to the lot of a purely agricultural people. "There are, probably, a quarter of a million of people in this country" (Ireland), says Mr. Russell, "to whom the failure of a single year's potato crop means hardship, if not actual starvation." This state of affairs he attributes partly to the system of taxation, under which Ireland is dealt with just as if it were Yorkshire or Lancashire and made to contribute over one-third more than would be required of her under a proper apportionment; and partly to the hostile attitude of English legislation towards Irish industry. What he says on this latter point is an interesting illustration of the growing irreverence of British statesmen regarding the heretofore sacred principle of free trade: "Now we may glorify the general principle of free trade as much as we like; we may maintain that it has made England, but cannot we see that what may be a great success in a mixed agricultural and industrial community may not work out the same result in a purely agricultural country? And so it has come about in Ireland. Ire-

land once produced wheat in large quantities. She produces next to none now. And why? Because with the ports of the United Kingdom open to all the world, she cannot compete with California, Manitoba, India, and the Argentine. The industry is dead—has been clean killed off. So with other crops. The foreigner, with his superior climate, with his boundless tracts of practically free land, with freights that bring corn and cattle almost as cheap from the ends of the earth as our railways will take the same commodities from Galway to Liverpool—a thing that Cobden never dreamt of—has it all his own way. And so it comes about that the Irish figures will not work out on free trade principles in favor of free trade." It will be noted that Mr. Russell here speaks of the effect on agriculture only. Later on he describes the absence of manufacturing industry in all except the northeast corner of Ireland, and correctly says that this constitutes one of the chief difficulties in the Irish situation, but fights shy of the real cause with the remark that: "The true answer . . . would take us far in argument, further than I care to go." As a matter of fact, Mr. Russell need have gone no further than to apply to this problem the remarks above quoted from him regarding the agricultural situation. The true reason for the prostration of Irish industry is the refusal of England to allow to Ireland a policy of home development and protection along industrial lines.

ENGINEERING MAGAZINE, January, 1897. *The Paramount Control of the Commerce of the World.* By Edward Atkinson.

From this article we take the following extract only, for dissection: "The resources of this country are such that . . . we may assume that our power of production is unlimited, while our power of domestic consumption is limited. The problem before us, therefore, is one of distribution rather than production. What we have to seek is a wider market for the excess of our product of nearly all the necessaries of life, to the end that, in exchange for this excess, we may import and enjoy more of the comforts and luxuries. In order that

such an exchange may be made, we must not only have the excess to sell, but must remove all possible obstructions to purchases, so that other nations may be able to send their goods to us—for nearly all commerce consists in the exchange of goods for goods."

Mr. Atkinson might have stated his real meaning with much more clearness, though less politely, as follows: "Smash the tariff, and let us, as a nation, apply ourselves to the raising of grain and stock, digging of coal and iron, and felling of forests, leaving England and Germany to make and furnish us with such of the comforts and luxuries of life as farmers, miners and woodchoppers are accustomed to enjoy." This is the true Cobdenite conception of America's economic duty, and a magnificent one it is—for the other fellow. In this view, our object should not be to create and develop those industrial and social forces which shall give diversity, complexity, interdependence, active social life and progress, and finally a new and higher type of civilization and enlightenment upon this continent, but to devote ourselves instead to types of industrial life essentially isolating and socially degenerative, in order to produce the raw materials to feed somebody's else factories. The fact is, too large a share of our national activity is already turned into that channel. The problem of raw material production is practically solved for all the world, and it is absolutely essential that future activity be more and more turned in the direction of the diversified, artistic industries, not the extractive. Only so can any increased demand for raw products be created. Mr. Atkinson knows well enough that it is through the development of the manufacturing and artistic industries, and that alone, that our national wealth has been accumulated and the great increase of well-being for all classes made possible, and also that agricultural and mining communities are proverbially the poorest on the earth, however free their trade relations with outsiders. They simply cannot produce, in those classes of industry, any appreciable surplus wealth to exchange for "luxuries and comforts." He seems to imagine that by merely removing



tariff "obstructions" we shall be flooded with European wealth, regardless of the fact that there is absolutely no new market for the raw materials he wants us to produce in exchange, except such market as can be developed and built up here at home by a constant growth both in numbers and wages, of our own laboring and non-agricultural class, that is, the class which depends upon manufacturing for its existence. There is no new foreign demand for such products in sight, unless we should voluntarily create one by driving our own manufacturing industries across the ocean, through hostile tariff legislation. Manufacturing means cities, diversified life and enterprise, active social contact and incentive, and close community of interest in the laboring class, and it is to these factors that we must look for whatever progress in material welfare and social institutions we as a nation can achieve. We are therefore interested always in the promotion and extension of manufacturing industries, not in the inauguration of a policy whose underlying concept is that man should be regarded as a productive animal rather than as a social being.

REVIEW OF REVIEWS, January, 1897. *Some Practical Suggestions from Students of Finance.* This is a symposium on the political, financial and industrial situation, the important feature of which is the preponderating sentiment in favor of retirement of the greenbacks and the establishment of a new and adequate banking system. All the contributors are representatives of prominent educational institutions. Six of them distinctly favor such a policy as the above, three are practically non-committal, and only one, Professor Ross, of Leland-Stanford University, is definitely opposed. It is true that only two have anything to offer in the way of a constructive plan of currency reform, but the tendency at least is in the right direction. The only objections urged by Professor Ross are the creation of an interest-bearing debt in place of the greenbacks, and the contraction of the currency which he thinks their retirement would occasion. As we have repeatedly shown, neither of these objections is sound, since it is perfectly feasible, without issuing a single bond, to trans-

fer the obligation of greenback redemption to the banks along with certain government assets and free banking privileges which would fully compensate them for the entire burden, and at the same time give us a costless banknote currency, not only actually safer than the greenbacks, but infinitely better adapted, through its elastic qualities, to amply serve the business needs of the whole country, especially the South and West.

THE FORUM, January, 1897. *The Law of Civilization and Decay.* By Hon. Theodore Roosevelt.

In this able review of Brooks Adams's brilliant and pessimistic work, Mr. Roosevelt does what is of primary and essential importance in all interpretation of social and racial tendencies, that is, takes a correct viewpoint at the outset. *The Law of Civilization and Decay* eventuates in pessimism chiefly because the author starts out with certain preconceived ideas of what constitutes progress and what the ultimate end of true civilization ought to be—ideas, it must be said, resulting from an undue glorification of mediæval types of social and individual life, and failure to comprehend the true significance of modern societary tendencies. Since these modern tendencies do not harmonize with his ideal conceptions, he can see nothing but decay ahead. By recasting the subject matter, taking into consideration all, rather than only part of the facts, and placing these in proper range, as does Mr. Roosevelt in his review, wholly different conclusions are reached.

In constructing his law of civilization and decay, Mr. Adams has simply yielded to the common and almost irresistible tendency to exaggerate the strength, vigor, virtue, equity and material prosperity of earlier types of civilization, as contrasted with the present. As in a scenic perspective, the distant view appears harmonious, attractive and enduring, while the near-by seems broken, disorganized and incoherent, so Mr. Adams looks from the maze and complexity of modern institutions back to the imaginative, chivalric, martial life of the middle ages, and calls the earlier period "civilization"

and the modern "decay." Seen close at hand the ridges along the horizon turn out to be barren rocks, and the age of chivalry, underneath a brilliant exterior, reveals only an ugly mass of cruelty, ignorance, immorality, superstition, degrading poverty and actual slavery, which civilization to-day cannot comprehend because it has nothing to compare with it, unless it be Turkey or Spain. Those two nations are now horrifying Christendom with very much the same sort of ignorantly-zealous and brutal "chivalry," which in Mr. Adams's long perspective compares favorably with the industrial, humanitarian, enlightened civilization of the present. He does not see that there has been no real decay of the imaginative faculty in man, but only an application of it to intelligent, useful and progressive ends, instead of the construction of absurd, fanciful and cruel theories whose disappearance has been due to the decline, not of civilization, but of gross ignorance before the advance of knowledge. He does not see, as Mr. Roosevelt points out, that the martial type is infinitely more prevalent and vigorous to-day in the conduct of colossal industrial enterprises, than ever in the purposeless warfare of ancient times.

Mr. Roosevelt writes with the broad comprehensiveness of one who can see underneath and around the subject, not ignoring vital facts or arranging them in distorted perspective. Whoever reads *The Law of Civilization and Decay* should read Mr. Roosevelt's review.



### Book Reviews.

WAGES AND CAPITAL; AN EXAMINATION OF THE WAGES-FUND DOCTRINE. By F. W. Taussig. Appleton & Company. 1896. Pp. 325.

We confess to a ripple of surprise in taking up in 1896 a book devoted to a discussion of the wage-fund doctrine by a this-generation economist. This feeling, which was slightly akin to prejudice, however, gradually underwent modification as the perusal of Professor Taussig's book advanced. The discussion of the subject is conducted in that judicial spirit characteristic of the author. After reading a few pages it becomes clear that the wages-fund doctrine in the mind of Professor Taussig is quite another thing from that taught by M'Culloch, Mill and the English school. The impeachment of that doctrine was on the ground that when stated with precision it was not true, and when loosely stated as a general principle, it was pessimistic and barren, like the supply and demand doctrine of which it was a part. The essential feature of the wages-fund theory was that there is a definite or "predetermined" amount of capital or wealth in the community at any given time, devoted to the payment of wages, and that this amount and no more would be distributed among the laborers. It was insisted that no more than this amount could be obtained, and that no less would be distributed. Consequently, the rate of wages in any country was determined by the ratio between the number of laborers and the amount of this fund. To the demand of the laborers for an increase of wages this doctrine replied, "You get all there is of the fund; the only way to make higher wages possible is either to reduce your own numbers or increase the fund from which you are paid," an answer at once brutal, pessimistic and false. For instance, M'Culloch, who is credited with being the father of the doctrine, stated its effect thus:\* "In fact, there are no means whatever by which the command of the laboring class over the necessaries and conveniences of life can be enlarged, other than by accelerating the increase of capital as compared with population, or by re-

\* Principles of Political Economy, p. 174.

tarding the increase of population as compared with capital; and every scheme for improving the condition of the laborer, which is not bottomed on this principle, or which has not an increase of the ratio of capital to population for its object, must be completely nugatory and ineffectual." John Stuart Mill, whose authority gave the theory its greatest currency, says:\* "Wages depend, then, on the proportion between the number of the laboring population and the capital or other funds devoted to the purchase of labor; we will say, for shortness, the capital. If wages are higher at one time or place than another, if the subsistence and comfort of the class of hired laborers are more ample, it is for no other reason than because capital bears a greater proportion to population. It is not the absolute amount of accumulation or of production that is of importance to the laboring classes; it is not the amount even of the funds destined for distribution among the laborers; it is the proportion between those funds and the numbers among whom they are shared. The condition of the class can be bettered in no other way than by altering that proportion to their advantage; and every scheme for their benefit, which does not proceed on this as its foundation, is, for all permanent purposes, a delusion." Professor Perry, one of the most pronounced disciples of the English school in this country, puts the philosophy of the wage-fund to the American workingman, as follows:† "There is no use in arguing against any one of the four fundamental rules of arithmetic. The question of wages is a question of division. It is complained that the quotient is too small. Well, then, how many ways are there to make a quotient larger? Two ways. Enlarge your dividend, the divisor remaining the same, and the quotient will be larger; lessen your divisor, the dividend remaining the same, and the quotient will be larger."

For this phase of the wages-fund doctrine, which was really its distinguishing feature, Professor Taussig offers no defense. On the contrary, he thinks it is an altogether too

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\* Principles of Political Economy, p. 428.

† Political Economy (First edition). pp. 122, 123.

rigid interpretation of the theory. He argues that the economists of the first half of the century gave too complete and unqualified an acceptance to the doctrines of the classical economists, and that the new school have too sweepingly rejected the work of the earlier economists, and he endeavors to resurrect the rejected grain of truth in the old doctrine. In doing so, however, he really qualifies away about all there was in it of precision and effectiveness. That wages under some circumstances are paid from past production nobody doubts, but Professor Taussig admits that under some conditions they are not, which of itself destroys the doctrine as a doctrine. Then, as to the fund itself, the word "predetermined" is interpreted to be nearly as elastic as the imagination, so much so that he thinks with Professor Marshall that it may be called a "flow" as well as a fund. Of course it is true that if wages under any conditions are paid out of previously existing capital, that capital must be in existence to pay them with, and if we only knew how much there was of it, it would be a definable fund, but since we never know how much there is of it, nor how many laborers depend upon it, and since it is not the same on any two successive days, it can never have any known definiteness except as an historical fact, in which case it can exercise no influence in determining wages. Wages are an expenditure in production, and if we may dignify every specific kind of expenditure with the term "fund," then the capitalist has a raw material fund, an interest fund, a rent fund, a wage fund, a loss fund, a depreciation fund, an insurance fund, and perhaps a race-horse fund, but as a matter of fact none of these so-called funds are concretely in existence as predetermined amounts which shall limit the expenditure in those lines. On the contrary, the amount which goes in these different directions is governed by the pressure of demand in those lines, and not by any fixed amount already in existence. This is practically admitted by Professor Taussig. He says, in his general summary, reviewing the points made in each chapter:\*

\* *Wages and Capital*, pp. 321, 322.



“In either case there were found to be wages funds which were roughly predetermined, yet were so elastic, and elastic within such considerable limits, that the predetermination served chiefly to illustrate the nature of the reasoning applicable to questions of general wages, and could not give guidance as to any concrete difficulties or practical problems.” In other words, it was no guide to a study of the real wages question. Again: “It thus describes important parts of the machinery of production and of distribution. But it can tell us little as to the forces which move that machinery—as to fundamental causes which make the real income of the community large or small, or which determine the share of that real income which in the long run shall go to wages or interest or rent. Its truth has been misconceived, its importance exaggerated.”

So far as Professor Taussig has discussed the wages-fund with the purpose of reviving the economic doctrine it was intended to convey, the work is quite tame and seems to us ineffectual. But the historic review of the evolution of the doctrine is both interesting and instructive. As a review of the history of the theory and the influences which seemed to govern the writers who developed it, the work is clear, concise, continuous and helpful. Professor Taussig has manifestly said the best that it was possible to say for the old doctrine, and if he has failed to re-establish the theory, it is only because it is inherently inadequate to explain wage phenomena.

#### RACE TRAITS AND TENDENCIES OF THE AMERICAN NEGRO.

By Frederick L. Hoffman, F.S.S. Nos. 1, 2 and 3, Vol. XI., Publications of the American Economic Association. 329 pp.

Whatever else it may be, this treatise is voluminous and exhaustive to a degree that, in our opinion, effectually guarantees its never being generally read. It is practically a solid mass of statistical information on all phases of the negro question, and hence will be found chiefly useful as a reference

volume by students of the Southern race problem. Mr. Hoffman has spent several years in collecting the data for this publication.

The work is divided into seven chapters. In the first is shown the growth, location, colonization, migration, etc., of our negro population. The second deals with Vital Statistics, and gives detailed comparisons between negroes and whites, for the same times and places, as to birth and death rates, character of diseases, and causes of mortality. The investigations under this head appear to be very thorough. Chapter III., on Anthropometry, is a study of the physical characteristics of the colored race, and thus forms a good introduction to Chapter IV. on Race Amalgamation. The author states that the pure negro type is practically unknown in the United States at present, because of the long continuance of race crossing. Amalgamation, he claims, produces a type distinctly inferior to the pure blooded negro, and is resulting in a steady deterioration of the whole colored race. Chapter V. treats of social conditions, religious institutions, education, vice and immorality. In Chapter VI. Mr. Hoffman goes into the economics of the negro question, showing the relative efficiency of the colored man in various occupations, his wages, effect upon white labor, and so on. As might be expected, the negro's influence in these respects is almost uniformly bad, and his presence among the whites, as an inferior and degrading competitive force, constitutes perhaps the most unfortunate and serious feature of the whole race problem.

The author's general conclusions are wholly pessimistic. Believing that *race* is a factor in the struggle for life, hardly second in importance to environment, he finds little encouragement in the outlook for our negro population. Ever since the war, he thinks, a steady deterioration has been in progress, due chiefly to the mixing of races after the abolition of slavery. Now, he says, the negro is "on the downward grade, tending toward a condition in which matters will be worse than they are now. . . . Instead of making the race more independent, modern educational and philan-

thropic efforts have succeeded in making it even more dependent on the white race at the present time than it was previous to emancipation. It remains to be seen how far a knowledge of the facts about its own diminishing vitality, low state of morality and economic efficiency will stimulate the race in adopting a higher standard. Unless a change takes place, a change that will strike at the fundamental errors that underlie the conduct of the higher races towards the lower, gradual extinction is only a question of time."

We should certainly hesitate to endorse Mr. Hoffman's criticisms on modern attempts to reform the negro, before hearing further from the friends and promoters of these movements at, say, Hampton and Tuskegee.

THE STRANGE SCHEMES OF RANDOLPH MASON. By Melville Davisson Post. G. P. Putnam's Sons. New York and London. 1896. 280 pp.

The first page or two of the introduction to this little book leads one to hope for a pleasant pastime for a leisure hour; but before one has gone very far in the "Strange Schemes" the impressions received dispel all expectation of profit or pleasure to be derived from further perusal. If, however, one reads on to the end of these improbable tales, as each horrible crime is depicted, the wonder grows as to what possible motive in the author's mind could have seemed adequate to justify the publication of the book.

To know the way in which every crime in the calendar may be committed, and still escape punishment, would hold danger for some and questionable profit for any. Such peculiar knowledge of criminal law might, perhaps, have some interest for a lawyer's mind, but the lay reader will have a more wholesome store of thoughts never to have read the "Strange Schemes of Randolph Mason."



# GUNTON'S MAGAZINE.

MARCH. 1897.

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## **The New Administration.**

By the time this issue reaches our readers, the Cleveland chapter of statesmanship will have terminated and passed into history to be remembered only as the monument of a nation's mistake. With the advent of McKinley to power, the nation is at least assured that the spirit of American institutions will pervade the administration of national affairs for the next four years. Mistakes may be committed, but they will be the mistakes of a truly patriotic impulse, and not those of a consecrated egotism, which delights more in the assertion of executive self-righteousness than in the promotion of American industries and national welfare.

The new administration comes into power under many disadvantages. It finds the nation in a pessimistic mood, depressed with the spirit of doubt and distrust. Mr. Cleveland found the nation in a high state of prosperity, hence optimistic, hopeful, and willing to make bold experiments in public policy. Having been belabored for a decade about the dishonesty of American business men and their perfidious robbery of the poor, the people were willing to let the prophet of Buffalo try his method of making the "Robber Barons" disgorge, in the short-sighted expectation that somehow or other they would get the booty. But, alas! he was no sooner on the scene than prosperity took to itself wings and departed, and panic, depression and bankruptcy set in with its consequent industrial and political disintegration. Had this been a mere temporary perturbation, even with the intensity of the panic of 1893, the people might soon have recovered their faith and resumed their normal habit of hopeful, energetic enterprise, but alas! the calamity was as omnipresent and

as long lived as the administration itself. By the dishonest propaganda which brought the present administration into existence, the minds of the laboring and farming population were so poisoned against the business and capitalist portion of the community as to create a positive spirit of hostility, which it may take a decade and perhaps a generation to overcome.

Soured by the delusions of a false prophet the laborers and farmers, with a feeling of reckless disappointment, turned to the domain of quasi-socialistic vagaries, for relief or revenge, feeling sure that a general attack upon established institutions would give either the one or the other. The business men have had such a long experience of walking the narrow plank of business uncertainty, seeing their neighbors drop over the precipice, with the harrowing knowledge that with the slightest misstep they might share the same fate, that the buoyant spirit of industrial hope and confidence has been almost extinguished. The consequence is that the industrial pulsation of the nation is in a most torpid, sluggish condition, and needs a vigorous tonic to arouse it from its lethargy. A slight ripple of improvement occurred immediately after McKinley's election, but that only went to the extent of inspiring the confidence of those concerns which had stopped temporarily, and might have stopped permanently had the result been the other way. Numerous as these were they were not sufficient to reinvigorate the industrial movement of the country.

The real industrial awakening which shall send capital into new enterprises, and make confident investments for future industrial development, is awaiting the action of the new administration and is the first subject that should receive its consideration. A revival of prosperity in this country is more important than any other consideration to which the incoming statesmen can give their attention. The filling of offices, excepting Cabinet, and the most urgent positions, should wait for this.

Of course, the first step in this direction is to reverse the industrial policy of the out-going administration. Nothing

should be permitted to prevent prompt, straightforward action in this matter. The conspicuously injurious feature of the Cleveland policy was the undermining of American industry by withdrawing the protection upon which it rested, and the destruction of the revenues of the Government, involving an increase in the national debt, loss of gold from our money circulation, and the disruption of our public credit. To create a return to prosperity this mistake must be promptly corrected.

First and foremost, of course, is the restoration of the revenues of the Government. Upon this there can hardly be two opinions. Nobody is in favor of continuing the bond issuing experiment of the last two years. The revenues must be increased so as to adequately defray the expenses of the Government, and gradually to reduce, instead of increasing the public debt. The important question, and the one that will need the hand of bold, firm statesmanship, is how to do this, *i. e.*, from what source and by what means shall the increase of revenue be secured?

Here is where the real contest will begin. Shall the revenue be raised by protective or non-protective taxes? The influences which have supported and endeavored to justify the Cleveland policy, will all be used to force the new administration to adopt the non-protective methods of raising revenue. They will doubtless renew their methods of propaganda which created the wave that elected Mr. Cleveland, gave us our industrial depression, and furnished the opportunity for the Bryan campaign. The practice of discussing public questions by inflaming public passion, instead of increasing knowledge, has left its imprint upon the public mind. The proof of this, is seen in the fact that Cleveland appealed to the State Legislatures to enact laws repressing large corporations, which is being responded to by anti-trust legislation and commissions in different states by Republican, as well as Democratic Legislatures.

In New York State the Republicans are dancing to Bryan-Cleveland music in the absurd performances of the Lexow anti-trust commission. The fanning of the flames of this so-



called anti-monopoly sentiment, is the hope of the doctrinaires of free trade and industrial disintegration, because it serves to detract public attention away from the important questions of public policy. The fact that a certain portion of this class who were opposed to the free coinage of silver, aided in the defeat of Bryan, and hence in the election of McKinley, is being made the basis of a claim to recognition in shaping the policy of the new administration.

They have already begun to volunteer information how to get the nation out of the difficulty into which their own policy plunged it. Mr. Cleveland's Comptroller of the Currency discourses in the *North American Review* for December, on the "Duty of the Coming Administration." As if anybody cared for a bankrupt recipe for business success. Indeed, editorial and personal advisors of the discredited administration are becoming profuse in their advice how to restore the revenues and revive prosperity. For the most part, this advice is a species of political homeopathy, viz.: to cure our present ills by increasing the causes which created them.

In anticipation of a return to protective duties to raise the needed revenue, they are beginning to renew their pathetic talk about the oppression of workingmen. One of the chief objects of attack in the Wilson bill was wool, which was put on the free list. As is well known, this was a vital blow to the sheep-raising industry of this country, and the wool-growers are naturally asking for a return of the duty. They ask it as a means of raising revenue, and giving much needed protection to an important American industry.

Against this proposition, the *Boston Herald* promptly enters its solemn protest. Putting wool on the free list suddenly sent down the price of wool, to the ruinously losing point of 9 cents per pound. Not that it pays to raise wool in this country at 9 cents per pound, but foreign wool was furnished at that price, and the American farmer was forced to sell at that or not at all. Hence, he has been selling at that ruinous price, and cutting the throats of his sheep as fast

as he could sell their carcasses for mutton, so as to avoid further loss in that direction.

The McKinley duty was 11 cents per pound. The *Boston Herald*, therefore, in its terror at the thought of returning protection to wool, endeavors to show the people of Massachusetts that a return to the duty of 11 cents per pound would increase the price of wool from 9 to 20 cents per pound. This would be compelling the workingman who now gives \$12 for a suit of clothes to pay about \$28.80, which is more than doubling the price of the laborer's clothing, in order that more than 100 per cent profit may be given to the wool-growers. This is a sample of the kind of reasoning with which the country has been afflicted from this source for the last twelve years, and which is now to be repeated in opposition to the return of a protective policy by the incoming administration. It would be difficult to invent a more complete mis-statement of the case. The 9 cents per pound at which the farmers have been forced to sell their wool during the Cleveland régime, represents several cents a pound loss which, of course, could not continue indefinitely. It would only be a matter of time, and not a very long time either, when the price of wool would have to rise, or foreigners supply the entire market.

If raising sheep is made less profitable than the ordinary mode of investing capital, it will, of course, be deserted. If we depended mainly on foreign supply for our raw wool, we should not only have to pay a higher price ultimately, but it would prevent the growth of wool manufactures extending into the interior of the country, which is especially desirable. It would make wool manufactures practically impossible anywhere but on the Atlantic coast.

One of the chief objects of a protective policy is the development of diversified industries, and particularly among our Southern and Western population, so that the influences of city and suburban life shall be introduced into the agricultural regions. The destruction of the wool-growing industry would practically prevent this much-needed development, so far as wool manufactures are concerned.

But the notion that the cost of the laborer's clothing would be doubled because the price of raw wool was doubled, is the most absurd claim yet urged against protective legislation. From this one might conclude that the editor of the *Boston Herald* is simple enough to think that the entire cost of a suit of clothes consists in the cost of the raw material, whereas, the cost of the wool is but the merest fraction in the total cost of the suit.

The *Boston Journal* very properly criticises this innocent statement of the *Herald*, in pointing out that it only takes about 15 pounds of unwashed wool to make an ordinary suit of winter clothes. For a summer suit it takes about one-fourth less, so that, assuming that the entire 11 cents of duty was added to the price of the wool, it would only add \$1.65 to the cost of a suit of winter clothes, and only \$1.32 to the cost of a summer suit. Instead, therefore, of making the poor laborer's suit cost about \$28.80, the duty could only increase the suit to \$13.65. That is, for a suit made entirely of wool without any other mixtures whatever.

Supposing the average laborer should get three suits a year, which is unusual, even in prosperous times, it would only amount to about \$4.50 a year, or less than 10 cts. a week. An increase of 5 per cent in wages would be equal to about four and one-half times this terribly crushing tax. When workingmen realize that they have had to endure a reduction of 10 and some 20 per cent in wages, besides hundreds of thousands of them being idle one-quarter and some one-third of the time, as a result of being relieved of this terrible tax, the absurdity of the *Herald's* sympathy is glaringly apparent. Yet this is a specimen of the shuffling twaddle that is dealt out to catch the workingman on this subject. In other words the prosperity of the whole woolen industry, both raw material and manufactured, costs the average laborer about 9 cents a week, for which in return he received permanent employment, and from 10 to 20 per cent higher wages than he received under a free wool policy.

It is to be hoped that the McKinley administration will



pay no heed whatever to this kind of stuff. The fact that the *Boston Herald* and other mugwumps and hard money democrats, were forced to support McKinley because they could not find a free-trader fit to elect, should not be permitted to weigh one straw in the balance of determining the revenue policy of the incoming administration. Not one dollar of the needed increased revenue should be collected from domestic or non-competing imported products. The whole force of the increased revenue should be turned directly to the protection of domestic industries.

Of course, the McKinley law of 1890 should not and will not be re-enacted. The object of that law, as the title indicates, was to reduce the revenues. The law now to be enacted should primarily be directed to increasing the revenues, and therefore calls for different kind of schedules.

A duty on wool would very properly come under this head. In the last fiscal year of the McKinley law, which ended June 30, 1893, we consumed 168,215,201 pounds of foreign wool. Assuming that we would consume a similar amount under a duty of 10 cents a pound, the Treasury would receive from this source alone, a revenue of over \$16,000,000. This would make a liberal contribution towards wiping out the deficit, besides affording stimulating protection to the sheep-raising industry, which is one of the important elements of agricultural prosperity in this country.

The same would be true in many other lines of industry. There is no reason, for instance, why we should not develop the beet-sugar industry, which a duty on raw sugar would do much to encourage. In 1896 we imported 4,108,179,901 pounds of sugar. A duty of one cent a pound on this would yield over \$41,000,000, and afford protection to a much needed diversification in agricultural products. Indeed, there is no need whatever for turning to duties on non-competing products or to taxing domestic products for the purpose of raising revenue.

The doctrine so frequently reiterated that tariff duties only protect to the extent that they prohibit, is entirely false,

and should not be permitted to have any weight in the discussion. A duty on wool, for instance, would not, and did not prohibit foreign wool, but yielded a revenue from every pound that was imported, and at the same time gave an opportunity for American wool growers to have a competing chance in the domestic market. There was one defect in the McKinley law which should not be repeated in the law of 1897, viz.: an abnormally large free list. There is no good reason why the free list should be large, except as affecting non-competing products. All competing manufactured products should be made to contribute to the revenues of the United States for the privilege of enjoying the right of competition in the American market.

If, immediately after the 4th of March President McKinley will convene Congress in extra session and urge upon it the necessity of promptly passing a revenue measure, constructed wholly upon protective lines, a real impetus will be given to the revival of industrial prosperity, and by the fall of 1897 we may expect a return of business activity, such as has not been witnessed since the announcement of the election returns in 1892. There is no one thing that is so important to the welfare of this country to-day, as a return of business confidence, and the revival of industrial prosperity, and there is nothing the new administration can do to promote this end so effectively as a reorganization of the national revenues on a definitely protective basis. If the McKinley administration will do this, and do it promptly, it will justify the confidence of the nation, and receive popular support in undertaking a comprehensive treatment of the money question, whose solution demands the highest grade of Nineteenth Century statesmanship. On the other hand, if it dawdles with the revenue subject, in order to placate Mugwump fault-finders, it will fail in the prime object for which it was elected, and properly forfeit the confidence of the country, and justify a third party experiment in 1900.

### Are Luxuries Wasted Wealth?\*

The public mind at the present time is in something of a fever of opposition to wealth. The great object seems to be to find some way of suppressing wealth or punishing those who have any. If the rich devote their wealth to productive enterprise, we call for legislation to suppress them lest they should make any profits. We are having a flood of legislation against trusts, and a trust is anything that is large and successful and makes any profits, or introduces any improvements into the business. A bill is pending in Massachusetts, for instance, imposing a penalty of from \$100 to \$5,000 fine, or imprisonment for a year, or both, upon any person who goes into business, lessens competition and drives others out, and the parties driven out also have right of damages against their successful competitors. On the other hand, if the rich spend their money socially, we raise a great cry throughout the country about their criminal extravagance, and the ministers and sentimentalists are all up in arms. If, finally, they go abroad and take their millions with them, we assail them as being mean and unpatriotic, while if they simply hoard up their wealth and do nothing with it, we denounce them as misers. It would seem that the only thing for a rich man to do is to get rid of his wealth as soon as possible and reduce himself to the same state of poverty that the poor enjoy and find so satisfactory and desirable. Then, and then only, it seems, will they be able to stand high in the public favor.

The Bradley Martin ball is one of the prominent incidents that is calling forth a good deal of discussion on this subject of wealth. Is this affair to be regarded as a social calamity, and ought public sentiment and legislation to be invoked to put a stop to it, or is there another side to it, and are we entitled to pass judgment upon a whole series of public and social institutions because there are a few butterflies here and there who do not know how to exercise good taste in their ex-

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\* Lecture delivered before the School of Social Economics, Feb. 3, 1897, by President Gunton.



penditures, and exhibit an abnormal desire for mere vain display?

Very much of this sort of opposition looks like turning back to the conditions against which the world has been struggling for centuries. For instance, the *New York Press* this morning made a great uproar because a man in overalls was not allowed to go into the Metropolitan Museum. Of course he was not, nor should he have been. To make that sort of thing respectable throughout the community would be the worst possible thing that could be done for the workingman. Laborers when they visit places of that nature ought to observe the same decencies and civilized customs that are observed by the rest of the public, for they will then insist upon wages sufficient to enable them to meet those requirements. Let it be established that overalls are good enough to go to museums in, and they will soon be good enough to go to church in, and to the opera in, and everywhere in, and we shall have really very little need of decent clothes at all, and our wages and civilization, following along that same line of ideas, will eventually get down to the overalls level. We do not want to turn back to any one-suit-of-clothes state of civilization. It has taken centuries for the workingman to assert and establish a standard of living that shall demand something better than that, and the superficial clamorers who are insisting upon the social recognition of overalls as good enough for all places and occasions are really the worst enemies the workingmen have. What we want is that laborers shall insist upon clothing fit for such places, and insist upon wages sufficient to buy such clothing. We do not want five-cent dinners, and bean-pod soup at two cents, and overalls on Sunday, and we will not have them.

As early as the fourteenth century the struggle over this question began. The workingmen in England made their first efforts for an increase of wages, and they were at once legislated against. They were not to ask for more pay, and it was prescribed very carefully what they were to eat and wear and have in their houses. They should not wear clothes

that cost more than eight pence a yard, and should have practically no meat, and should piece out, from time to time, with the "offal from the master's table," and so on. And later on, when people began to have windows and chimneys in their houses, the laborers were denounced as inexcusably extravagant and as enemies of the progress of the realm, because they too began to want windows, and doors on hinges, and objected to having the smoke go out through the door instead of up a chimney. Of course the laborers finally won their struggle, and little by little gained the privilege of eating and dressing and living as they chose. Things seem to have undergone a remarkable turn-about since then. Now it is the laborers themselves who are dictating what shall be eaten and worn by the rich, and how they shall conduct themselves. Having struggled for centuries against just this sort of interference with personal liberty, they are now endeavoring to apply it in turn to the very classes whom they were once denouncing for trying to inflict it upon them. They were right, of course, in insisting upon windows and chimneys and such food and clothing as they liked and could get, on the ground of personal liberty, but personal liberty to-day, it appears, has no application to fancy balls.

After about four centuries of this struggle on the part of the wage-workers, came Adam Smith with his gospel that the secret of social progress is parsimony. Use as little and save as much as possible. He thought it was prodigality for a workingman to burn a candle after eight o'clock at night, and on the other hand that a rich man was a very bad thing to have in any town. That idea of parsimony has permeated English economic thought down almost to the present day, and workmen have taken it on, to the extent of holding the idiotic doctrine that everybody who consumes more than they do is inflicting an injury upon society.

About a week ago the *New York Journal* interviewed the secretary of the United Garment Workers' Union and Prof. Felix Adler, on the subject of this ball. The labor leader said that luxuries meant wealth wasted, and Prof. Adler said

that the laboring men would not get any real benefit from the ball. As you know, I regard almost everything affecting the welfare of the community, as turning upon the way it affects the laborers. If balls were bad things for the laborers I should be opposed to them; if they are good for them, I favor the balls.

There was a time, as I have said, when the laborers did not have chimneys or windows in their houses, no furniture, practically no decent clothing, and lived upon bread and herring and barley beer, and got sixpence a day wages. Now, how have the things come into existence that furnish the appointments of the homes occupied by the average citizen of to-day in the more advanced countries? Has it been by anything the workingmen have done? Have they introduced any such industries as silk weaving, for instance? Not so. There never would have been silk enough made to go into one dress of a mechanic's wife if silk had not been first used by kings and the aristocracy and those who were willing to pay the great sums necessary in the first instance, to have it made. It was then the exceptional social need, and it was called extravagance, just as Adam Smith called burning a candle after eight o'clock extravagance for the workingman. After the very rich begin to have these things and pay the high prices necessary to get them, then the next below begin to contrive so as to get some themselves, and finally there is enough demand to establish a small permanent business and as a result the price falls a little. Then a still wider circle of consumers come in and begin to use the once unapproachable luxury, and this permits in turn still lower prices, and by the repetition of this process it finally gets down to the level of all of us, and the articles are produced in immense factories by the best and cheapest machine methods, and at the minimum cost. It is in this way that we have come into the enjoyment of practically everything we have outside of the crudest necessities.

Those of you who are familiar with European cities know that when the court is away from London or Berlin business goes in mourning, laborers are out of work, and everything is



stagnant. Why? Because when the court goes to London the aristocracy goes there and what is called the London season sets in, and that not only puts in circulation several millions of dollars, but gives employment to thousands and makes all the difference between panic-stricken London and prosperous London, and it is panic-stricken London that tells its story in Whitechapel and the East End. If the garment makers' secretary I have mentioned understood the first principles of the situation he would know that variation of social taste is the very life of his industry. Take China. They have had no change in the cut of their smock for a thousand years. Nobody needs to have a new coat, because coats are made to last a lifetime, and very often the same coat will be willed from father to son, and finally worn out by him as a night-shirt. I tell you, any country in which one coat will last a lifetime is a country having neither taste, high social standard, high wages, intelligence nor freedom.

The opera is in town, and that, too, is called a waste. Will the workingmen and mechanics go? Of course not. They, at least, will waste nothing on it. It has to be supported by the comparatively rich. Now, suppose you suppressed the opera as an extravagance. You would suppress the highest development of music, and help to take out perhaps the most refining, softening and cultivating force in civilization. As a result of the opera we have thousands of musicians preparing for that work and falling a little short, and we get the benefit of them in concerts and churches and in our homes. Music becomes a common accomplishment. The opera is one of the contributions that the rich make to society, not intentionally as such, of course, but the social law is stronger than their desires. I am willing that they should be foolish, perhaps, for a while, because they cannot stop the rest of us from getting the benefit of what they introduce.

I say, therefore, that there is no greater error than to describe luxuries as wasted wealth. There is hardly a single thing that has become the customary necessity of civilization that was not once a luxury—an extravagance converted into

a necessity by common social use. Diogenes, you know, when he saw the shepherd boy scooping up water in his hand, said, "What an economy that is; what need have we of cups when nature has already given us hands to drink from!" So it is. Just think of the number of things we could get along without. If we would only get along without cups and what cups imply, we could close up all the factories in the United States and effectually turn back the dial of civilization to the pre-Mosaic type. The fact is, every comfort and convenience we have acquired over and above what is represented by Diogenes' shepherd boy, has been a luxury, relatively to what was before, and in that development we have simply the record of man's growth out of barbarism into civilization and enlightenment. It is these very luxuries converted into necessities that make the difference between the American laborer's standard of living and that of the Chinaman or African. If these luxuries had been nipped in the bud there would be no difference now between New York and Poland. Luxuries today are to-morrow's necessities, if society progresses. It is only in that way that the advantages of civilization can ever be extended to the working people. They are now enjoying, in common use, comforts and refinements that to their fathers would have been unthought of extravagance. Henry II. slept on a bed of rushes, but we would have a half-dozen revolutions before we would get anywhere near that condition again. The difference between rushes and beds is the result of the conversion through several centuries of what were then luxuries, into what are now necessities for all.

In 1875 I was called to a factory town in Connecticut where there was a strike in progress. I found in operation there the "truck" system, under which the corporation kept a store with all the supplies it thought its employés should have, and had a record of the wages in one book and purchases in the other, managing generally so that the two about balanced. At that time, many of the employés had not drawn a cent in wages for months, thanks to truck-system bookkeeping. They had a church there, and pew rent was regularly

charged up on the books, also. In my interview with the employer, he complained a great deal about the growing extravagance of his employés. There had lately been a great strike in Fall River, and his employés were all happy and contented until they heard of that strike. As soon as Fall River people began to come there, and labor agitators began holding meetings, trouble began. The men began spending their money on railroad fare to attend meetings, and the women wanted to go to town every week at least, and bought frivolous things that they never used to want, and the result was that they were striking against a 10 per cent reduction with which they would have been perfectly contented if they had never heard of cities at all. All their notions and extravagances were so much pure waste, said the manager.

It was not waste at all. Anything that adds a new thought or a new comfort or a new entertainment or refinement to human life is a positive gain, and not a waste. All new things are not good, but in the process of using we eliminate the vicious and keep the good. Newly discovered articles of food sometimes contain poison, but do we on that account abandon them and go back to the coarser diet? Not at all. We call in chemistry to purify the new thing and make it fit for permanent use. If the laboring class could have been kept wearing sheepskins, they would have been earning 10 cents a day now instead of \$2 or \$3, and we should have had a 10-cent-a-day civilization. There is no greater mistake than for the working class to set themselves against the social innovations at the top of society, because there is not a single thing that is introduced there that does not percolate down. We see an example in the case of the servant girls, who are complained of because they are getting so particular about their privileges and exemptions and so on, and because of their extravagance in dress, and bad taste, and all that. In reality that is the hopeful side. It means the beginning of better conditions and less hard work, more freedom and more civilization, for the servant girl class. Their taste is poor, but do you expect them to wait until they have



become artists before they wear bonnets? That is the beginning of their education. If it is true that they put on gloves over dirty hands, all right, they have got the gloves on at least, and that does three things, hides the dirt, starts a glove factory, and starts the person wearing the gloves into the society of others who wear gloves, and they notice that these others have clean hands, and finally begin to wash their own. The truth is, all social refinement begins with more or less of artificial veneering, but finally it penetrates the character and results in genuineness. Cleanliness is not the first sign of civilization that gets into the slums. If you put in bath tubs too early they may be used for coal bins, as has been found from actual experience.

Of course the Bradley Martin ball is not being gotten up as a philanthropic enterprise, and we need not expect it to be. It is surprising, but true, that the bulk of the best things we have were not introduced from the best motives. If we were never to have a railroad until those who built it did so for philanthropic motives, none would ever be built. They are built because we ride and pay fare. We can get railroads simply by making them profitable to the projectors by riding on and using them. Personally, I expect that this ball is a sort of social butterfly affair. The Bradley Martins made a great effort to get a daughter married to a foreign prince, and that meant that they would spend their money abroad. We do not want that. What this country needs is that our wealth should be spent here. I do not want any person who can afford to live better than I can to come down to my level. I want all the rest of you to help me get up to his level, and the more there are like him the better my chance of success in that line. I do not like to see American capitalists spending their money abroad, and changing their citizenship because they cannot get the sort of social life here that they want. But if we are going to assail and punish them every time they endeavor to introduce new social life here, we can hardly blame them much for going where it already exists. What we ought to do is to encourage the growth of a cultivated class here,

who shall expend their millions in beautifying our own country with great parks and estates, and in establishing a social standard that shall act as a constant incentive to all that is below. If you can make it impossible for millionaires to live here, you can succeed in keeping back the growth of American civilization. You can make it certain that whatever we have in the higher forms of social, musical, artistic and literary life, will be of the second rate order, because we shall have no class able to pay for the best. What we want is to encourage our own wealthy classes to expend their riches here, so that in satisfying their own desires, they shall at the same time, in spite of themselves perhaps, be promoting in the highest and most efficient sense, American art, architecture and science, and American social life.

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### **Growth of Sound Financial Opinion.**

Probably no country in Christendom has such a dearth of sound financial opinion as the United States. Not that the American people are less interested in, or intelligent upon public questions than the people of other countries. On the contrary, they are on the whole better informed, and participate more extensively in the discussion of national questions than any other people. To say that a nation most intelligently interested in the discussion of public questions has the least sound financial opinion, has a paradoxical seeming, yet, such is the case with the American people. Nor is the reason for this so difficult to understand when we consider the nature of our institutions and our checkered financial experience.

In Europe the evolution of popular discussion has grown gradually with the expansion of the democratic sentiment, and the growth of industrial and political freedom. The masses have naturally exercised their freedom of discussion upon those subjects which were nearest their own interests, and the questions in which their interests were indirect and remote, have had the least attraction for them.

Money and banking are among the most complex and difficult problems of modern society, and are those in which

the masses have very little direct participation. Hence, it is not surprising that in countries where the popular movement has been chiefly absorbed in acquiring the primary political, social and religious rights, a question like public finance has been chiefly left to the smaller class of bankers, publicists and government officials, to whom public financing has been something of a profession. Consequently, even in England, to say nothing of France, Germany and other Continental countries, there is practically no critical public opinion on finance. That is to say, the intelligent laboring and shop-keeping class do not even discuss the question of banking and currency. They do not pretend to have any opinion upon the subject. It is one of the topics that by common consent is left to financiers. The opinion of the governors of the Bank of England, and of the existing and past chancellors of the exchequer, and the limited circle which they represent, is authoritative and conclusive for the nation. No minister, Sunday-school teacher or trade union organization would think of controverting the views emanating from that source. Indeed, the people of England have more confidence in the stability of the Bank of England and the soundness of the policy it represents than they have in the foundations of the government itself. It should not be surprising, therefore, to find a much larger proportion of sound, financial opinion in Europe than in this country, since the financial opinion has been developed almost exclusively by those who have had responsible experience in dealing with the practical aspects of the subject.

In this country the history of financial opinion has been practically the reverse of that in Europe. We have not evolved our popular participation in the discussion of public questions by gradual evolution through which one question after another passed from the domain of a limited class to the masses. We began with chaos, and built upon the democratic principle that numbers are more important than knowledge, and that popular unanimity is a safer guide than experience. Instead, therefore, of developing the habit and custom of de-



ferring to the opinions of those whose experience and special study should give weight and authority to their utterance, we have rather encouraged the practice of doubting those who have had experience, lest they should have a sinister motive, and of regarding the popular sentiment as the only sure source of wisdom. Since no subject is too important to be tried by this standard, our financial opinion is largely the outcome of ignorant sentiment thus created.

We began our national existence with war—the great destroyer of commercial confidence and credit. Being only a few green colonies in a conflict with the most powerful nation in Europe, of course we had no credit at the money centers of the world; first, because there was little sympathy with the revolution in the monarchical countries, and second, because the American colonists were engaged in what was regarded as a hopeless task. Hence, we did what nations always do under similar circumstances, issued government paper money. Nine million dollars of this paper money was issued before the Declaration of Independence was promulgated, and two hundred and forty-two million had been issued by 1779. Thus the Republic was born in a flood of fiat paper money, which rapidly depreciated, and in a few years became practically worthless, being finally redeemed (1790) at one cent on the dollar. Hence the phrase, “Not worth a Continental.” This direful experience was followed by Hamilton’s scheme to establish, if not a perfect system of banking and currency, at least a system which contained the essential elements of sound banking. But the Jeffersonian idea of the infallibility of popular opinion was opposed to the establishment of the bank, and although the fiscal chaos of the country was such that Hamilton’s bank was chartered, it was always regarded as too much of a centralized institution for a democracy. Jefferson consented to it, but never believed in it. Despite this opposition, however, the first bank of the United States brought financial order out of chaos, and gave the nation a safe, elastic and thoroughly workable banking and currency system.

The Jeffersonian suspicion and distrust of everything *con-*

*structive*, was revived, and prevented the renewal of the charter, and another period of financial chaos was inaugurated. Sheer failure and disaster forced a return of the Hamiltonian principles, despite the popular spirit of disintegration, but not until the nation had been reduced to the verge of bankruptcy. In 1816 the second bank of the United States received its charter to run for twenty years. It soon inspired confidence, introduced order and solvency into the flood of wild-cat bank currency throughout the country, raising all paper money to a specie basis. Then all went well until the time began to approach for a renewal of the bank's charter. Once more the divinity of popular ignorance was appealed to, and for political reasons the bill granting a renewal of the charter of the second bank of the United States was vetoed by Jackson. Then another era of financial disorder, wild-cat banking, business bankruptcy and monetary fanaticism was inaugurated, which prevailed until the civil war.

In 1861-2 for similar reasons we repeated the experience of 1775 to '79, viz.: issued government paper money, and in 1863 established our present national banking system. As in our colonial experience, we saw the paper money rapidly depreciate, at one time being at a discount of 40 per cent., and it did not reach par until 1879. With such a fluctuating monetary experience, it is not surprising that public opinion should be unstable and fanatical on the subject of national finance. No system of banking and currency has endured long enough to command the confidence and respect of the public, and much less to develop financial statesmanship, which should either be authoritative or command respectful following.

The fact that greenbackism, free-silverism, state banking and other fiat schemes, should find followers in different parts of the country, is not a matter of surprise; indeed, it would be surprising were it otherwise, in view of our financial history. The resumption of specie payments in 1879, and the maintenance of all our paper money at par with gold, and also our silver, despite the fall in value of the white metal, during that whole period,

has done much to lay the foundation for the growth of sound monetary opinion in this country. As we have developed in manufacture and commerce, and our industrial life has become more complex, banking facilities have become more and more indispensable to business solvency and industrial prosperity. This has naturally forced students, publicists, financiers and even business men to turn their attention towards the consideration of sound monetary principles.

In the election of last year the two currents of fiscal opinion met in political combat. Mr. Bryan, on the one side, represented the remnants of all the disintegrating financial vagaries to which the opposition to constructive financial statesmanship have given rise. McKinley, on the other hand, represented the principle of business integrity, financial uniformity and stability, as developed by the spirit of modern industry and monetary science. Not that he consciously represented any specific monetary doctrine, but he was clearly the representative of the modern spirit of commercial interdependence and sound monetary institutions, and he received the support, regardless of previous political affiliations, of those who believe in financial integrity and industrial prosperity. True, this did not necessarily mean more than the assertion of the general idea. McKinley's election was the national announcement that a sound fiscal system for the United States was at least desired by a majority of the people. This has properly led to a wide discussion of the principles upon which our monetary and particularly our banking system shall be organized, and as the discussion progresses, the evidence of the rapid growth of intelligent, sound, financial opinion becomes increasingly manifest.

The essential features of the monetary reform to be obtained, viz.: the retirement of all government legal tender notes, the provision for greater elasticity and flexibility of our currency, and the constant subjection of all paper money to current redemption in full value standard coin, is becoming generally recognized by the leading journals, statesmen, business men and bankers; in short, by the consensus of compe-



tent opinion throughout the country. Indeed, there has never before been such encouraging signs of wholesome financial opinion in this country, since the overthrow of the bank of the United States. The evidence of a general growth of an approximately uniform opinion on the essential principles of finance are gratifying, in the fact that the sentiment is not peculiar to any class or political party, or geographical section of the country. The leading commercial bodies and influential papers in all sections of the country are steadily coming in line with this sound money movement. The national character of the movement was conspicuously indicated in the Indianapolis convention which represented every State in the Union, and both great political parties.

The fact that the selection of Lyman J. Gage of Chicago as Secretary of the Treasury meets the approval of the whole sound money element of the community, regardless of party, is further proof that the movement is national rather than political, and also is an evidence of the good faith of the incoming administration upon the subject. Mr. Gage's selection is especially significant, in view of his emphatic utterances upon this subject, as follows:

“Our whole monetary system is the resultant of makeshift legislation and unscientific compromises. It is time that reform began.

“In my own opinion the greenbacks should be permanently retired. The silver purchased under the Sherman act should be gradually sold and the Treasury notes redeemed and canceled. Some well-guarded system of bank note circulation broader and more elastic than the present national bank act provides, should be inaugurated.

“Such bank notes should be redeemable at a central place, and be redeemable in gold only.

“The greenback controverts the principle of paper money, viz.: that every note injected into the commercial system should represent an existing commercial value.

“The national bank note nearly conforms to the true principle of paper money, but the unreasonable requirements

for security paralyze its efficiency and operate to destroy its elasticity.

“The silver certificate encourages the use of silver to a larger extent than is consistent with the safe preservation of that metal on a parity with gold.”

The question of how to incorporate these ideas into workable law, is the practical question. If it were permissible to draft a new law regardless of our present patchwork system and highly-speckled experience, the problem would be comparatively easy to solve, but such is not the case. Absolutely new institutions can only be obtained by revolution. It is difficult, under the most favorable circumstances, to introduce without great friction, more than a small per cent of new ideas into old institutions.

The wisdom of social reform, therefore, usually depends quite as much upon correctly estimating the amount of new that is feasible, as upon the soundness of the principle itself. Here is where the practical side of statesmanship is much more important than is commonly recognized. We are too apt to demand of the statesman that he shall insist upon adopting the most radical change he desires, regardless of its feasibility under the circumstances, which is called “standing for principle.” True statesmanship, however, consists in being able to recognize the truth of fundamental principle, and at the same time correctly estimate the amount of such principle that can successfully be incorporated into existing institutions. With the present state of the public mind, as resulting from our mottled financial history, any very radical reconstruction of our monetary system is clearly infeasible. To attempt it might defeat for the present any real reform at all. The question is how much change in our fiscal institutions tending to eliminate fiatism from, and give elasticity with safety to, our currency, is possible.

It is quite clear that whatever is done must be done through our existing monetary machinery. It is encouraging to know that this practical aspect of the subject is beginning to be recognized and seriously considered. The Hon. Joseph

H. Walker, present Chairman of the House Committee for Banking and Currency, has prepared a bill which aims to secure this end by a series of amendations of the present national banking law. The only criticism made upon Mr. Walker's bill is that it is very complex, and to many seems complicated—too much so to receive the popular support even of those who are anxious for this kind of reform. It is very important, with the present suspicious and immature state of the public mind on the subject, that the reform proposed should be as simple as possible. It may even be necessary to sacrifice some virtues to clearness and simplicity.

Several other bills have been presented, some of which we shall consider later. The New York *Journal of Commerce* recently discussed the subject in a series of extended editorials, and concluded with the presentation of the following skeleton of a measure for accomplishing the object with the minimum disturbance of existing machinery:

I. Authorize the redemption and cancellation of all outstanding United States notes, and the Treasury notes of July 14, 1890.

(a.) To prevent contraction of the volume of circulation, said redemption shall not at any time exceed in amount the issues of the bank notes provided for under Section III.

(b.) To provide the means for said redemptions, the Secretary of the Treasury shall be required (1) To use, at his discretion, the fund in the Treasury known as the "gold reserve;" (2) To sell, at his discretion, from time to time, the silver in the United States Treasury acquired by purchase under the act of July 14, 1890; (3) To use, for this purpose, all income devotable to the debt Sinking Fund, and all revenue not otherwise appropriated; (4) For the same purpose a duty of 3 cents per pound on coffee and 6 cents per pound on tea shall be paid on imports of those articles, until nine-tenths in amount of the aforesaid notes shall be declared redeemed by the Secretary of the Treasury, when such duties shall cease; and (5) The Secretary of the Treasury shall be authorized to borrow, for the aforementioned pur-



pose, on bonds payable after six years from the date of issue at the pleasure of the government and bearing interest at 3 per cent., such amount as may be found necessary for these purposes in addition to the proceeds from the other sources hereinbefore enumerated.

(c.) To compensate for any impairment of national bank reserves, pending the retirement of the aforesaid legal tender notes, the national banks shall be permitted to hold one-half of said reserves in the form of United States bonds; that privilege to cease at six years from the date of authorizing act.

II. From and after six months following date of act, the Treasury shall not reissue any notes authorized under the Legal Tender Acts and the act of July 14, 1890.

III. After the date of the act any incorporated bank within the United States, having a paid up and unimpaired capital of not less than \$25,000, shall be permitted to issue circulating notes to an amount at no time exceeding 75 per cent of said paid-up and unimpaired capital, upon the conditions following:

(1) That such notes shall be a first lien upon the entire assets of the bank issuing them, and a claim upon its stockholders to the full amount of their ownership of stock.

(2) That each issuing bank shall pay a tax of one-half of 1 per cent per annum on its average circulation, to defray the expenses of the administration of this law and of printing the notes.

(3) That no banks shall issue said notes until the Secretary of the Treasury and the Comptroller of the Currency are satisfied, upon due examination, that the bank applying for this franchise has entirely complied with the herein specified conditions.

(4) That the Comptroller of the Currency shall be required to call for quarterly statements from all issuing banks relating to such items as he may deem necessary, in order to show whether they have continuously complied with all the provisions affecting note issues under this law.

(5) That if any issuing bank should fail to comply with these conditions, the Comptroller of the Currency may, at his discretion, require such bank to call in its notes and suspend issuing.

(6) That, immediately upon the failure of a bank the Comptroller of the Currency shall, if the bank be organized under the national system, cause its note obligations to be paid first and with all promptness; and, if the bank be organized under a state law, he shall appoint an administrator, in the sole interest of the note holders, to whom shall be payable out of assets and assessments on shareholders, an amount sufficient to liquidate all outstanding notes, before the claims of any other class of creditors are satisfied under the laws of the State.

(7) That the notes of a failed bank shall pay 5 per cent interest from the date of failure until the payment of the notes.

(8) That the notes of all banks shall be printed by the United States government, after such uniform design as the Comptroller of the Currency may approve.

(9) That the denominations of the notes shall not be in smaller amounts than \$5, unless the Comptroller is satisfied that the public convenience requires lower denominations; in which case notes of \$1 and \$2 may be issued.

(10) National banks shall have the choice of issuing notes under the present national banking laws or under the conditions of issue herein prescribed.

IV. In order to insure free and expeditious redemption of circulating notes, there shall be established six redemption districts by the Comptroller of the Currency, in the manner following :

(1) The limits of the districts shall be determined with due regard to a just division of banking capital and of geographical area.

(2) The redeeming agents shall consist of banks situated centrally in their respective districts, and shall be appointed by the Comptroller of the Currency.

(3) Issuing banks shall keep a deposit in gold with the redemption agencies of their respective districts, at no time less than 5 per cent of their outstanding circulation; from which the agency shall make redemption of their notes.

(4) The agency shall receive from the banks within their respective districts the notes of banks situated in other districts, and shall forward the same for payment to the agency of the district in which such notes are issued.

(5) Each agency shall forward a report to the Comptroller of Currency at the beginning of every month, showing what was the average ratio of redemption deposit to circulation of each bank in its district for the month preceding.

(6) In case of the failure of the bank, the agency shall forthwith suspend redemptions for such bank and shall hand over any balance to its credit to the receiver or administrator of such bank.

V. From date of act, no bank note shall be a legal tender for any payments except for debts due to the issuer.

VI. All bank notes shall, from date of act, be redeemable in gold coin of the United States.

VII. From date of act and until the United States notes and the treasury notes of 1890 have been entirely redeemed, the provisions of law requiring reserves against deposits may be suspended under emergencies, at the discretion of the Secretary of the Treasury.

VIII. The tax of 10 per cent upon the notes of banks operating under state laws shall not apply to notes issued under the foregoing conditions and regulations; but, otherwise, said tax shall remain in force.

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### **How to Attain the Eight Hour Day.**

REV. JESSE H. JONES.

The eight hour day is the greatest benefaction which can now be bestowed upon the wage worker. It is the one indispensable condition which carries with it necessarily all the other beneficences attainable for those who work for wages; for in its natural operation, by giving rest and leisure for the



better things, it surely involves the uplift of the toiler and his fuller development, physically, mentally and morally, which will enable him to grasp and hold more of the things of this world, and to use all that he gets with a finer skill and for nobler ends. Thus he will become more and more a completed human being, active in unfolding and maintaining a higher civilization. To promote the attainment of the eight hour day is, therefore, to promote what will make for the highest beneficence for the millions of the wage workers of our land.

But the attainment of the eight hour day seems very far off. I was made a member of the Boston Eight Hour League, in 1872-3, and now, after well nigh a quarter of a century, still how far away the goal appears. One insurmountable obstacle hitherto has been the lack of a suitable method of movement toward it. A practicable way to attain the eight hour day is the primary necessity of the situation to-day. I enforce this necessity by an illustration. When, a number of years ago, Chicago became convinced that it must lift itself out of the mud, and must widen its streets, it would none the less have remained there in the mud, even to this day, unless a practicable method had been proposed for accomplishing the work. But when myriads of jackscrews were set going all at once, they raised the great, solid, five-story brick blocks six feet into the air, without a crack or a shiver, while business went right on the same as before. And when iron-shod grooves were set more solid than the soil beneath, and innumerable cannon balls were placed in them, on which the blocks were lowered, and then pushed back by the slow, irresistible pressure of other jackscrews set fittingly to this task, business going right on all the while, the work was accomplished, and Chicago was lifted out of the mud, and its petty village streets widened into stately avenues. But a method, adequate to the case, was the vital necessity for the accomplishment of the result. Equally is an adequate method a vital necessity to the shortening of the toilers' day from ten hours to eight.

This adequate method must have for this case just what the Chicago method had for that case. It must be such that in its very nature and working every moneyed interest shall be protected, there shall not be made a crack in the walls of affairs, nor shall a tremor of peril be felt in the movement, nor a delay in the conduct of business; but all the operations of manufacturing shall go right on in safety, and every business man shall have the same chance for success as if the movement were not in progress. I venture to offer a suggestion toward the devising of that adequate method.

Let all organized bodies of capitalists who are engaged in manufacturing industries, or those in any one of them, but especially those in the textile fabric and boot and shoe industries or others which are done under roofs, form an agreement that on the Monday following the first Thanksgiving day after the agreement is made, they will all take off permanently one-quarter of an hour from the working day; and that each year thereafter on the corresponding day they will take off another quarter of an hour year by year, until the eight hour day is reached. I have selected this time of year because the shortest days and longest nights, together with the severe winter cold, are just at hand, making it the time when the net loss will be least and the time given most grateful to the workers; and I connect the movement with Thanksgiving Day, as, next after Christmas, the most desired and fully kept holiday in the year.

Thus by a series of small, slow steps, which constitute a practically insensible gradation, like the turning of the jackscrews round and round, the new standard day will be reached without a jar or a tremor of peril, but with everything moving as smoothly as it could move if the ten hour day were maintained, by struggle and stress against the spirit of the age, during those same years. Yes, and the case would be far better in this respect, for when it should once become apparent that the capitalist managers had conceded the eight hour day to the toilers, and had begun by a series of perfectly safe and sure steps to move toward that

day, then every moral force in society and every rational labor force would work together so to influence the mind of the toilers that their preservation of order and their co-operative good will would faithfully help to make the movement a complete success, without a shadow of trouble or a shade of hindrance. And again I emphasize the point, which is the essential element in this plan, that the small, slow steps, taken so far apart—one-quarter of an hour taken once a year, and at the most favorable time in the year—do constitute a plan against which not one single economic objection can be justly raised. The only obstacle is the dull stolidity of human nature, which will not move out of a place in which it is set, until it is so beaten that it moves for very pain. And we may fairly cherish the hope that in the opening years of the twentieth century the better spirit that aspires for the uplifting of humanity may sufficiently prevail over that stolidity so that it shall not hinder the making of the move we advocate.

Having thus stated the case, I wish to show beyond a doubt that the capitalist will have just as full a chance to make his business profitable on the basis of an eight hour day as of the ten hour day. A number of years ago, in calling upon one of the proprietors of a large manufacturing establishment in Connecticut, this subject came up for discussion. My errand was wholly concerning certain phases of the labor problem, and the gentleman spoke with a promptitude, clearness and decision which I never quite found anywhere else among manufacturers. Almost the first thing he said was: "I could make just as much money in eight hours as in ten, if only all the rest would work the same time." This was the real point. The truth is, every manufacturer can make just as much money on an eight hour day as on a ten hour day, if only all who make that kind of goods work the same time. Of course, the immediate result might be a small increase in the cost of production and a temporary rise in prices, but the inevitable consequence of this would be an increased pressure in the direction of improved methods of production, which would mean a speedy return to the lower price level. That this would be



the effect is the unbroken testimony of all experience on the subject.

The eight hour day in itself, therefore, gives no occasion for anxiety. Once established, all the business of the land would go on just as safely as now under the ten hour day. The amount of time by which the day would be shortened is so small, and the change would be made at so favorable a time in the year, that, having been agreed upon beforehand by the capitalists, they, and all others who had dealings in the case would at once and instinctively readjust themselves to the market, so that when the change came business would flow on without a ripple.

A quarter of an hour cut from a ten hour day would be a reduction of only 1-40 of the working time. Suppose this should actually reduce the output that amount, it could not increase the cost of production more than about 1 per cent. This would not amount to more than 3-100 of a cent on a yard of cotton cloth, for instance, or 5 cents a pair on \$5.00 shoes, and so on through all lines of production.

Thus the change in cost, even if it were not compensated for by greater efficiency, would be too slight, if added to the selling price, to be perceptible to the consumer, or if deducted from the profits to be important to the capitalist; but to the workers it would be a permanent, invaluable boon. But the history of experience on this subject shows that after the adjustment immediately following the change, there has never been any permanent injury to the community in higher prices, or to the capitalist in lower profits, but there has always been a continuous advantage to the laboring class.

John Rae,\* in his work on "Eight Hours," cites scores of cases where independently of the introduction of improved machinery, the production per laborer has not been diminished, and in a large majority of cases has been increased as the working day was shortened. This of course would not occur with a sudden reduction of an hour or two a day, but

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\* "Eight Hours for Work," by John Rae, M.A. Macmillan & Co., London.

with the gradual reduction of 15 minutes a day once a year, it might, and probably would occur. If, however, the capitalists felt that this reduction of hours put them at a disadvantage with foreign competition, that could and should be overcome by a sufficient tariff protection. Indeed, this shortening of the working day is one of the benefits that protection to manufacturers should vouchsafe to laborers.

Thus would it be with the market. But among the workers themselves what a beneficence would have begun. In eight years the eight hour day would be fully gained, and the work-a-day world of human kind would have entered into a new age, and a new condition of life far above anything now known, or that ever has been known since man began to be on this planet. The whole movement would work like the launching of a ship. All that is needed is human beings of the right stamp. Men are needed to show the way, and persuade the people to walk in that way. A National Eight Hour League should be formed, having for its aim the carrying on of a serious, earnest, sober-minded campaign for the eight hour day. Its appeal should be primarily to organized capital, to Boards of Trade, to organizations of special trades, to the captains of industry and the organizations which they have formed. When Lord Rosebery has sat in the London City Council, with that whole body working on a plan for the betterment of every citizen of the municipality, we have a right to expect that multitudes of the capitalists of this country will be at least as noble, even though they have not a nobility name, and will respond with equal energy to a reasonable call to better the condition of the wage workers of our land.

It is no part of this plan to organize the wage workers against the managers, and by a violent struggle injure the capitalists and force them to concede what we seek. We move rather in the spirit of Abraham Lincoln, who said, in closing his first inaugural address: "We must not be enemies, but friends." In this way let this great reform be advocated and brought more and more before the public mind, until the

masters of industry, fully persuaded that they can confer the boon without loss or any peril, shall have inaugurated everywhere the eight hour day, and thus opened a new era of progress for the Republic.

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### High Wages and Cheap Production.

The economy of high wages and the wisdom of high wage policies have been constantly demonstrated in individual and national experience, and commented upon in economic discussion, but they are facts upon which too much emphasis cannot be laid at this uncertain and critical moment in the history of the Republic. Whatever details of public policy may be adopted from now on, the maintenance of this vital and indispensable condition of industrial safety and progress ought always to be kept in view. Especially is this true at a time when the economic theories expounded in many of the great educational institutions of the country, instead of becoming more practical and affording positive aid to statesmanship in the formation of progressive high wage policies, seem to be tending largely towards the abstract reasoning and ineffectual conclusions of the new Austrian school.

There is little to indicate, however, that this new departure in economic theory will exercise any more influence upon concrete business affairs and problems of national policy, than the older and equally unpractical doctrines have exerted heretofore. The active, producing, consuming and trading world still insists upon following such courses as it has ascertained from long experience will lead to desired results, and finally it is coming up to the point of constructing for itself theories based upon and which accord with these concrete facts of experience, and furnish a scientific justification for the positive, empirical action habitual in routine business and social life. We find a welcome example of this sort of much-needed literature in the January number of the *Engineering Magazine*, wherein Mr. A. E. Outerbridge, Jr., has an able article on "Labor Saving Machinery the Secret of



Cheap Production." This article is an important contribution to the optimistic, tangible side of economic discussion.

At the outset, Mr. Outerbridge states his position, thus:

"There is an evident impression in the minds of some employers of labor in this country at the present day that the only hope of successful competition with foreign countries, where labor is comparatively cheap, is to be found in a reduction of the wage-scale to approximate the low standard prevailing in those countries.

"The purpose of this paper is to show the fallacy of this view, and to prove by argument and illustration that the true secret of success lies in an opposite direction. Careful observation and study of this important economic problem have convinced the writer that wherever American manufacturers have, in the past, successfully competed in the markets of the world with similar products of foreign make, the success has been due to a fortuitous combination of improved labor-saving machinery operated by high-priced, intelligent mechanics, and that greater developments in the future should be sought in the same direction, not in reducing wages and lowering standards."

He then proceeds to show, by several illustrations, particularly in the watch-making, steel and iron working, and engineering industries, the remarkable efficiency of labor-saving devices of American invention, and the consequent low cost and hence large demand, meaning in turn large production, increased employment and high wages, made possible by this type of industrial improvement. Referring to the watch industry, he says: "The result of this marvelous development of labor-saving machinery, and systematizing of methods of manufacture, has been a reduction of the cost of excellent time-keepers to a point which enables every mechanic, farmer and schoolboy, to possess a reliable watch. American watches are exported, in competition with foreign watches, in enormous numbers to all parts of the world, and, notwithstanding the low prices, the business has yielded enormous profits." He also instances the modern passenger

locomotive, whose total cost, (about \$8,000 for a 130,000 pound locomotive) is now somewhat less than the cost of the raw material alone (chiefly steel and iron), not many years ago. M. Levasseur, of the French Institute, is quoted as attributing the supremacy of American manufacturers to "the wise economy of 'increasingly replacing out-of-date machines by new and improved types.' Several illustrations from personal observation are given, and it is stated that, in one of the largest and oldest establishments of the kind in the United States, not a single ancient machine tool was found working." Needless to say, it is just this process of constant and rapid improvement in methods which has unfortunately met with so much opposition from organized labor, through failure to recognize the inevitable benefit, both as to wages and extent of employment, which finally results to the laboring class from every such forward step. The temporary hardship has shut out appreciation of the ultimate benefit, and made laborers very slow to see the impossibility of bettering industrial and social conditions unless the progress of capitalistic efficiency is allowed to go on.

— It is very gratifying to note that Mr. Outerbridge bases his argument for high wages upon the correct economic ground, namely, that good incomes mean large consumption, this of course giving rise in turn to large production and employment, along with improvements in methods tending to reduce cost without loss to employer or employed. On this point, he says:

"It cannot be doubted that the policy which has generally prevailed in this country of employing intelligent mechanics at high wages has stimulated the invention of labor-saving machinery and decreased cost of manufacture; therefore, the proposal at this date to lower the standard of wages in order to compete with foreign manufacturers is a short-sighted and narrow-minded proposition, which would certainly defeat the object in view and ultimately lead to disaster.

"Statistics prove that a reduction in wages is always

followed by an immediate reduction in consumption, not only of so-called 'luxuries,' but of all the multifarious manufactures of the country; for the wage-earners are the largest consumers.

"Increase of wages and increase of consumption go hand-in-hand, and a period of high wages is synonymous with a period of great prosperity.

"A fallacious argument is often advanced to show that high wages are the effect, and not in any respect the cause, of prosperity; but enlightened manufacturers are beginning to take a broader view of the subject, and some of them have already proved, by actual trials, the truth of the proposition here advanced."

A few instances of such experiments are then given, the most interesting of which is the following, relating to the turning of steel forgings at the Midvale Steel Works, where the differential piece-work system is in operation :

" COST OF PRODUCTION PER LATHE PER DAY.	
ORDINARY PIECE-WORK SYSTEM.	DIFFERENTIAL-RATE SYSTEM.
Man's wages . . . . . \$2 50	Man's wages . . . . . \$3 50
Machine cost . . . . . 3 37	Machine cost . . . . . 3 37
Total cost per day . . . . . \$5 87	Total cost per day . . . . . \$6 87
5 pieces produced.	10 pieces produced.
Cost per piece . . . . . \$1 17	Cost per piece . . . . . \$0 69

"These represent actual results obtained in daily work, the difference being due mainly to the differential rate.

"This system does not spare the tools, which are run at a high rate, under heavy feed; and, since its introduction, the views of progressive manufacturers regarding the economical use of machine tools have materially changed.

"Formerly old tools were venerated and carefully preserved as long as they could be used. Now the aim seems to be to obtain the full life-service in the shortest possible time, and then to consign the tool to the scrap-heap. In this way tools are worn out long before they have become obsolete in



design, 'soldiering' on the part of operatives is effectually eliminated, the output is increased, and cost of production is decreased in an astonishing ratio."

Another illustration is given, relating especially to the wage-workers' interest in the matter:

"A skilled lathe-hand, who had been employed in one establishment for several years on one kind of work, went to another shop, where he was offered twenty-five per cent. more pay per piece for precisely the same job; he soon found that, owing to the continued use of an antiquated lathe in this establishment, and consequent smaller output, he was unable to make as high wages as he did at the former place of employment, although far more care and attention on his part were required to avoid errors in sizes, all of the pieces being fitted to standard gauges."

Mr. Outerbridge makes the following summary of the subject:

"These illustrations might be extended and elaborated, but, even when thus briefly stated, they serve to emphasize the general statement that labor-saving machinery, while, in one sense a competitor of hand labor, is, in another and larger sense, its most efficient hand-maiden or help-meet; not only has labor-saving machinery decreased cost to the consumer, but it has increased wages of operatives and decreased manual toil. It has been the means of substituting intelligence for brute strength, and has, in all respects, proved the friend of labor."

It is no less important that organized labor should come to acknowledge and act in accordance with this fact, than that capitalists and statesmen should more definitely recognize the place of the labor movement in the industrial progress of society.

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### How Not to Reform the Currency.

Reform movements often suffer quite as much from the wrong kind of support as from direct and avowed opposition. Mistaken advocacy of extreme and ill-considered measures, visionary and impracticable under existing conditions and not adapted to present needs, only helps to array conservative

and always suspicious public sentiment against what may in reality be a wise and necessary plan for the improvement of social, industrial or financial conditions.

At present a campaign for banking and currency reform is being carried on throughout the country, and, as might be expected, some of the propositions that are being made involve conditions and consequences even worse than those we are endeavoring to remove. This is not always because the specific plan advocated is based upon wrong principles, or is inherently impracticable under ideal conditions, but chiefly because of its non-adaptability to the complex, sensitive, somewhat prejudiced and by no means harmonious social and political organization with which we have to deal. The fact that there is always a strong latent prejudice in favor of existing institutions, an unwillingness to experiment with the new, must be recognized. Radical changes, especially in financial institutions, cannot be accomplished all at once. Indeed, if the alteration is radical and sudden, that fact of itself might cause the failure of the best monetary system that could be devised.

It is true that we have at present the wrong sort of governmental participation in currency affairs. Fiat money, backed only by government promises, and with no provision for current redemption except at great and unnecessary cost to the public, never was good money and never can be expected to render cheap and efficient service. This fact is coming to be generally recognized, and in some quarters there is already a tendency to rush to the opposite extreme and demand that the Government be wholly and absolutely eliminated from the currency situation, leaving us to financial anarchy, in the hope that the fittest may survive. Naturally, this proposition comes chiefly from those who have already become so infected with extreme *laissez faire* ideas that they can see almost no useful function which the organized state can perform in the supervision of industrial or financial affairs. They seem unable to distinguish between thorough-going paternalism and scientific governmental determination of the conditions under

which national progress, in the broadest sense, ought to take place. With them the question is not primarily, how best to get a given thing done, but who shall do it, the presumption being invariably in favor of private rather than public enterprise. They insist upon classifying every advocate of state action along certain lines and to certain degrees, as a logical socialist, unmindful of the fact that by the same process of reasoning they themselves become logical anarchists.

This extreme *laissez faire* attitude of mine as regards the banking and currency problem, is well illustrated in an article on that subject by Mr. Austin W. Wright.\* Mr. Wright correctly says that our concern now must be with the banks rather than the mints, but in discussing the banking problem he bases his reasoning upon a conception of credit which unnecessarily confuses the situation, and then proceeds to argue for the immediate repeal of all existing banking laws, and against any new constructive legislation on the subject, whatever. His conception of credit will be found in the following quotations from the article referred to:

“It is generally conceded that more than ninety-five per cent of the business transacted nowadays is accomplished without the use of money. It is plain to every observer that the demand for money as an aid in facilitating exchanges is becoming less and less because of the increased use of credit. In these days of varied and gigantic business enterprise, it would be a physical impossibility to effect the transaction of the vast multiplicity of exchanges if people were limited solely to the use of money. In the first place, there is not in all the world money enough to do the business of the United States alone, and if there was it would not be possible to handle it.

“Credit can be and is bought and sold, and everything that can be bought and sold is wealth, and as about 95 per cent of the commerce of the United States is carried on through the agency of credit, it follows that in a comparative sense the

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\*“Free Banking. Instead of Free Silver as a Cure for Hard Times.” By Austin W. Wright. *Electrical Engineering*, August, 1896.



colossal value of credit reduces the combined results of all other forms of wealth to infinitesimal proportions. . . .

“Now, if a merchant can buy a stock of goods with his credit by giving a promise to pay in the future; or a contractor can exchange his credit for the services of others in the same way, it is clear that personal credit is capital in the same sense that money would be and that it can be used in all kinds of enterprise. . . . Now that it has been made plain that individual credit constitutes a capital sufficient to meet all requirements, is it not clear that what the people of this country need more than anything else is freedom to organize and put into active use their own individual credit?”

Mr. Wright is correct in emphasizing the importance of credit, but his assumption that because 95 per cent of the business of the country is done by credit, therefore 95 per cent of its wealth *consists* of credit, is wholly fanciful and absurd. Credit simply represents the temporary transfer of already existing wealth from one situation or ownership to another, either for immediate consumption or for application to productive purposes. New wealth is not created when an instrument of credit is passed, but the efficiency and adaptability of present capital may be greatly increased by the transaction, so that much more new wealth is thereby produced. A sound banking system would stimulate industry by promoting the ease, cheapness and rapidity with which the right to use already existing wealth as capital, could be transferred, and thus kept employed at all times at the points of greatest efficiency. According to Mr. Wright's idea, when a man borrows a sum of money and gives a mortgage on real estate to cover it, new wealth to the amount of the mortgage has come into existence. Of course not. What has really happened is that for a certain time the ownership of the money and the contingent right to the land title have changed hands, the mortgage being simply the legal record of the transaction. To classify credit as wealth furnishes a logical basis for the Populistic demand for unlimited issues of fiat paper money, and herein lies the danger in putting forward any such definition

in support of arguments for banking reform. We cannot add to the wealth of the country by simply printing and stacking up banknotes, but we can promote the creation of new wealth through banking arrangements which shall increase the mobility and efficiency of such productive capital as is already in existence, or may be brought into existence in the regular processes of industry.

But the main objection to Mr. Wright's argument applies to his proposed plan of action regarding banking and currency reform. What he argues for is really financial anarchy, as will appear from the following:

“ We have now reached the crux of the financial trouble and the solution does not consist in an application of unlimited quantities of compulsory silver, but in *free and unlimited banking*. Banks are local, not national in character; they come into existence because of and to supply a demand incident to their environment; therefore all national laws establishing or regulating banks should be repealed at once. Everybody ought to be left free to establish and carry on a bank whenever and wherever there should be a demand for one. There is no more danger of there being too many banks than there is that there will be too much of anything that is necessary for the growth and development of the race. Bankers are simply dealers in money and credits, and there would be no more danger from bad banking than there is now from bad merchandising. Even under present conditions the sole security of people doing business with bankers consists in the integrity and intelligence of the banker. Why should the state longer try to fool people into belief in fancied security by expensive and hypocritical attempts at regulation? Criminal infractions in connection with banking should be punished to the same degree as those occurring in the conduct of other lines of business. But the infliction of criminal penalties does not restore lost property. In the absence of attempted state control of banking, moral forces would have opportunity to grow and develop and the honest banker would soon drive dishonesty out of the business. Under conditions of freedom, dishonesty cannot long compete with honesty. . . .

“ In the absence of state interference the intelligence of the banker can always be depended upon to exact sufficient security to enable him to always protect his own bills of issue. There should be no limit placed upon the banker as to amount of promissory notes which he may issue; increased demand upon the banker for the use of his credit can always be regulated and controlled by the rate of discount. . . . No statutory requirement is necessary obliging bankers to redeem their bank notes in money of the highest recognized standard. Competition will irresistibly impel each and every banker to provide for the immediate redemption of every promise to pay in that medium which possesses in the highest degree all the essential attributes of money, because promises so written would circulate to the exclusion of all others.”

In all this there is a curious mixture of truth and error. It is true that freedom from unnecessary and costly restraints is needed in order that bankers may render the best service to the public, but it is also true that banks are quasi-public institutions, and that for the protection of public interests certain obligations as to the amount and character of capital, redemption of notes, etc., should be imposed by the government in addition to the natural restraints afforded by the presence of competition. This is so, first, because public confidence, the prime essential in banking, is greatly increased when the general bounds and limits of banking institutions are legally defined, clearly understood, and capable of prompt enforcement; and, second, because free competition alone does not always, as Mr. Wright assumes, guarantee the maximum safety and efficiency. It is true that “ the infliction of criminal penalties does not restore lost property,” and it is equally true that Mr. Wright’s plan of waiting until honesty drives out dishonesty by natural selection, would not repair the damage done by the dishonest in the meantime. There is certainly room here for intelligent governmental action, determining the limits of safety within which banking operations shall be carried on, thus insuring uniformity, coherence and stability throughout the country. It is true, furthermore,



that the amount of banknote issues need not be expressly limited, but it is not true that "no statutory requirement is necessary, obliging bankers to redeem their bank notes in money of the highest recognized standard." Indeed, the removal of restrictions on note issues would only become possible by virtue of the fact that banks were compelled to provide for daily coin redemption. Free competition, though partly effective no doubt, is not a sufficient safeguard. Under it there would be a free field, especially in rural communities, for irresponsible parties to establish speculative banks and make a profit by issuing as large quantities of notes as possible on attractive terms, and then going into voluntary bankruptcy. This would simply be a return to "wild-cat" banking, under which free competition certainly did not result in either securing proper redemption or keeping notes at par, except in the case of the New England banks, through the arrangement voluntarily entered into by them with the Suffolk bank of Boston. What is needed now is that the same provisions which were found to work so successfully in the Suffolk system be made compulsory upon all banks, in consideration of freeing them from the burden of bond deposits to secure circulation. Mr. Wright virtually recognizes the fact that his *laissez faire* system would not guarantee the parity of all notes in all parts of the country, in the following:

"This money would not drift to and concentrate in money centers because it would be sustained only by a confidence inspired by a knowledge of the character of its author. Whenever it got beyond the range of the influence of that sustaining power it would be regarded with suspicion, and would therefore immediately and without fail be turned back toward home, seeking protection of its integrity at the hands of its father, the banker who issued it. Much has been said about one dollar being as good as another, and of the necessity of having paper good everywhere, but this is impossible except at an expense in excess of the cost of metallic money itself. National bank notes each cost more than their nominal face value. Credit and security are two different things—the one

costs almost nothing, the other costs whatever it is worth and is therefore expensive. None will gainsay the stupendous beneficial might of credit as an economic force, but it is impossible to enjoy the benefits of credit without accepting all of the risks incident to its nature."

It is to obviate just these risks that a definite, responsible and scientific organization of banking institutions is needed, such as almost every other civilized nation has in operation at the present time. No-government is no more a remedy than is all-government. What the situation requires is constructive legislation, practically obliging, say by means of discriminatory taxation, all banks wishing to continue business, to come under the provisions of a general banking act by which the maintenance of coin redemption agencies shall be required of every bank, and the aggregated capital of the whole system shall become jointly responsible for the notes of any one member of it. The requirement of bond deposits might then be safely removed, and limitations would not need to be put upon the amount of note issues. Such a system would give all the freedom and elasticity that Mr. Wright's *laissez faire* plan could possibly afford, and would in addition secure absolute safety, as against the certainty of constant depreciation, loss and irresponsible speculation, under the "wildcat" system. The trouble heretofore has not been the *per se* fact of state interference in the financial situation, but the unscientific nature of the policies pursued. Not no-legislation but right-legislation is the present need.

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### **Analysis of Cuban Population.**

RAIMUNDO CABRERA.

The United States cannot look as an indifferent spectator upon the conflict now pending decision by force of arms in the island of Cuba. Is it through mere curiosity or sentimentalism that the public mind shows so strong a desire to be kept informed of what is going on in the neighboring island?

The short distance which separates our harbors from the Cuban shores; our heretofore close mercantile relations with

the now impoverished isle, where several thousand American citizens who settled there now see their properties destroyed and their lives menaced with serious perils; these and other reasons of a political character cause the United States to consider the Cuban question as an internal problem, and to be interested in having a solution reached which shall be inspired with the principles of American democracy and self-government. Ignorance or maliciousness generally represent the population of Cuba as unfit for self-government. It has been frequently asserted that the black population of the island exceeds the number of its white inhabitants, and, what is still worse, that, as a rule, the Cuban people have not attained that degree of culture which is necessary for the successful practice of self-government. That these assumptions are without foundation is shown by the following data.

A corrected official census of the population of Cuba in 1887 showed a total of 1,631,687 inhabitants divided as follows:

Habana Province, . . .	451,928
Pinar del Rio Province, . . .	225,891
Mantanzas " . . .	259,578
Santa Clara " . . .	354,122
Puerto Principe " . . .	67,789
Santiago de Cuba " . . .	272,379

The whole population is classified:

Whites, . . . . .	1,102,689
Colored, . . . . .	485,187
Chinamen, . . . . .	43,811
	<hr/>
Total, . . . . .	1,631,687

The increase in population, as compared with the preceding census of 1877, was 110,003, or about 6.8 per cent. This was partially accounted for by the return of many families who had emigrated during the Ten Years War and to the increased facility of taking the census in the pacified provinces. This increase is extremely small in view of the fertility of the soil, and the extent of the island. The latter includes a super-



ficial area of 43,000 square miles, not counting the smaller coast islands. The increase of population in the United States during the same period (1877 to 1887) was fully thirty per cent. The truth is that, notwithstanding the formal abolition of the restrictions which the Spanish Government put in the way of immigration up to a recent period, the long continued policy of practically barring out immigration, was in no sense effectively reversed and no positive effort was made to encourage newcomers to the island, least of all, newcomers of non-Spanish nationality.

The Spanish Government, which permitted the slave trade to continue until the middle of the present century, which partially abolished slavery only under pressure of constant agitation by the Cubans, which promised its complete abolition after the peace of Zanjón in 1878, and which delayed the fulfilment of that promise until 1883, has never allotted any portion of the Cuban taxes to the encouragement or facilitating of immigration to the island. The only effort made by the Government in that direction was for the introduction of Chinese coolie laborers and the increase of their numbers.

In the census of 1877 no distinction was made of the non-Caucasian population, and the census figures showed 985,624 whites and 536,068 of all-other races. An analysis of the comparative figures shows the following:

Province.	1877. PER CENT OF POPULATION.		1887. PER CENT OF POPULATION.		INCREASE PER CENT.	
	Whites	Blacks	Whites.	Blacks.	Whites.	Blacks.
Habana.....	71	29	74	26	3	..
Matanzas.....	49	51	55	45	6	..
Pinar Del Rio....	69	31	74	26	5	..
Puerto Principe...	82	18	80	20	..	2
Santa Clara.....	64	36	69	31	5	..
Santiago de Cuba..	62	38	58	42	..	4

From the above it is evident that the increase of the population has been confined wholly to the white element, the percentage of the non-Caucasian races having in general mark-

edly decreased. The decrease of this element of the population is not merely comparative, but actual and positive, amounting in the decade to 7,062, or 1 1-3 per cent.

The significance of these figures will be more fully appreciated when we consider how much greater the increase of the whites would have been under an enlightened and liberal policy of encouragement to immigrants from foreign lands.

Classified by sexes, the figures of the census indicate a percentage of 54.7 males and 45.3 females in the general population. Among the non-Caucasian races, the ratio is 52.08 males and 47.92 females. The reason why the white male population of Cuba so largely outnumbers the female portion is mainly to be found in the fact that such increase as comes through immigration is composed almost entirely of government employés and soldiers, of whom the great majority come without families.

The preponderance of the males among the blacks is due to the normal effects of the slave system which has but so recently been brought to an end.

The statistics of illiteracy result in showing :

Whites who can read and write, . . . .	387,314
“ “ cannot “ “ “ . . . .	715,375
Black, Chinese and mixed races who can read and write, . . . . .	62,020
Black, Chinese and mixed races who cannot read and write, . . . . .	466,978

In 1880 there were in Cuba 1,001 private and public schools, or one school for every 1,520 inhabitants according to the census of 1877. In 1887 there were only 775 public and 300 private schools, which, with the increase of population in the preceding decade gives one school for every 1,517 inhabitants.

From these authentic official data the following conclusions are deducible: The Island of Cuba is only sparsely populated, notwithstanding its great fertility and admirable geographical situation, and while it only contains  $37\frac{1}{2}$  persons per square mile at present, its area can easily sustain a population

of 9,000,000, assuming a rate of about 200 inhabitants per square mile.

That 27 per cent of the total population know how to read and write, while 73 per cent are illiterates.

That 35.11 per cent of the white population know how to read while only 11.72 per cent of the colored are literates.

Finally and of primary importance is the fact that the white population is in a majority by over two to one, the proportion being 69 white inhabitants for every 31 of mixed blood.

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### A Nebraskan View of Election Figures.

During the period immediately following a great political contest, the unprofessional statistician is in his glory. Then, if ever, his inventive genius has full play, and nothing ordinary or commonplace ever results. This is especially true of the unsuccessful party. The defeat is accounted for so readily, and so many compensating circumstances are brought to light that the victors themselves are sometimes led to doubt whether, after all, the real advantage was not gained by the other side. It is invariably demonstrated that the change of a mere handful of votes here and there, and somewhere else, would have altered the result. Next, it is shown beyond a doubt that the successful party was only enabled to win by the help of nine-tenths of the illiterates, immigrants, paupers and worst elements in the community. Finally, the fact is fully established each time that the victors resorted to corruption, coercion and fraud, unparalleled in the previous history of the nation.

All this we have had, and even to a larger extent than usual since the national election of November 3d, last. There is no question but that a most serious and menacing condition of the public mind was revealed by the size of Mr. Bryan's vote throughout the country, but it has been generally supposed that there was no lack of decisiveness for the time being in the outcome of this particular contest. Both as to the popular and electoral vote, the Republican majorities were



among the largest ever recorded. Little attention, therefore, has been paid to the customary juggling of figures on behalf of the unsuccessful party, but within the last few weeks certain charges have been made of so serious a nature that some definite exposition of their falsity seems in order. It has been claimed that, substantially, all the hotly contested states of the Central West were carried only by wholesale fraud, and in support of this, figures have been produced tending to show that in many of these states more votes were actually cast than the whole number of eligible voters. If this is true, the inference is, of course, exceedingly damaging both to the honor of the Republican management and of the states themselves, and Mr. McKinley goes into office somewhat in the role of an usurper. What, then, are the facts in the case?

The most complete elaboration of this claim that we have seen was that made by the *Independent*, a newspaper published at Lincoln, Neb., a locality not conspicuous for the scrupulous accuracy either of its political literature or oratory. In its issue of January 28th, the *Independent* had a long editorial on this subject, the pith of which is embodied in the following:

“The returns of the late election grow in interest every day. They are peculiar. They indicate that in some states more people voted than all the males of voting age, and this without taking into account the large number of ballots thrown out and the unnaturalized foreigners. Evidently, dead men and mules voted in Ohio. It is usually counted that there is one voter for every five persons, but, in Ohio, by these remarkable returns, there is one voter to less than four persons. Nearly as large a voting percentage is shown in a number of other states. . . .

“Taking all the country, in the states carried for McKinley, there is one voter for every 4.85 persons; while in those carried by Bryan there is one voter for every 7.73 persons. Evidently no padding in the latter states, at least . . . .

“ It is a remarkable fact that in some of the states the number of voters in 1896 exceeded the total number of males of voting age returned by the census of 1890, while in other states the number of voters very nearly equaled the number of males of voting age as returned by the census:

	TOTAL VOTE 1896.	MALES OVER 21.		TOTAL VOTE 1896.	MALES OVER 21.
Ohio . . . . .	1,017,341	1,016,464	Wisconsin..	447,190	461,722
Indiana . . . . .	637,255	595,066	Minnesota..	341,695	376,036
Illinois . . . . .	1,090,177	1,072,663	Michigan...	544,323	617,445
Iowa . . . . .	521,550	520,553	Kentucky ..	445,856	450,792
W. Virginia..	301,928	181,400	Missouri. . .	674,022	705,718

Now, to apply the test of fact to these charges, we find, first, that whether it is “ usually counted that there is one voter for every five persons ” or not, the truth is, that according to the census of 1890, the average for the United States is one male of voting age to every 3.7 persons. There were 16,940,311 males over 21 years of age, and the total population was 62,622,250. In Ohio, the state specially complained of because the returns showed one voter to less than four persons, the actual number of males over 21 in 1890 was one in every 3.6 persons, instead of one to five as “ usually counted.” It is a fair assumption that the ratio of voters to whole population, in different states and sections, remains substantially constant from year to year, only showing marked changes, if at all, as the result of general causes operating through comparatively long periods. The Ohio proportion, without question, was in the immediate neighborhood of one in every 3.6 persons in 1896, as in 1890. So much for that.

Next, as to the statement that the McKinley states as a whole showed a ratio of one voter to every 4.85 persons, while in the Bryan states it was only one to every 7.73 persons. Inasmuch as we have seen the ratio for the country at large to be one in about 3.7 persons, there is certainly no indication of fraud in the fact that only one out of every 4.85 persons actually voted in the McKinley states. The only

curious fact requiring explanation is the abnormally small ratio of one to 7.73 persons in the Bryan states, and here we come upon some interesting facts which it would have been somewhat better for the Democratic cause not to have had called out. The great bulk of these eligible non-voters, represented by the one-out-of-7.73 ratio were located in the old slave states of the South, as shown in the following table, the estimated populations for January 1, 1897, being those furnished to the *World Almanac* by the governors of the various states:

	ESTIMATED POPULATION JAN. 1, 1897.	MALES OVER 21 (1897), AT RATIO OF 1890.	TOTAL VOTE, 1896.	PER CENT NOT VOTING.	RATIO MALES OVER 21 TO WHOLE POP.
Alabama.....	1,600,000	340,425	194,572	43	1 in 8.2
Arkansas.....	1,400,000	318,181	149,347	53	1 in 9.4
Florida.....	479,333	116,902	46,461	61	1 in 10.3
Georgia.....	2,200,000	478,261	163,061	66	1 in 13.5
Louisiana.....	1,300,000	295,454	101,046	66	1 in 12.8
Mississippi.....	1,525,000	324,470	70,545	78	1 in 21.6
South Carolina....	1,400,000	285,714	68,907	77	1 in 20.3

What is the explanation of these remarkable ratios, so greatly below the average for the rest of the Union? Simply, as has been well known in every election for the last twenty years, that the mass of the colored voters were not allowed to exercise the franchise. The *Independent's* figures, therefore, not only fail to prove the claim of "padding" in the North, but lend the strongest possible confirmation to the standing charge of wholesale disfranchisement in the Southern states.

But the table intended to show that more votes were cast in certain states than the actual number of eligible voters, is so palpably erroneous that it can hardly escape the implication of intentional misrepresentation. The number of males of voting age therein given is, according to the 1890 census, taken more than six years before the late election. In that year the ratio of voters to population in the states cited by the *Independent*, was as follows: Ohio, one in every 3.6 persons; Indiana, one in 3.7; Illinois, one in 3.6; Iowa, one in 3.7;



West Virginia, one in 4.2; Wisconsin, one in 3.6; Minnesota, one in 3.4; Michigan, one in 3.4; Kentucky, one in 4; Missouri, one in 3.8. Applying these ratios to the estimated populations for January 1, 1897, as given to the *World Almanac* by the governors of the different states, we get the following:

	TOTAL VOTE, 1896.	MALES OVER 21		TOTAL VOTE, 1896.	MALES OVER 21.
Ohio.....	1,009,225	1,222,222	Wisconsin..	447,411	562,561
Indiana.....	637,135	708,270	Minnesota..	341,539	500,000
Illinois.....	1,090,869	1,364,861	Michigan..	544,492	687,371
Iowa.....	521,547	574,324	Kentucky..	445,775	550,000
W. Virginia ..	199,221	212,541	Missouri...	674,019	883,158

In each case, therefore, the margin is seen to be ample, and the only wonder is that in these fiercely contested states the total vote did not approach much more closely to the limit of eligible voters. The absurd figures for West Virginia given by the *Independent*, were either a misprint or something worse.

Mr. Bryan's friends are entitled to extract whatever comfort they can from the returns, but it is certain that deliberate and vindictive misrepresentation will be found no less dangerous and unprofitable as a means of explaining the election, than it was of carrying it.

### Organized Labor Abroad.

Several items of great interest with regard to the progress of organized labor in Europe, have recently come to our notice. The first relates to the development and achievements of trade-unionism and relative decline of socialism in Germany during recent years, and is especially opportune just at this time, when the growth of German industry and commerce is commanding such wide attention and occupying so large a place in economic discussion. The information in reference to trade unions comes in the form of a report made to the Department of State by Mr. George Sawter, United States Consul at Glauchau, who describes the organization of certain classes of German workingmen, as follows:

“Fifteen years ago, the Union of German Commercial

Clerks was founded in Leipsic. Its daily increased membership have formed so strong an army of the laboring classes throughout the empire that the movement is to-day upheld, considered and recognized as a power by the government and in all state affairs. The object of this great representative of so many united forces of labor is to promote and further the interests of its large body of members in every possible way—socially, economically, and even, in a moderate degree, to caring for them, when the case so demands. By going hand in hand with the principals, the union has amicably succeeded in winning numberless advantages for its members, having convinced the majority of the Corporation of Merchants of the necessity for labor reform, inciting their interest into examination of the conditions and surroundings of their employés, as well as reminding them of their individual duty to those in their service. The members of the union are in turn advised of their duty in conscience to employer, and the whole return is a happy combination of good result in satisfactory labor. The alliance keeps the middle road of political economy on the questions of the day, adopting that branch of philosophy which discusses the sources and methods of material wealth and prosperity in a nation. It has attained great success in claims for higher wages, reduced hours of labor, and better sanitary conditions and surroundings for clerks and the trading classes, and at the present time has outstanding many test claims of whose ultimate fulfillment the union seems confident. The union consists of a united force of 47,000 members, composed of about 300 supporting chambers of commerce and 300 district unions, which proves that its endeavors find approbation and furtherance. This organization of German commercial clerks not only understands how to lay and effectuate claims with regard to its social relations, but its members and administration have also on every side strenuously endeavored to contribute to the improvement of their economic situation. From an annual assessment of 3 marks (71 cents), agencies have been established for procuring situations for the unemployed and

securing legal service and protection for those members of the union who require it. At the situation agency, 17,000 positions were filled in the last ten years. In the past year alone, services were found for 1,366. Every week there appears in the organ of the union, *die Verbandsblättern für Kaufmannische Reform*, a list of 500 open situations. In the legal protection bureau (Rechtschutz), about 300 lawsuits were successfully carried, and thousands of questions touching upon law answered. Aid was granted in 614 cases, which included an expenditure of 30,500 marks (\$7,259). Besides all these benefits, the union has an insurance fund against age and infirmity, and for the widows and orphans of members, with a capital of 450,000 marks (\$107,100), out of which, up to the present time, 3,500 marks (\$833.09) has been paid in annuities; an established Krankenkasse, or sick fund, with a capital of 1,654,000 marks (\$393,652), out of which aid has been granted to 16,000 members to date and never has the yearly assessment of 3 marks (71 cents) been increased. The organization maintains in active service fifty-three officers stationed at the central bureau, a magnificent building owned by the union, opposite the imperial court in Leipsic, besides eighteen officers divided among twelve independent bureaus at Berlin, Breslau, Chemnitz, Dresden, Frankfort, Halle, Hamburg, Hanover, Cologne, Magdeburg, Munich and Nuremberg, not including a large number of extra bureaus, presided over by non-professional temporary officers."

So much has been heard about Socialism in Germany that the whole labor movement in that country has come to be practically identified in the public mind on this side the Atlantic with the doings of the organized followers of the Marxian doctrine. Mr. Sawter's report shows to some extent the error of that impression, and furnishes evidence of the health and vigor in German trade-unionism. On the other hand, there seems to be little doubt that Socialism in Germany, notwithstanding the large amount of public attention it continues to attract, is distinctly on the decline. This is indicated in the general tone of German comment on the sub-



ject, of which the following, from the *Zuricher Zeitung* (Zurich), called out by the Socialist Congress of last October, is a good example:

“Sober critics can not close their eyes to the fact that the German Socialists have passed the zenith of their power. They may yet be able to add another vote or two to their contingent in the Reichstag, and may capture a few seats in the state assemblies, but they will certainly never obtain sufficient power to influence the fate of the nation. They are further away than ever from their triumph. The adherents of the party are getting to be unmanageable. Their leaders have promised them so very much, and have even spoken of a fulfillment of their promises in the near future. There are as yet no signs that the hopes of the masses who follow the Socialists can be realized, and party discipline has declined in consequence.”

All this is greatly to the credit of German workingmen, and speaks well for their chances of real industrial improvement in the future.

Another item of interest in the same connection is the late dispute between the employés and managers of the London and North Western Railway, the outcome of which was a complete victory for the men, without actual resort to violent measures on either side. This is rightly regarded as a most important triumph for organized labor, and is especially noteworthy because of the revelation which it afforded of the immense power of British public opinion in domestic industrial problems. The sentiment in this case was practically unanimous in support of the employés' claims. The following cable despatch, published in the February *Railroad Trainmen's Journal*, gives a concise account of the affair, and is substantially in accord with the reports which appeared in the London *Times* during the progress of the difficulty:

“The London and North Western Railway Company, finding the public opinion strongly against them, to-day reinstated sixty-five employés who had been summarily dismissed because they refused to forswear allegiance to their trade union.

“ The trouble arose thus: The union demanded from all the companies a ten-hour day for conductors, signalmen and shunters. A proposal to threaten a strike if the demand should be refused was expressly voted down, yet the North Western Railway Company alone, assuming that the men intended to coerce the company by a strike at the busiest season of the year, demanded from the men a pledge of disloyalty to the union, and dismissed those who refused to make it, with the result that the union issued 50,000 notices to quit the service.

“ Under such provocation no English railway could keep its employes. The Great Western Railway Company made similar inquiries, but refrained from dismissals.

“ The submission of this powerful company with a capital of nearly \$600,000,000 is claimed as the greatest victory that trade unionism has yet won in England. It was won by the pressure of public opinion through the Board of Trade and through leading shareholders, among whom are Lord Salisbury, Lord Rosebery, ex-Lord Chancellor Farrer Herschell, Lord Ripon, and Mr. James Bryce, without spending a cent of the \$930,000 which the union holds for such fights. Many shareholders even promised to hand over their next dividends to the strike fund.

“ Until yesterday the company persisted in trying to boycott the union. ‘ We claim,’ the manager said, ‘ to deal with our own servants as we think expedient, without the interference of third parties.’ But the government having recognized the union as representing the men, the company was bound to do the same thing, though the farce was kept up in Whitehall yesterday, the company’s manager going out of one door while the union leader entered another, and the President of the Board of Trade acting as a go-between.”

All these items we regard as constituting important and substantial evidence of the steady progress of trade-unionism abroad, and ought to prove of great interest to all friends of the organized labor movement.

### Editorial Crucible.

TO NEARLY every witness thus far examined by the Lexow Committee, the following important question has been put:

Senator Lexow: "Now, look here, sir, are you telling us the truth?"

Witness: "Certainly. I am under oath."

This must be what Senator Cantor, at Albany, had in mind when he said that the trust committee was being "defied" in New York City. It certainly looks that way. We hope Mr. Lexow will not fail to include in his report the suspicious fact that all the witnesses absolutely refused to swear that they were liars.

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IN APPOINTING Louis F. Payn as Superintendent of Insurance, Governor Black has begun his official life with a mistake which may have to be allowed for in the future. Mr. Black's first message to the Legislature, by its vigorous tone and decisive attitude on current questions, gave promise of a strong and successful administration, and we do not by any means consider that the appointment of Payn must of itself destroy that hope. But, for the Governor to go out of the way, apparently, to honor the one man who stands most conspicuously in the public mind as representing the lowest element in politics, the lobbying, wire-pulling and underhandedness rather than the honest and public-spirited statesmanship, is to unnecessarily array the moral sentiment of the community against his administration and lessen its influence and capacity for good work. Merely to satisfy personal political debts, the burden of defending this appointment in future campaigns should not have been put upon the party. Mr. Payn may make a capable Superintendent of Insurance, but for that matter we do not remember that anyone ever seriously criticised the late Isaac H. Maynard's *ability* as a judge.

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IN DISCUSSING the question of foreign immigration, in the New York *Press*, Mr. Robert P. Porter gives an array of cen-



sus figures, showing that a larger portion of immigrant than of native farmers own their farms and homes. Hence, immigration should not be restricted, because it contributes the most thrifty portion of our population. This is an uneconomic, if not platitudinous use of statistics. It is a part of the over-worked "savings bank deposits" fallacy. Asiatic and European laborers save, not because they are more thrifty than Americans, but because they are content with a lower style of living, fixed by a foreign standard, and receive wages fixed by an American standard of living.

The same is true with the ownership of homes. People are well or ill off, not by the degree in which they own their homes, but by the degree in which they live in *good homes*. The best homes in this country occupied by workingmen are not those owned by them, but those that are hired. The owned home of the immigrant is frequently a poor shanty built according to his European type of living. This sophisticated method of advocating free trade for workingmen and protection for capitalists, is destroying the faith of the workingmen in the doctrine of protection. It is time such one-sided views of protection were discarded. Intelligent laborers know that this specious plea for free immigration, is in reality a covered plea for cheap labor which is neither good Republican, nor good American doctrine.

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WITHIN THE last few weeks, announcement has been made of the total collapse of the Steel Billet Pool, the Steel Rail Pool, and the Bolt Pool. During the same period the public has learned that the American Sugar Refining Company, the United States Rubber Company, the National Wall Paper Company, and others, are in a flourishing and prosperous condition, showing no signs whatever of collapse or disintegration. The explanation is simple. The concerns which have gone to pieces were not trusts at all, but "pools" or "corners"; that is, merely trade agreements between a lot of wholly independent establishments, with reference to prices and output only. They were temporary, speculative com-

binations, illegitimate and uneconomic. They exist no more. Mr. Lexow, on the other hand, has gotten hold of some *bona fide* trusts. Every one of them, so far, has been shown to be a permanent, definite integration of capital, under one responsible management, not materially differing in organization from a large corporation, and conducted in a sensible, economic manner, seeking success through the superior service it can render to the public. These are all alive and hearty, and for the sake of industrial progress and the interests of the community, it is to be hoped that they will so remain, so long as they continue to pursue wise, economic policies. Organizers of capital, wage-workers and consumers, all have something to learn from this striking contrast. On the whole, we are inclined to think that the public will get more real education out of this winter's concrete and tangible developments in the matter of trusts and the true societary usefulness and economic limitations of capital, than has been dealt out in the political science departments of some of our great colleges for some time past.

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THE CONVICT labor problem continues to attract a good deal of attention, and with reason. What to do with the idle prisoners at the various penitentiaries throughout the state, is an extremely serious question, and the answer must not be delayed too long. General Austin Lathrop, Superintendent of State Prisons, in his annual report, is wholly correct when he says that, "To advise that men be employed to carry blocks of stone across the prison yards and then back again, is the counsel of brutal inhumanity. The tread-mill and all similar contrivances were very properly discarded from the prisons long ago. The manhood of the intelligent keeper and of the prisoner alike revolt against their malignant worthlessness." We do not believe, however, that it is necessary to go back to the recently abolished convict-labor system in order to settle this problem. Nearly all the supplies used in state prisons, charitable institutions and hospitals, might, as well as not, be made in the penitentiaries, and Superintendent

Lathrop, it is said, does in fact expect to have most of the convicts employed in this way within a few months. If this does not prove sufficient, and it is found impracticable to have much outside work, such as road-making, done by convicts, then some features of the Elmira Reformatory system might be extended to the penitentiaries, to the extent at least of keeping the prisoners properly and rationally employed. Otherwise, they will prove more dangerous to society after their imprisonment than before. It is claimed that 80 per cent of the prisoners discharged from Elmira Reformatory have abandoned crime and become safe members of the community. The object of punishment for crime is not vengeance, but the protection of society, and the best way to secure that is by reformation of the criminal on the one hand, and of the social conditions that produce criminals, on the other. Along these lines there is room for progress, and no need for retrogression, or abandonment of what has already been accomplished.

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THE NEW YORK *Commercial Advertiser* is one of the few papers that knows how to correctly estimate the work of the Lexow Commission. In commenting on the work of the Commission, it says:

“ In attacking New York's foremost business enterprises the Lexow Investigating Committee is assailing the vital interests of the producers and wage-earners of this commonwealth. For four years New York state, in common with the rest of the nation, has been held in the grip of hard times. The chief industrial and commercial community in the Union, it was inevitable that this State should suffer severely from the reckless and disastrous attempt of the Democratic party to overthrow protection. It was inevitable also that New York should feel keenly the evil effects of the crusade in behalf of Socialism and dishonest money which was the direct result of the Democratic free-trade policy. . . . Now, what are the Lexow band of inquisitors doing? They are fighting against the return of prosperity. They are striking squarely



at public confidence. They are treating thrift as a crime, punishing enterprise as though it were iniquitous, and dealing with capital as if it were a plague and an enemy. . . . The politicians who inspired and who are conducting the Lexow inquiry are apparently governed by an insane desire to imitate the Peffers, the Leases and the Leedys. They are doing all in their power to retard prosperity, to stifle progress and to injure the real interests of the Empire State. They deserve and they should receive the stern condemnation of every public-spirited citizen from Lake Erie to Montauk Point."

This is sound sense. The impudent and impotent exhibitions of Mr. Lexow are daily convincing the public that the Lexow Commission is more of a political job than an economic investigation. If it will only keep up its performances it will soon convince the people that it is but continuing the work of industrial disintegration begun by the now discredited national administration. Intelligent citizens and respectable Republicans are already disgusted with its proceedings.

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THE AMERICAN public is nothing if not excitable. To be up in arms against something or somebody is coming to be regarded as a national characteristic of this country. This fact is sufficient to explain that a considerable portion of American journalism aims to live and thrive on sensationalism. That such papers as the *New York World* and *Journal* should be seeking an excuse for a sensational crusade of some kind, is as natural as for mud to be black. No institution is too sacred and no industry too important to be scandalized, and, if need be, wrecked, by this class of journals. Public men are villified and lampooned as if they were common ruffians, for no better reason than that they afford an opportunity for startling headlines and extra sales for the products of this "new journalism." The Bryan campaign and its sequel in this state, the Lexow Commission, are largely the creatures of this kind of demoralizing and degrading journalism.

But there is a class of journals whose support of this kind

of warfare against industry and society is not so easy to understand. We refer to the ordinarily sober and respectable papers like the *Journal of Commerce*, which are aiding the crusade against large capital with much the same logic as the harum-scarum sheets of the "new journalism." What can be the reason for this?

It is a peculiarity of these journals that they are always more favorable to the increase of foreign trade than to the encouragement of domestic industry. They seem to be more actively identified with the interests of importers than with those of domestic producers, a fact which may throw some light on their otherwise inexplicable conduct in joining the so-called anti-trust crusade.

Trusts are successful American concerns. The industries in which they participate are so efficiently conducted and highly organized that for the most part they render foreign competition ineffectual, and, consequently, are detrimental to the importing interests. In proportion as American industries can pass under this same efficient form of organization with ample capital and superior methods, the opportunities for foreign competition in American markets is lessened, and American industries rendered economically safe and permanent. Of course this is not regarded with favor by any class economically identified with the importing business. This view also tends to explain why this same class of journals are almost unanimously for free trade. If they can but convince the American people that free trade is the only moral way of doing business, and that large concerns are dishonest monopolies and should be suppressed, the triumph of foreign over domestic trade is assured.

### Economics in the Magazines.

THE ARENA, *February, 1897.* Under its new management the *Arena* has taken a somewhat milder attitude toward the existing arrangement of human society, and of the universe in general. The February number appears to be encouragingly free from economic and sociological lunacy, except for so much as is included in Part XII. of Prof. Parson's interminable diatribe on the telegraph monopoly.

Mr. John R. Musick's article on "Should Hawaii be Annexed?" contains some interesting facts about the population, industries and resources of the Hawaiian Islands, but we do not think Mr. Musick has made out much of a case in favor of annexation. He does not prove the existence there of any general sentiment for annexation. In fact, we have recently seen reports of a strongly organized effort being made in Hawaii against the consummation of any such plan. The little republic seems to be getting along very well by itself, and can, no doubt, develop and perfect liberal political institutions adapted to its own special conditions, with far more satisfactory results than if it were arbitrarily and unnaturally amalgamated with the non-homogenous institutions and civilization of the United States. Such a step would be wholly out of harmony with the law of independent group development, by which all progress is attained.

In a footnote Mr. Musick shows that out of a total population of 89,990 in 1890, 34,436 were natives; 15,301 Chinese; 12,360 Japanese; 6,186 half-castes, etc., there being only 1,928 Americans and 1,344 British residents. No such type of population is fit to be brought in and allowed to exercise an influence upon the character of our political and other institutions. In that respect we have troubles enough of our own;—witness the southern race problem. Mr. Musick fears that if we do not take possession of the Islands, England will.

There is certainly no indication at present of any such intention on her part, and in view of the well-known attitude of the United States toward republican forms of government in the Western world, and the close commercial relations be-



tween this country and Hawaii, we regard that probability as extremely remote. England's present interest in the Islands is relatively insignificant. Only 8.16 per cent. of Hawaiian imports come from Great Britain, while 76.23 are from the United States, as Mr. Musick himself points out. It will be time enough to act when there is some real evidence that other powers have designs upon the little republic. Until then, it will be true of Hawaii as of all other integral communities, that its own political and other problems should be solved at home, for they can never be rightly solved anywhere else.

AMERICAN JOURNAL OF SOCIOLOGY, *January, 1897.*  
*Eccentric Official Statistics.* By H. L. Bliss. The unpretentious object of Mr. Bliss's article seems to be to discredit, for all practical purposes, the whole body of industrial and social statistics collected and published by the United States Government. It cannot be denied that he calls attention to some very serious discrepancies in census and other official returns, and his work has a certain value in showing the necessity for extreme care in making use of and drawing conclusions from social statistics. In no other branch of research, perhaps, is entire accuracy so difficult to attain. Census officials are as fully aware of this fact as is Mr Bliss, and as Colonel Wright, United States Commissioner of Labor, has himself said, the main and almost the only value of certain classes of statistics lies in their capacity to show *general tendencies* from decade to decade. This is particularly true of statistics showing percentages and averages, the latter, of course, never representing concrete facts, but only approximations thereto, and only being useful for the sake of general comparisons, or to give the nearest possible approach to a truth concealed in a mass of co-related but slightly differing details, impossible of concise statement by any other method. Regarded as means of showing certain *social tendencies*, therefore, many kinds of statistics, of questionable accuracy in themselves, but repeating the same unavoidable inaccuracy

from decade to decade, become admissible, useful and necessary.

The whole 'animus of Mr. Bliss's remarks is distinctly unfair and prejudicial, and their intent is, clearly, to destroy all public confidence in the government statistical bureaus, so far as they tend to show the tremendous progress and prosperity of the country during the last quarter century. We do not attempt to offer here the corrected figures on all the points brought up by Mr. Bliss, for we have no means of ascertaining them, but it must be said that after fully allowing for all his criticisms, the general and all-important fact that wealth, industry, employment and wages have steadily and remarkably increased since the war, has not been invalidated in any essential degree. Furthermore, several of Mr. Bliss's points are so manifestly unfair and exaggerated that on the whole we think the effect of his article is to throw considerably more discredit upon his own reliability as a statistical critic than he has succeeded in casting upon the statistics themselves. A good instance of this is the following. Mr. Bliss announces, with the air of a first discoverer, that the statistics showing total values of manufactured products are worthless, because they involve a constant reduplication of the cost of materials used at each stage of manufacture. He quotes a table from an article by Wm. M. Steuart in the January (1896) Labor Bulletin, in which the total value of all manufactures, farm, fishery and mineral products in 1890 is given as \$12,148,380,626; and from another article by George K. Holmes in the November (1895) Bulletin, in which the same grand total is given as \$7,302,854,901; and says in sarcastic comment: "As both statements are 'official,' and have the indorsement of the highest statistical authority, Colonel Wright, we must accept both statements as undoubtedly correct, and as equally illustrating the value of the contributions of the United States Government to social science."

The apparent discrepancy is simply due to the fact that Mr. Holmes expressly recognized the error of reduplication in the case of manufactured products, and deducted from the

total of such products, the value of the raw materials used, as stated in so many words in his table. These raw materials in 1890 amounted to \$5,162,044,076, which, if included by Mr. Holmes, would have given a total of \$9,373,283,347 for manufactured and \$12,464,898,977 for all products. The slight remaining discrepancy between this and Mr. Steuart's total appears to be due to Mr. Steuart, whose table was one of comparisons, having very properly used the special 1890 figures shown in the census, from which for comparative purposes, all such industries as were not enumerated in 1880 were eliminated from the 1890 statement; while Mr. Holmes, working on a different point, evidently used the full totals of all manufacturing industries for 1890, the difference in the two almost exactly covering the discrepancy referred to.

Mr. Bliss may also be surprised to know that Colonel Wright himself, in a lecture before the School of Social Economics in New York, on February 21, 1896, and probably on many other occasions, called special attention to this fallacy of reduplication, but explained that as the same method had been used in previous censuses, it was continued in order to preserve the possibility of comparing decade with decade, while it was perfectly easy for anyone to ascertain for himself the actual value created by manufacturing itself, by simply subtracting the raw material total, which appears in the census reports, from the reduplicated grand total in the very next column.

We submit, therefore, that Mr. Bliss's "revelations," in this respect at least, are a trifle late in the day. He might have learned all about it long ago, from Colonel Wright direct.

THE FORUM, *February, 1897. Future of the Democratic Organization.* By Hon. David B. Hill.

Shortly after the election, one of the New York comic weeklies printed a clever cartoon, in which Senator Hill was represented as peering cautiously from underneath a bed, and Miss Democracy standing by, saying, "Come out, Davy, it's all over now." In the February *Forum*, Mr. Hill at last comes



out. Before he got under the bed, the Democratic party was in a state of pristine purity; to that, he says, it must now be restored. It must go back to Jefferson's sixteen articles of faith, evidently because the party has developed nothing since that time capable of being defended or put forth as a policy for the future. Democratic defeat last November, he tells us, was due to the unwise programme of radical free-silverism, free riot, the income tax, full-fledged Populism, and general insanity. These objections, we believe, were mentioned with more or less frequency by Republicans and sound-money Democrats during the heat of the campaign—while the Senator was still under the bed. Now that all is over, and the danger past, he courageously jumps into the fray once more, and shows us just how the country was saved—without his help. Democracy will win in 1900, he says, and explains why. Will it be because of any signs of returning sanity in the party, or of popular thirst for more democratic prosperity? Not so. 'Tis a thing decreed by the fates! Mr. Hill is more than a statesman, he is an astrologer, and knows how to read the signs of the zodiac, and the laws of the recurrence of calamities. Victory is assured, says he, because, except for the folly of 1860 to 1876, the Democratic party has never lost two elections in succession!

We withdraw from the field. We are unable to controvert the Senator's logic.

*Speedy Financial and Currency Reform Imperative.* By Hon. Charles N. Fowler, Member of Banking and Currency Committee (H. R.).

If Mr. Fowler's article may be taken as an indication that the controlling statesmanship of the Republican party is coming to definitely recognize and seriously act upon better and sounder principles of scientific public policy, then there is cause for great encouragement. Between the Mugwump idea that the true function of the legislator is to not legislate, on the one hand, and the Populist conception of government as a sort of universal care-taker, on the other, there is a middle

ground of wise, constructive state action in promoting and guarding the forces of national progress. That ground the Republican party, more nearly than any other, has occupied in dealing with the issues of the past, and must now come to occupy again with reference to the new problems of the present and future if its usefulness and success are to continue. The spirit and temper of Mr. Fowler's remarks are exactly in this line, and it is only to be hoped that the same attitude may be taken on by the party as a whole before it shall be called to account in another national election.

Mr. Fowler's main argument, of course, is on the necessity of speedy reform of our banking and currency system, but in the course of his remarks he touches very aptly and succinctly upon several related matters of great importance. The standing claim of the bimetalists, that prices depend upon and vary with the quantity of money in circulation, a fallacy to which the late Francis A. Walker persistently adhered, he disposes of as follows:

“ It is established beyond question that any increase of equally good money does not in the least affect prices. No one will claim that if Great Britain had \$36 of gold *per capita* instead of \$18—the amount she has—that prices would double, or even change to the extent of a penny, unless gold bullion should fall; for, just across the Channel, only twenty-six miles away, in France, there is \$36 *per capita* in gold, or its equivalent (since silver is there maintained at a parity with gold), and yet prices are lower there, speaking generally, than in England. Again, in Switzerland, there is but \$9 *per capita*, or one-fourth as much as there is in France, and yet prices are about the same. In Norway there is but \$6 *per capita*, only one-sixth as much as there is in France, yet prices are generally about the same level. . . . Go down into Bulgaria, and you will find but \$1.74 *per capita*, less than one-twentieth of that of France, and yet prices are still the same.”

It is highly gratifying to find practical statesmen taking the true economic attitude with reference to labor and wages.

What Mr. Fowler says on this point ought to furnish the keynote of the party's future policy:

"There is only one thing—human labor—of which a gold dollar can buy too much, unless we are to give the lie to the whole history of civilization. Every invention, every discovery, every method, every process, that tends to give greater returns to human toil, is sought for no other purpose than to cheapen the necessaries and comforts of life; and the greatest problem of humanity is to secure higher and higher wages, with cheaper and cheaper commodities; so that a day's labor shall bring to every home more and more of the necessaries and comforts of life, and secure to mankind more and more of those things which make life worth living.

As to the immediate duty of the new Republican party, Mr. Fowler is equally explicit:

"Political leaders may be content to let matters drift, but the people will not; for they have rights which they will protect and wrongs for which they will find remedies. And unless these rights are safe-guarded by the political party placed in power, and remedies provided for the wrongs from which the people suffer, they will hurl the successful party from power; not so much, if at all, because they have greater or any confidence in the party out of power, as because the party in power has failed to serve the purposes for which it was elected."

It is just this sort of a frank, strong declaration for a vigorous and fearless public policy, adapted to the industrial, financial and labor problems of 1897, rather than the political issues of 1860, for which we have been hopefully looking, and we are heartily glad that it has come. We trust the Republican party will be equally ready to appreciate the situation, and perform the plain duty that lies before it.

NORTH AMERICAN REVIEW, *February, 1897.* *The Cuba of the Far East.* By Hon. John Barrett, United States Minister to Siam.

This is an interesting article descriptive of the Phillipine Islands, where a rebellion against Spanish rule, similar to that



in Cuba, is now in progress. Mr. Barrett evidently has no great sympathy with the rebellion in the Philippines, describing the insurgents as "half-castes, (Mestigos), descended from Chinese fathers and native mothers," and representing only a small proportion of the entire population. Of the common people he says that, "The majority appear happy and content," and later on, "Looking more closely at the natives, we find them gentle, polite and hospitable. They are not ambitious beyond owning a little home and having sufficient rice for the family. Thirty-five dollars will provide a man with abundant food and clothing for a year." We should say that a civilization of that type needs a revolution or something drastic to introduce a little semblance of modern activity and industrial progress. This impression is decidedly strengthened by Mr. Barrett's remark that "devoted padres had carried the gospel to the heart of the tropical jungle before the Pilgrim fathers landed at Plymouth Rock." Wages at thirty-five dollars a year, therefore, may be regarded as representing the industrial progress of three centuries in the Philippines. Yet, according to Mr. Barrett, the islands, of which there are fully 1,900, possess almost fabulous resources, were they only properly developed. The total area is about that of California, and the population approximately 7,000,000. The chief products enumerated throughout his article are hemp, sugar and tobacco, earthquakes, typhoons and ecclesiastics. We have seen no clear explanation yet of the causes and merits of the present rebellion, but very probably the case is similar to that of Cuba. The latter uprising is the more vigorous and promising, simply because the Cubans have always been in close touch with and under the influence of the modern progressive and civilizing forces developed in this western hemisphere, whereas in the Philippines contact has been had only with Oriental stagnation and poverty. Both Cuba and the Philippines, however, are capable of vast material development, and in neither case is a mediæval, degenerated and non-industrial nation such as Spain, fit to do the work which civilization must do for all these backward and semi-barbaric regions.

### Book Review.

THE PRINCIPLES OF SOCIOLOGY. *An Analysis of the Phenomena of Association and of Social Organization.* By Franklin Henry Giddings, M.A., Professor of Sociology in Columbia University. Macmillan & Co., New York and London. 1896. 422 pp. \$3.

Since Comte's time, sociology has been a much used word, but with very little significance. It appears to have been very largely employed as a kind of waste-basket term into which every undigested notion regarding society could be thrown. This loose habit of loading up the word sociology with every form of sentimental rubbish, has done much to prevent it from receiving respectable recognition as a science. To reduce the study of social phenomena to order and scientific precision, is the task Professor Giddings has undertaken in this treatise. He admits that "the time has not come for an exhaustive treatise on sociology," but says "there are principles of sociology, and they admit of logical organization. The present work is an attempt to combine the principles of sociology in a coherent theory."

It must be admitted that if Professor Giddings has not entirely completed the task, he has made a very valuable contribution to the scientific treatment of the subject. The discussion is very orderly and admirably arranged for a sustained study of the evolution of society. In some important respects it is more satisfactory than any other sociological treatise yet published. Unlike most works on this subject, it contains internal evidence that the author is a person of economic training, which is absolutely essential to a sound discussion of sociology.

Heretofore sociology has usually been treated by persons who knew little of economics. Comte, the father of sociology, exhibited contempt for political economy, mainly for the reason that he was ignorant of it. Herbert Spencer, who has treated the subject very extensively, reveals everywhere a striking unacquaintance with the essential fundamentals of economics. The present work, on the contrary, shows abundant evidence of the author's close acquaintance with economic science. Although his economic thinking is strongly flavored with the Austrian theory, his sociologic thinking is never wholly detached from the economic background. The treatment of the subject is more analytical than constructive, the greater part of the book being devoted to an analysis of the various phases of

social movement, yet the author seldom leaves the discussion of a topic without some helpful, constructive suggestion. The disappointing feature of the book, if it is fair to call it disappointing, is the meagreness of this cohesive constructive element. The work abounds in good things, sound expressions, helpful statements, and illumined passages, but it does not develop a coherent theory of society. One admirable feature of the work is that the author everywhere recognizes that the industrial and social activity of mankind has a psychic background; that it is the feelings, tastes, habits and ideas of mankind, which constitute the propelling force behind all industrial, social and political activities of society. In the last analysis, therefore, the forces which really propel the upward and onward movement of civilization, arise from the variation and multiplication of desires. This is the foundation truth of all societal movement, which should be recognized as the cornerstone alike of economics and sociology.

Hitherto, in economics, this fact has received but very slight attention. Indeed, the influences of economic teaching, especially of the old school, have tended to discourage the development of desires, because it led to social extravagance. Great emphasis was placed upon the importance of parsimony. Capital was regarded as the important economic factor in society, and this could only be obtained by penurious abstinence from consumption. No part of the early English Economics was more fallacious, or more inimical to the progressive forces of society.

Professor Giddings' work will do much to correct this inverting and depressing point of view of considering economic and social phenomena. If his book had done nothing but emphasize the fact that the real yeast of society is psychical, that all the refinements and improvements are dependent upon the increase and diversification of desires, and that the gratification of desires involves corresponding social action and reaction, and consequently that the increased consumption of wealth is the great stimulating, moralizing and refining force in society, it would have been well worth the writing. The very essence of fundamental economic and sociological truth, is comprised in this passage: "As society becomes complex and cosmopolitan, the range of intellectual interests, of æsthetic pleasures, and of philanthropic opportunity is widened, and a greater amount of wealth is necessary to a perfect personal development."



# GUNTON'S MAGAZINE

APRIL, 1897

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## President McKinley's Inaugural

The inauguration of Mr. McKinley as President of the United States was the most confidence-inspiring and hope-creating event that has occurred in this country since 1892. The news of the election returns on the third of November sent a joyous thrill throughout the nation. It was the news that an immeasurable calamity had been avoided in the defeat of Mr. Bryan, and that a pronounced friend of American industries and American institutions had been secured in the election of Mr. McKinley. The effect of this was temporarily to quicken the industrial pulse of the nation, and strengthen the general confidence of the people in an early return of a patriotic policy and genuine business prosperity. But the deadening hand was still at the helm, and nobody knew how much injury it was still capable of doing before the fourth of March. Hence the nation has been hopefully and impatiently waiting for the final exit of the "messenger of misfortune" and the inauguration of the "agent of prosperity."

It is doubtful if there has ever been a Presidential inauguration which brought so much real relief and hopeful anticipation as did that of President McKinley on the fourth of March, 1897. Those who were not positively happy over McKinley's incoming, were negatively happy at Cleveland's outgoing, so that a hopeful and restful feeling practically pervaded the whole nation. Mr. McKinley, therefore, enters upon his first term as President of the United States with the support and genuine good wishes of the entire American people.

The organization of his Cabinet indicates that he is not afflicted with the hallucination that he is greater than his party—the sole and only Moses—but rather that he is the representative of the great political organization which nominated and elected him. This is strikingly shown in the selection of his

official family, which has produced an amount of party harmony seldom witnessed on the entrance of a new administration, much less a new party to power. The Cabinet is not composed of political geniuses, each one of whom will insist upon adopting a personal policy in running his department. That would have been an element of weakness rather than of strength, since it would have segregated each department into an administration of its own, instead of welding the whole into a homogeneous administration covered by a single general policy.

The appointment of Mr. Gage to the Treasury Department indicates that, despite the presence of John Sherman in the Cabinet, the administration will assume a favorable attitude to a rational revision of our banking and currency system. On the other hand, the presence of John Sherman, General Alger, John D. Long, and Cornelius N. Bliss in the Cabinet is conclusive evidence that a solvent treasury, a protective tariff, and a firm, dignified foreign policy will be assured, all of which is clearly indicated in President McKinley's inaugural address. It will hardly be claimed that this inaugural is the most brilliant State paper ever delivered. But while it contains no evidence of inspired political genius, it is peculiarly free from the symptoms of self-anointed consecration and political phariseism. It is characterized throughout by the spirit of modesty, party loyalty, sincerity, and patriotism. The one weak passage in the address is the following paragraph on trusts:

"The declaration of the party now restored to power has been in the past that of opposition to all combinations of capital organized in trusts, or otherwise to control arbitrarily the condition of trade among our citizens, and it has supported such legislation as will prevent the execution of all schemes to oppress the people by undue charges on their supplies, or by unjust rates for the transportation of their products to market."

This has a doubtful, if not platitudinous flavor, and would have seemed more in place in a Bryan speech or a Cleveland message than in the inaugural address of Mr. McKinley. The anti-trust sentiment which the defeated candidate, the discredited ex-President, and their free trade propaganda created, is

really an uneconomic, unwholesome, and so far as the real leaders are concerned, a dishonest crusade against wealth, and particularly against productive wealth, which is the chief instrument of our national prosperity. The policy of the Republican party has been to give protection to the development of industrial enterprise, which is simply giving protection to the opportunities for the creation and profitable investment of capital. It is this fact which raised the ire of the free traders, and they seized upon the monopoly bugaboo to inflame the people against that policy for the sole reason that it encouraged the development of American industries in preference to foreign. Large enterprises are the evidence and outcome of great industrial growth and prosperity. To announce that the influence of the new administration can be counted on in "support of such new statutes as may be necessary to carry into effect" the demand of this crusade against productive enterprise, is a lamentable surrender to the enemies of American industries, and the poisoners of public sentiment against true economic freedom and wholesome national development.

With this exception the address is simple, strong, straightforward, constructive and entirely consistent with Mr. McKinley's previous utterances and the traditional policy of the Republican party. He approaches the vital questions that confront the new administration and demand treatment with great frankness and comprehensive suggestion. On the financial question his remarks are eminently encouraging. He recognizes the necessity not merely of maintaining the gold standard, but of undertaking a revision of our whole banking and currency system.

"The several forms of our paper money offer, in my judgment, a constant embarrassment to the government and a safe balance in the Treasury. Therefore, I believe it necessary to devise a system which, without diminishing the circulating medium or offering a premium for its contraction, will present a remedy for those arrangements which, temporary in their nature, might well in the years of our prosperity have been displaced by wiser provisions. With adequate revenue secured, but not until then, we can enter upon such changes in our fiscal laws as will, while insuring safety and volume to our money, no longer impose upon the government the necessity of maintaining so large a gold reserve."



This is an eminently sound utterance. It shows that the incoming administration is ready to undertake such reform in our banking system as shall relieve the government from the embarrassing and absurd duty of furnishing gold for the liquidation of private balances, a duty which wholly belongs to the banks and private business. This reform really involves the retirement of greenbacks, the treasury notes and all legal tender paper money, and replacing it by banknote currency, subject to gold redemption by the banks. This will make it the business of the banks which get the profits from the transaction, to furnish the gold needed in their business. Besides putting all our currency on a specie basis, this will give it a flexible character, capable of expanding and contracting with the needs of business and industry. Such a revision of our financial system would solve the money question, and extinguish many of the financial vagaries which have recently been such potent factors in political agitation.

To accomplish this the President recommends the appointment of a commission charged with the duty of devising a workable banking system. Probably this is the wisest step that could have been taken at present, provided the right men are put upon the commission. This, however, is one of the commissions in which mere locality or political status should have but little weight. Knowledge of the subject and fitness for the work to be undertaken should be the sole basis of selecting the members for this commission. The fact that a person is a banker, a successful business man, or an influential political leader does not imply that he is qualified efficiently to serve on such a commission. What is needed here is a knowledge of finance and the principles of sound banking. The President's expressions on this point justify the confidence that these special qualifications will be sought in the appointments.

The President very wisely recognizes, however, that the prior question, and the one which demands immediate attention, is the revenue. The recommendation to appoint a currency commission to report at the regular session of Congress in December, and devote the extra session to replenishing

the revenues by a revision of the tariff, shows a thorough appreciation of the situation, and an eminently practical method of dealing with it. It is on this point that President McKinley shows at his best. It must have been an "object lesson" for the retiring President to listen to the reading of this significant passage:

"Between more loans and more revenue there ought to be but one opinion. We should have more revenue, and that without delay, hindrance or postponement. A surplus in the Treasury created by loans is not a permanent or safe reliance. It will suffice while it lasts, but it cannot last long while the outlays of the government are greater than its receipts, as has been the case during the past two years. Nor must it be forgotten that, however much such loans may temporarily relieve the situation, the government is still indebted for the amount of the surplus thus accrued, which it must ultimately pay, while its ability to pay is not strengthened but weakened by a continued deficit. Loans are imperative in great emergencies to preserve the government or its credit; but a failure to supply needed revenue in time of peace for the maintenance of either is not justifiable. The best way for the government to maintain its credit is to pay as it goes—not by resorting to loans, but by keeping out of debt."

How different is the frank and manly tone of this statement from that of the following passage on a similar topic in his predecessor's last message:

"I believe our present tariff law, if allowed a fair opportunity, will in the near future yield a revenue which, with a reasonable economical expenditure, will overcome all deficiencies. *In the meantime, no deficit that has occurred, or may occur, need excite or disturb us.* To meet any such deficit we have in the Treasury, in addition to a gold reserve of \$100,000,000, a surplus of more than \$128,000,000 applicable to the payment of the expenses of the government, and which must, unless expended for that purpose, remain a useless hoard, or if not extravagantly wasted, must in any event be perverted from the purpose of its exaction from our people."

This \$128,000,000, the remnant of \$262,000,000 of interest-bearing debt added to the nation's burdens during his poverty-creating *régime*, is sophistically called "a surplus" which can be used for paying the expenses of the government, when it has all the time been insisted that this was borrowed solely to maintain the gold reserve. The contrast in the character of the two men is accurately reflected in these two passages,

which alone would amply justify national rejoicing at the outgoing of the one and the incoming of the other.

In dealing with the question of recouping the revenue of the government and putting the treasury on a pay-as-you-go basis, Mr. McKinley is true to himself, to the Republican party, and to the American policy. He is definitely opposed to direct or internal taxation, and declares emphatically for raising the bulk of the taxes from duties on imported competing products. "There can be," he says, "no misunderstanding either, about the principle upon which this tariff taxation shall be levied. The people have declared that such legislation should be had as will give ample protection and encouragement to the industries and the development of our country." This emphatic declaration of a protective revenue policy is wholesome and invigorating. It has none of the supercilious tone of the doctrinaire. It is direct, positive and practical. It leaves no doubt as to what the policy of the McKinley administration is to be on this subject. It assures the country that so far as the influence of the administration is concerned the investment of capital in productive enterprise and the development of new industries will have all the opportunity and encouragement the American market can afford, by guaranteeing that the competition of foreigners shall at least be on the plane of the labor cost of American industry—in other words, that American industry shall not be handicapped by the higher wages and superior social conditions of our own civilization. It practically announces to the world that foreigners shall have the advantage of American consumption only by paying the equivalent of American wages. To the extent that foreign producers fail to pay this equivalent to their own laborers in wages they must pay it to our government in duties for the privilege of entering our market. This is sound economic doctrine, sound national policy, and sound political ethics. The policy of protecting the higher from falling, and stimulating the lower to rise is more humane, more civilizing and ultimately more cosmopolitan than any doctrine which permits—not to say encourages—the lower to drag down the higher by so-called "freedom" of competition.



It is to be hoped, however, that in returning to the protective policy Congress will keep scrupulously to this principle in constructing the new tariff. Two objects should constantly be kept in mind in this matter—one, the raising of revenue, the other, the protection of the opportunities for developing and diversifying such industries as tend to add to the elevating influences of the social life of our people. These are the industries of the artistic, manufacturing and socializing character, as distinguished from extractive, raw material and non-socializing industries. Of course the Committee on Ways and Means will be besieged by local interests and special pleadings for protection to industries, regardless of this principle but solely on the ground of rendering the industry profitable to the owners. Such claims to tariff duties are entitled to no consideration. It is the need of the industry to the civilization of the country, and not the need of the profits to the particular investors, that should govern the decision.

It may be said we have had no tariff constructed on this principle. That is true; and the failure strictly to adhere to this principle has given effectiveness to much of the criticism of our tariff legislation. When we recognize the historic principle that societary development depends primarily upon the character of the industries as shaping the social life and habits of the people, we will have no difficulty in realizing that our national development has nothing to gain through the extension of crude, non-socializing industries—as agriculture, mining, forestry, etc. On the contrary, what we need is an increase in the proportion of urbanizing as compared with ruralizing industries. It is not merely the profits of capital or the perpetuating of a business that we should seek to protect, but the stimulating opportunities for improving the social quality of citizenship among the great masses of the people. This can come only through the educational, broadening, socializing and cultivating influences that complex social life affords. These opportunities are stimulated and perpetuated only by the influence of urbanizing industries, and they are everywhere most effectively prevented by ruralizing industries.

To carry out this policy requires that the protective prin-

ciple should be applied primarily to promote industrial diversification. First, to encourage every form of artistic and mechanical industry. Second, to encourage intensive rather than extensive agriculture, and third, to an efficient restriction of immigration from lower-wage countries.

On all this, President McKinley's inaugural address is eminently sound. His references to the restoration of reciprocity and our merchant marine are also in the same wholesome tone, as is his unqualified endorsement of the Arbitration Treaty. This is especially encouraging in the face of the present apparently bickering attitude of the Senate towards the treaty.

If the administration sustains the tone of the President's inaugural and receives the co-operation of Congress in carrying out the policy indicated, there is every reason to hope and expect a speedy return of national prosperity, the inauguration of a sound system of public finance, and the reinstatement of the nation's integrity, honor, and influence among the nations of the world.

## Need of Integrity in Tariff Discussion

Thanks to the doctrinaire policy of the last administration, we are to have another period of tariff discussion. The deficiency in the revenues, and the depression of industries, have made it necessary to convene Congress in extra session to extricate the Treasury from bankruptcy. In order to secure increased revenue, and at the same time furnish protection to domestic industry in the hope of reviving business prosperity, a new tariff bill of some kind will be passed, and from all appearances this is going to be made the pretext for another so-called "educational campaign." Perhaps this cannot now be avoided, but if we must have a protracted discussion of the tariff question it ought at least to be characterized by integrity and fairness.

Appeals to mere anti-trust sentiment and class animosity for the purpose of opposing a revenue policy should be abandoned. In the Bryan campaign we had a test of the malignant results of this kind of political propaganda. This method of discussion simply tends to poison the minds of the masses against the integrity of business methods, without giving any real enlightenment upon the subject at issue. It is not true, and those who are opposed to a protective tariff know it is not true, that manufacturers who desire protection are dishonest. They may reason through their interests; they may see from a point of view different from those who are opposed to them, but they are not dishonest charlatans or enemies to society on that account.

Of course the doctrine of a protective tariff seems really different to importers, who are interested in bringing goods from other countries and selling them here, than it does to manufacturers who are interested in both making and selling goods here.

Domestic producers who are concerned in producing as well as selling in this country are apt to be less critical in considering a protective policy, the object of which is to make domestic production possible. On the other hand, those



whose sole object in life is to procure goods in other countries and to sell them in this, are naturally less interested in if not hostile to the promotion of domestic production. Hence, they are extra-critical, and apt to be hypercritical towards any policy designed to promote domestic production. With this influence of self-interest behind the two parties to the tariff controversy, it is of the utmost importance that intellectual frankness and integrity be demanded, particularly in the presentation of the facts to the public. In the long run nothing is to be gained by misrepresentation. If a wrong policy is adopted through misleading the public, in the end the nation pays the penalty. It is time the fact was recognized as one of the rules of public discussion, that half truths are usually whole lies. To omit a portion of the facts, which if stated would give a different meaning, is as deliberate a falsification as is the invention of new lies. Unfortunately, hitherto this method of treating public questions, and particularly the tariff, has been too generally used by both sides, and with the result that passion has superseded reason, resulting in poor legislation. We repeat that in the interest both of industrial prosperity and public integrity this unworthy method of discussing public questions should be abandoned.

At the outset, frankness demands that the supporters of the last administration admit that their policy was a failure. However correct their revenue theory may be in the abstract, it manifestly failed to work under the conditions which existed during the last four years. It may be the fault of the peculiar circumstances; at some other time and place their policy might have worked like a charm. But however all this may be, the undeniable and monumental fact remains—that it failed here. It failed in every respect. It neither stimulated industry as prophesied, nor furnished the revenue that was promised. On the contrary it devastated domestic industry and depleted the Treasury, increased the national debt, and multiplied poverty. Whatever may be the mitigating circumstances, the far off and indirect cause of all this, the fact cannot be denied without impairing the integrity or the sanity of those who dispute it.

On the other hand, as a revenue measure the McKinley

bill was not a success. It diminished the revenues nearly to the deficiency-creating point, and had Harrison been elected in 1892 an actual deficit would have appeared, and either increased revenues or a bond issue would have been unavoidable. This should also be frankly admitted by the present administration. Nothing can be gained by attempting to evade or obscure so obvious a fact. Protectionists should not hesitate unqualifiedly to affirm that as a protective measure the McKinley law was a success; as a revenue measure it was a failure. If this straightforward method were adopted by both parties, there would be some hope of wholesome criticism resulting in wise legislation. But unfortunately, present indications are not encouraging in this direction. The friends of the last administration, instead of admitting what is obvious to everybody, are entering upon a shuffling role of quibbling disputation. They are endeavoring to show that their revenue policy gave a stimulus to commerce which no one can discover, and was not responsible for the revenue deficits, which is so obvious to all.

Free trade journals like the *New York Times* and *Evening Post* have entered the arena with this kind of reasoning. "For our part" says the *Post*, "We shall spare not in exposing tariff iniquities in 1897 any more than we did in 1890." This means that they will oppose protective duties with the same intensity and by the same methods by which they attacked the McKinley bill and brought on the four years' disaster through which the nation has just passed. Mr. Wilson has been retained by the *New York Herald* as special advocate in the same line. He repeats in substance the statement in his master's last message about a "surplus in the Treasury," and an increase in our export of manufactured products. As if everybody did not know that the surplus was a borrowed one, and the increase of export of manufactures was an increase only in comparison with the most panic-stricken year of a panic-stricken régime. He points out that the McKinley bill reduced the revenues, and but for the transfer of \$54,000,000 of a note redemption trust fund to the general assets for government expenses, there would have been a deficit in 1892 and 1893. Thus by much

quibbling and a little truth he endeavors to create the impression that all the Treasury deficit and bond issues were due to the McKinley law, and in this he is supported by the so-called respectable mugwump journals.

The friends of the present administration, we regret to say, are adopting some of the same disingenuous methods of discussion. For instance, in his first message to Congress, instead of frankly admitting that the law of 1890 did reduce the revenues below the solvency standpoint, Mr. McKinley endeavors to create the impression that it furnished adequate revenues so long as it was in operation. This he does without making any reference to the \$54,000,000 transferred to the assets account, without which there would have been a deficit. But, on the other hand, he notes the fact—which Mr. Wilson and his friends ignore—that during 1892 over \$40,000,000 was paid on the national debt, while during the last four years over \$262,000,000 have been added to it by four bond issues. Now it is this kind of partial statement, enabling each side to contradict the other without lying outright, that brings discredit on the entire discussion. Why should the President and the Republican party pretend that the McKinley bill did not diminish the revenue, and would ultimately have created a deficit? Briefly, the truth about the McKinley law is this: In the campaign of 1888 there was a great outcry about the immense surplus in the Treasury. With some truth it was said that an increased surplus in the Treasury acted as a contraction of the currency, which our present sub-treasury system makes inevitable. If we had a rational banking system under which the government, like other people, kept its funds on deposit in the banks, an increasing surplus would not affect the volume of currency any more than would an increasing bank account of a private individual. But under our glorious Jacksonian sub-treasury method government funds are locked up as in an iron box, so that every dollar that goes into it is taken from the circulation and acts as a contraction of the currency.

The McKinley bill was introduced for the purpose of reducing the revenue, and this it effectually accomplished, not by the prohibitory effect of its duties, as free traders would have



the public believe, for the importations under that law were greater than ever before or since. Its caustic reduction of the revenues resulted first from its unusual and, in many instances, unwise increase of the free list, and second, by taking the duty off sugar which, as we pointed out at the time, was a great mistake. What is the use of Republicans beating about the bush, and pretending that the McKinley bill did what it did not do? As we have said, as a protective measure the tariff law of 1890 was a success. As a revenue measure it was not a success, and had the Republicans remained in power they would have had to revise its revenue side. A straightforward admission of this fact by protectionists would deprive the free traders of their quibbling, half-lying argument with which they hope to poison the public mind against the new administration, and it would strengthen instead of injure the cause of protection, which has nothing to lose but everything to gain by honest, economic treatment.

The new tariff is not required for quite the same purpose as was the tariff of 1890. Then the object of revision was to reduce the revenues. Now the object is to increase the revenues, and repair the injury done by the late administration to domestic industries. If the new Congress goes on the old plan of imposing duties for the sake of placating districts, instead of raising revenue and promoting industry, then we may expect the free trade crusade again to win. But if it is governed by economic principle, instead of political expediency in constructing the new tariff, the free trade crusade will be impotent, and we may expect a prolonged period of national prosperity and progress under a rational protective policy.

Protectionists, however, must be able to give economic answers to free trade questions. For example, both in and out of Congress the economic maxim is going to be reiterated that nations like individuals should do those things which they can do cheapest. There are some things, such as raising food stuffs and raw material, that we can do more effectively, for instance, than England, and vice versa. There are many lines of manufacture in which England is more efficient than we. We shall be told that if we insist upon manufacturing articles at a 25 per

cent. greater cost than we can buy them from other countries, we are simply taxing ourselves for the privilege of doing a thing which we cannot do as well as other people. And if England should insist upon raising her own food stuffs instead of buying them, she would be working at the same disadvantage; all of which is essentially true. It is useless to deny that it is a waste of energy to work a week to produce a thing which we can buy with five days' labor from somebody else. All the great economies which have done so much to cheapen wealth for mankind are based upon the principle of specializing labor in the lines of its greatest efficiency. If nothing were involved, therefore, but the existing relative economy of production, it would have to be conceded that this doctrine should practically govern the policy of nations as it does individuals, and free trade would have the undisputed right of way. But such is not the case.

The object of statesmanship, and hence of protection, is to promote the social and political development of the nation. This does not depend so much on the mere price of commodities as upon the character of occupations. National development is impossible without manufactures, commerce and general urbanizing industries. Agriculture, mining, forestry and ruralizing industries necessarily have a stereotypic and desocializing influence upon the people, and hence a stultifying influence upon civilization. History does not record a single instance of a nation making great progress in civilization, culture and freedom, which was dominated by ruralizing industries—witness the backward countries in Europe, Africa, Asia, and South America. Where manufactures flourish wealth accumulates, culture spreads, freedom increases, and civilization advances. We want progress in all the phases of higher civilization more than we want cheap things. The very object and justification of a protective policy, whether it be in restricting immigration, increasing popular education, or in a customs' tariff, is to promote the development of higher social and political life in the nation. For this, we need to increase the proportion of artistic industries as compared with ruralizing industries.

The protective element of the tariff, therefore, should be to stimulate the growth of manufacturing or socializing industries in this country. The real question is not whether the product will cost a fraction more or less, but whether we shall have the industry in this country. There is no justification for paying a duty on a product that others can make cheaper than we, unless the existence of the industry itself in this country would have a beneficial influence upon our national life. As a nation, we have ruralizing and raw-material-producing industries enough. It is the artistic, manufacturing and socializing industries that we need. Any duty, therefore, placed upon agricultural, mining or forest products should be for revenue, and revenue only, and all protective duties should be levied on manufactured and artistic products, because the existence of that class of industries in our country is necessary to the expansion of our national life. An increase in the ruralizing, agricultural and extractive industries, as compared with the urbanizing, manufacturing and commercial industries, would be a national misfortune.

The great progress we have made during the last 30 years, which has no parallel in the world's experience, has all been in the direction of increasing the proportion of our urbanizing as compared with the ruralizing industries. This programme no doubt would be distasteful to many who will make demands upon the Committee of Ways and Means for protection. Mountain Senators may threaten to defeat the bill unless uneconomic tariff duties are levied for the benefit of ruralizing their industries. But every concession that is made to such demands will be a departure from sound economic protection, and will lay the administration open to the attacks of free traders by arguments they cannot answer, which will soon be the basis of a reaction in public sentiment against protection. The people will sustain sound protection, but they will not sustain the uneconomic use of tariff duties for the mere purpose of promoting party strength at the expense of national progress.



## Protective Navigation Laws

One of the most notable and enduring accomplishments of the McKinley administration will be the restoration of the American merchant marine. The Republican national platform declared emphatically in favor of the "early American policy of discriminating duties for the upbuilding of our merchant marine, and the protection of our shipping in the foreign carrying trade." No less emphatic and explicit was the indorsement of that policy by President McKinley, who in his letter accepting the nomination, said: "The declaration of the Republican platform in favor of the upbuilding of our merchant marine has my hearty approval. The policy of discriminating duties in favor of our shipping, which prevailed in the earlier years of our history, should be again promptly adopted by Congress and vigorously supported until our prestige and supremacy on the seas is fully attained."

These pledges clear the atmosphere of any doubt as to the plan by which it is intended to assist American ships to regain the carrying of our foreign commerce. The English policy of free ships, which has kept Europe dependent upon British shipyards to the detriment and restriction of native shipbuilding and equally so of shipowning, has never obtained any foothold in this country. This has been emphatically shown in the disastrous experiences of the advocates of free ships, even with their friends, at the seat of government in recent years, and also in the uncompromising hostility of the true friends of American shipping. Even the European tonnage bounty system, which has everywhere proved itself a failure in operation, but which was patriotically and almost successfully urged in this country some six or eight years ago, has been finally abandoned by the more enlightened friends of American shipping. And furthermore, the nation has at last been fully and finally convinced that the English postal subsidy system cannot thrive in this country, unsustained by some stronger policy; so that, on the whole, we have doubtless gotten through experimenting with unsuccessful foreign policies of ship protection.

These experiences of failure during the last half century, and the successes of the first half century, are what have doubtless impressed Republican statesmen and advocates of American ship protection. Senator Elkins, of West Virginia, led the movement last year by introducing a discriminating duty bill in Congress, which the shipbuilders unanimously and enthusiastically supported. The result has been the indorsement of this old American policy by Republican State Conventions all over the Union, its incorporation in the Republican national platform, and its indorsement by President McKinley, as we have shown.

Having so long followed false foreign gods in the vain hope of building up American shipping by a policy different from that which caused its unparalleled growth and wonderful prosperity during the first half century of the nation's existence, and having meanwhile seen legislation according to the old policy estopped by treaties which have tied the nation down to free trade in the carrying of our commerce, it is not surprising that the more timid should look with some fear at the disagreeable consequences, and be led into forgetting entirely the many inestimable advantages that will follow the wholesale abrogation of these treaties. Such abrogation, however, will not by any means be a formidable matter. American interests, it is manifest, cannot be seriously disturbed by the revocation of these treaties. But American interests will be well served if all our treaties are so revised as to permit the readoption of the American protective policy wherever and whenever advisable. In the face of the undoubted popular sentiment favoring this policy, isolated outcroppings of opposition, while interesting as showing to what extent foreign influence is able to make itself felt in the United States, are not at all serious, nor is it possible for such opposition to become at all formidable. The American people have a deservedly high regard for successful American policies, and the one for the protection of our shipping, which they have just indorsed, was wonderfully successful during nearly half a century of continuous operation.

The free traders of the country will endeavor to warn the

people of the inevitable consequences of foreign retaliation, which, they will assert, will be sure to follow the adoption of discriminating duties for the protection of American ships. But the people will not be misled. They will be shown, and the proofs exist in abundance upon the testimony of British commercial historians of established repute, that every form of retaliation possible was previously adopted. The result of retaliation was to diminish American purchases of foreign manufactures in the countries that retaliated, and to increase American home manufacturing, as well as American purchases from the countries which did not retaliate. While there was no perceptible diminution of foreign purchases of American cotton and grain, such exportations were generally made in American vessels to the countries more anxious for cheap food and cheap raw material and an American market for their manufactures, than for conducting a losing fight against American ships. Retaliation is a spectre invoked by the pro-British free traders solely to delay re-adoption on our part of the discriminating duty policy.

Since this is a subject that is sure to take a prominent place in the public eye before long, a brief statement of the chief benefits that will follow the adoption of the old American ship protection policy is timely. It is estimated by those best able to judge, that the carrying of our exports and imports employ nearly five million tons of ships. Under the American flag we now have about eight hundred thousand tons of ships in that trade. In fact the total American tonnage in the foreign trade to-day is no larger than it was ninety years ago—and this despite the fact that the value of our foreign commerce has increased twenty-fold during the same period. So far as our shipping is concerned, we stand in the same position as if there had been no increase in our trade, foreign ships having reaped the benefits of all of the increase; so that we find foreign ships carrying eighty-nine per cent. of our imports and exports to-day, as compared with a ten per cent. foreign proportion of carriage a century ago. Free carrying for seventy years has driven out the ships we once protected from the position they then occupied upon the seas. It is also esti-



mated that we spend about two hundred million dollars annually in foreign ship freight charges, which sum is being constantly and permanently extracted from us in gold or commodities. The amount of the national debt at the close of the Civil War has since then been twice paid to foreign ships for doing American carrying. Just about the sum total of our customs receipts has been paid to foreign ship owners by Americans, since the Civil War. It is in our power, however, to check this annual drain by building and operating our own ships, thus keeping in the United States the enormous sums now annually paid to foreigners.

To build the ships necessary to do our own carrying it is estimated will require an expenditure in American shipyards of about four hundred millions of dollars, and half a million tons of ships will thereafter be annually required to keep up the supply and provide for the needs of a growing commerce. This will necessitate an annual expenditure of about fifty millions of dollars in American shipyards, after American ships regain our foreign carrying.

So much for the statistical side of the question—a most practical side withal, and one that should not be absent from the minds of American workingmen until this question is settled right. The possession and operation of our own shipping in the foreign trade would help very largely to make the difference between good and bad times in the United States. There are few Acts which Congress can pass—apart from a protective tariff Act—which will have so potential an effect upon the whole nation as the restoration of the American merchant marine. The effect of building our own ships is perceptible not alone in our seaports, our shipyards, our docks and harbors. In the far interior iron-ore mines an impulse will be given to production that will give employment to thousands, if the ships needed for our foreign carrying are of American construction. In our forests there will be a similar quickening of industry, despite the fact that steel vessels have largely superseded wooden. There is still a vast demand for timber of all kinds, for construction and finish, for spars, and the like. Then the mills that transform this iron ore into pig iron and

steel billets, plates, beams and rivets, and the forges and foundries where heavy forgings and castings for hull and engine construction employ skilled mechanics, will all be stimulated. So, too, with the lumber mills, and all of the various manufacturing establishments where our raw materials are turned into finished and half-finished products, preparatory to their combination in the final product—the ship. Then there are the men employed afloat, and those whom their voyages employ on shore, in counting houses, in loading, in trucking—but it would be an endless task to describe the multitudinous variety of distinct trades and industries which depend in part or wholly upon shipbuilding and navigation. All of those who are given employment in furnishing any of the materials or finished products used in ship construction and operation, in turn afford a new market for the produce of our farmers, and increased business for wholesale and retail merchants. In fine, shipbuilding and shipowning have ramifications, if they could be traced, that would probably embrace, in one way or another, almost every business, trade or profession in the country.

We have indeed, as the President said in his inaugural address, been very remiss while engaged in our unparalleled interior development, to have so completely ignored such a vast industry as shipping. But the signs of the times happily indicate an awakening consciousness of our neglect, and there never was a more propitious outlook for our shipping than there is to-day.

This is a matter which concerns not us alone, but the whole western hemisphere. With the awakening of the American mind to the possibilities of the situation, and with the energy of effort which characterizes Americans, the civilizing influences of this Republic will be rapidly and permanently extended to every part of the three Americas, and thus help to insure the permanency of democratic institutions in the western world.

There must be no faltering in this undertaking. When obstacles arise in the pathway of progress, they must be leveled; and when foreign efforts are put forth to check or neutralize the extension of our shipping, we must supplement the

discriminating duty policy by such other measures, perhaps temporary in their character, but necessary for the time, as will show the world that we have seriously and definitely entered upon the policy of creating an American merchant marine adequate to American needs. The means to do so are ours in abundance. When direct trade relations have been established, as they will be by this policy, we shall be able to obtain those supplies which we find it necessary to buy abroad, much more cheaply and efficiently than at present. Moreover, the extension of the market for American products in the countries of this western hemisphere, to which we are urgently invited both by the people and the governments, merely awaits the establishment, extension and maintenance of our own merchant marine.

The discriminating duty policy should be inaugurated in the new tariff bill, either by the giving of a per cent. rebate on imports in American vessels, the duties being first placed high enough to permit such a rebate without injury to American interests, or by a per cent. increase on duties on all imports in foreign vessels, over the schedules fixed by the tariff. The latter method is preferable, though the effect in either case will be the same, so far as American shipping is concerned. The essential thing, however, is the early adoption of the policy; and the result, there can be no question, would be the restoration of the American merchant marine, and a consequent stimulus to many important branches of American industry.



## Conditions of Labor in Japan

FUSATARO TAKANO \*

Tokyo, the capital city of Japan, with its one million five hundred thousand inhabitants, is cosmopolitan in both its social and industrial make-up. Here people flock from all parts of the nation; manners and customs peculiar to each section of the country are to be observed; the dialects of various localities are freely used; and the industries carried on in the city present the same cosmopolitan aspect. The most advanced forms of industries are conducted side by side with the most antiquated trades. In one corner of the city can be seen countless tall factory chimneys; in another, workshops of the most primitive type. Here, in an area of twenty-six square miles, the modern and ancient Japan, both equally well represented, are to be viewed at a glance, in amazing contrast with each other.

While the industries as carried on in the city and the occupations of the working people are so diversified, the conditions of their life are monotonously uniform. We are well aware of the great difference existing in the style of living of the skilled and unskilled workers of the United States. A difference so great as that can never be expected to exist in this country. Whatever difference there is, is a matter of only a step at the most; and even those who are in the front are always in danger of being pushed back. A man as a worker is socially a doomed being in this country, whether he be a mechanic of an advanced trade or a waste-paper picker. In the life conditions of workmen the demarcation of their trades is completely wiped out; the conspicuous characteristics of the class are ignorance, vulgarity and want of decency. In a word, their life condition, socially considered, is most hopeless and wholly devoid of genuine comfort. We shall, however, endeavor to present the life conditions of three typical classes of Tokyo workers, who represent Japanese laborers of the whole country in many respects, especially in the mode of living; namely, factory operatives, mechanics and laborers.

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\* Dated at Tokyo, Japan, Jan. 31, 1897.

It is estimated that over 3,000 factories are in operation in Tokyo, among them several large cotton-spinning, paper, printing and tobacco mills, equipped with the best modern machinery and employing in the aggregate over 20,000 people. As representative of this class of workers we will take cotton-spinners. There are three large cotton mills in Tokyo, with a total of 70,000 spindles and a monthly capacity of 239,426 lbs. of yarn. According to the monthly reports submitted by these companies to the Cotton Mill Owners' Association, the number of days of operation during the month of November, 1896, hours of operation in a day, number of operatives employed and their average daily wages were as follows :

Name of establishment	Number of spindles	Days operated during month	Hours of operation in a day	Number of male operatives	Number of female operatives	Average daily earnings of a male operative	Average daily earnings of a female operative
Kanegafuchi.....	40,578	28½	22	568	1,763	Sen* 27.18	Sen 18.93
Tokyo.....	23,686	26	23	357	1,214	22.90	12.50
Konakigawa ....	4,924	25	22	56	240	25.50	15.30

\* 100 sen equal 50 American cents.

As will be seen from the above, the mills run 22 hours per day, the operatives thus being compelled to work 11 hours a day and to take up night work by weekly turn, with the same compensation as for day work. The operatives working in these mills are all under contract for a period of three or five years, and they are not allowed to quit the mills unless under some unavoidable circumstances. As a rule, a majority of the operatives are obtained in the interior parts of the country by agents of these mills, and are sheltered and given board in boarding-houses conducted in connection with the mills, at 6 sen each per day for board and lodging. From a sanitary point of view, the boarding-houses are generally well managed ; meals furnished are not very wholesome, but in full accord with the prevailing style of living of the laboring class. Educational facilities are provided in some cases, but are very little availed

of by the operatives, (what can be expected from operatives working eleven long hours a day?) A great number of the female operatives are grossly ignorant. Seldom do we find any one of them able to read and write correctly. Ages of the operatives range from 11 to 40, those of between 17 and 25 being the largest in number. Of those who are boarding in the mills—and they are all unmarried—it is rare indeed if any one of the best-paid operatives is able to net three yen\* per month after paying for board, or succeeds in saving two yen per month after deducting incidental expenses. Nevertheless they are the best-paid cotton-spinners in the country, those in the other parts only averaging 8 cents each per day. As to married male or female operatives, their lot is one of hardship and misery. A ceaseless struggle to sustain themselves and families with the small wages they are able to earn is constantly going on, and not always with successful results.

It is to be further noted that the rules of the mills require each operative to deposit a sum equal to a day's earnings, at the end of each month, as a guarantee of faithful performance of work. There are also stringent punitive measures (always in money form) for neglect of work. In some cases occasional rewards, varying from 6 sen to 2 yen, are provided for those who are attentive to their work.

It is in this industry that child labor is largely employed. In getting operatives in the interior parts, preference is given to those who are skilled or well grown; but these being very scarce, female children above 10 or 12 years of age are taken as apprentices. The children so obtained are given board and lodging free, together with 30 or more sen per month as purse money. They, too, are required to work the full time—eleven hours—either in day or night. When they acquire skill, they begin to earn 8 or 10 sen per day until they reach the highest wages of 30 sen, which can only be earned after six or seven years' practice.

Long hours of work, rigid enforcement of the rules, the contract system, and the scanty wages they earn all conspire to

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\* 1 yen equals 50 American cents.



prevent the operatives from enjoying any of the pleasures and comforts of life. Such is the life of the factory operatives under the first stages of the modern system of industry in Japan.

The latest statistics of wage-rates prevalent among Tokyo workers of this class show the following :

Trade	Daily Wages		No of working hours per day	Trade	Daily Wages		No. of working hours per day
	Highest	Lowest			Highest	Lowest	
	Sen	Sen			Yen	Sen	
Carpenter . . . . .	*60	50	9	Cabinet-maker .	1.00	70	11
Mason . . . . .	*75	70	9	Matting-maker .	.70	60	10
Plasterer . . . . .	*60	55	9	Blacksmith . . . .	.65	40	10
Bricklayer . . . . .	*70	60	9	Printer . . . . .	.50	20	9
Roofer . . . . .	*50	45	9	Shoemaker . . . .	<small>12 yen per month</small>	..	12
Painter . . . . .	50	40	9	Tailor (Euro- pean dress) . . .	<small>10 to 15 yen per month</small>	..	14

\*These are prices charged by contractors ; actual sum paid to the workers is 5 or 8 sen less.

There are at least 10,000 workers in Tokyo engaged in the building trades ; blacksmiths, tailors, printers, and others constituting another 10,000 ; and they all are considered to be the best paid workers of the country. Apprenticeship in the building trades is for ten years ; printing, six years ; and shoemaking, five years. Thus a boy, desiring to learn the trade of carpentry, at the age of about ten goes to a foreman, who is invariably a contractor, as an apprentice, remaining there 10 years. The first seven years are spent in acquiring practical knowledge of carpentry, and the remaining three years in working for the foreman as an acknowledgment of the past favor, receiving only two or three yen per month as purse money. (It is to be noted that during the period of apprenticeship, acquiring of common education is wholly left out.) When it is finally over they begin to earn regular wages. Roughly estimating, one-half of this class of workers, mechanics, and artisans are single, and the majority of them board with their foreman, paying from 4 to 5 yen per month for their board and lodging. As a rule, the mode of living prevalent among the unmarried

workers of this class is most irregular. Money hard earned, and often more than earned, is spent freely for drink and debauchery. It is rare to find any one of them having any suit of clothes for holiday use. When it becomes necessary for them to make one they will borrow money for that purpose, and two or three days later the clothes so made are either sold or pawned—not to redeem the debts, but to satisfy their ever-endless desire for debauchery. A keeper of popular restaurants in the city furnished us with some interesting data. During the month of November last, out of 9,000 customers frequenting his shop, 3,500 were artisans and mechanics; 2,300, small merchants, clerks, etc.; 1,300, females—wives and daughters of working people; 300 officials of low rank, and 468 students. Of the receipts of the month, artisans and mechanics contributed 40 per cent., small merchants and clerks, 20 per cent., officials, 6 per cent., students, 4 per cent. This goes to show where most of the money of the workers is absorbed. It may be asserted that it is very foolish of them to spend money so recklessly; but it must be taken into consideration that with lack of proper education the pleasures they may seek are necessarily limited, and drinking and debauchery being most easy of reach they naturally go in that direction. Besides, there is a custom among the class, carried down from generations, that they should be liberal in their expenditure for food, a custom so prevalent that it has come to be a common saying that where a worker empties his purse is in an eating-house. Admitting, however, this to be the fault of the workers alone, let us see what life the other half of the class, the married workers, is leading.

Often we witness workingmen of the class having wives and children struggling hard to keep away from evil friendships, sometimes even braving ostracism by their comrades through trying to lead a decent life. It seems that their struggles generally end disastrously; misfortunes and sickness are apt to come to their families, thus aggravating the burden upon the slim income earned, until finally they abandon their former resolutions, join the army of the reckless and lead a life of extreme poverty. One of this struggling class came under our

special observation, and after hard entreaties we succeeded in ascertaining the annual current expenses of his family. The worker in question is 32 years old, painter by trade, quiet and respectable. His wife is 25 years old, and there are two children, 3 and 6 respectively. The house they occupy is located in a back alley, has two rooms, 9x12 and 9x3, together with a kitchen; rental of the house is 1 yen and 50 sen per month. There are two bureaus in the house, one containing clothing, the other dining utensils. No other furniture is to be found except kitchen utensils which are somewhat antiquated and not complete. The man has informed us that all the furniture he has, together with the bedding, is that left by his deceased parents, and he has spent nothing so far for new furniture, except occasionally to replace that which was broken. His annual budget given below fairly represents the current expenses of other families of the class, the most highly-paid workers of the country:

	YEN
Clothing (2 summer, 1 winter, 1 spring suit, underwear, socks, etc., for husband), . . . . .	18.45
Clothing for wife and children, . . . . .	19.00
Food for husband and wife, at yen 2.50 each per month, . . . . .	60.00
Food for children . . . . .	10.00
Rent (yen 1.50 per month), . . . . .	18.00
Shoes (wooden clogs and straw slippers for the family), . . . . .	5.75
Wine ( <i>sake</i> ), . . . . .	15.00
Firewood and charcoal, . . . . .	8.00
Replacing broken dishes and other utensils, . . . . .	2.00
Oil, . . . . .	1.50
Miscellaneous expenses, . . . . .	12.00
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Total, . . . . .	169.70
Husband's earnings for a year, . . . . .	160.00
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Deficiency, . . . . .	9.70

In the above budget whatever expense will be incurred from social intercourse is not mentioned, nor any provision for sickness or for amusements. Yet it was found necessary for the man, in order to meet current expenses, to seek some other income besides his own; hence we were told that his wife employed herself at home in rolling up cigarettes, earning an average of 6 sen per day, and thus enabling him to barely meet



the family expenses. Should he be confronted with a necessity for additional expenditure he must pawn some of his clothing.

Legitimate as his expenses are, gloomy and cheerless as his life is, still the joint income of himself and wife is not sufficient to secure stability of the life conditions of the family; and this being a fair example of the families of this class of workers, is it not reasonable to declare that the life of the Japanese laborer is wholly destitute of pleasure and comfort, and full of hardship and misery, as we have asserted at the outset of the article?

As representative of this class of workers we will take the *jinrikisha* men, the name being undoubtedly familiar to your readers. There are over sixty thousand men in the city who are subsisting upon incomes derived from pulling the two-wheeled carts for conveyance of passengers. The profession is one of the remnants of ancient Japan, and, strange to say, is in full sway along with locomotives and horse cars (electric and cable cars are now in course of construction). Very few of the men own the *jinrikishas* themselves (they cost from 10 to 15 yen each). Those who hire the carts pay from three to five sen per day. It is hardly necessary to say that there is no limit to working hours; one man may be found working twenty and another twelve, but never less than twelve hours. Three distinct classes among the men are noticeable. Class 1 comprises able-bodied men, ages ranging from 18 to 35 years, and earning an average of 40 sen per day; class 2, able-bodied but not so strong as their young comrades, ages ranging from 30 to 45, average earnings 30 sen per day; and class 3, old and feeble, verging to a class of beggars, earning only 10 sen per day on the average. The first class constitutes  $\frac{1}{3}$  of the whole number of the *jinrikisha* men, the second  $\frac{1}{2}$  and the third  $\frac{2}{15}$ .

The majority of the first class men are single, and board and lodge with their bosses, each of whom keeps several carts and rents them to those who are boarding in his house. The charges for board, lodging and cart amount to about six yen per month, to be paid in daily instalments. This class of men spend most of their earnings for food and drinks; seldom are

they satisfied with meals furnished by their bosses. Hundreds and thousands of cheap restaurants in the city are sustained by their money. It is a general rule with them that the first thing they do after having carried passengers to destinations and been paid the fares previously agreed upon, is to hasten to a restaurant near by and obtain a meal, on which they will often spend ten or fifteen sen. For this sum they will get three bowls of boiled rice, one dish each of fish and pickled vegetables, and a pint or two of *sake* (spirit manufactured from rice). The reckless practices of the unmarried mechanics and artisans are to be noted also among this class of men, and the same methods of raising funds for clothing and other purposes are freely resorted to.

The second class of men are of the tribe of common laborers, and the great majority of them being married and having three or five children to maintain, their life struggles are indeed terrible. To begin with, they live in houses located in alleys or streets mostly inhabited by poor people. The houses are generally built in a row of 10x50, partitioned off into four houses, giving each abode a space of 10x12. The houses have no ceilings, and there certainly are no parlors, dining or bed rooms. A front room in each abode, about 10x10 is used as bed chamber as well as dining, sitting and working room, a little space in the rear constituting a kitchen. The houses are wholly devoid of furniture. Kitchen utensils are also very scarce, and none are in a perfect condition. Rent for these houses ranges from 40 sen to one yen per month, according to location and condition of the house. The daily expense of each of these families foots up something like 25 sen on the average for a family of five, absorbing all the heads of the families are able to earn, and leaving the house rent to be paid from what is earned by wives and children working at home, pasting match boxes, paper boxes, etc., and barely earning 3 or 4 sen per day. Their food consists of rice and pickled vegetables for breakfast and lunch, rice and fish for dinner, the whole costing them 18 or 20 sen. When the men take meals outside, each meal costs 3 or 4 sen, if they are not particular about what they get. They, too, are great customers of pawn

shops and money lenders, and some of them frequent pawn shops twice or thrice a day, each transaction costing them heavily. The reader may wonder how they procure things to pawn. When they find in early morning that there is not sufficient money to procure their morning meals, their bedding will fly into pawn shops, there to remain until night time when the heads of the families return with their day's earnings, minus the charge for hiring carts and for meals procured outside. Even the few kitchen utensils are utilized for raising money. Thus we find some of the families actually paying seven or ten sen per day as interest on pawned articles, or instalments on borrowed money. Not only pawn brokers reap great profits from them, but also money lenders. One yen borrowed (without security) has to be redeemed by a daily instalment of 3 sen for 40 consecutive days, equivalent to twenty per cent. interest for a period of 40 days; or a loan of 80 sen has to be paid by a daily instalment of 2 sen for 50 consecutive days, equivalent to twenty-five per cent. for a period of 50 days. This highly rated money is in great demand and most urgently sought for in case of accidents to the men or sickness of members of the families, and the recurrence of such misfortunes finally ends in sending the families down to the beggar class.

The third class of men are properly described as beggars. Most of them keep house jointly with similarly situated families. They seldom own bedding but borrow it at a rental of 1 or  $1\frac{1}{2}$  sen each per night. Others of them live in cheap lodging houses paying 3 or 4 sen per day. It is rare that this class of men will have three regular meals every day. When they are so fortunate as to earn enough before each meal time to allow them to enter a low restaurant where a bowl of rice with one side dish is served for the trifling sum of  $1\frac{1}{2}$  or 2 sen, they will avail themselves of the chance; otherwise they will satisfy their hunger by eating rice cakes at one sen apiece. Often during summer nights they will go without lodging, taking shelter under house roofs or in untenanted houses. Naturally enough they are regular members of the class of beggars and prospective inmates of charitable institutions. One word is sufficient to designate their condition—that is, hopeless.



## Perpetuation of the Turks in Europe

E. P. TELFORD

One of the most curious facts that presents itself to the student of the political affairs of the Ottoman Empire is that of the contributions, either forced or voluntary, made by Christians themselves to the perpetuation of the Turkish *régime*. There have been instances of this ever since the fall of Constantinople, in 1453—a catastrophe brought about not only by the refusal of the Christian powers of western Europe to go to the assistance of the besieged city, but by the still more shameful fact that 30,000 Christian soldiers prostituted their genius and valor in order to compass the destruction of their own capital. The proposer of the successful military expedient of transporting the galleys overland on a greased plank-way, the inventor of the monster cannon Basilica that rent the city's walls as with an earthquake, and the first to scale the hitherto-impregnable defences, were all of Christian birth.

The story of the Janissaries—made up originally of the flower of Christian youth, torn from their homes and forced for 500 years to fight the battles of the Crescent and promulgate the religion of Islam, furnishes yet another link in the chain that shows what Christian blood has done for the Turk. Up to the time of Mohammed II. the number of these children sacrificed to the barbarous policy of the Sultan was estimated at five million, “the most frightful tribute of human flesh that has ever been levied by a victorious religion over a vanquished faith,” says Menzie, who also calls attention to the astuteness of a nation which found at one and the same time a method of carrying off the most virile portion of the Christian population while doubling the strength of their own forces, without putting arms into the hands of the conquered. Never was so durable a power reared up so rapidly as when Orchan and his vizier conceived the diabolical idea of educating Christian children to exterminate Christianity.

Nor did the shedding of Christian blood for Ottoman interests cease here. A later example is afforded by the conduct of the European Powers during the Crimean War, when the

French and English soldiers fought shoulder to shoulder with the enemies of Christianity against their own co-religionists.

Another crime of the Powers—still more disastrous in its effects on Christendom—was the admittance of Turkey into the Committee of Europe, which, according to the Duke of Argyll, not only gave her “a new lease of life, but which conferred on that life a charter of independence.”

While the Turks are excellent soldiers, well disciplined, docile and easily managed under competent leadership, the native officers are confessedly ignorant, detestable, lazy, and incapable of directing an army whose worth depends mainly upon the efficiency of the staff officers who direct it.

When the destruction of the autocratic Janissaries in 1826 left the Turks without trained military leaders, the government clung to its approved policy of utilizing Christian talent, and at once called into its service European officers—German, Prussian, English and French. Since 1870, the largest number of these military officials have been drawn from Germany—the most celebrated of whom is Baron von der Goltz Pasha. All of the foreign officers are paid so highly and regularly as to amaze and disgust their Turkish brother-officials. Gifts, decorations and flattery are freely lavished upon them, and redoubled if any show an inclination to forsake the service of the Sultan and return to their father-land.

Hobart-Pasha, the Admiral of the Turkish Navy, was another example of conspicuous service rendered to the Ottoman state. Indeed, there is no governmental department where the services of Europeans are not in demand. Even the chief of the 300 *mouchards* or detectives has recently been called from France.

But foreign Christian officials are not the only factors in demand for the propping up of this rotten empire; for the native Christians, Greek, Jew and Armenian, have been called upon repeatedly for the last half century to fill various high offices of state. Their superior progress in education, their talent as linguists, their energy and activity have made them so invaluable that the Porte can no longer carry on the government without their aid. Among the offices acceptably filled

have been those of Minister of Public Works, Members of Cabinet, Members of Grand Council of Justice, Governor of Lebanon, Foreign Ministers, *Chargé d'Affairs*, Directors of Press and Military Pharmacies, Director of Public Debt, Viziers, Director of Political Affairs, Chief Physicians and Architects, Consuls, Directors of Museum and others too numerous to mention. Indeed the list of prominent official positions could be extended indefinitely; while, until the recent dismissal of all Armenian employees the custom houses, the public works, the navy yards, the mint, the telegraph service, the railroads, yea, the sublime Porte itself, were filled with Christian employees of every class.

The young Turkey party, the only progressive and hopeful element in the Turkish body politic, are also indebted to Christian training and education for their enlightenment. This was received either in Europe or at the feet of foreign teachers in the American College at Constantinople.

It was impossible for these men to come into contact with the best results of a Christian civilization without realizing the advantages that would accrue to their own government, by appropriating the same specific features of European progress.

These are the men who call to-day for a constitution, demand railroads and telegraphs, the introduction of electricity, a free press, the untrammled distribution of literature, freedom of thought and worship, and liberal schools of their own, that shall be able to cope with Robert College on the Bosphorus, the American College for girls at Scutari, or the French College and Austro-Hungarian School. In the past all the schools and colleges of any repute in Turkey, even to the great Military School of Pankaldi, have been under the management of Christians. While the majority of the young Turkey party are pure-blooded Turks, there is also a considerable representation of those of Christian parentage.

Among these may be mentioned the Jew, Kiamil Pasha, one of the ablest statesmen Turkey has ever known, and whose loyal efforts for the best interests of the empire have brought upon him the opposition of the Sultan and his consequent exile.



Still another whose services to his country are worthy especial mention is Hamdi Bey, son of Edhem Pasha, an ex-grand vizier. To his indefatigable energy, courage and intelligence in combating Mussulman prejudice, ignorance and apathy is due the establishment of the Imperial Museum of Antiquities and the founding and maintenance of the School of Art within the Seraglio grounds.

Nor is the category of what the Turk owes the Christian for the improvement or perpetuation of his government yet complete. It has been Christian capital and bonds, Christian loans and enterprise that for years have had their share in its maintenance.

It was a French company that built the railway from Jaffa to Jerusalem, and that is even now building docks in the Golden Horn. It was English and German enterprise that constructed the railway in Anatolia and between Constantinople and Adrianople. It was through the kindly intervention of our own Dr. Cyrus Hamlin that the telegraph was introduced into Turkey; while nearly all the modern inventions and improvements which have found their way into the country through American or European capitalists have been at the suggestion of the missionaries.

Besides this material assistance there has been the constant practical expression of broad Christian charity in the establishment of hospitals, schools, asylums and churches. The work of the medical missionaries, as in the case of Dr. Grace Kimball, the heroine of Van, has been a wonderful story of heroic self-sacrifice and abnegation. Nor is she a solitary example. All down the pages of Turkish history, stained with crime and blood, we find the names of Christian women. From the time that Florence Nightingale appeared before the wounded, tortured, neglected soldiers of the Crimea with healing in her very presence, down to our own angel of mercy, Miss Clara Barton, the hands of Christian women have ever been extended for the relief and amelioration of the neglected victims of Turkish cruelty or apathy.

When during the Russian war Plevna had fallen and the inhabitants of the provinces, poor, hungry and naked, were fly-

ing to the capital, there to sink down utterly exhausted in her streets, it was a Christian woman—the Baroness Burdett-Coutts, whose kindly heart and open purse had the pitiful creatures gathered into the mosques, fed, doctored, clothed and comforted, saving by this timely generosity the lives of thousands.

So also in the recent awful calamities that have drenched that land with blood, turned its fair fields into desolation, left its pleasant villages but blackened ruins, and filled the air with the wailing of orphans and widows, what pitiful recompense could be given has been largely accorded through the sympathy of Christian women.

And now comes the report that the European powers are thinking of granting yet another loan of five million pounds in order that the "sick man" may proceed to convalesce and put his army in fighting trim.

And what has the Turk done in exchange for all this moral and material support given by the Christian powers of Europe and America? Let the history of the past—that horrible tissue of abominable butchery and lust—speak for itself. Beneath the glory of conquerors and the glittering splendor of victorious armies, we find a series of foul atrocities unparalleled in any nation. By their misrule the Turks have not only destroyed what was beautiful, grand and noble in art, but they have also debased the noble faculties of their Grecian subjects until they are wholly unable to produce another Socrates or Homer, a Phidias or Praxiteles, or revive their Hellenic literature.

They have brought with them social evils that put the social evil of the East into the background; while the blood of massacred Christian subjects covers the land with a crimson flood that rivers of water cannot wash out. Go to history, official history, and see the awful records of the Sultans' reigns; of Selim, who massacred 40,000 persons suspected of heresy and was for exterminating all the Christians of the Empire; of Murad IV., who caused the massacre of 100,000 Christian subjects: while in our own nineteenth century—the boasted century of progress and enlightenment—comes the

record of the massacre of the Greeks at Constantinople ; of the Chiotes, when 25,000 persons were strangled and 45,000 others led off into slavery ; the persecution of Christians in the East, the Bulgarian atrocities, the throttling of 15,000 Maronites, and within the last two years, the killing in cold blood of 100,000 Armenian men.

Note, too, the official reports of 40,000 widows, the 20,000 dishonored maidens, 120,000 fatherless children, the 300,000 destitute women and children—all this the diabolical work of their own government.

See the pollution of civilization, yea of Christianity ; the strained relations between the nations ; the shattering of international good faith, and the countless humiliations put upon Christendom by this "great assassin." Is a power like this fit to have dominion over any part of the habitable globe ? Is there any excuse for the further toleration of Christian maintenance of this evil Colossus bestriding the Bosphorus ?

Turkey's existencè has long been an injury to the economy of the world, and Salisbury's remark is all too mild that in longer maintaining this independence Europe "would be upholding a mechanism which did not work for human happiness and progress."



## The Lexow Anti-Trust Report

The Lexow Trust Investigating Committee submitted its report to the New York State Senate on March 9, 1897. By contrast with what preceded it, this report is a remarkably mild and harmless document. After all the bulldozing, denunciation and righteous indignation displayed during the course of the investigation, the committee suddenly discovers that serious constitutional limitations stand in the way of any important action being taken. All the legislation it does recommend is either a part of already existing law or was introduced at the session of 1896 and passed by both houses at that time.

It is difficult to resist the conviction that this whole investigation was undertaken solely for political effect, and without any serious economic purpose whatever. If so, it was a thoroughly discreditable proceeding, and the Republican party in this State ought to have been able to see the political folly of making any such farcical exhibition before a community that has already had more than its share of humbug. More than this, the investigation seems to have produced an effect upon public opinion quite the opposite of that which was evidently anticipated by the committee. In almost every instance the facts brought out were so unmistakably favorable to the trusts, as sound economic institutions, that the result of the whole proceeding has been, undoubtedly, to educate away a great deal of the uninformed hostile public sentiment that has heretofore existed on this subject. Purely as a matter of party policy, therefore, would it not have been far better to have frankly and honestly repudiated all part or share in the demagogical, Bryanistic, and essentially un-Republican crusade now being carried on all over the country against successful capitalistic enterprises, to the serious detriment of industrial confidence and business prosperity? Such a course might have forced a rather severe campaign of education upon the subject, but if the Republican party is not to become thoroughly Bryanized, it must be prepared to do just this educational work. It cannot retain public confidence by surrendering its fundamental

principles and dancing to the music set by the enemies of industrial stability and national progress.

Both as to subject matter reported on and the recommendations made, the Lexow report is a ridiculously stale and impotent affair. It defines with a great show of profundity the legal status of trusts, and cites various judicial decisions concerning them, all of which points were already matters of court record, perfectly familiar in legal circles, and readily ascertainable by any one. Neither the courts, the legislature nor the public needed the efforts of an expensive investigating committee, nor the legal acumen of its chairman, to become enlightened on these points. Neither was it necessary that the State should pay for the committee's elaborate three-group classification of industrial combinations as, (1) corporations proper, operating under public franchises, (2) legal corporations, protected by patents and trade-marks, and (3) combinations under one control, of previously competing companies; for, curiously enough, substantially this same classification is to be found in chapter IV of Mr. Ernst von Halle's work on "Trusts or Industrial Combinations in the United States," a book published by Macmillan & Co., more than a year before the drafting of the Lexow report, and purchasable anywhere for the sum of \$1.25.

It is somewhat surprising to find this report starting out with a perfectly sane and clear statement of the economic justification for trusts as the logical outcome of industrial evolution. This statement we quote:

"Combinations of capital starting with small partnerships and terminating with large aggregations, based on corporate organizations, representing the contributions of innumerable stockholders to a common fund, thus investing for the purpose of reaping the reward arising from economies growing out of the concentration of resources and the employment of the best skill, the highest intellect, the most improved machinery and the most qualified labor, are not in themselves, in our judgment, reprehensible or against any known principle of public policy.

"That the latter have been increasing in size, in wealth

and relatively in influence within recent years, is a sign of the times which naturally gives rise to discussion, to conjecture, and in some cases to apprehension as to the future. But it is a situation which seems to be the natural evolution growing out of the fierce contest for supremacy in the fields of commerce and finding a reflection in almost every department of human activity. That it is a natural evolution seems clear from the fact that it is the universal concomitant of progress.

“The present agitation against all forms of combination is, we believe, attributable to a confusion of the relative meaning of combinations of capital and trusts, as we define them, in that, whether accidentally or by design, all forms of combined human effort are sought to be brought within the proscription of trusts. Capital and labor operate and should continue to exist under the laws of mutual dependence. Both labor and capital should be permitted the utmost freedom of liberty and action, limited only by regard for the other and for the safety and welfare of the State.”

Then, with all the agility of the skilled prestidigitator, the following transformation is wrought:

“Interpreting combinations of capital to be the gathering together under one management of the collective contributions of many for strictly business purposes, involving economy in the several stages which result in the final distribution of the product to the consumer, we define the trust to be an aggregation brought about for the purpose of operating against the natural law of supply and demand, destroying competition by combination and unfair methods in order to secure control of both product and market, or permitting competition to exist only colorably and to the extent of refuting the charge of absolute monopoly. The one moves with the natural law; the other is designed to and does operate against the natural law.”

Every one of the concerns investigated by the Lexow Committee comes under the first class above described as “the gathering together under one management of the collective contributions of many for strictly business purposes, involving economy in the several stages which result in the final distribu-



tion of the product to the consumer." Indeed, it would have been hard to frame a much clearer definition of the legitimate trust. There are or have been "corners" of the nature described and condemned in the last half of the above quotation, but none of them were investigated by the Lexow Committee, and in fact there was little need that they should be, for the bulk of them had either gone to pieces or were upon the point of collapse in consequence of their own economic ignorance and folly. But the committee then devotes the balance of its report to assailing not "corners," but the very forms of legitimate trust organization which it has just commended.

It makes a great to-do about over-capitalization, evidently laboring under the delusion that the value of an industrial enterprise, instead of being reflected from its present earning capacity, cannot exceed the actual amount of capital originally paid in. According to that theory, New York City real estate to-day ought to be assessed at no higher valuation than the sum originally paid by the Dutch to the Indians (\$24) for the ownership of Manhattan Island. If industrial concerns do not increase their capital stock commensurately with enlargements made in their plant, extensions of business, and increases in earning power, it simply means that the original stock will reflect the gain by rising to extravagantly high quotations, as in the case of the Chemical Bank of New York which retains its original capitalization of only \$300,000, each share of which, however, is worth over \$4,000. The popular clamor and legislative threatenings against large dividends have been the chief causes for such over-capitalization as has really existed. But for this, any unusual profitableness in a given enterprise would be at once known, and capital would flow to that industry, thus bringing about an economic equilibrium and ultimate advantage to the consumer far more promptly than under the system of evasion which short-sighted legislative assaults upon profitable industry have brought into existence. No real over-capitalization, from the standpoint of value of existing plant and its present earning capacity was shown by the testimony submitted to the committee. Its conclusions are reached only by adopting an utterly absurd standard for estimating the value of the concerns in question.

What the committee says in its report about prices, quality of products, and wages is simple misrepresentation. It states that it was unable to find any evidence that the economies made possible by the trust form of organization resulted either in lower prices, higher wages or better quality of product. It is to be noted that the committee in thus stating the case negatively really abandons its own ground of contention—namely, that trusts actually operate to raise prices, reduce wages and if anything deteriorate the quality of product. On none of these points does it make out or pretend to make out a case. The testimony did, however, show the exact contrary, whether the report denies it or not. A reduction in prices was definitely shown in the cases of the American Sugar Refining Company and the National Wall Paper Company, while a reduction of from 10 to 15 per cent. in prices has since been declared by the United States Rubber Company. An actual rise in wages was shown in the case of the Sugar Company and steadier employment with no reduction of wages in the other concerns. An improvement in quality was distinctly testified to in the case of sugar and rubber, while in nearly all the concerns investigated it was shown that there had been a considerable increase in the number of men employed, quantity of output, and number of stockholders to whom dividends are paid.

The report also has its fling at "factors' agreements," as a part of the evils inaugurated by trusts. All the testimony on this subject, however, showed conclusively that the factors' agreements were made not in the interest of the trusts, but at the urgent demand of the wholesale grocers, as absolutely essential measures of self-protection.

The committee seems to have gotten the impression that these factors' agreements are something peculiar to trusts and monopolies, being used as the final link in the chain whereby the poor consumers are hopelessly enslaved. As a matter of fact, agreements of this nature have been in use for years in all kinds and branches of business, between individuals and firms no less than in dealings with large corporate concerns. Their purpose is to give some stability and safety to wholesale and retail trade, and to lessen the failures and bankruptcies occa-

sioned by cut-throat competition, thus permitting normal, economic, price-reducing forces to work smoothly and regularly, and without necessary loss to any one. There is no doubt that the ultimate effect of these trade agreements is beneficial to the general public, and involves a real economy to them as well as to the dealers themselves.

But the farcical nature of this report is most clearly exhibited in the character of the recommendations made. With reference to over-capitalization, the evil most vigorously denounced, it observes mildly that : " We cannot at this time suggest a remedy." Factors' agreements, it says, are very bad, but in view of the decisions of the State and Federal Courts regarding constitutional freedom of contract, it is unable to recommend any specific legislation. Even the recent decision of Justice Swain against the Texas anti-trust law, given it seems just in time for the Lexow Committee's purposes, is quoted to enforce this point.

The report does suggest, however, with reference to either foreign or domestic corporations doing business within the State, that a law might be enacted empowering the citizen " to maintain a civil action against any capitalistic monopoly, conferring upon the Supreme Court in an action of that character the authority to issue an injunction against such corporation and its agents, prohibiting the continuance in this State of acts or the transaction of business under the system and by the methods criticised in this respect." The committee thought this so drastic, however, that it proposed to consider the matter further before presenting any bill.

What shall be thought of such a declaration as this, in view of the fact that practically the whole of the above suggestion is already embodied in the statute law of the State of New York ! By an amendment to section 1948 of the code of civil procedure passed by the legislature last year, and signed by Governor Morton, the power is given to the attorney general upon his own motion or the complaint of any citizen, to proceed against foreign corporations which may be exercising within the State any corporate rights or franchises in a manner contrary to the public policy of the State. And



by an amendment to section 1955 of the same code, also passed and signed last year, the injunction power referred to is expressly granted for the very purpose suggested in the committee's report. We are not in sympathy with this class of legislation, but it is certainly remarkable that a committee assuming to make an exhaustive report to the State Senate upon the subject of trusts, should seriously discuss the advisability of introducing and passing measures which have for nearly a year formed a part of the existing statute law. Nevertheless, Senator Lexow has actually introduced bills covering the above points and including certain other provisions regarding the filing of reports by foreign corporations, which had already been covered in a bill previously introduced by Senator Martin at the present session. Thus the investigation ends exactly where it begun—in pure buncombe.

The only other recommendation made by the committee, is the passage of a law increasing the powers of the attorney general, as to the summoning of witnesses, etc., in actions against oppressive combinations, and Mr. Lexow has since introduced a bill to this effect. Inasmuch as a measure of precisely this nature was passed by both houses of the legislature last year, though failing to receive the Governor's signature, there certainly seems no reason why the efforts of a costly investigating committee should have been necessary to secure its re-introduction at the present session.

This, therefore, is the sum total of the accomplishments of the Lexow Trust Investigating Committee of 1897. Whatever else it may be, the result is rather conclusive evidence that the Republican Party is not at home in this sort of business. It should never have made any such humiliating surrender to Bryanistic demagogy. Far better might it have ranged itself on this question where it really belongs—namely, in line with economic common sense and the progressive and orderly evolution of American industrial enterprise. The market for humbug is already kept amply supplied by a far more expert group of producers.

## Views of an Anti-Monopolist on Trusts

For many years Mr. F. B. Thurber was the leading spirit of the anti-monopolist movement in this country. It was through his activities that the anti-monopoly organization came into existence. As the head of the firm of Thurber, Whyland & Co., the largest distributors of groceries in the United States, Mr. Thurber has had nearly a quarter of a century of experience, which afforded exceptional opportunities for studying the influence of large aggregations of capital on the cost of transportation, and the prices of all lines of food products. This experience has gradually produced an important change in Mr. Thurber's views of the influence of aggregated capital upon the price and quality of the necessaries of life to the consumers. During the recent investigation of trusts in New York City, the Lexow Committee called upon Mr. Thurber to testify to the evils of these "monster" corporations. To the surprise of the Committee, and to everybody who knew Mr. Thurber as the head and front of the anti-monopoly movement, he made the following significant statement:

"During many years I have carefully studied the effect of the larger aggregations of capital now generally called 'Trusts.' I am now engaged in the publishing business, and am not interested in trusts except as a student of their politico-economic features.

"While there have always been aggregations of capital to a greater or less extent, they have become more frequent and prominent since the age of steam, electricity, and machinery, because these forces could not well be utilized without aggregations of capital, and these could only be obtained through the co-operation of a large number of persons, hence the great development of corporate life during the last half-century.

"The first prominent development of the trust organization in this country was in the consolidation of numerous links of railroad into trunk lines, and there was a fear in the public mind (in which I shared) that these combinations and consolidations would result in exorbitant rates for transportation and

to the detriment of the public interest. What the result has been is shown by the following extract from a report adopted by the National Board of Trade at its annual convention in 1896:

"The average charge for sending a ton of freight one mile on thirteen of the most important railroads in the United States during 1865 was 3.08 cents; in 1870, 1.80 cents; in 1875, 1.36 cents; in 1880, 1.01 cents; in 1885, 0.63 cents; in 1890, 0.77 cents; in 1893, 0.75 cents; in 1894, 0.746 cents, and in 1895, 0.720 cents. These railroads performed one-third of the entire transportation of 1893, and, from the figures given it appears that 0.72 cents would pay for as much transportation over their lines in 1895 as could have been obtained for 3.08 cents thirty years earlier. This reduction, amounting to three-quarters of the average rate of 1865, was exceeded by that in price of but few even of those articles in the manufacture of which new inventions have worked the most radical changes. The entire transportation performed by the railroads of the United States during the twelve years ending June 30, 1894, was equivalent to moving 136,799,677,822 passengers and 807,933,382,638 tons of freight one mile. Had rates averaged as high as those of 1882 been collected on this traffic the railroads would have earned \$2,629,043,459 more than they actually received.

"The next most prominent aggregation of capital in the commercial world is known as the Standard Oil Company, and the effect upon the price of oil is illustrated by the following statistics compiled by the United States Government showing the wholesale export price for refined petroleum for the period extending from 1871 to 1896:

Cents.	Cents.	Cents.	Cents.
1871 ..... 25.7	1878 ..... 14.4	1884 ..... 9.2	1891 ..... 7.0
1872 ..... 24.9	1879 ..... 10.8	1885 ..... 8.7	1892 ..... 3.9
1873 ..... 23.3	1880 ..... 8.6	1886 ..... 8.7	1893 ..... 4.9
1874 ..... 17.3	1881 ..... 10.3	1887 ..... 7.8	1894 ..... 4.2
1875 ..... 14.1	1882 ..... 9.1	1888 ..... 7.9	1895 ..... 4.9
1876 ..... 14.0	1883 ..... 8.8	1889 ..... 7.6	1896 ..... 6.8
1877 ..... 21.1		1890 ..... 7.4	

"This great decline in the price of oil is attributable partly



to the increase in production, but more largely to improvements in manufacture and transportation which were only attainable through the aggregations of capital in this industry.

"Among the more prominent of the recent so-called trusts is that of the American Sugar Refining Company, which is a corporation formed under the laws of the State of New Jersey for the purpose of consolidating the sugar refining interests of the country, and it now does about 75 per cent. of the sugar refining business in the United States. The effect of this is shown by the following table, giving the prices of both raw and refined sugar with the differing margins during the nine years prior to the consolidation and nine years since: \*

NINE YEARS BEFORE THE TRUST				NINE YEARS SINCE THE TRUST			
Av. Price	Centrif. (Raw) cts. pr. lb.	Gran. (Refined) cts. pr. lb.	Diff'ce	Av. Price	Centrif. (Raw) cts. pr. lb.	Gran. (Refined) cts. pr. lb.	Diff'ce
1879	7.423	8.785	1.362	1888	5.749	7.007	1.258
1880	8.206	9.602	1.366	1889	6.433	7.640	1.207
1881	8.251	9.667	1.416	1890	5.451	6.171	.720
1882	7.797	9.234	1.437	1891	3.863	4.691	.828
1883	7.423	8.506	1.083	1892	3.311	4.346	1.035
1884	5.857	6.780	.923	1893	3.689	4.842	1.153
1885	5.729	6.441	.712	1894	3.235	4.119	.884
1886	5.336	6.117	.781	1895	3.258	4.140	.882
1887	5.245	6.013	.768	1896	3.631	4.536	.908
Average 9 years ..	6.807	7.905	1.098	Average 9 years....	4.291	5.272	.981

"This reduction in price has been effected partly by increased production, and largely through buying the raw material cheaper than when a large number of separate refiners were competing for the product. Large economies were also effected by closing inferior plants and enlarging and extending superior ones. The American Sugar Refining Company has bought its raw material cheap, but it has given the public the benefit of such purchases, merely retaining as its profit about one-third of a cent per pound, which, considering the nature of the business, is a reasonable one.

"These illustrations are but types of many in the evolution of industries, which are the result of the great forces before

\*"The Trust was formed in 1887."

mentioned, and which have revolutionized the entire economic situation. That there have been instances of hardship and injustice attending this revolution cannot be doubted, but it is equally certain that the total results have been beneficial to the public at large and to the interests of the laboring classes especially, who constitute the majority. At some stages in this evolution this remark was perhaps not true. The action of these forces was so rapid that men were thrown out of employment faster than wants were created and industries widened. Labor, however, soon followed the example which capital had set, of organization, and during the last decade the organization of labor has progressed faster than that of capital, and has forced a division of a larger share of the profits of industry for labor than at any previous period of history. In other words, the profits of capital have been steadily decreasing, while those of labor, and especially organized labor, have steadily increased."

"At no previous period would a dollar buy so much of the necessaries and comforts of life as at present. While this is admitted by intelligent laboring men, many of them contend that opportunities for earning a dollar have constantly diminished, and they are now seeking by the advocacy of shorter hours for labor to make employment for a larger number of persons, and I believe that this is a worthy and beneficent aim. It is better to have a larger number of persons employed for eight hours than a smaller number of persons ten or twelve hours. Unrest of labor in a free country is not a dangerous phenomenon, but rather a safety valve, and one which capital can afford to encourage. At the same time it must not be forgotten that education of the masses has created new wants, and that these wants have grown faster than the means of gratifying them. The problem should be viewed from both sides, and only what is reasonable should obtain. Wherever unlimited power exists it is usually accompanied by tyranny, whether of labor or capital.

"There are labor trusts as well as capital trusts, and in all the annals of combination there are no greater illustrations of tyranny than the attitude of some of the labor organizations

toward laborers. This, however, was the inevitable outcome of organization, and of the great evolution which is now going on throughout the world under the operation of the great forces that now control the world—steam, electricity, and machinery. Under the operation of these forces the world has been growing richer. All the resources of nature are being developed. Capital has increased faster than the opportunities for its profitable employment, as is evidenced by the steadily decreasing returns of capital, or, in other words, rate of interest. I used to think that combinations of capital would abrogate competition, but experience has shown that instead of abrogating competition it has elevated that force to a higher plane. If a combination of capital in any line temporarily exacts a liberal profit, immediately capital flows into that channel, and the combination is formed and competition ensues on a scale and operates with an intensity far beyond anything that is possible on a smaller scale, resulting in breaking down the combination and in the decline of profits to a minimum.

“The only trusts which have succeeded for any length of time have been those which have been conducted on a far-sighted basis of moderate margins of profit, relying upon a large turn over, and the economies resulting from the command of large capital intelligently administered. The truth of this is illustrated by innumerable failures in trust organizations, recent illustrations of which are the Strawboard Trust, the Starch Trust, the Wire Nail Trust and the Steel Trust. There are trusts, so called, in nearly every branch of business, and there is good and bad in all, but the good so far predominates that such aggregations of capital should be encouraged, accompanied by safeguards against abuses. The only additional safeguards needed are for stockholders and investors whose interests are often sacrificed through lack of publicity. So far as the interest of consumers is concerned, it is amply protected now—first, by competition, as I have shown, and second, by the common law, which, if evoked, will nullify any contract in restraint of trade and under existing statutes any unreasonable combination is subject to indictment for conspiracy.



“The popular hostility to trusts is due principally to lack of knowledge of their economic effects, and these are gradually becoming better known. There were just enough abuses attending them to give an excuse for sensational journalistic denunciation, and this has caused undue prejudice. A great politico-economic question like this should be considered dispassionately, and all sides of it carefully investigated before conclusions are reached. The result of my many years' study of it has been to materially modify the views I entertained in the beginning.

“While within the limits of a hearing like this it is impossible to discuss exhaustively all the varying phases of so large a subject, I have endeavored to present to your Committee the thoughts which have come to me in a somewhat extended observation and study of the phenomena attending the great economic revolution now in process of development, with the hope that they may have suggested some points which are worthy of further consideration, and which may aid your Committee in arriving at wise conclusions.”

### Blair's "Human Progress"\*

In all the important departments of societary evolution Experience comes before and forms the basis of Theory. Not only is this amply shown in the history of social and political movements, but it is in itself a logical deduction from and part of the general evolutionary principle that the order of progress is from the material and physical, up through the intellectual and moral, to the finer developments of relatively completed character. At any one time it is, of course, true that most human activities are conducted in accordance with certain generally accepted theories, and to the superficial view, therefore, it appears that Theory antedates Experience. But upon closer study it is seen that this is really a reversal of the true order of cause and effect. The results flowing from the operation of a given hypothesis are not necessarily the causes that brought that hypothesis into existence; indeed, if the hypothesis is scientifically correct, and was devised to right some wrong, the resulting conditions should be the very reverse of those it was intended to remedy. Thus, democratic political institutions have been evolved, not in response to a previously developed theory, but because of the growth of certain social and political conditions which made those institutions necessary; and most of the work of developing scientific theories of free government has yet to be done.

The same has been conspicuously true in the realm of economic science. An age in which land and its cultivation were the all-important economic facts, naturally evolved the Physiocratic school of theorists, holding that none but agriculturists were producers. Later on, when the factory system had been developed and manufacturing had suddenly taken on a new and overshadowing importance, Adam Smith appeared with an amended theory by which manufacturing not only became production, but the most important branch of production as regards the national prosperity. At that time

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\* "Human Progress; What Can Man Do to Further It?" By Thomas S. Blair, A.M. (Harvard). William R. Jenkins, New York, 1896.

the consumption of the labor class was relatively insignificant, and the market for manufactured wealth had to be sought among the middle and higher classes the world over. The economic theory of the period accordingly took on the foreign market idea, and with it, most naturally, the doctrine of cheap labor as the essential condition of competitive ability in the world's markets.

America, in turn, has furnished an altogether new set of conditions, and has had a wholly novel kind of experience. From the very nature of her surroundings and industrial newness, she has constantly had to find her market at home, within her own borders. This condition has continued to the present time, so that less than 6 per cent. of our total annual wealth-production is sold abroad. The novel feature of this novel situation is that it has made national industry dependent almost absolutely upon the material welfare and consuming power of the laboring class, who constitute 75 per cent. of our home market. This has given a key to the solution of the industrial problem never before possessed. It has made possible the removal of the conflict of interests between labor and capital, and shows the way by which both classes can harmoniously and indefinitely advance in the acquirement of wealth and comfort and development of the highest possibilities of human life. Needless to say, the chief reason for the friction and hardship with which this progress has been accomplished thus far has been the wide prevalence and general acceptance given to the old economic doctrines, whose conclusions and precepts of action, *i. e.*, foreign markets and cheap labor, are in direct conflict with the new experience. For several decades, therefore, the crying need in this country has been the development and acceptance of a new economic theory based upon the new conditions and experience referred to, and revealing the path of progress not before perceived. That such a body of doctrine is now being gradually developed there can be no doubt, and there are evidences also that it is beginning to obtain some sporadic recognition in the capitalist class.

One of the latest additions to this body of positive constructive economic science is Mr. Thomas S. Blair's work on



"Human Progress; What Can Man Do to Further It?" This is a very thorough and painstaking analysis of the phenomena of human progress, having for its object the discovery of positive precepts of action by which man can scientifically modify his social and industrial environment in such a way as to promote the forces of progress. So careful and exact is the author in his constant search at every point for a "something overlooked" that his style becomes at times almost too heavy and involved to command the sustained interest of the reader. However, the result of this elaboration is a very convincing and logically connected argument, and one lays the book down with a sense of satisfaction at the completeness with which nearly all his own misgivings have been anticipated and disposed of during its perusal.

Mr. Blair frankly announces his standpoint to be that of the empiricist—to the extent, at least, that every theory must be rigidly subjected to the test of fact and experience, and all conflicting phenomena satisfactorily accounted for, before it can be accepted as a precept of concrete action. The true perspective and proportion of any given problem can only be had when all the related phenomena are considered with it. This position he contrasts with the abstract method of reasoning by which each separate problem is segregated and considered by itself, regardless of its relation to the rest of the *ensemble*. This abstract method, as used in the development of economic theory, has usually resulted in doctrines wholly out of harmony with the general facts of human progress and experience, and whose logical application, outside of the narrow field from which they themselves were drawn, gives results precisely contrary to those so confidently predicted. Mr. Blair presents numerous striking illustrations of this fact. On the other hand, the concrete empirical method of the business man, who takes all circumstances and conditions into account and makes his theories stand the test of practical experiment, leads as directly and scientifically to certain desired results as does the same method of procedure in the domain of the physical sciences, where it is universally employed. Says Mr. Blair, in his second preface: "Human experience establishes the fact

that, by following the uncertain lead of blind empiricism, mankind has blundered its way to certain working hypotheses adequate to guide it to success in obtaining the means for the satisfaction of certain of its wants."

Mr. Blair describes his system of positive philosophy as touching at many points that of Auguste Comte, but he devotes an abnormally long Introduction (130 pp) to an explanation of various points of disagreement with the Comtist system, especially upon the subject of religion. As this is somewhat outside the domain of economic discussion, we pass it without comment, other than that Mr. Blair's reasoning is interesting at least, and appears to be without serious logical defect.

The book itself is divided into two Departments—(1) of Theory and (2) of Practice. In the Department of Theory he works out very thoroughly his law of human progress as consisting in the Law of the Evolution of Human Wants. He finds this illustrated throughout the whole course of human evolution, in that the satisfaction of the lower order of wants makes place for and suggests new and higher desires, which being satisfied in turn, give rise to still other and higher wants, and so on in an indefinite progression. The continuance of this movement marks the progress of civilization. Where the satisfaction of wants is arrested at the first stage, we have barbarism as the result. Where it is permitted to go on, and is scientifically encouraged and developed, we have permanent progress and high civilization.

The two great classes of wants he describes as those relating to Wealth-Generation and Character-Building. His economic discussion, naturally, is grouped under the first head, and on the whole is sound and satisfactory. *Demand* is the first force, the all-important fact, the source of Production. *Production* he defines as the direction of human faculties upon natural objects so as to impress a change on them, fitting them for consumption. To have been thoroughly consistent with his main theory, he should have made Production the creation or alteration by human effort of *anything*, outside of man, which satisfies a human want. The term "natural objects" is open to the same objection that applies to the

classic definition of production—namely, that it relegates scientists, musicians, authors, teachers, ministers, statesmen and all such to the limbo of non-producers, an idea as absurd as that of the Physiocrats, who excluded everything but agriculture. Mr. Blair is right, however, in his definition of *Consumption* as consisting, not in the mere destruction of wealth, and hence an evil, but in the conversion of wealth into human well-being, which is the prime end and object of all economic activity. This one change of view-point throws an absolutely new light upon the whole field, and transforms the "dismal science" of economics, with what Mr. Blair calls its gospels of Helplessness, Hopelessness and Hate, into a science of optimism, progress and hope.

Self-seeking, instead of being at the root of most human evils, he finds to be the mainspring of progress, and shows the working of the economic and psychic laws whereby it becomes, in spite of itself, an instrument of benefit to the whole race and finally evolves into the highest type of morality and altruism, from the very fact that in that altruism and morality the individual gains the maximum of freedom, opportunity, and happiness for himself. The same principal lies at the root of the formation of nations and of social groups, and to interfere with its operation means to arrest the progress of human evolution. Mr. Blair's discussion of the scientific basis for the existence of the nation, and its primary duty to itself as the only ultimate way of helping the race, is particularly strong and satisfactory. He shows clearly that the maximum of wealth-generation is gained where the demand of the nation is directed upon its own industries, thus creating an unbroken cycle of Demand-Production-Consumption. To divert part of this demand to outside sources is to break the cycle, and destroy to that extent its automatic progressive operation.

In discussing Cost of Production, the somewhat singular theory is advanced that the exertion of the laborer involves no cost to him, since he would have to be supported anyway by some means, and hence that his wages are so much pure gain. This is wholly a metaphysical conception. The important thing to determine is the exchange value of the wealth in ques-



tion, and into that the wages of labor enter, of course, as the main determining factor. Wages do not, of course, represent wasted wealth, but they are the chief element in fixing the values of commodities, and economic precision demands that they be so considered. It is inconceivable that laborers would all be supported some way if none of them worked. Wages, instead of being independent of the cost of living, are actually fixed by just that force, and it is only by raising that standard that laborers can command more wealth in the form of wages. The logical deduction from Mr. Blair's theory is that each year's sum total of wages paid should be reckoned as so much net addition to the permanent wealth of the nation, while as a matter of fact, only the unconsumed wages and the surplus value created can be so treated. Whatever has been consumed has passed into *well-being*, but it is no longer definable as *wealth*. Ordinary economic precision requires this distinction.

Mr. Blair's arraignment of the classic economic authorities on the subject of international trade is in many respects strong and logical. We think he is in error, however, in basing his argument for state encouragement of domestic industry upon the contention that the wages and profits of home industries represent no *cost* to the nation, while wealth sent abroad to purchase other wealth is just so much net loss. This is open to the same objection that applies to Mr. Blair's conception of wages as so much pure gain to the laborer. It implies that the labor and capital to be employed in the new group of industries are at present lying idle, earning nothing at all, so that the whole effect of the new occupation would be a net gain. No such state of affairs can be presupposed, under normal conditions, to exist. The labor and some of the capital which it is proposed to employ in the new industries are already engaged in other ways, probably in producing raw materials to exchange for foreign manufactures. Whether there is any gain *per se* in changing to the new employment, will depend upon whether the new industry is one of greater wealth-producing possibilities than the old. Mr. Blair's discussion, however, does not relate at all to the establishment of *new industries* as the result of new demand for products, but to the supposed gain in sim-

ply transferring an already existing industry from one location to another. But the nation, as a form of social organization, is valuable only for the service it can render human beings, and merely to transfer an industry, with its group of laborers, from one situation to another, does not necessarily imply any net gain to those concerned—in fact, it may mean conducting the industry in a less advantageous and profitable way. The real justification for the protective policy lies in the relative desirability of certain classes of industry as factors in social progress. Here we have a perfectly scientific basis for state encouragement of manufacturing and artistic industries, even though they may for a time have to be carried on with less economy and efficiency than would be possible somewhere else. The reason for this is that manufacturing industry is, from its very nature, one of the strongest of progressive social factors. It creates cities, railroads, close community of interest and interdependence in the laboring class, social contact and incentive, and makes possible all the higher forms of wealth-production and civilizing social life. In the crude, extractive industries, on the other hand, there is isolation, a low standard of living, relatively unremunerative labor, and almost no progressive social forces. These conditions are ameliorated as manufacture and commerce are extended into the rural sections, building up towns and introducing active social life and contact. To encourage the extension of manufacturing industry, therefore, is sound public policy, even from the agricultural standpoint, and whatever increased cost this may temporarily involve is just so much investment in higher civilization. This is the true scientific justification for protective policies, and one which Mr. Blair, unfortunately, does not touch upon.

In discussing the relations of Capital and Labor, Mr. Blair shows clearly that not one cent of the profits of Capital can be drawn from the wages of Labor, both being extracted alike from Nature, in the varying proportions for different industries and conditions of industry, which will insure the continued activity of each. The great object is not that either should recoup itself from the other, thus impairing the joint efficiency, but that both should strive to increase Nature's contribution

to their common source of income. We see no point, however, in Mr. Blair's insistence that Capital is the sole factor in Production, Labor being merely a sub-agent, purchased by Capital, the same as raw materials. This unnecessarily confuses the situation, and leads to the conclusion that Capital's sole economic interest is in getting both Labor and raw materials as cheaply as possible. Labor should be segregated as an independent factor, having for its own object to get as large a share of the joint product as the efficiency of the enterprise for the time being will warrant. Capital is also interested in this maximum share being secured, since Labor, as consumer, is Capital's market. Thus, the parallel between Labor and raw materials is in no sense economic, but merely technical.

Mr. Blair's Department of Practice is simply a *résumé* of the positive conclusions previously reached. As regards the development, *per se*, of the labor class, his suggestions are meagre and incomplete. Directing the home demand upon home industries is one important phase, but the other problem, that of developing and stimulating the demand itself through the creation of social incentive and environment, he has not prominently touched upon. Regarded, however, as an attempt to establish a scientific basis for the national or group theory of human progress, as opposed to the *laissez-faire* cosmopolitanism of the old school, the book is in the main a success, and we bespeak for it a wide reading.



## A Defence of Organized Charities

FREDERICK WILLIAM HAMILTON\*

The "Indictment of Organized Charities," which appeared in the February number of GUNTON'S MAGAZINE, has attracted widespread attention. The indictment is so plausibly drawn and so earnestly stated, and comes from so respectable a source, that the believers in the indicted system can hardly afford to let the case go by default. In venturing to appear as counsel for the defence, I want to make a preliminary statement somewhat similar to that by which the indictment is prefaced. It is stated that the system, and not its adherents, is on trial. It is admitted that they are kindly and well-meaning people, but it is urged that they are very mischievously mistaken. It is the system, and not its adherents, that is defended. That all organized charity workers are wise and efficient is not for a moment claimed. Every institution suffers from weaknesses of administration and occasional incompetency of agents, and organized charity is not the rule-proving exception.

And now let us examine the indictment in detail. It is not drawn with entire consecutiveness, but as nearly as I can analyze it the counts, stated in the order of their importance, stand about as follows:

- I. The point of view of organized charity is at fault.
- II. Organized charity does not deal with the causes of poverty.
- III. In the matter of relief organized charity studies simply "how not to do it."
- IV. Organized charity aggravates present bad economic conditions by giving relief.
- V. Organized charity takes the soul out of charity.

The weight of the indictment is obviously intended to rest upon the first count, which is constantly recurring in varied terms throughout the paper. The specification is that "it pro-

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ceeds on the assumption that the present condition of things is inevitable, and therefore must be accepted . . . that is made chronic, which should be deemed transient and ultimately preventable." "We are," it is said, "by our relief methods seeking to make people endure what ought not to be endured, and we are giving out doles to help them eke out an existence that should not be tolerated." The position of the writer, which he also appears to claim as substantially that of organized labor, is that individual distress is the result of bad social conditions alone, that the only thing to be done is to remove those conditions, and that the efforts of organized charity to help the victims of those conditions are positively mischievous, because they tend to reconcile men to them and so to perpetuate them, while in reality every effort ought to be made to accentuate them and impress the community with their intolerable nature. Mindful that my task is simply the defence of my client, I will not stop to criticise the assumptions of the position here outlined, but of its logic I shall have a word to say a little later.

In reply I have to say that the statement of the assumption of "these associated charities people" is not correct and not just. It is not just because of its implied identification of the defence with one side of a dispute not now in controversy. As a matter of fact the organized charity workers assume nothing as to the value or permanence of existing conditions, they simply accept the fact of their present existence. As Mr. Cleveland once said, "It is a condition and not a theory that confronts us." The only assumption in the matter is the recognition of patent fact. The present conditions, right or wrong, permanent or temporary, exist, and a great many people are suffering. We have no disposition to stand in the way of social reform—in fact many organized charity workers are fighting in the ranks of reform; but meanwhile we do not purpose allowing the waste of life and happiness to be any larger than necessary. Granting, for the sake of the argument, that the "submerged tenth" are the victims of a modern car of Juggernaut, we have all sympathy and even aid for those who are striving to cut the ropes and trig the wheels; but we

believe that meanwhile it is well to pull as many as possible of the victims out of the roadway. There will probably be enough left to serve amply as horrible examples. It is so far from being true that organized charity work impedes reform that the years during which that work has risen and flourished are the years most fruitful in reform sentiment and reform achievement. The logic of the indictment is that every person who aids another in his poverty is a social offender, because he retards by just so much the progress of the reforms which are to render poverty impossible; and even the prosecution hesitates to go that length, because it is admitted that there is need of relief in emergency cases, and that there will probably always be occasions for friendly aid.

The second count rests upon the fact that charity organization societies do not generally identify themselves as such with certain social and industrial movements—e.g., those for public ownership of facilities for transportation, or for the eight-hour day—and upon the assumption that every case of personal poverty is the result of social conditions and of those only, an assumption which is certainly, to put it mildly, not yet out of the field of controversy. The work of organized charity deals with the causes of poverty more than with anything else, and its splendid record of distress relieved and chronically dependent families made absolutely self-supporting shows that it is not without success in finding and removing them. Every organized charity worker knows the imperfections of existing social conditions, and realizes how unfavorable they are in many respects to the development of mankind, but he knows also that there is a class of potent causes of poverty which are largely ignored by the advocates of social and political methods of reform. These are the personal causes. They inhere in character and would be potent in any conceivable social state. We know by experience that their eradication makes men better fitted for a place in the present world-order, and we have not the slightest doubt that it would prove equally serviceable in that better one which we shall hail with so much joy when our friends who are working by other methods succeed in bringing it about.



Under the third count we are charged with detective methods and a suspicious spirit, with making the obtaining of relief very difficult, with failing to provide for emergency cases and with establishing a circumlocution office whose aim is not to give alms. We are then astonished to find a little further on, in what I have termed the fourth count of the indictment, that we are doing enormous harm by the relief which we give, because this relief perpetuates and encourages pauperism, and by "coddling and nursing" carries along the "improvident and incapable" while enabling low-wage earners to compete with better workmen, and so demoralize the labor market. It would be interesting, by the way, to know why all this rigor should be called for against the incapable and especially the improvident, if all the ills that the body politic is heir to are chargeable to faulty social conditions. But I have taken these two counts together to show the curiously inconsequential nature of the reasoning that links them in the same indictment, a mental condition, by the way, to which the friends of organized charity have become quite accustomed on the part of their critics. It is by no means original or peculiar to the special criticism under discussion. Much of the indictment, again, is vitiated by another confusion of thought, not uncommon among the critics of our work. The confusion evidently arises from lack of familiarity with the matter discussed. It consists in charging against organized charity all the errors of method, and all the consequences of error in the purpose and operation of the numerous relief-giving organizations. It is forgotten that there is a vast difference between organized charities and charitable organizations, and that a very large part of the work of the former consists in enlarging the information, supplementing the work and, not infrequently, correcting the mistakes of the latter. The indictment says: "There are methods now pursued which only augment poverty, which pauperize people instead of rendering them self-respecting and self-dependent." Exactly; and that fact, so far from being a fault of organized charities, is the *raison d'être* of organized charities. These methods are the methods of some of the alms-giving societies, of some of the churches and of most individuals—that is

to say, of all who give out of mere sentiment without knowledge. The organized charities have antagonized those pernicious methods with the utmost vigor and persistence from the very beginning of their existence; and the very great reduction in officially recorded pauperism, out-of-door relief by the authorities, and house-to-house mendicancy, wherever organized charities exist, may be cited as witness to their success.

If I were willing to acquit my client on a technicality, I would move for the striking out of these two counts of the indictment on the ground that they neutralize each other. I am not willing to do so, however, and ask space for a brief consideration of each on its own merits. With regard to the first of them our methods stand justified whichever position the critic may prefer to take. If relief is undesirable, then certainly we do well to just the degree that relief is withheld. Relief generally is undesirable, because the object to be gained is not the carrying of a family, but the cultivation of the spirit and the furnishing of the opportunity for self-help. We hold, apparently, with one of the counts of the indictment—that self-help is better than alms, and we know that alms are dangerous to self-help. Alms are given only in cases of absolute necessity or of emergency, and it is not true, so far as I have had any experience or knowledge of organized charities, that emergency cases are not cared for promptly. The many lurid tales to the contrary which disturb the minds of sympathetic listeners are generally, in common with the atmosphere of suspicion, the methods of the detective agency, and the whole circumlocution office in general, the products of the vivid imaginations of disappointed professional mendicants. If the critic prefers to settle down finally on the other ground, that relief is a good thing and ought to be given, he certainly ought to admit that a thing which is worth doing at all is worth doing well, and ought to take no exceptions to a system which would enable him to bestow his benefaction intelligently and profitably. The charity organization system of investigation and registration is only what any level-headed business man would commend as necessary on the one hand to guard against the efforts of those who purpose to collect without any return the living

which they think society owes them, and on the other to enable the relief-giving organizations and charitably disposed individuals to do their work with the largest possible result for the smallest possible outlay in each individual case.

With regard to the charge that we do harm by promiscuous or unwise giving, perhaps the plea has already been entered. Be it understood, however, that I hold no brief to defend all the charitable societies and organizations, with their very varied fields and equally varied methods. Perhaps I should be inclined to subscribe to the indictment if it were drawn against some of them. The things alleged are as foreign to the methods and repugnant to the sentiments of organized charities as they can be to those of any individual. We are especially careful not to do anything to disturb the labor market or injure the opportunities of the self-supporting laborer if any study and any caution will enable us to avoid it. We never encourage free soup kitchens, free tramp lodgings nor free anything else. We never permit men or women under our care to work for less than the market wages of their kind of labor if we can possibly prevent it. Unfortunately we cannot always prevent it, but when we cannot we withdraw aid and sympathy. It sometimes happens that men, and more especially women, are not able to earn enough at the full wages of such work as they are able to do, or, if piece work, to get enough to support their families. In such cases, provided always that the wage-earner is not permitted or encouraged to cut prices, it is difficult to see any adequate economic reason for refusing aid. Such aid usually takes the form of the more expensive necessities of life in our climate—fuel and clothing. It might perhaps be said that the starvation of a few thousand such women and children some hard winter would be an object lesson which would bring about a much-needed social reform, but the price is higher than most of us are willing to pay.

The last count, that charity organization takes the heart out of charity, is a most curious inversion of the facts—an inversion, I doubt not, honest as I know it is common, but possible only to one who has only a superficial acquaintance with organized charity principles and methods. Personal touch is the



very heart of the charity organization principle, and charity organization, instead of taking the soul out of charity, puts a soul into that which, without it, is liable to be either the officialism of a bureau or the selfish sentimentality which drops a coin into the hand of a beggar to relieve an unpleasant impression. It is of the very essence of organized charity that every instance of poverty shall receive the sympathetic study and personal attention of some wise and efficient friend. One would think that the drawer of the indictment had never heard the words, "friendly visiting," or was totally ignorant of their meaning on the lips of an organized charity worker. It is the purpose of this system which is said to take the soul out of charity, to bring about the greatest possible number of points of contact, and of the most kindly and sympathetic contact on a common plane at that, between those who have and those who lack. It does its utmost to make the rich and the poor realize that they are of one blood, to build up strong and enduring friendships between them, and to make the aid and advice which goes from one to the other the spontaneous outpour of a tenderly human sympathy. Is this taking the soul out of charity? This is the system, and so far as the conditions will permit the system is carried out fully. No matter how unfavorable the conditions the attempt is always made honestly and earnestly to carry it out. The believers in organized charity are willing that their system should receive the closest examination, and court for it always the strictest investigation, confident that the more thorough the popular knowledge of it the more firm will be the popular confidence in it.

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It will be observed that Mr. Hamilton admits that the indictment holds against every form of charity organization, except the one he represents. In our next issue we shall take up the subject, and show that his is no exception, except in method. To the extent that it is more precise, careful and scientific it is more permanently injurious, because it more effectively tends to perpetuate a charity-source of relief, which should, could and would otherwise be obtained by wholesome economic methods. In short, it is a hindrance rather than a help to permanent social improvement.—[ED.]

## Editorial Crucible

THE POSTMASTER-GENERAL of Great Britain, in his report referring to the "eight-hour day" adopted in that department, says: "The system was introduced experimentally at two telegraph factories, at Mount Pleasant and Holloway, on the first of March, 1895. Its introduction, I am glad to state, has been attended with successful results. Nor is it only in the amount of work done that the post-office has benefited. The moral and physical advantages to the men are acknowledged. The superintendents report that the men evidently derive much benefit from the shorter hours of labor, which is displayed in a marked improvement in their appearance and general behavior." This testimony in favor of the eight-hour day, or forty-eight hour week, from an official of the British Government is very significant. It has additional importance from the fact that the economical doctrine espoused by British statesmen is fiercely opposed to the state interfering with industry. This testimony in favor of the shorter working day comes from the most *laissez-faire* source in the world. Such evidence ought to give faith to the Mugwump mind and convince the American manufacturers that, in advocating the eight-hour day, the American laborers are not the fanatics and lunatics they are often charged with being, but that they are presenting a rational proposition and asking for an economic change that must come sooner or later, with or without the approval of political doctrinaires and short-sighted employers.

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IN ITS EFFORT to keep up with the march of Western civilization the Japanese Government has decided to adopt the gold standard. Not that it is abandoning silver, but even the free-silver-using heathen know that the two metals cannot be freely coined and kept in circulation except they have substantially the same bullion value. Instead of adopting the Bryan idea of 16 to 1, therefore, Japan has adopted the ratio of  $33\frac{1}{3}$  to 1. To think that Japan does not know that a government fiat can make 16 grains as good as 32 is very depressing

to the Bryanite organs in this country. *The American* (Philadelphia) seems really to take the matter to heart. Japan was Mr. Barker's great stand-by as a silver nation, and now she is gone. For this departure from the true and ancient path of fiscal infallibility *The American* predicts fearful calamities for poor Japan.

In his hysterical vision Mr. Barker already sees that "the cotton industry of the East is being transferred from Calcutta to Shanghai," and exclaims: "If Japan goes on in the course indicated . . . there will be a duty against imports of Japanese manufactures into China of 10 per cent., a bounty on exports of cotton from Shanghai to Japan of 10 per cent.; and then we will witness a languishing of the Osaki cotton mills, while Shanghai mills spring up to take away their trade." Fortunately for the race, "the world do move," pessimistic prophecies to the contrary notwithstanding. We trust Mr. Barker will recover.

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BRILLIANT AS THE *Louisville Courier-Journal* is, it has veritable buncombizing spells. Here is the result of one of them. "The protective tariff is the best friend of the Trusts, and without it nearly all would fall to the ground. The Standard Oil Monopoly is the only conspicuous exception to this rule. With a tariff for revenue only, this country could snap its fingers at the Havemeyers, the Searles, the Flints, and all of that pestiferous brood." If this be true, free trade would indeed open up for us great opportunities in the "finger snapping" line. If trusts, which are the most advanced and efficient means of production, can be killed off by foreign competition, what would become of the balance of American industries—the "small independent concerns" that are the special darlings of the free-trade heart?

Manifestly, under free trade they would be the first to go to the wall, and after the trusts had followed them we would be rid of the whole "pestiferous brood" of American manufacturers. This would doubtless occasion great rejoicing throughout the *laissez-faire* camp. But there would then be nothing left to "snap our fingers" at, and what would the *Courier-Journal* do then, poor thing?



JOHN SHERMAN'S ANNOUNCEMENT that he does not want war with Spain, nor the annexation of Cuba, nor for that matter of Hawaii nor any other territory, proves the wisdom of the President in selecting him for Secretary of State instead of Secretary of the Treasury. Mr. Sherman's declaration that the ultimate incoming of Canada, Cuba, Mexico or any other outlying territory should be a matter of slow political evolution is the very essence of sound statesmanship.

While the literal and vigorous upholding of the Monroe Doctrine should be maintained, that should not imply the eager annexation of groups of inferior population. On the contrary, the real objective point of our policy for the immediate future should be to discourage all accretions to our body politic either by annexation or by immigration of inferior qualities of population, and the active application of a constructive, domestic policy directed to the improvement and elevation of the *personnel* of our citizenship. It looks as if the selection of Mr. Sherman for the State Department may prove as happy and assuring as the selection of Mr. Gage for the Treasury.

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IT IS INTERESTING to note that President McKinley's inaugural address has revived in the bosom of English editors their sympathy for the American people. The *London Standard* after speaking of the inaugural as a "not unpleasing effusion" says, "beneath its smooth words, however, a most serious purpose is observable. The refrain of the discourse is, not peace with all men, but more protection. Experience is of no use yet to either Mr. McKinley or the American people. They have not yet suffered enough for their economic heresies." Here is where the *Standard* is mistaken. It is because the American people have "suffered enough for their economic heresies," that Mr. McKinley was elected and a return to protection demanded. Four years ago we took the *Standard's* advice, and we have had a continued siege of panic, bankruptcy, enforced idleness and soup kitchens ever since. We assure the *Standard* that the "American people" have "suffered enough for their economic heresies."

But the real animus of the *Standard's* sympathy for the

American people is that it sees in the new policy "blows aimed at the British iron and woollen industries and possibly Canadian dairy products and lumber." And then, as if realizing that its self-interest was becoming too obvious, it reassumes the sympathetic tone and says: "The United States is going to deliberately circumscribe its field of operations, and again prey on its own vitals."

When we adopted the English policy we had prostration, bankruptcy and destitution; and when we adopted the protective policy which so shocks the sensibilities of our English contemporary, we had the greatest era of prosperity that this or any other country ever experienced. England's own statistician declares that our prosperity preceding 1892 had no parallel in the world's history.

In 1892, the last year of our policy of "preying upon our own vitals," our foreign trade was \$1,857,680,610. In 1895 when we adopted the English advice of letting foreigners "prey upon our vitals" our foreign trade was less by \$318,172,480. In 1892 our exports of domestic products were \$1,015,732,011 against \$793,392,599 in 1895, and our imports were \$827,402,462 against \$731,969,965. Thus, in 1892 under the McKinley law we exported \$222,339,412 more and imported \$95,432,497 more than in 1895 under the Wilson law.

The fact which our English friends seem to be unable to understand is that we produced more, sold more, bought more and used more under the McKinley law, because we had national prosperity, than we did under the Wilson law. This notion that a nation's prosperity is measured by the extent of its foreign trade is a Manchester fallacy. It is the quantity, diversity, and quality of what the people *consume*, and not the amount of what they *export* or *import* that measures national welfare. Never did the American people produce so much, consume so much, sell so much or accumulate so much as in 1891 and 1892, and never since the war have they lost so much and suffered so much as under the English inspired policy of the last four years.

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IN THEIR ambition to out-do Kansas and carry off the

palm for economic insanity, the anti-capital faddists of Illinois propose not merely to abolish trusts, but to close out department stores also. They are trying to elect a Mayor of Chicago on the anti-department store issue, and a bill is now before the State Legislature making it a penal offence "for any person or persons to form a corporation for the purpose of engaging in any mercantile business for the sale or exchange of any kind of merchandise at retail." It gives six months for existing department stores to wind up their affairs. The penalty for the violation of this law is to be \$1,000 for each retail sale or exchange that is made, half of which is to be given to those who furnish the evidence securing conviction. What the next step in the direction of insane despotism will be, it is difficult to predict.

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IF THERE IS ANY TRUTH in the adage that "whom the gods would destroy, they first make mad," the *New York Times* is doomed. It has suddenly developed a very bad case of Dingley rabies. Instead of assuming a dignified critical attitude toward the new administration, as was reasonably to be expected, it has become a raving maniac, and fairly froths at the mouth with every mention of the new tariff bill. In its sputtering rage it speaks of it as "this congeries of abominations" . . . and as the work of "legions of particularly nasty and unpleasant devils" . . . and declares "the bill reeks with wicked plots to plunder the consumer for the enrichment of the men whose powerful hands guided the pen that wrote it." Such rattle-headed raving as this may be acceptable to the small coterie of unpatriotic importers who would willingly sacrifice every phase of American interest and honor for the privilege of free trade, but to the American people who believe in appealing to intelligence rather than passion, and conducting the discussion of public questions upon the plane of reason and dignified decency, such a debauching indulgence in abusive adjectives can only hurt the source whence it comes, and relegate this victim of Dingley rabies to the domain of harmless maniacs.



## Economics in the Magazines

THE FORUM, *March*, 1897. *Taxation: Its Sum, Justification and Methods*. By Hon. Perry Belmont. Mr. Belmont's article was apparently called out by the recent proposition made by the Comptroller of the State of New York for a progressive inheritance tax. Of course he is not in sympathy with any such semi-socialistic plan, and many of his points of criticism are well taken. He shows that the principle of direct taxation generally accepted as most just and democratic, from earliest colonial times to the present, is that the rate should be *proportional* to the amount of wealth in all cases, not *progressively* increasing for relatively larger increments of wealth. In other words, the theory has been that taxation should involve equality of *ability* rather than equality of *sacrifice*. As between these two, the equality of ability principle is the only one capable of practical application with any degree of accuracy or justice, since it is manifestly impossible to put any dollar-and-cent rating upon a purely metaphysical and indefinable quantity such as the term "sacrifice" suggests. Furthermore, there can be no moral or economic justification for taxation levied expressly to inflict sacrifice, regardless of any other purposes of the tax. With special reference to progressive inheritance taxes, Mr. Belmont urges that this is a direct blow at one of the strongest of human motives for industry and thrift—namely, the possibility of bequeathing property to one's descendants; and also that it is really a serious attack upon the whole institution of private property. On both these points he is correct, but it impresses us as rather curious that in addressing an audience of American readers, upon a purely economic topic, he should have felt it necessary to quote at length from a *Papal encyclical* to emphasize certain views generally accepted the world over.

It is evident from the tone of Mr. Belmont's article, however, that he adheres closely to the old fallacy that all taxation is an evil, whose only redeeming feature is the relative smallness of the rate. A wholly mistaken view-point is revealed by

the remark that "The power of the majority to take away property from the minority is a tremendous manifestation of sovereignty." Taxation involves no such process. Instead of being treated as a general process of confiscation, it should be regarded as a joint contribution in payment for certain necessary functions and improvements carried on for the joint benefit. That this is done by practically unanimous consent, both of taxed and untaxed, is sufficient evidence that no plundering of one class by another is involved in the system. To the extent that taxes are wisely spent for the public improvement, they result in net gain, not sacrifice at all. Mr. Belmont reflects the fundamental Democratic belief—and it is a thoroughly mistaken one—that the sole method of determining the utility of a government is by meanly figuring out the number of pennies it can manage not to spend. The real test should be the efficiency with which it performs its functions and promotes the prosperity and civilization of its people. Government can and does levy taxes for purposes other than revenue; and the fundamental objection to the progressive inheritance tax is not, as Mr. Belmont seems to imply, that its object is not revenue, but consists in the unscientific, retrogressive, and dangerous nature of the tax itself.

*Kansas: Its Present and its Future.* By William Allen White, Editor of the Emporia (Kan.) *Gazette*. This is a good-natured, sensible, and fair-minded treatment of a subject which we should ordinarily suppose to be a somewhat painful one for a rational inhabitant of the state in question to discuss. Mr. White makes no effort to gloss over the suicidal absurdities that have been perpetrated by the Kansas Populists during the last few years, but he wishes the East to understand that there are some redeeming features about his erratic commonwealth, and that the future is not hopeless. "Kansas," he says, "is an American community passing through a process of American civilization in a thoroughly American manner, 'kicking as she goes.'" With reference to the curious proposition recently emanating from Kansas that "the rights of the user are paramount to the rights of the owner,"

he says, with considerable truth, that that theorem is as old as debt itself, though it has seldom before found an entire community in debt as it found Kansas. "The difference between Ohio and Kansas, for instance, does not lie in the kinds of men that inhabit each state, but that Ohio has had fifty years' start in increasing the number of creditors, the savers, the men on the right side of the ledger. Ohio had as many gentlemen who voted for the rights of the user as Kansas had." "The Kansas man is an American," he asserts, and adds that "when the American does get off the track he goes farther than anyone. His good sense, however, always brings him back; but while he is away from the reservation he is a very bad Indian." That Kansas is gradually being brought back to her senses he thinks there is no doubt, and calls attention to the increased Republican vote in the last election, and also to the fact that the farming section of western Kansas, usually supposed to be most rampantly Populistic, is really a Republican stronghold. Populism flourishes mainly in the "boom" towns which sprang up suddenly in the craze of senseless speculation some ten years ago, and are now unable to pay the debts incurred on a mass of impossible and unprofitable enterprises. The more steady and permanent growth of manufacturing industries better adapted to Kansas conditions, a growth already under way, he thinks, very properly, will bring about the salvation of the state. There is a great deal of economic wisdom, of broader application than Mr. White may have supposed, in the brief remark that "by the sign of the village smokestack shall Kansas conquer."

THE ARENA, *March*, 1897. With the March number, *The Arena* passes under the joint editorship of John Clark Ridpath, LL.D., and Helen H. Gardener. Its announcement, in the same number, that no modification is to be made of the radical policy heretofore pursued, seems to be well sustained by Dr. Ridpath's pessimistic article on "*Democracy: Its Origins and Prospects.*" As an historian, Dr. Ridpath has done some important and popular work, but he seems to have taken on the same unfortunate attitude of mind toward modern institutions



displayed so conspicuously by Mr. Brooks Adams in his brilliant work on "Civilization and Decay." In both cases the confusing nearness of present conditions and the remoteness of the old, the somewhat bewildering rapidity of modern progress, and the prominence of certain objectionable features, which are really in process of elimination, all have conspired to prevent a clear and sane comprehension of modern tendencies and of the real societary gain resulting therefrom. We do not consider that there is any foundation whatever for Dr. Ridpath's fear that the "over-organization" of modern society is resulting in the destruction of human liberty. It is really making true freedom possible in a sense never before attained—freedom from the most galling of all forms of slavery—namely, poverty and barbarism, such as unorganized society everywhere suffers under—freedom from the bitter, unrelenting and barely successful struggle against the crudest, primary forces of nature, which the isolated, unorganized individual must always make. Organization is simply the welding together of individuals in a compact and tremendously efficient machine for extracting from nature on every hand the unlimited materials of human progress, happiness and civilization. Whatever of individuality is lost in the methods of industry is made up for, tenfold, in the increased material comfort, freedom, and intelligence of the social man. These are the results organization is making possible, and so far from being the curse of modern civilization it is really its glory.

*The Solidarity of Town and Farm.* By Dr. A. C. True, of the U. S. Department of Agriculture. Except for a few minor lapses, there is in this article a great deal of good sense and sound doctrine from which some other departments of the *Arena* might profit. Dr. True is not frightened into hysterics at the spectacle of population steadily drifting toward the cities, but is inclined to regard it as a somewhat normal movement. Nor is he afflicted with country-worship to the extent of being unable to see that the real forces of dynamic civilization are developed under urban conditions. He wants the country to help the city by sending it better products and

better men, and the city to help the country by better civilizing forces and closer contact with itself. In his mental horoscope there is no phantom of universal idleness due to the encroachments of machinery, etc. He believes that both city and country workers, looking toward the future, should say: "We are in the same fix. There are too many of us working at one thing. We must devise methods to diversify our industries, to raise the level of wages and expenditures, to more fully organize and perfect the system of distribution of products, so that the wants of all men will be more fully met and the general conditions of life be more comfortable." This is sound, optimistic common sense.

NORTH AMERICAN REVIEW, *March*, 1897. *Prison Labor*.  
By Hon. Carroll D. Wright. Col. Wright's remarks tend to confirm the opinion previously expressed in these pages that the prison labor problem, in its relation to the general industry of the country, is not one which need excite any serious alarm. "I have found few instances," says Col. Wright, "where prices have been affected in the least, and never a case where wages have been lowered in consequence of the employment of convicts in productive industry." Nevertheless, there is a moral disadvantage in having that sort of competition present in the business community, and Col. Wright is hopeful that experiments such as that now being made in New York State, whereby convicts are employed only in making supplies for the State, will succeed. Even this involves loss of business to some outside manufacturers; but, of course, the competition will no longer be of the kind that could exercise a demoralizing influence on the market. Col. Wright is evidently a strong believer in the Elmira Reformatory system of industrial training, and suggests that this be introduced whenever there is not enough State work to keep the convicts properly employed.

## Book Reviews

TRUSTS OR INDUSTRIAL COMBINATIONS IN THE UNITED STATES. By Ernst von Halle. Macmillan & Co., New York. 1896. \$1.25.

Dr. von Halle came to this country from Germany to investigate the subjects of trusts and large aggregations of capital. He was surcharged with prejudice against large corporations, having caught in Europe the echo of the "anti-monopoly" war-whoop in the United States. When he began to investigate, he straightway consulted the *laissez faire* doctrinaires, who were then conducting a vigorous campaign against American industries in general. He thus became thoroughly saturated with the belief that our press is venal, our legislatures corrupt, and our business men dishonest. In short, that the only remaining untainted increment in the Republic was the honest impulse of the common people. Before making a report, however, Dr. von Halle deemed it necessary to make some investigations on the subject by himself. He did so, and found that things were not all as they had first been made to appear.

As the result of his investigation, he has written a really sensible little book. While not exhaustive, it is frank and mainly accurate, showing that the Doctor largely recovered his sanity before he submitted his conclusions to printers' ink. He finally discovered that Lloyds' "Wealth vs. Commonwealth" was a very untrustworthy source of information on trusts. Still, he remained a victim of Lloyds' "South Improvement Company" story, which is one of the most scandalous pieces of misrepresentation ever put into permanent literature.

Speaking of Mr. John D. Rockefeller, he says: "He soon became powerful enough to dictate arbitrary terms to the railroads through the Southern (South) Improvement Company." This is literally untrue. The South Improvement Company never dictated terms to a single railroad, because it never did a single dollar's worth of business anywhere. This is one of the pieces of misinformation which the blue pencil



should have erased from Dr. von Halle's manuscript. However, his book is comparatively very free from this sort of thing. He gives the exact statistics of the price of oil during the existence of the trust, which show that after the organization of that concern, the price fell from 24 to 6 cents per gallon. He gives a table showing the value of stocks, and the dividends of several trust organizations. In Appendices, he gives several agreements of different trust combinations, among which are, the deed to the Standard Oil Trust, and the by-laws of the Standard Oil Company; the United States anti-trust law, the Illinois anti-trust law, the Texas anti-trust law, and the Cotton-seed Oil Trust, its organization, contract, etc. He also furnishes a chart showing the movement in the prices of raw and refined sugar from 1880 to 1893, which shows that the price of granulated sugar has fallen during the 13 years from about  $9\frac{3}{4}$  to  $4\frac{1}{4}$  cents per pound, and that since 1887, the year the trust was organized, the price has fallen from 7 to  $4\frac{1}{4}$  cents.

HISTORY OF PHILOSOPHY. By Alfred Weber, Professor of Philosophy. Translated by Frank Thilly, A.M., Ph.D., Professor of Philosophy in the University of Missouri. 603 pp. Charles Scribner's Sons. New York. 1896.

This is an admirably arranged book for students' purposes. It is written in a charmingly clear, direct and concise style. It presents the central point of the doctrine of the different schools of philosophy from 600 B. C. to the present time. An excellent feature of the book is the ample bibliography and numerous references with brief quotations, so that in case the reader desires to extend his study of any particular school, the best works for doing so are at hand.

The only defect is the interspersing of foreign words, particularly Greek, in the text. If it is necessary to reprint Greek phrases in Greek characters, they should be in parenthesis and not in the text. This is equally true of modern languages. Despite this little defect, which applies only to the chapters on Greek phrases, it is an admirably written and arranged History of Philosophy.

# GUNTON'S MAGAZINE

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## Spencer's Last Book

With the publication of the third volume of "Principles of Sociology," Herbert Spencer completes his Synthetic Philosophy, a philosophy which is more all-embracing than anything ever before attempted. Mr. Spencer's great function is not as an original investigator, but as a generalizer of other people's discoveries—the integration of the work of specialists in the different spheres of investigation into one general harmonious whole, and the deduction therefrom of the general law of universal progress. It is this systematization and co-ordination of the various sciences into a universal philosophy which reduces all phenomena to one general law, that constitutes Mr. Spencer's great contribution to civilization. Great as this is, its value is necessarily somewhat dependent upon the completeness of the various sciences whose laws are integrated into a general philosophy. In proportion as the special sciences are incomplete must the philosophical deductions therefrom be doubtful.

In no department of knowledge is scientific accuracy of greater importance than in sociology. This deals with the principles and conditions of human conduct, and directly involves the welfare and progress of the human race. In the last analysis a knowledge of the material universe is important mainly as it aids in understanding the laws and conditions under which man's life and well-being may be promoted. Indeed, the physical sciences are really preparatory to sociology, and are valuable in proportion as they contribute to the completion of that science.

Sociology, then, is the crowning science of the series, without which the Synthetic Philosophy would be very incomplete and must necessarily be seriously marred by mistaken socio-

logical synthesis. Of course, sociology is the all-inclusive science of social life. For the purposes of specific study it may very properly be subdivided into special groups—as ethics-economics, political science, etc.; but as a philosophical generalization it includes them all. Nor can sociology be inferred from the study of any other than sociological phenomena. The laws of life can be deduced only from biological phenomena, and the laws of society only from the study of social phenomena. This involves, primarily, a knowledge of economics. If possible, this is even more important to reliable sociological generalization than is a comprehensive knowledge of ethical and political phenomena, because it is out of economic experiences and motives that ethical, political, and sociological institutions really grow. To mistake any of the primary laws of economic life, therefore, almost insures faulty if not false sociological generalizations.

In considering Mr. Spencer's contribution to this subject, it should be remembered that, as in other sciences, he is not himself a specialist in any department. He takes his economics bodily from the early English economists. Upon the questions they successfully treated Mr. Spencer is clear and ample, and those they failed adequately to discuss he has markedly failed to comprehend; and, curiously enough, where they switched off and were palpably wrong Mr. Spencer is equally so.

As might have been expected, the great point upon which Mr. Spencer has generalized in his last book—the point towards which all his ethical and sociological discussion tends—is the relation of the state to the individual. Having relied, as we have said, for his economics upon the English school and experience, he very naturally takes as his canon of criticism the principles of *laissez faire* as expressed in the doctrine of "free trade." The absence of state action and the intensification of individual competition is made the solvent for all social problems. Whatever will not survive this, proves its unfitness to exist, and *vice versa*. To Mr. Spencer any interference with this process is a hindrance to the evolution and survival of the best types. He has such a tight grip on this as the all-pervasive principle in social evolution, that it destroys



much of what might otherwise have been the most important part of his philosophy.

This unfortunate outcome of the social aspect of the "Synthetic Philosophy" is the obvious consequence of adhering too closely to a biological formula for sociological phenomena, and of relying too exclusively on English economic theory. This partial and metaphysical view fails to recognize much of the most modern and socially modifying industrial phenomena. For instance, it entirely overlooks the influence of group competition and the necessity of group existence and action in developing the individual in modern society, and particularly in the great wage class. It implies an almost total neglect of, or unfamiliarity with, the socially integrating as well as the industrially differentiating influence of modern capitalism and wage conditions. It is an endeavor to generalize on social law without counting with the most potent of all facts in social modification. Consequently, when Mr. Spencer comes to deal with the concrete questions of modern life, he talks like a learned stranger from a world that has little in common with our own. In fact his chapters on the Limits of State Duties, Restraints on Free Competition, Trade Unionism, etc., are so narrowed and warped by this point of view as to fail to be good evolution doctrine.

The essential principle in evolution, as Mr. Spencer has so ably pointed out in all his books, is that types of phenomena are what they are by virtue of their constitution and environment, and the law of evolution is but the law of growth. It is equally fundamental to the doctrine that the law of growth implies the conditions of growth; cucumbers will not grow with the temperature at zero any more than ice will form with the mercury at 100°. The true function of social science is to aid the process of evolution—first, by explaining the law of progress, and second, by bringing about conditions favorable to the development of desirable types. In the sphere of cosmic forces progress can take place only as the necessary opportunities for new formations arise by the concurrence of conditions through the action of blind, unaided natural forces. Hence in the evolution of purely physical phenomena natural

selection is the only process. But there are many groups of phenomena in which natural selection can be greatly aided, and in some cases superseded, by scientific selection strictly in accordance with the law of evolution.

No one more fully appreciates the feasibility of rendering organized scientific aid to plant and animal culture than does Mr. Spencer, yet strange to say he denies it to human culture. He does not question the feasibility and utility of studying the nature, character and habitat of plants, and surrounding them with the conditions and opportunities that shall stimulate their growth toward higher types. Nor does he question for a moment the scientific importance of paying great attention to the classification and environment of horses, cattle, sheep, poultry and birds with the view to improving their quality with reference to specially desirable points of character. He knows that it is in this way that the high qualities of the race horse, the trotter and the draft horse, the superior dairy cattle, and the fine fleeced sheep, have all been obtained. He knows that our choice fruits of to-day have been cultivated from the sour diminutive wild fruits of past ages. He appears to see the importance of scientific selection everywhere except where man is concerned. In society, where scientific selection can do more than anywhere else for evolution and culture, because of the conscious desire, will-power and reasoning capacity of the units, he would leave everything to blind natural selection and insists that *laissez faire*, non-collective interference is the only philosophic attitude for society. Such reasoning is inconsistent alike with evolution, science, and history.

He appears to see no difference between the principle of protection to individual opportunities through collective action and the paternalism which cares and does for the individual. He admits, and indeed illustrates in a hundred ways, that "the end which the statesman should keep in view as higher than all other ends is the formation of character."\* Yet he devotes most of the space to showing that statesmanship

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\*Justice, p. 251. This volume contains seven chapters on the state, all of which are devoted to showing that the action of the state should be practically *nil*.

should do nothing to furnish opportunities and incentives which tend to promote the "formation of character."

To the suggestion that "an all-important part of the state's business is the making of good citizens" by furnishing "school systems, free libraries, sanitary arrangements, gymnasias, etc.,"\* he devotes chapters of objections. He says, "whether the chosen ideal of the citizen and the chosen process for producing him be good or bad, the choice inevitably has three implications, any one of which condemns it. The system must work towards uniformity. If the measures taken have any effect at all, the effect must in part be that of causing some likeness among the individuals. To deny this is to deny that the process of molding is operative. But in so far as uniformity results, advance is retarded."† According to this all education which takes place under a uniform system retards progress, and since nearly all technical education from the infant school up to the university is of that character, we are to assume that education is inimical to the development of character. Of course comment on such a statement is unnecessary—Mr. Spencer's own education and experience of the world are against him. The last sentence in the above quotation, that "in so far as uniformity results, advance is retarded," is an inference from a false assumption in the previous sentence, that all efforts at molding citizens "must work toward uniformity." As a matter of fact, this is just what does not occur. For instance, education, whether uniform or not, widens the range of observation, stimulates intellectual activity and the power of reasoning, all of which manifestly tend to diversify individual conceptions, tastes, opinions and character.

The common schools and universities are systems of opportunities having a considerable degree of uniformity of method, but they produce the possibility of indefinite diversity of individuality. Instead of public education producing uniformity of character, it may rather be said that it uniformly tends to diversify character. "Everyone," says Mr. Spencer,

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\* Justice, p. 251.

† *Ibid.*, p. 255.



“who has studied the order of nature knows that without variety there can be no progress—knows that in the absence of variety life would never have evolved at all. The inevitable implication is that further progress must be hindered if the genesis of variety is checked.”\* Of course it is true that “without variety there can be no progress,” but it is equally true that if the opportunities for increasing variety exist, the influence upon progress will be the same whether they were furnished by blind nature or by intelligent societary action. The difference between *laissez faire* and true statesmanship is the difference between collective indifference to social progress and scientifically creating variety-stimulating opportunities which shall accelerate progressive movement, and thus produce in a relatively short time what might take blind nature ages, and even æons to accomplish.

His tenacity to ultra *laissez faire* doctrine leads Mr. Spencer to deny the right of society to furnish any of the conditions essential to individual development. One of the chief pitfalls in the course of his reasoning on this subject is a radically mistaken conception of freedom. He everywhere proceeds on the assumption that freedom is merely the absence of legal restrictions. If this were true, the most primitive savagery would be the state of greatest freedom, and the whole progress of civilization would have been toward less freedom. Of course nobody believes any such thing. Freedom implies not merely the permission but also the power to act. Political freedom always depends mainly upon economic and social power. Poverty is the greatest enslaver and wealth the only real liberator. Although the savage had practically no legal barriers, he had literally no freedom. He could neither go, have, nor do, except within the most restricted limits. He was in constant fear both of nature and his fellow men. He could not have much, do much, or go far because of his inability to command the forces of nature. Indeed, it may be said that man's freedom has enlarged directly as his power to acquire wealth has increased, and his power to acquire and keep

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\* Justice, p. 255.

wealth has increased directly as societary restrictions have multiplied. All the great freedom-giving instruments of the world have been chiefly instruments of restriction. The Mosaic Code (the decalogue) consists chiefly of "Thou shalt nots." The great Magna Charta, the charter of England's freedom, is composed mainly of political and economic restrictions. The Petition of Right which Charles I. was forced finally to make into law (1628), the Habeas Corpus act of 1679, and the famous Bill of Rights of William and Mary (1689), were all instruments of restriction. All criminal laws with their machinery of judges, policemen and jailers are instruments of restriction. England's half-time school system for working-children, and the great body of factory laws which have done so much for the progress and freedom of the wage workers of Great Britain and the United States, are wholly restrictive. All the laws promoting purity of food, domestic sanitation, honest weights and measures, the enforcement of contracts and the collection of debts, are instruments of restriction. In fact, it is only by the restriction of the reckless, disorderly, and less ethically advanced from jeopardizing the person, property, and opportunity of the more advanced, that the sphere of actual, individual freedom for all has been enlarged.

The assumption, therefore, that the mere absence of legal restriction gives or implies freedom is fundamentally false, and as a basis of sociological reasoning is incalculably pernicious. Freedom does not depend upon the absence of societary restrictions, but upon the character of these restrictions. Certain kinds of societary restrictions tend to increase the opportunities for individual development. Of course it is equally true that the opposite kind of societary action will tend to restrict the opportunities for individual growth. The question for Sociology and Political Science to solve, then, is not whether there shall be collective social action, but what kind of societary action will best promote progress. To assume, as Mr. Spencer does, that because ignorant state interference may be and often is injurious, collective inaction is the only safe social policy, is to prefer anarchy and blind selection to

philosophy and scientific selection in the whole societary movement.

Little wonder, therefore, that when Mr. Spencer discusses industrial and social questions, he appears in the rôle of a chronic objector rather than a constructive adviser. Not merely the doctrine but the phrase "free trade" seems to express for him the *summum bonum* of all political policy. With two rather notable exceptions he has rigidly adhered to this negative, unscientific point of view in considering societary subjects. The first exception was in his *Social Statics* when he denied the right of private ownership in land, and thus unintentionally committed himself to pure socialism so far as land is concerned. To his surprise and mortification a generation later he found himself claimed by socialists as great authority for their doctrine, quoting the ninth chapter of *Social Statics* as the unanswerable statement of their case. This was so conclusive, and yet so contrary to his real intention, that he felt compelled to suppress his first edition of *Social Statics*, and tried to modify his position in a subsequent volume.\*

Mr. Spencer's error in this case, as in his ultra *laissez faire* position, arises from his too exclusive reliance upon a *priori* deduction from assumed premises. His socialism in land was the logical result of the erroneous assumption of absolute right, which is a sociological impossibility. The other instance of departure from the "free trade" rule of action is in discussing the question of copyrights.† He evidently felt called upon to justify copyright, being the recipient of copyright income; and curiously enough, on this theme he reasons exactly like a protectionist, but tries to persuade himself that it is good "free trade" doctrine, and calls those who regard copyrights as monopolistic, "pseudo-free traders," and those who deny the right of protection to everybody but authors and inventors, as the only "true free traders." With these exceptions it must be admitted that Mr. Spencer is consistent in tenaciously adhering to his erroneous *laissez faire* theory of freedom and

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\* Appendix B, Principles of Ethics (Justice) 1893. Cf. Mr. Herbert Spencer on the Land Question, 1895.

† Principles of Ethics, Vol. II, Chap. XIII.



rights. He even goes so far as to try to establish for it divine authority.

"From this conclusion there seems no possibility of escape. Let us repeat the steps by which we have arrived at it. God wills man's happiness. Man's happiness can only be produced by the exercise of his faculties. Then God wills that he should exercise his faculties. But to exercise his faculties he must have liberty to do all that his faculties naturally impel him to do. Then God intends he should have that liberty. Therefore he has a *right* to that liberty."\*

This is a sophistical though plausible half-statement of a truth. It is essentially misleading and erroneous, because it leaves out an element of the case which is essential both to liberty and the exercise of faculties—viz., opportunity, which is mainly due to the erroneous view of liberty already referred to. As an illustration of the extent to which he carries his *laissez faire* dogma, in addition to denying the right of the state to exercise such public function as "sanitary supervision,"† he denies the right of the state even to coin the money, and insists upon the right of "private coin-manufacture," which is a return to the earliest state of feudal society. In replying to those who object to this theory and think at least that the state should mint the coin, he again appeals to the "free trade" test of truth, and says:

"The philosophical free trader, however, remembering this effect of habit over the convictions—remembering how innumerable have been the instances in which legislative control was erroneously thought necessary—remembering that in this very matter of currency men once considered it requisite 'to use the most ferocious measures to bring as much foreign bullion as possible into the country, and to prevent any going out'—remembering how *that* interference, like others, proved not only needless but injurious—remembering thus much, the philosophical free trader will infer that in the present instance also legislative control is undesirable. Reasons for considering trade in money an exception to the general rule, will weigh but little with him; for he will recollect that similar reasons have been assigned for restricting various trades, and disproved by the results."‡

As if to clinch the absurdity of his reasoning, Mr. Spencer opposes taxation as coercion, and declares that the individual

\* Social Statics, Chap. IV, p. 93.

† *Ibid.*, Chap. XXVIII.

‡ *Ibid.*, Chap. XXIX, pp. 439-40.

is enslaved or owned by the state to the extent that he is compelled to contribute to the public revenue,\* the obvious logic of which is that liberty is only possible with anarchy.

In the closing chapters of his last volume he demonstrates that he has learned practically nothing on this subject since 1851. His chapter on trade unionism, which was written as late as 1892 (published in 1897), shows that the great revolution which has taken place in the conditions and economic relations of the laboring and employing classes, resulting from the complex, highly integrating, interdependent system of capitalistic methods of production, had practically escaped his observation—so far, at least, as to make no impression upon his thinking. He says: "The restrictionist is essentially the same in nature whether he forbids free trade in commodities or whether he forbids free trade in labor. I make this remark as introductory to a parallel." †

He then relates the case of a member of Parliament proposing that a duty of 10 per cent. be levied on the imports for the benefit of English producers and laborers, and explodes the reasoning in favor of such a policy by the hackneyed and even untrue statement that the price of everything would necessarily rise in the exact ratio of the duties.

"The result must be that he (the producer), as consumer, would have to pay these higher prices all around for the things he wanted; his income would be raised, but his expenditure would be raised in the same proportion." ‡

Thinking this axiomatic he applies the parallel to labor thus:

"What then happens if, as now, trade unions are established among the workers in nearly all occupations, and if these trade unions severally succeed in making wages higher? All the various articles they are occupied in making must be raised in price; and each trade unionist, while so much the more in pocket by advanced wages, is so much the more out of pocket by having to buy things at advanced rates. . . . All laborers and artisans need fuel, and if coal is made dearer each of them must either spend more for fires, or be pinched with cold; the colliers' profit must be their loss. But what so

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\*Principles of Sociology, Vol. III, pp. 601-2.

†*Ibid.*, p. 545.

‡*Ibid.*, p. 545.

obviously happens in this case, happens in every case. The trade union policy carried out to the full, has the effect that every kind of wage-earner is taxed for the benefit of every other kind of wage-earner."\*

It would be difficult indeed to quote a passage from the most superficial and uninformed chatterer on economic questions showing less familiarity with the essential characteristics of modern economic movement. One might almost suppose that Mr. Spencer had been a veritable Rip Van Winkle, and had seen and heard nothing of what had taken place regarding wages and prices since 1840. All that he says in the above is based upon the mistaken idea that every increase of wages results in an increase in the price of the products. Every student of economic history, particularly of the last fifty years, knows that this is nearly the opposite of the truth. All the statistics of wages and prices, both in England and this country, abundantly demonstrate that wages and prices have, with great steadiness, moved in opposite directions, the wages rising and the prices of commodities falling. This statement is of the same type as the mistaken pessimism of the English manufacturers towards factory legislation in the first half of the century. They predicted with all the solemnity of divine inspiration that if the hours of labor were reduced either wages would fall proportionately or the cost of production would be so increased as to ruin English manufacturers. Experience proved, however, that neither the one nor the other of these prophecies was fulfilled. Wages did not fall, but have steadily increased; and manufacturers were not ruined, but have had greater prosperity since than ever before. So manifest was the fallacy of this prophecy that such prominent English statesmen as Sir James Graham, Mr. Arthur Roebuck, and others were transformed from opponents to friends of factory legislation, by the economic and social benefits to both laborers and capitalists from the ten-hour law of 1847, and they rose in the House of Commons and publicly proclaimed their conversion to the short-hour policy.

The secret of this belated talk on wages and prices is the

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\* Principles of Sociology, Vol. III, p. 546.



fallacy of assuming that with a rise in wages other things remain the same. Indeed, it is the usual form in which this doctrine of pessimism was stated in the first quarter of the century. Other things remaining the same, an increase of wages involves a fall of profits or a rise of prices. But the fact is, as every student of sociology knows, that other things do not remain the same. A rise of wages puts in operation a new set of forces, resulting from the increased consumption which the expenditure of the higher wages brings. It is from this increased consumption that all the new variations and improved appliances in production arise. Increased consumption is the real yeast in all economic movement. To reason, therefore, on the economic effect of higher wages, without counting with the diversifying and capital-stimulating influence of the new consumption, is to reason without the essential facts in the case, for which, in 1897, there is little justification.

But as if this were not enough adequately to impress the reader with the impotence of this uneconomic view, Mr. Spencer institutes another parallel, this time between the seller of bread and the seller of labor.

"Still more startling becomes the antithesis if we make the parallel closer. Suppose it true, as sometimes alleged, that the lowered price of wheat does not lower the price of bread, and that therefore bakers must have combined to keep it up. As a buyer of bread, the artisan has no words too strong for the bakers, who, with their nefarious agreement, oblige him to spend more money for the same amount of food than he would otherwise do; and if he can find a baker who, not joining the rest, charges less for a loaf in proportion to the diminished cost of wheat, he applauds, and gladly benefits by going to him. Very different is it if the thing to be sold is not bread but labor. Uniting to maintain the price of it is worthy of applause, while refusal to unite, followed by consent to sell labor at a lower rate, is violently condemned. Those who do the one think themselves honest, and call those who do the other, 'blacklegs.' So that the estimates of conduct are in these two cases absolutely inverted. Artificially raising the price of bread is vicious, but artificially raising the price of labor is virtuous!"\*

If possible, this statement is more depressing than the previous one. It shows that Mr. Spencer does not even comprehend what is becoming a mere truism in modern economics—

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\* Principles of Sociology, Vol. III, p. 547.

viz., the fundamental economic distinction between labor and commodities. One is man, the other is wealth or product. Human progress advances only in proportion as the value of man and the value of commodities move in opposite directions—wages rising and prices falling. In no other way can the wealth, welfare, and freedom of the race be increased and poverty, slavery, and despotism be diminished. When Mr. Spencer said, “artificially raising the price of bread is vicious, but artificially raising the price of labor is virtuous,” he imagined he was exposing a palpable fallacy, whereas he was stating a veritable truth. Artificially to raise the price of bread or any other commodity, except for the purpose of promoting or furnishing revenue for further improvements, is vicious indeed.

On the other hand, permanently to raise the price of labor is the highest kind of economic virtue because it is increasing the consuming power of the people, which is the chief expanding force in economic and social evolution. Nothing has been written during the last half century which so broadly and bluntly presents the doctrine of cheap labor as does Mr. Spencer's last book. While it has the nakedness of sincerity, it has the narrowness of metaphysical dogmatism and the crudeness of a disqualifying lack of knowledge of the subject.

Mr. Spencer appears to be oblivious of the fact that the factory system and modern industrial organization has entirely destroyed the possibility of laborers making individual contracts regarding the price and other conditions of their labor. The use of steam and the concentration of productive energy has made it absolutely necessary for laborers to work in integrated groups where each individual worker is an interdependent part, and can work only when and under the same conditions as the group. All matters affecting the hours of labor, sanitary surroundings, wages and other conditions of labor must be had for the group *en masse* or not at all. It is impossible for employers to make a contract with one laborer to work eight hours, another nine, and another ten, to suit individual tastes. It is beyond the power either of laborers or capitalists or both combined, to restore individual contracts for laborers without abrogating the factory system and returning to the primitive

methods of industry. To object to combined action on the part of either capitalists or laborers in making contracts, is to object to what the evolution of complex society has made inevitable and to place one's self outside the pale of scientific economics and philosophic sociology.

As the capstone of an all-embracing philosophy, Mr. Spencer's book is a great disappointment. So far as it exercises any influence it will be to lend a color of philosophy to the enemies of every movement for social improvement. Whether workingmen are asking for better sanitary conditions, higher wages, shorter hours, better educational facilities or more public improvements, the author of the Synthetic Philosophy can be quoted to show that the demand is inimical to civilization. The narrow-souled pessimists, the greedy, heartless employers and non-progressive public functionaries, can all find justification and encouragement for their conduct in Herbert Spencer. In sadness it must be admitted that Mr. Spencer's last book bears the evidence of a sick man who has long outlived his powers of new observation and assimilation—a man who is more concerned about the completion of a great work than about the perfection of each layer of the structure. His last contribution is like putting a wooden spire on a marble edifice—it may serve to complete the form, but the material is too crude and poor long to endure.



## Progressive Tendencies in the South

The South has always been preeminently an agricultural community. The great development of the cotton-raising industry during the first half of the present century, conjointly with the institution of slave labor, resulted more and more in centering the economic interests of the South in its raw-material-producing industries, while all the time a distinctly opposite trend was developing in the North. Immigration before the war was unquestionably of a far more virile and independent type than that which we have been receiving during recent years. It refused to compete with the slave labor of the South, but employed itself along the Northern seaboard in mechanic trades and small manufacturing, or drifted into the far West, occupying immense areas of fertile land and demonstrating the fact that even the great staples of agriculture could be profitably produced under a system of free and relatively high-wage labor. Thus the influence of the great movements and changes taking place in the outside world was largely lost upon the South. That section found a ready market abroad for all its raw products, and the longer this isolating and one-sided system of industry continued, the more thoroughly it became institutionalized and stereotyped. It had back of it, moreover, all the influence of the traditional social ideals of the Southern people, illustrated in the life of the wealthy and leisure-loving planter, with his broad acres and numerous slaves, his aristocratic pride of ancestry, and his easy-going and generous hospitality. To all this the active manufacturing and trading life of the North, with its democratic, free-labor institutions, was the very antithesis.

Naturally, these differences were reflected in Congress, and become more and more intensified in all governmental relations where the two sections came in contact with each other. The public policies desired by the one seemed utterly antagonistic to the interests of the other. In the early restrictions on the extension of slavery the South saw the beginning of a threatened overthrow of its whole industrial system.

Protection it regarded as a direct tax upon Southern consumers, for the benefit of a class of industries and institutions in the North with which the South had no sympathy, and from which it derived no benefit. The South seemed unable to see in the increase of free labor and growth of manufacturing industries at the North the foundations of an immense home market for its own raw products, then being worked up chiefly in English factories.

The war practically destroyed the old social aristocracy of the South, and introduced the wages system; but the economic interests of the reconstructed confederacy still remained in agriculture. Since the close of the great struggle the Southern states have more than doubled their annual production of cotton, and the greater part of this product is still exported to England. Industrially, therefore, the restoration of the Union brought about little real community of interests. Furthermore, as a result of the freeing and enfranchisement of the slaves, the South had a tremendous race problem thrown upon its hands to be solved without assistance, and for the imposition of this burden it of course held the North responsible. Consequently we have had, until very recently, the constant spectacle of a solid Democratic South—solid in its uncompromising hostility to the political measures of the Republican party and to the protective policy, which it still considered as a direct injury to itself.

From its negative attitude of opposition to any governmental encouragement of manufacturing industry, the South has advanced, very naturally, in more recent years, to the Populistic position of open hostility to capitalistic enterprise in general. All the tenets of Populistic faith, including anti-railroad and anti-trust legislation, income taxation and free silver, have found a large following in the South, to the extent, in some cases, of seriously threatening the continuance of old-line Democratic supremacy. But for the fact that the Southern Democracy proceeded to take up and champion many of these insane and revolutionary measures, it is probable that it could not have maintained itself in power at all during recent years.

But, fortunately, this is not the whole of the story. Unsatisfactory as the situation may appear at the present moment, there are trustworthy evidences from many sources that new currents, making towards real industrial and social progress, have been permanently started in the old confederate states. The signs of change may not be strikingly prominent, but they are there. Moreover, there is really nothing inevitably inherent in the present status of the South to stand in the way of the coming *renaissance*. The old generation of antebellum, states-rights Southerners is passing away, and the bitterness of war recollections is dying out. The "bloody shirt" is no longer an issue. Self-government has been fully restored to the South, and Southerners are again coming to hold important offices under the Federal Government.

Considering the difficulties under which it has had to labor, the South has done great things for itself in many directions since the close of the war. As regards education, for instance, the progress achieved has been remarkable. Between 1880 and 1890, the percentage of enrolled pupils of total population, in the public schools of the South Atlantic states (Delaware to Florida, inclusive), increased from 16.31 to 19.77, or over 3 per cent. ; and in the South Central states (Kentucky to Texas, inclusive), from 15.41 to 21.20, or nearly 6 per cent. In the North Atlantic states (Maine to Pennsylvania), the increase was from 19.84 to 20.29, or less than one-half of one per cent. In the North Central States (Ohio to Kansas and the Dakotas), there was an actual decrease in the percentage from 23.55 to 22.40. In the far Western states the increase was from 16.92 to 17.02, or only one-tenth of one per cent. Of course the facilities and expenditures for public education are decidedly less in the South than in the Northern and Eastern states, but this is only what might reasonably be expected. It is the rapid rate of increase in the educational work of the South that furnishes ground for great encouragement regarding the future.

Furthermore, strange as it may seem, there is unquestionably room for encouragement in the manner in which the South has endeavored to handle the negro problem. For



years we have been horrified and roused to indignation by the shocking reports of lynchings, non-protection of negro rights, intimidation and murder of colored voters, and a whole gamut of outrages perpetrated upon this unfortunate race throughout all the old slave states. In the main, the accuracy of these reports cannot be questioned. They constitute a stain upon Southern honor which can never be effaced, and it is unfortunately true that many of these evils still exist, particularly as regards coercion and fraud in the elections. Common humanity revolts at the methods that have been regularly resorted to in suppression of the rights of the Southern negro.

And yet it is doubtful if the ordinary citizen of the North, who has never come in actual contact with Southern life and conditions, can have any realizing sense whatever of the magnitude and seriousness of the problem which was thrust upon the South when an ignorant and barbarous race was suddenly released from slavery and raised to all the privileges of full American citizenship. Let those who are most bitterly denouncing the Southern struggle against negro domination try to put themselves for a moment in the Southerners' place. Should a similar calamity be threatened here in the North, could we, of the same Anglo-Saxon race, be wholly relied upon to submit without protest? Sentiment or no sentiment, there are times when the preservation of civilization itself demands some curtailment of political freedom. Let not the North, which left this problem to the Southern people with no safeguards or moderating circumstances whatever, be too self-righteous in its denunciations of the manner in which they have been compelled to deal with it.

But when we consider the positive efforts the South has been making for a wise and humane solution of the race problem, we enter a field where reserved language is no longer necessary. It is estimated that since 1876 the old slave-holding states have spent nearly \$80,000,000 for the education of colored children alone, and needless to say, practically none of this has been contributed by the negro population. Nearly a million and a half of colored children are now enrolled in the public schools of the South, and a fair proportion of the

teachers in that section are of the colored race. The United States Commissioner of Education in his recent report on the subject, says: "In thirty years, 40 per cent. of the illiteracy of the colored race has disappeared. In education and in industrial progress this race had accomplished more than it could have achieved in centuries in a different environment, without the aid of the whites." There are 156 higher-grade institutions for negro education within the borders of the former slave states, 18 of which are wholly supported and 35 partly supported by public taxation, and the rest by benevolent societies, tuition fees, etc. These schools contain about 35,000 pupils, nearly one-third of whom are receiving industrial training, a branch of education now quite popular there and particularly recommended by Professor Booker T. Washington, founder of the highly successful negro institution at Tuskegee, Alabama. Surely there is little room for pessimism in the face of this showing.

But the great forces which are going to revolutionize the South and bring it in line with modern progress are, as is usually the case, of an economic nature. Manufacturing industry has finally taken root there, and the results are already beginning to be seen. The vast iron and coal fields of the Southern Appalachian range are now being opened up. In 1890 they yielded 1,750,000 tons of pig iron, as against only 184,000 tons in 1870. It is not at all improbable that Alabama will become the most profitable iron-mining region in this country, and if so the next step will be the establishment there of extensive iron and steel manufactures. This tendency is already becoming perceptible in the remarkable growth of Birmingham. The same trend is to be noticed in the case of cotton. Instead of sending its raw cotton to England and the North to be manufactured, the South will eventually make cotton cloth at home. That it is already beginning to do this is indicated by the fact that 700,000 bales of cotton were consumed in Southern factories in 1890, which is more than double the quantity so used in 1880. Alabama has recently shown commendable economic sense by passing a law exempting cotton factories from taxation for ten years, and it is already

reported that as a result of this, and in view of the coming restoration of the protective tariff policy, a new cotton establishment, to cost \$1,000,000 and capable of manufacturing fine fabrics not heretofore made in the South, is soon to be erected near Huntsville, Alabama. Also, the further development of beet and cane sugar raising in the South will no doubt result eventually in a large part of our sugar refining being done in that section.

The per capita wealth of the South has been increasing at a rapid rate during recent years, while the per capita debt has decreased. Its railroad mileage and earnings more than doubled between 1880 and 1890, and the number of passengers carried increased five-fold. These phenomena are sure indicators of industrial prosperity and growing social activity.

As economic interests always very largely determine the character of the thinking and the general view-point in matters of public policy, so the influence of this growing industrial transformation has been making itself felt in the political status of the South. There has been a distinct weakening in Southern devotion to free trade and *laissez faire*. True, much of this changing sentiment has, for the time being, taken form in Populism; but that movement has been by no means peculiar to the South. In fact, the proceedings of Southern legislatures have been mild in comparison with the radical anti-capital fanaticism of some of the Western states. As already noted, Alabama is even encouraging cotton manufactures, while the South Carolina legislature, this last winter, killed a whole series of measures designed to cripple corporations in that state. It is probable that the very success of Populism in the South is having the one good effect, at least, of opening the eyes of conservative Southerners to the real nature of their own traditional free trade policy, by which they have sought to check the growth of American capitalistic industry in the North. They can hardly be blind to the fact that the Populists have only taken up this same antagonistic attitude and carried it to its logical conclusion.

As the manufacturing interests of the South increase, there is bound to come a more rational attitude towards capi-



tal and towards the national policies heretofore violently opposed by Southern statesmen. The beginnings of this change are reflected somewhat in the largely increased Republican vote at the late national election. In Alabama, for instance, the increase was from 9,197 for Harrison, in 1892, to 54,737 for McKinley in 1896; in Georgia, from 48,305 in 1892 to 60,191 in 1896; in Florida, from nothing in 1892 to 11,288 in 1896; in Mississippi, from 1,406 to 5,130; in Louisiana, from 13,282 to 22,037; in Texas, from 81,444 to 167,520; in Missouri, from 226,918 to 304,940; in Tennessee, from 100,331 to 148,773; in North Carolina, from 100,342 to 155,222; in Virginia, from 113,262 to 135,363; in Maryland, from 92,736 to 136,959; in Kentucky, from 135,441 to 218,171. The two latter states were carried by the Republicans for the first time since the war.

It is undeniable that Protectionist sentiment is growing in the South. The newly elected United States Senator from Louisiana, Mr. McEnery, has declared himself as favoring the protection of Southern industries, and has announced that he will not oppose the new tariff bill. Five Democrats voted for the Dingley bill on its recent passage in the House of Representatives, all of whom were from the South—three from Louisiana and two from Texas. One Populist voted for the bill, and he was from Alabama. The New Orleans Chamber of Commerce recently adopted resolutions endorsing the Dingley bill—a fact which derives additional significance from the action of the New York Chamber of Commerce in declaring against it! Representative McLaurin, of South Carolina, in the course of the debate on this bill in the House, after stating that he had been endeavoring to ascertain the cause for the superior wage conditions of Northern as compared with Southern workingmen, used the following significant language;

“ I discovered enough to convince me, at least, that the interests of the laboring and producing classes of the South had to a certain extent been sacrificed to the doctrines of free raw material. I imagined I detected the fact that the enthusiasm and heat of debate, together with an intense opposition to the policy and principles of protection, had caused us to

forget or neglect to demand a reciprocity of protection for our own people when, at the beginning, as now, we fully realize that any and all opposition will fail. Under such circumstances, whatever consideration is given to Southern interests comes almost without demand, and is always of such a character as to interfere as little as possible with interests in the North and East. In other words, men who advocate the theory of free raw material and denounce a tariff as robbery are not in a position to ask reciprocity for their own people who produce this free raw material and then buy it back in the manufactured article with a heavy duty added."

Needless to say, this statement has attracted wide attention and comment.

The differences between the North and the South did not end with the surrender of Lee at Appomattox, because those differences were deeply rooted in fundamental antagonism of economic interests, and could not be reconciled in a day by constitutional amendment or otherwise. It has taken many years to inaugurate those industrial and educational forces whose subtle working will eventually bring about a real reunion of the two sections upon the plane of the higher. But the movement is at last under way. Railroads and steamships are bringing the South into closer and more effective contact with Northern institutions, and are enabling the people of the North more fully to comprehend Southern conditions and problems. The South is not only learning that the real market for its raw products is here in the United States, but that from now on it will find that market more and more right at home, through the growth of its own manufacturing and hence non-agricultural industries.

The South has only begun to move, but it is a great thing to be upon the right track. It is for this reason that the outlook for the future is encouraging, however rough the road yet to be traveled. From henceforth it is probable that the more serious sectional problems which the nation must meet and solve will come, not from the South but out of the great agricultural West.

## Ancient Charters of Liberty

In the history of industrial and political progress the march toward democracy has been emphasized and sharply marked off by certain great instruments or Charters of Liberty, which are the real period-stones of human progress. Among these sacred documents are the Charter of Henry I., Charter of the City of London, Magna Charta of King John, the Bill of Rights and the Declaration of Independence. Of the earlier of these documents down to, and including the Magna Charta, very few people have ever seen the full text. Short extracts and brief though frequent references to the Magna Charta, are strewn through all English histories, but the instrument itself is almost never reproduced. It is intended in the present and two succeeding numbers of this Magazine to give the text of the more important of these Charters, with a few brief notes on the circumstances which led to their adoption.

The Magna Charta is very properly regarded as the Great Charter of England's liberty, and hence of the liberties of the modern world. It is a mistake to imagine, as many do, that this ancient document contains little or nothing of modern interest. On the contrary, it is one of the most comprehensive, powerfully constructed instruments of rights ever proclaimed to the world, and would make excellent reading in these days of Populism and sensational clamor for substituting Socialism for individual freedom. The Magna Charta was not, as some seem to imagine, the production of a single mind or the creation of the contest between the Barons and King John. On the contrary, it was an evolution through a long struggle to restore the rights and liberties of the English people established prior to, and during the reign of Edward the Confessor.

After the Norman arms prevailed at Hastings (1066), the first act of the Conqueror was to confiscate most of the property of England, and distribute it among his Norman followers. He inaugurated a most rigid form of feudalism, disregarding and for the most part abrogating the Saxon Code of rights and liberties, as finally formulated by the Confessor. In short, the



rule of the Conqueror was that of arbitrary despotism, governed chiefly by a single mind. As was natural, even the Norman Barons, who were at first the beneficiaries of this despotic era gradually came to realize that they had little security for their possessions under such a régime, since a power that could dispossess others, might, and probably would some day dispossess them. After acquiring possession of the confiscated estates, they began to share the feeling of the English Barons, of the necessity for some guarantee that the right of possession should be permanent. Hence they gradually began to demand that the rights of property, inheritance, and personal freedom, vouchsafed by the laws of good King Edward be restored. William Rufus, Henry I., and Stephen were all entreated to grant the renewal of these rights, and at times when they were weak and needed men or money to carry on their wars, they all promised to grant the request, and when they were out of immediate danger they all ignored their promise.

Among the oppressive laws promulgated by the Conqueror, was the Forest law, which gave to the King and his immediate favorites (a few of the greater Barons) the exclusive right of hunting and shooting. In this semi-pastoral and agricultural era, the exclusion from the chase was a dire privation and naturally caused discontent, frequently reaching the point of rebellion.

In 1100 Henry I. ascended the throne, usurping the crown from his elder brother, Robert, who was the rightful heir, but at the time absent on a crusade in the Holy Land. In order to sustain himself in this doubtful position, Henry thought it wise to enlist the support of the Barons, which he successfully accomplished by issuing a charter, promising to restore the laws of Edward the Confessor, and granting other new and important rights which had been promised by his brother, but never granted. This charter was issued as a coronation document, and contains in brief, most of the important features more elaborately formulated 115 years later in the Magna Charta.

Notwithstanding that the great Charter of Henry I. was sent at the time of its promulgation to all the English counties

and deposited in the principal monasteries, little attention seems to have been paid to its contents. It was very much of a dead letter, for although it had been confirmed by his son, Henry II., and nominally commanded to be observed by King John's own authority, that treacherous monarch professed to be unacquainted with its contents, all of which he utterly disregarded. Indeed he was more avaricious, as well as more treacherous and cowardly, than any of his Norman predecessors.

The Forest laws which made the penalty for killing game nearly equal to that of taking human life, were intensified rather than mitigated by John. As Matthew Paris says, "His Interdict touching the chace, extended to the winged, as well as to the four-footed creations."

In 1213 circumstances conspired to create the people's opportunity to make their great strike for freedom. The struggle between the Church and the monarchy for political supremacy which had been going on more than a century assumed a critical form in 1207 by the death of Hubert Walter, Archbishop of Canterbury. At the bidding of John, the Monks of Canterbury elected John de Grey, Bishop of Norwich, to the Primateship. At an informal gathering the convent chose its sub-prior, Reginald, as Archbishop. The rival claimants carried their contest to Rome. The Pope, Innocent III. dismissed both contestants, and ordered the monks who appeared before him to elect in his presence Cardinal Stephen Langton. Although it turned out to be a remarkably good choice, it was a violent usurpation of the rights both of the English Church and the Crown. This election—or more properly appointment of Langton by the Pope, was accompanied by threats of an Interdict, if the new Archbishop were excluded from taking the position. John met this with complete defiance, and a counter threat that the Interdict if put into force would be followed by the banishment of the Monks of Canterbury and the confiscation of their possessions. March 23rd, 1208, the Pope carried out his threat, and we are told that "all worship save that of a few privileged orders, all administrations of the sacrament save that of private baptism, ceased over the length and breadth of the country."\*

\* Green's Short History of England, p. 149.

The bodies of the dead had to be silently buried in unconsecrated ground. Religious services were conducted only by calling the people together on Sundays to hear sermons and prayers in the churchyards.\*

The King was equally determined and responded by confiscating the land and goods of all the clergy who obeyed the Interdict.

The next year the Pope followed his Interdict with a sentence of Excommunication of the King, completely excluding John from the pale of the Church, but John met this with the same defiance as he did the Interdict. The Excommunication however, did not prove to be entirely effectual. The King's success in his struggles with the Irish and Welsh in 1210 tended to neutralize the effect of the Excommunication. In 1211 the Pope went a step further and absolved the King's subjects from all allegiance to him, and required them to avoid his presence. There remained but one more weapon the Pope could use to complete the mastery of the situation. It was to depose John from the throne.

In 1212 Pope Innocent took this step and formally deposed John, and gave his Kingdom to Philip of France, to whom was entrusted the execution of the sentence. In 1213 the French King prepared for executing the task, and set out with a great naval expedition to invade England. This expedition was defeated by 500 English ships under the Earl of Salisbury. Elated by this, John determined to extend the conquest into France, for which of course, he needed the aid of the Barons. They refused to follow and support him on the ground that he was an Excommunicated King, and to support him would incur the wrath of God. The desertion of the Barons at this point brought the unscrupulous King to a realizing sense of his position. Being destitute of honor, courage or patriotism, John was ready to sell either his religion or his kingdom to accomplish his end. In his desperation "He sent Thomas de Erdinton and Ralph Fitz-Nicholas to Murmelius, King of Africa and Spain, with an offer of the Kingdom of England to be held as tributary from him, and to state that he would apostatise from

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\* Cf. Wade's British History, p. 42.



Christianity and embrace the faith of Mahomet, so that aid might be given him against his disloyal subjects.”\*

This failed, and his only other alternative was to make his peace with the Pope, which was now indispensable, as neither his own subjects nor foreign potentates would fight side by side with an Excommunicated King. Accordingly, in May 1213 John recalled all the Ecclesiastics whom he had banished from the country for having carried out the Pope's Interdict. On their return he met them at Winchester, and “with bended knees and streaming eyes besought their forgiveness,” whereupon they proceeded to the Chapter-house of that City, and Stephen Langton, the new Archbishop of Canterbury, gave him absolution from his Excommunication. The King holding the book of Gospels took oath :

“That he would diligently defend the ordinances of the Holy Church, and that his hand should be against all her enemies ; that the good laws of his ancestors, and especially those of King Edward the Confessor, should be recalled, and evil ones destroyed ; and that his subjects should receive justice according to the upright decrees of his Courts. He likewise swore, that all Corporations and private persons whom the Interdict had damaged, should receive a full restitution of all which had been taken away, before the time of the approaching Easter, if his sentence of Excommunication were first removed.” †

Yet this recognition of Langton, even receiving absolution at his hands, promising to compensate the clergy for their losses, and groveling at the feet of the exiled Bishops on their return, did not complete John's emancipation from Innocent's wrath. It only freed him, personally, from Ecclesiastical outlawery. But the Interdict absolving his subjects from all allegiance and commanding them to avoid his very presence still hung like a pall over the nation. To obtain relief from this ban, John submitted to still further humiliation. For this boon he surrendered his Kingdom to the Pope, re-

\* Thomson's History of Magna Charta, p. 10. Cf. Wade's British Chronology, p.

42.

† *Ibid.* p. 11.

ceiving it back as a vassal of the Holy See, with the payment of a yearly tribute of a thousand marks. In May 1213, the disgraceful bargain was consummated by the Pope's representative, Cardinal Pandulphus, when John submitted to the following debasing contract :\*

“ John, by the grace of God, King of England, to all the faithful in Christ who shall see this Charter, Salutation in the Lord. To all you, by this Charter secured by our Seal, we will it be noted that with God and our Holy Mother Church, we have in many things offended, and are therefore unworthy of the very great divine mercies ; nor could we worthily have offered that satisfaction to God and the Church which is appointed to be made, unless we ourselves had abased us, and with our Kingdom had willingly humiliated us ; for he that humbled himself to death for us, shall inspire us with the grace of his holy spirit ; therefore, not by the violence of command, neither by the compulsion of fear, but of our voluntary act, as conferred of in the Common Council of our Barons, we have freely given unto God, and his Holy Apostles Peter and Paul, and our Mother, the Holy Church of Rome, and our Lord Pope Innocent, with his catholic successors, the whole Kingdom of England and the whole Kingdom of Ireland, with all the rights and extents of them, for the remission of all our sins and all those of our sons, as well for the living as the dead, and therefore, henceforth, from him and the Church of Rome, we do as it were, secondarily, receive and hold them, in the presence of the learned Pandulphus, our Lord the Pope's Subdeacon and familiar friend.

“ From this time to our Lord the aforesaid Pope Innocent and his catholic successors, and the Church of Rome, we have made and sworn to the underwritten form and league of Homage in the presence of Pandulphus, and have made the same as if we were in the especial presence of our Lord the Pope : We also engage that our successors and the heirs of our marriage perpetually, shall give in the same manner as we, a like sum to

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\*The text of this contract consigning England to the Pope is from Holinshed's Chronicle of the Nation, Vol. II, p. 177. 1586 Edition. Quoted in Thomson's History of Magna Charta, pp. 18-22.

the Pontiff for the time being, and to the Church of Rome, and shall without contradiction faithfully pay the debt, and recognize the homage.

“And also in token of this our perpetual engagement and concession, being willing and stedfast, as well as of our proper and special delivery of our aforesaid Kingdoms, for all service and custom, saving always the blessed Peter-pence, there shall be made owing to the Church of Rome a thousand marks sterling, which shall be taken annually; that is to say, at the feast of Saint Michael five hundred marks, and at Easter five hundred: namely, seven hundred for the Realm of England, and three hundred for the Kingdom of Ireland, saving us, our Heirs, Justices, Liberties, and our Royalties.

“All which, such as it is before written, are to be willingly and constantly rated; and we do engage for us and our successors, to act contrary in nothing; and if we, or any of our successors, whoever he may be, presume to attempt anything against this, he shall, unless he formally repent, fall from his right in the Kingdom.

“And this our Charter of obligation and concession, shall always remain permanent. Witness myself at the House of the Knights Templars near to Dover, before Henry, Archbishop of Dublin; John, Bishop of Norwich; Walter Fitz-Peter; William, Earl of Salisbury; William, Earl of Pembroke; Reginald, Count of Boulogne; William, Earl of Warren; Saher, Earl of Winchester; William, Earl of Arundel; Willam, Earl of Ferrars; William Briwere; Peter Fitz-Herbert, and Warren Fitz-Gerald, the fifteenth day of May, and the fourteenth year of our reign.”

“This deed and instrument being written and ingrossed, the King delivered it unto Pandulphus, to take with him to Rome, there to make deliverie thereof to Pope Innocent, and herewith did homage to the same Pope, in forme as followeth.

“The wordes of fealtie made by King John to the Pope:

“John, by the Grace of God, King of England, and Lord of Ireland, from this houre forward, shall be faithfull to God and to Saint Peter, and to the Church of Rome, and to my Lord Pope Innocentius, and to his successours lawfully entring.



I shall not be in word nor deed, in consent or counsell, that they should lose life or member, or be apprehended in evill manner. Their losse, if I maye know it, I shall impeach and staie soe far as I shal be able, or else soe shortlie as I can I shall signifie unto them, or declare to such person the which I shall beleeve will declare the same unto them. The counsell which they shall commit to me by themselves, their messengers, or letters, I shall keepe secret, and not utter to any man to their hurt to my knowledge. The patrimonie of S. Peter and speciallie the Kingdomes of England and Ireland, I shall endeavour my selfe to defend against all men to my power. So helpe me God, and these holie evangelists. Amen. These things were done on the eeve of the Ascension of our Lord, in the year 1213."

Even this debasement did not secure for John the active support of the Pope, but further to clinch the vassalage of England, the next year (July 1214) a second resignation of the crown was demanded. It took place in Westminster, before the Peers and Ecclesiastics. This time we are told, "the instrument of concession was drawn up, and sealed with gold instead of wax like the former, in order to give additional value to its authority."\* After this, Cardinal Pandulphus returned to Rome with the assignment and pronounced John "the most pious of Princes," after which the Pope supported John to the extent of suspending from office those Ecclesiastics who continued refractory to the King's commands.

Having thus made his peace with Innocent, John imagined his troubles at an end and forgot all the promises he had made in his oath to Langton, when receiving absolution. The Barons realizing that the deceitful King was temporizing with them became enraged, and none more so than the Archbishop himself. Although Langton was the appointee of the Pope he was a genuine friend and an ardent champion of the old English custom and laws against the personal despotism of Kings, and a zealous advocate of the laws and liberties of Edward the Confessor. Fortunately for England and for civilization, about this time he discovered a copy of the Great Char-

\*Thomson's History of Magna Charta, p. 22.

ter of King Henry I. which was at once made the basis of a vigorous renewal of the Barons' demands for a new Charter of Rights. A general assembly of the Peers and Ecclesiastics was convened at St. Paul's when Stephen Langton arose and addressed the convention as follows :

"Ye have heard, when at Winchester, before the King was absolved, I compelled him to swear that the existing evil statutes should be destroyed, and that more salutary laws, namely, those of King Edward the Confessor, should be observed by the whole Kingdom. In support of these things are ye now convened ; and I here disclose to you a newly-discovered Charter of King Henry the First of England, the which if ye are willing to support, your long-lost liberties may be restored in all their original purity of character."\*

We are told that "The Prelate then proceeded to read the Charter with a loud voice, which so animated the minds of all present, that with the greatest sincerity and joy they swore in the Archbishop's presence, that at a proper season their deeds should avouch what they had then declared, and that even to death itself they would defend those liberties. Langton, on the other hand, promised his most faithful assistance in the execution of their arduous undertaking, and at the same time assured them that the Covenant then made, would reflect honor on their names through successive generations."†

This was the conclusion of the first meeting held for taking steps finally to compel the King's consent to affirm Henry's Charter, and it is said not a single man of those present withdrew or relented in the least their efforts to accomplish the object.

John was now abroad conducting war against Philip, in which expedition the Barons had refused him their support. His defeat in France gave the Barons new energy, and in November the same year (1214), they held a second convention of the Peers and clergy at Saint Edmund's Bury, and there completed the arrangements for taking effective, and if

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\*Thomson's History of Magna Charta, pp. 12 and 13.

†*Ibid.*, p. 13.

necessary armed methods of forcing John to grant the Magna Charta.

The full text of the Charter of Henry I. which was made the basis of the Magna Charta, is as follows :

### The Great Charter of Henry I.

“ In the year of our Lord’s Incarnation M. C. I., Henry, the son of King William, after the death of his brother William, by the Grace of God, King of the English, to all his faithful subjects, Greeting. Know ye, that because through the mercy of God and the Common Council of the Barons of all England, I was crowned King of the same, and because the Kingdom hath been oppressed by unjust exactions, for the honour of God, and the love which I have toward you all.—(I.) I have firstly set at liberty the Holy Church of God, so that I will neither sell, nor let out to farm, nor upon the death of any Archbishop, or Bishop, or Abbot, will I take anything from the lordship of the Church or its tenants, until a successor shall have been admitted to it.—(II.) And I also take away all evil customs with which the kingdom of England has been unjustly oppressed, and which are here in part set down.—(III.) If any of my Earls, or Barons, or others who hold of me, shall die, his heir shall not redeem the estate as he was wont to do in the time of my brother ; but shall relieve it by a just and lawful relief.—(IV.) In like manner shall the tenants of my Barons relieve their lands of their lords by a just and lawful relief.—(V.) And if any of my Barons or other tenants, will give his daughter, sister, niece, or kinswoman in marriage, he shall treat with me about it ; but I will neither take anything of his for that license, nor will I prevent him giving her in marriage unless he be willing to join her to my enemies.—(VI.) And if upon the death of a Baron, or other of my tenants, there remain a daughter and heir, I will give her in marriage, together with her lands by the counsel of my Barons.—(VII.) And upon the death of a man, if his wife be left *without* children, she shall have her dower and marriage portion ; and I will not give her again in marriage excepting by her own consent.—(VIII.) But if the



wife be left *with* children, she shall then have her dower and marriage portion whilst she lawfully preserves her body ; and I will not dispose of her in marriage, but according to her own will.—(IX.) And of the lands and children, there should be appointed guardians, being either the wife or some near kinswoman, who ought to be just.—(X.) And I also command that my Barons conduct themselves in like manner towards the sons, daughters and wives, of their tenants.—(XI.) The common mintage of money which was accustomed to be taken in cities and counties, though not paid in the time of King Edward, I do wholly forbid to be taken for the future.—(XII.) If any coiner or other person shall be taken with false money,\* due justice shall be done upon him.—(XIII.) All pleas and debts which were due to my brother, I forgive, excepting my just farm ; and excepting those things which were covenanted for concerning the inheritance of others, or for those which properly concerned other men.—(XIV.) And if any have engaged anything for his own inheritance, that I forgive ; with all reliefs which were agreed upon for lawful inheritances.—(XV.) And if any of my Barons or tenants lie sick, and he will give, or designs to bequeath his money, I grant that it shall be disposed of accordingly.—(XVI.) But if, being prevented by war or sickness, he should neither give nor dispose of his money, his wife, children, or relations, and his lawful tenants, shall divide it between them for the good of his soul, as it shall seem best to them.—(XVII.) If any (*of my Barons or tenants*) shall forfeit, he shall not give a pledge in forbearance of the fine, as was done in the time of my father and brother, excepting according to the manner of the fine : so that it shall be satisfied as it was wont to be before the time of my father, in the time of my other ancestors. But if he be convicted of perfidy or any other wickedness, he shall make a due satisfaction for it.—(XVIII.) Also I pardon all murders, from the day in which I was crowned King : and those which shall hereafter be committed shall have satisfaction according to the laws of King Edward.—(XIX.) I have, by the Common Council of my Barons, re-

\* Perhaps this passage refers to a law of Æthelstan, that if a coiner were found guilty of fraud, his hand was to be cut off and fastened to the mint-smithery.

tained in my hands all Forests in the same manner as they were held by my father.—(XX.) I also grant of my own free-will to Knights who defend their lands by their habergeons, (*that is to say, Tenants by Military Service*) that their demesne lands and carriages shall be free from all guilds and payments to works: so that being so greatly relieved, they may the more easily provide themselves with horses and arms, better fitting my service and the defence of my kingdom.—(XXI.) I also establish firm peace in the whole of my realm, and command it to be held for the future.—(XXII.) I also restore to you the law of King Edward, with those amendments with which my father improved it by the counsel of his Barons.—(XXIII.) If any man hath taken anything of mine, or the goods of another, since the death of King William, my brother, the whole shall speedily be restored without any other satisfaction: but if he shall retain anything, he shall pay a heavy recompense for it.—Witnessed by Maurice, Bishop of London, and Bishop Gundulf, and William, Bishop elect of Winchester; and Earl Henry, Earl Simon, Walter Gifford, Robert de Montfort, Roger Bigot, and Henry de Port; at London when I was crowned.”

Full text of the Magna Charta will appear in the next number.

## Vicious Newspaper Economics

As an illustration of the thoroughly vicious way sensational journalism labors to mislead the public in the discussion of industrial questions, we take the following from *The New York World* of April 10th :

“ TRUST LIES ABOUT SUGAR.

“ TO THE EDITOR OF *The World* :

“ Gunton’s Magazine for April comes to the defense of the trusts generally and of the Sugar Trust in particular with a lie so bold and brazen that it deserves attention. It gives a table which pretends to show the average price of raw and refined sugar from 1879, and how great the lie is can be seen by referring to the reports of the Secretary of the Treasury for the years named. As you have no space to waste I will take four years only—one under each tariff :

Year.	Price of Raw Sugar.		Year.	Price of Raw Sugar.	
	Gunton.	Actual.		Gunton.	Actual.
1883.....	7.4	4.4	1892.....	3.3	2.9
1888.....	5.7	2.5	1896.....	3.6	2.1

“ The Treasury figures give the foreign price. But the duty on cane juice in 1883 was not 4 cents, nor in 1888 was it over 3 cents, nor in 1892 was there any duty—so the writer cannot plead that he included the duty. And he expressly repudiates any such inference by explaining that ‘ this reduction in price (of raw and with it of refined) has been effected through (the trust) buying the raw material cheaper than when a large number of refiners were competing for the product.’ As the price of the raw was 2.7 cents per pound in 1885 (the writer gives it at 5.7) and 2.9 in 1892, while the price of the refined in 1885 was 6.4 and in 1892 was 4.3 (a reduction of over 2 cents when the foreign price of the raw was greater in 1892 than in 1885) the falsehood is palpable.

T. E. W.”

“ New York, April 7.”

As might be expected, *The World* declined to publish any correction of its misleading statements. It will be observed



that the article appeared as a letter to the Editor of *The World*. Our correspondence with that institution reveals the fact that it was not a correspondent at all, but by a "tariff expert" editorial writer. Like much of its sensational matter, this correspondence was bogus, being manufactured in the office.

It is unnecessary to say here that GUNTON'S MAGAZINE does defend trusts as an atural form of industrial development, but the article to which this bogus *World* correspondent refers, was Mr. F. B. Thurber's testimony before the Lexow Commission. Mr. Thurber is fully competent to take care of himself in any controversy over prices of sugar, being one of the best informed men on that subject in the country. In this case however, we have taken the pains to verify his figures, and find them entirely correct—*The World* to the contrary notwithstanding.

We will take only the years *The World* names, 1883, 1888, 1892, and 1896. Of course Mr. Thurber was talking of American prices, because he was testifying as to the price of sugar in the United States. According to the figures given by Dr. von Halle in his work on Trusts (and Dr. von Halle is not a trust advocate), the price of raw sugar, 96 centrifugal, did not once touch so low a point as 7 cents a pound in 1883, until the end of the year. It ranged from 7.8 to 7 cents, averaging for the year 7.4 as Mr. Thurber states, and not 4.4 as *The World* claims. For the years 1888, 1892, and 1896, we take the Journal of Commerce Year Book for 1897. As the *Journal of Commerce* is one of the strongest anti-trust papers in the country, it cannot be suspected as favoring "the sugar monopoly." On page 472 the Year Book gives a table quoting the price of raw sugar, 96 centrifugal, for every week during each year from 1886 to 1896 inclusive. According to this table in 1888, instead of the price being 2.5 as *The World* asserts, it never once went below 5.5, touching as high as 6 $\frac{1}{4}$  cents and averaging for the year 5.7 cents, again showing Mr. Thurber's figures to be strictly correct. In 1892 the lowest point touched was 3.06, and maintained an average of 3.3 instead of 2.9 as *The World* states, thus again confirming Mr. Thurber's figures. In 1896, the last year cited, the price ranged from 3 cts. to 4.25

and averaged fully 3.6 as Mr. Thurber states, and not 2.1; or to adopt the *World's* formula the facts are as follows:

Year	Thurber	<i>World</i>	Actual	Year	Thurber	<i>World</i>	Actual
1883...	7.4	4.4	7.4	1892...	3.3	2.9	3.3
1888...	5.7	2.5	5.7	1896...	3.6	2.1	3.6

In short, all reliable figures show that Mr. Thurber's statement which *The World* calls "a lie so bold and brazen that it deserves attention" is literally correct, and that *The World's* statement is the "lie so bold and brazen that it deserves attention." What *The World* has really done, and it was evidently done to mislead for the purpose of aiding the popular inflammation against trusts, is to take the prices of raw sugar in foreign countries, minus the duty and cost of transportation, and compare them with Mr. Thurber's figures, which were the prices of raw sugar in the New York market with duty and transportation added. There is no real discrepancy between the Treasury figures and Mr. Thurber's, when this fact is accounted for.

This misleading use of the Treasury figures to show that Mr. Thurber's statement was "a lie so bold and brazen that it deserves attention," is one of the methods by which this journal poisons the public mind on economic subjects. Then, as if finding another "lie" it says, "But the duty on cane juice in 1883 was not four cents, nor in 1888 was it over three cents." Of course not. If the tariff had been four cents in 1883 the American price would have been 8.4 instead of 7.4 as Mr. Thurber stated. Again twisting the facts in order to call names, *The World* says, "As the price of the raw was 2.7 cents per pound in 1885 (the writer gives it at 5.7) and 2.9 in 1892, while the price of the refined in 1885 was 6.4 and in 1892 was 4.3 (a reduction of over two cents, when the foreign price of the raw was greater in 1892 than in 1885), the falsehood is palpable." Here again Mr. Thurber's figures are correct, and *The World's* statement misleading and essentially false.

During 1885 the price of raw sugar varied from 5½ cents to 6½ cents, being half the year above 6 cents per pound, and maintaining an average of fully 5.7 as Mr. Thurber states and

not 2.7 as *The World* asserts. In 1892 as already stated, the price of the raw was 3.3 and not 2.9 as *The World* affirms. As to the price of the refined, it is true that in 1885 it was 6.4, and in 1892 4.3, a reduction of 2 cents a pound. It is also true that the foreign price of the raw was slightly higher in 1892 than it was in 1885. But, it is still further true, a fact which *The World* suppressed, that in 1885 there was a duty of 3 cents a pound on sugar above 16 and below 20 Dutch standard, and 3½ cents for lump and granulated. In 1892 there was only a duty of one half a cent, which fully explains the reduction of 2 cents. If the foreign price of the raw had been as low in 1892 as it was in 1885, the reduction in the price of the refined would have been fully 3 cents instead of 2 cents. Clearly, there is no inconsistency in the facts if they are properly stated. It is only when they are thus purposely twisted that "the falsehood is palpable," but the falsehood is palpably *The World's*.

It would be a public misfortune to permit such a "tariff expert" always to keep his "light under a bushel." Such a genius should not be hidden from the public view. The American people have a right to know that this *World's* "tariff expert" is one E. T. Wilson, "*World Librarian*," that his future utterances on the tariff may be read with the proper respect to which they are entitled.



## Is Russia Turkey's Friend?

E. P. TELFORD

Ever since the beginning of the nineteenth century, Russia has endeavored to impress upon the world that she alone was the champion of the suffering Christians under Turkish misrule. In April, 1877, a manifesto embodying the sentiment of all the previous treaties was issued by the Czar, in which he declared that in the name of humanity and in the full consciousness of his sovereign duties as the natural protector of his fellow-believers in the East, he was compelled to resolve on obtaining by force of arms such guaranties for his distressed fellow-believers on Turkish soil as appeared absolutely necessary for securing their future welfare. In view of this highly commendable and persistently advertised philanthropy on the part of Russia, her recent apathy regarding the atrocious Armenian massacres, as well as her threatening aggressive opposition to any coercive measures on the part of England alone or united Europe, has been a great surprise to Christendom and has impressed even conscienceless Hamid II to paraphrase the old saying, "Esgi dost dushman olmaz" (an old friend can never become an enemy) into "Esgi dushman dost olur" (an old enemy may become a friend). In this connection a *résumé* of the causes leading up to the present condition of affairs may be of interest.

The aggressions of Peter the Great sounded the keynote to which Russia's encroachments on Constantinople have since been attuned. Tinkling the cymbals of "Christian Protectorate," she has danced nimbly into every occasion of quarrel that presented itself, hoping thereby to advance her own interests. With the wiliness of the serpent, when there was no quarrel she made one. Inasmuch as this has been the story of Russia's past relation to Turkey, her present unexpected attitude naturally prompts the student of political affairs to question "how can these things be?" How can Russia, until last year the avowed enemy of Turkey and all opposers of Christianity, reconcile her former attitude with her present conduct in giving encouragement to that worthless craven who sits upon

the Ottoman throne? What have been the moving causes which have forced her to change her established policy of coercion in the East? Is it that she has caught the maxim of Disraeli—that Asia is large enough for the destinies of both Russia and England, and that she could conquer Tartary with as much reason as England could conquer India? Is it that she is so engaged with her Eastward expansion that she hesitates to transfer her political stage setting to Constantinople? Is it that there appears larger game than Turkey on the horizon of the far East?

For years Russia's watchword has been "Onward to Constantinople," with the object in view of making it the capital of the United Slavonic race. Every time she has taken sword in hand to attain this object her ambition has been thwarted by Europe on one pretext or another. In the Crimean war England and France, taking aggressive action against Russia, fought shoulder to shoulder with the enemy of Christianity against their own co-religionist—a costly and disastrous proceeding for all concerned. It was a humiliation to Russia in that the life of the "Sick Man" received a new lease, while England and France shed their blood and received nothing. Every time that Russia fought Turkey and just as the realization of her hopes seemed certain, Europe, without so much as "by your leave," dashed the cup of joy from her lips and utilized Russia's conquest for her own aggrandizement. This was especially instanced in two remarkable treaties. In the Paris Treaty, when Russia had secured exclusive rights and privileges from Turkey, Europe nullified it by insisting upon a revision which should eliminate Russia's claims and tend to her own advantage. This was still more marked in the Berlin Treaty, in which we find Austria appropriating the northern part of the Balkan States, Bosnia and Herzegovina, and England laying hold of Cyprus, in return for a consideration of money and protection against the Russians, and without bloodshed and only the outlay of gunpowder, seizing Egypt. Even little Greece took to herself some of the Ionian Islands, Bulgaria became independent, and Servia and Roumania were declared to be independent states. In this treaty Europe also deprived Russia of her protectorate over the Christian races in Turkey, delegating that office to England

instead. Russia being thus summarily deprived of the fruits of her labor, naturally felt aggrieved and insulted; but took the lesson to heart and resolved that henceforth "non-interference" in the affairs of Turkey should be her policy, leaving the fate of the Christians to Europe, especially England, who was the champion of abrogation of the San-Stephano treaty. Although at this time Russia felt that this loss of the Christian protectorate was a severe blow to her Eastern policy as the suffering Christians' champion, later on she discovered that though quite unintentional on the part of Europe, she was after all a gainer by the treaty. She was now able, while playing her part of a disinterested spectator, to give her whole attention to playing her game *sub rosa*. This is borne out by Dr. Cyrus Hamlin's statement that "Russian agents have been planning but too successfully for an exhibition of Armenian horrors by inciting the Moslem inhabitants."

Secondly, as Europe, especially England, now claims the protectorate over the Christians and is supposed to be beating her brains over the Armenian question that confronts her, Russia, realizing that England cannot solve the problem without her cooperation, grants an apparent moral support while busily occupied in securing extra privileges from Turkey under the pretense of friendship and at the expense of English enterprise. No wonder that one of the government organs at St. Petersburg said: "We are glad that Englishmen are getting used to Russia's encroachment upon Constantinople; but thanks to them we are getting all we want from Turkey." In harmony with this statement comes that of Rustem Pasha who said to Salisbury in 1894: "You are forcing Turkey into the lap of Russia." This then is the lesson Russia has learned in statesmanship—aggrandizement at the expense of some other power in Europe, preferably England. Pleased with the result of her newly learned policy, Russia has again applied it with great success in the China-Japanese war, securing great privileges for herself at the expense of Japanese blood to the detriment of England's interests in China—a fair exchange of tit for tat. This policy has also borne its fruits in the Balkan States, and in Abyssinia, which has become a Russian ally.



We also know that Russia is gaining her point with a peaceful policy in Roumania and Servia, while gradually extending her protectorate as far as Montenegro.

Recently, Sir Michael Hicks-Beach made the following remark: "As far as the action of the Egyptian tribunal was concerned, Great Britain would not be worried out from her policy when her mind was made up." There was never a time when all England was united both in Tory and Liberal parties until the Armenian cause presented itself. Lord Salisbury was not only backed by the unanimous national sentiment, but even by Gladstone, who requested the British government to withdraw her Ambassador from Constantinople and send the Turkish minister home; which, interpreted meant, "Let us do our best and utmost in coercing the Sultan, and if Russia or any other power resists our humanitarian enterprise, the blood of the Christians be upon their heads, not ours." Well then may one ask, why did England hesitate to take action according to the demand of public sentiment? Was it because she had not "made up her mind" in the Armenian question, as she had in Egypt?

No! She was afraid that Russia would repeat her tactics and again have the benefit of English enterprise by taking to herself Constantinople. In Norman's recent article on Russia and England in the *Contemporary Review*, the fact is clearly brought out that there is now a practical renewal of the Hunkiar-Iskelesi treaty, by which the whole of the Turkish Empire is under Russian protection until the right moment arrives for full annexation.

England and France have discovered, by sad experience, that the giving of material aid to Turkey does not guarantee her independent existence as a "buffer state"; and therefore in order to achieve the same result of maintaining the integrity of the Turk they have adopted the policy of introducing reforms for the accomplishment of their object. They have awakened to the realization that the wealth and prosperity of a government consists in the wealth and prosperity of its people, and the prosperity of a people depends upon their ability to develop the natural resources of a country; which result again can only be achieved under the protection of a reformed and

just government. This is why Gladstone said, "In my opinion I have been a far better friend to the Ottoman Empire than have the Sultan and his advisers." While Russia was posing as a friend of the Turk, Lobanoff, that veteran mischief worker, in conversation with W. E. Gosche, his colleague in the Sassoun investigation, made this remark, "The Turk can never change." If this be an established fact, why then did he insist that time should be given the Turk and thus oppose the outside forces of Europe in their attempt to insist upon immediate reforms, snubbing even France, her whilom friend? The answer is plain—because, as Norman aptly quotes, her policy now is for the Ottoman Empire "first to ripe and ripe and then to rot and rot" until she falls of her own weight.

Again, Russia is not satisfied with all the forces she has brought into play to hasten the downfall of Turkey, but she is adding still other factors by intrigue both in Greece and the Balkan States. Russian influences, say the recent reports, are really behind this Greek effervescence, and King George is, not without cause, believed to derive his policy from St. Petersburg. Not only is Greece aflame, but Bulgaria, Macedonia, Syria and Asia Minor wait but the spark that shall set them all ablaze. This will reduce Turkey to anarchy and poverty, put the "Sick Man" in extremes, enable Russia once more to enter Constantinople in her rôle as defender, and once in, to secure a protectorate over Turkey as England has over Egypt.

The old maxim that Russia is Turkey's worst enemy was never truer than to-day. Russia has not foregone her ambition of these many years, but she has changed the means of attaining her object; and it is no surprise to any student of the Eastern question when one of the Russian papers says that: "Englishmen are getting used now to the fact that Russia eventually must take possession of Constantinople. Either Russian tradition, which says that the White Czar will some day enter St. Sophia on horseback, or the Delphic prophecy which declares that when Constantine marries Sophia, Constantinople will be taken possession of by a Christian Emperor, must be fulfilled. The watchword of Russia has been in the past, to-day unaltered, and will be until fulfilled, "To Zavegorod! (Stamboul) to Zavegorod!"

## Large Aggregations of Capital \*

Are large aggregations of capital necessary to modern progress? The only point of view from which this question can properly be considered is the welfare of the community. There are two ways in which the productive machinery of society can promote public welfare. One is by improving the quality of wealth produced, and the other by lessening its cost to the public. Whether the instruments of production should be owned by the public as demanded by socialism or be held in small quantities, as under the domestic methods which prevailed before the Hargreaves, Arkwright, Crompton and Cartwright inventions of the eighteenth century, or by increasingly large corporate concerns as to-day, turns entirely upon which of these forms of industrial organization will most efficiently furnish the community with consumable wealth, in respect to both quality and price. The owners of capital or productive instruments have absolutely no claim upon the public consideration, on any other grounds than efficiency of service to the public as creators of wealth. Capital should be regarded as a tool, and as a tool only; and the use of any tool is justifiable only so long as it will do its work as well as or better than other tools that are available.

The history of concentrated capital is manifestly the history of productive economy and efficiency. Nearly all the great productive economies giving superior quality and reduced prices have been confined to those industries where corporate capital and factory methods have been employed. Take, for instance, cotton, silk, woolen and other fabrics. Common cotton cloth, which as late as 1830 cost seventeen cents a yard, is now quoted at less than four cents; and so along the whole line. Products of iron, steel and wood have been reduced solely by these processes from 30 to 60 and in some instances 80 per cent., which means that the public have received, in each instance, a superior product for this constantly diminishing price.

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\* An article written by George Gunton for the *New York Independent*, of March 4, 1897.



If we turn to the class of industries in which capital has not been concentrated, or only to a slight extent, we find that the reverse is true, and prices have not lessened with the progress of society.

The great era of machine methods in this country is since 1860. According to the Senate report, which was so comprehensive and exhaustive, there were fifty-eight classes of products, the prices of which had increased since 1860. Some had risen 100 per cent., and a very large number from 30 to 70 per cent. With one or two exceptions they were all agricultural or raw material products, in which the concentration of capital and the use of machinery had been very slight. On the other hand, the tables give 140 groups of manufactured products into which capital is considerably concentrated and machinery used extensively, and in all prices had fallen from 6 to 40 per cent. The fall in the prices of products produced by capitalistic methods was enough greater than the rise in the prices where hand labor and small capital were used to make an average fall in prices of about 4 per cent., and a rise in wages of 68 per cent. That is to say, through the processes of capitalistic methods, from 1860 to 1891, the purchasing power of a day's work was increased slightly over 72 per cent., which is only another way of saying that concentrated capital increased the public welfare 24 per cent. every ten years since 1860.

Every step in the industrial progress of society has had to encounter a popular opposition. There seems to be an indefinite impression abroad that the corporation has more of the element of conspiracy in it than the individual or firm type. Hence the aggregation of capital in the United States is more inimical to public welfare than in other countries. This, however, is psychological rather than economic. Corporations, while not peculiar to the United States, are more prevalent here than elsewhere for definitely good and efficient economic reasons. In Europe the progress has been sufficiently slow so that native capital could accumulate fast enough to keep up with the demands of industrial growth. In this country the case has been quite different. For reasons it is not necessary to enumerate here our industrial development has been so rapid and

colossal that we were wholly unable to create the individual capital necessary to supply the needs of industry. Consequently the corporate means of capitalizing, that through this means European wealth as well as the scattered pennies of our own people could be utilized to make possible the great railroad and other undertakings in this country, which have no parallel in any other part of the world. Had we been compelled to wait for the development of individual capital in the non-corporate form, this development would probably have been delayed half a century. Corporations, therefore, are peculiarly American institutions, not because they contain any inferior element, but because they are the utilization of the co-operative spirit made necessary by our exceptionally rapid industrial progress.

It is the universal testimony of history, that the aggregation of capital is indispensable to modern progress. There is no phase of industrial progress which has taken place without it. In those countries where the least concentration of capital has occurred, civilization is most backward and progress most sluggish. So, too, of industries. Those industries in the most advanced countries which have participated least in the concentration of capital, have made the least progress. Their progress has been less, both in the use of wealth-cheapening methods and in the social effect upon the population. There is no phase of industrial life anywhere, in any country, that does not reveal this characteristic—witness the Southern States.

During the last twenty years, however, a new phase of the corporate form of industrial organization has appeared, viz., the Trust. Properly speaking, the trust is simply a larger form of corporation. It is the integration of smaller corporations into one enterprise, in the same way that the corporation was the integration of individuals into one enterprise. It is against this last form that public suspicion is now directed, and legislation in many of the states is being asked for and enacted. It is important in this connection to say that trusts proper, *i. e.*, the concentration of capital into productive corporations, are not to be confounded with mere trade agreements, like the

steel combine, the nail combine, the copper combine, wheat corners, etc., whose only effect is to put up or keep up prices. Such combines are not an increased concentration of productive power, but only an increased unanimity among the sellers of products to keep up, or put up prices.

Among bona fide trusts, which are genuine integrations of capital into larger concerns for productive purposes, the opposite effect has been produced, viz., an improvement in the product and a lowering of the price. In speaking, therefore, of the large accumulations of capital, I wish always to be understood to mean large concentration of capital into one management for productive purposes. Among the conspicuous examples of this kind of aggregation are the Standard Oil Trust, the Sugar Trust, the Cottonseed Oil Trust. Of a similar nature are the great railroad and telegraph corporations.

The Standard Oil Company is probably the best example of the pure trust form of organization. It was the first in the field, has had the most abuse, lived the longest, and hence is the most representative. It was organized in 1872, and prior to that time oil was poor and even dangerous to use. Calamities of exploding lamps were of universal and daily occurrence. With the organization of the trust the capital that was previously scattered among a large number of small concerns was concentrated, and the expert knowledge of the best concern was applied to the methods of all. Immediately there began a series of experiments for improving the quality as well as reducing the cost of refining and transporting oil. Among these economies was a system of pipe lines, by which oil can be directly pumped from the wells to the refineries at the great centers. There are two such lines reaching New York, one each to Philadelphia, Baltimore, Buffalo, Cleveland, Pittsburg, and Chicago. This was a saving of over 50 per cent. in the cost of transportation, which nothing but a colossal aggregation of capital could have accomplished.

In other departments of the business similar economies have been developed. For instance, in the manufacture of barrels, the cost has been reduced from \$2.35 in 1872, to \$1.25, or about 47 per cent., amounting to an aggregate of nearly



\$4,000,000 a year. In the manufacture of tin cans, a saving of 50 per cent. has been made since 1874. Since the company uses about 30,000,000 tin cans a year, this economy amounts to a saving of about \$4,500,000 annually. The same with wooden cases where the price has been reduced from 20 to 13 cents since 1874, an actual saving of \$1,250,000. As the result of these economies and improvements in the methods of refining, which the greater concentration of capital has made possible, the quality of oil has been immensely improved, the explosive element having been eliminated, and the illuminating quality greatly increased; and the price to the consumer has been reduced from 24 24-100 cents per gallon to 6 $\frac{1}{4}$  cents per gallon, or over 75 per cent.

The Cottonseed Oil Trust is smaller and younger than the Standard Oil; but its effect on the price of the product is similar in character, if less in degree. When the Trust was organized, in 1884, the price of standard summer yellow oil was 47.8 cents per gallon, and during the twelve years it has been gradually reduced until it is now 23.5 cents, a reduction of about 50 per cent.

The Sugar Trust, about which a good deal is now being said, was organized in the closing months of 1887. In December of that year, granulated sugar was 7 cents a pound; in February, 1897, it is 4.3 cents—a fall of over 39 per cent.

The history of integrating numerous small concerns into large ones in the matter of the telegraph industry shows similar results. Before this concentration took place, in 1866, it cost to send a ten-word message from New York City to different Western points as follows: Chicago, \$2.20, now 40 cents; St. Louis, \$2.55, now 40 cents; New Orleans, \$3.25, now 60 cents; St. Paul, \$2.25, now 50 cents; Cincinnati, \$1.99 now 40 cents; Galveston, \$5.50 now 75 cents; Minneapolis, \$2.10, now 60 cents; Buffalo, 75 cents, now 25 cents; Washington, 75 cents, now 25 cents; San Francisco, \$7.45, now \$1; Oregon, \$10.20, now \$1; Washington Territory, \$12, now \$1.

The concentration of capital, as represented in the great railroad systems, shows similar results. In 1873 there were 70,268 miles of railroad, which moved 188,000,000 tons of

freight, the cost of which was 2.210 cents per ton per mile. In 1895, through this concentrating policy, there were 181,021 miles of railroad, which moved 763,799,883 tons of freight, and charged the shippers only .839 of a cent per ton per mile, showing a reduction of over 50 per cent. in the cost of transportation during 22 years. Or, to state the result in another way, since the organization of these large concerns, the purchasing power of wages in their respective products has increased as follows: Telegraphing, 600 per cent.; petroleum, 300 per cent; Cottonseed Oil, 100 per cent.; transportation, 100 per cent, and sugar 64 per cent.

Without going further into details, it is manifest that in every line of production where the aggregation of capital has increased for permanent productive purposes, the effect has been to improve the quality of the services rendered and reduce the price to the public. But there are many other aspects of the subject in which the public is interested, besides the matter of prices and quality of commodities. Among these are the effect on wages and the permanency of employment.

With reference to wages the question is quite simple. It is such a well known fact as only to need barely stating, that these large concerns never tend to lower the wages in the industries in which they operate, but on the contrary always pay the highest prevailing wages. In all the industries where great concentration of capital has taken place, the wages have increased, except in particular instances where, through the introduction of machinery, a new class of labor has been employed, as substituting women for men and young people for adults, which has been something of a feature throughout the whole factory system. It is by this process that so many new occupations have been opened to women.

The question of permanent employment is scarcely less important than that of wages. Indeed, the uncertainty of employment is one of the most baneful effects of modern industry. The introduction of new machinery and the tendency to overproduce and so glut the market and finally compel temporary suspension, has been one of the constant sources of industrial and social perturbation. The tendency of the con-

centration of productive capital is one of the most effective, if not the only means of remedying this constant social calamity. In the first place, the larger the investment of capital the greater the loss from any interruption of productive activity. The expenses are so enormous that a short stoppage in many instances would more than neutralize the profits of a whole year. Consequently, the larger the concern, the greater the effort made accurately to adjust its productive capacity to the market demand for its product, so as to avoid loss from interruption.

Industrial depression can never be eliminated until the relation of productive enterprise to consumption is reduced to some degree of inductive precision, which the small go-as-you-please producer can never do. The essential economic features of the large aggregations of capital, then, are : (1) That by the use of larger and superior methods they improve the quality and reduce the price of commodities. (2) They are more favorable than smaller concerns to an increase in wages. (3) By introducing scientific precision into industry, they tend to increase the permanence of employment, and reduce the tendency to industrial depression. Manifestly, therefore, the tendency to large aggregations of capital in productive enterprise is economically sound, socially advantageous, and necessary to modern progress.

We now come to the second part of the question under discussion, viz. : Under what limitations this capitalistic aggregation should go on. The limitations to economic development should always be economic rather than political or statutory. Statutory restrictions to the use of capital involve arbitrary and usually harmful hindrance to the free mobility of economic forces. These restrictions are usually the result of an adverse public sentiment, created by the failure of the captains of industry to recognize their true economic relation to the community. The concentration of capital, like the concentration of all power in society, involves the surrender of a certain amount of productive individuality in the community. This can never be justifiable, nor will it permanently be tolerated, unless it results in giving to the community a full equivalent in greater economic advantages.



The economic law of permanent productive integration is that increased concentration of capital and power in fewer hands is economically justifiable and socially tolerable only on the condition of improved services to the community, in better quality or lower prices of what is furnished. Profits are the legitimate reward of capitalistic enterprise; but they should always be obtained by exploiting nature through improved methods, and never by exploiting the community through higher prices. The failure of capitalists to recognize this principle as the inexorable social law of their existence is sure to bring social antagonism which will result in some form of arbitrary, uneconomic restrictions, detrimental alike to capital and the community. Capitalists who imagine that any amount of accumulated wealth can enable them to defy this social law are greatly mistaken, and sooner or later will have to pay the penalty by the arrest of their progress, if not by the entire dispossession of their present industrial opportunities.

The present anti-trust movement throughout the country is the result of a disregard by capitalists of this economic law of productive integration. The uneconomic combines already referred to, which are a constant violation of this principle, coupled with other political and social disturbances, have tended to create a public sentiment against accumulated capital, *per se*. As is always the case in social revolt, the genuine are arraigned with the spurious, and all are put under the ban.

Any legal restrictions in the sense of limiting the amount of capital used by a single concern, would be a fatal obstruction to economic progress. Instead of applying arbitrary limitation to the aggregation of capital, the real reforms to be sought are in the education of the capitalist and the public, in regard to the true relation of capital to the community.

## The Padrone System

By "padrone system" is meant that vicious and detestable method of manipulating Italian immigrant labor through the agency of unscrupulous bosses or "padroni," which has been in vogue to a greater or less extent in our principal Eastern cities for the last twenty-five or thirty years. The Department of Labor, at Washington, has been investigating this system, and the results appear in the form of an article by Mr. John Koren in the March (1897) *Bulletin*, which is Number 9 in the valuable series of bi-monthly reports issued from Commissioner Wright's office.

The condition of affairs revealed by Mr. Koren's investigation is brutal, corrupt, and degrading, and throws a significant light upon the character of the immigration under which it has been possible for such a system to exist and perpetuate itself. We publish a few extracts from this article, as a matter of general information, and for the particular benefit of those very respectable opponents of restrictive immigration laws, who are constantly repeating the well-worn and contradictory arguments—first, that the best portion of our labor class has heretofore come from abroad, and second, that cheap labor is a vital necessity to the development of our industries. The first claim may have been true once, but certainly is so no longer. The second never was true under home market conditions anywhere, but on the contrary involves the very essence of false economics.

Since the passage of the contract labor law, the original padrone system under which the so-called "padroni" or bosses contracted with Italian laborers to come to this country and work for a stated number of years for whomsoever the boss might designate, has necessarily undergone some change. Now the laborers are taken in hand by local Italian bankers and by the bosses (no longer called padroni), immediately upon landing in New York. Being ignorant, helpless, and unfamiliar with the language, they have practically no alternative than to accept whatever offers these professional manipulators

may make. Mr. Koren describes the system very clearly as follows:

“Even the Calabrian or Sicilian who finds no friends or relatives to greet him is rarely at a loss where to go on being released from Ellis Island. He brings at least the address of some banker, perhaps that of the man who furnished the ticket on which he came over. The banker has many connections abroad who are able to play more or less into his hands, regardless of the provisions of the contract-labor law, and give the immigrant the cue how to start out on his American career. Should he be penniless, the banker may go on his bond to insure that he will not become a burden to the community, and stands ready to provide him with food and shelter without immediate compensation until work is found. The next step is for the new arrival to look for employment with the pick and shovel, for he is usually an unskilled laborer. Besides, the labor unions might bar the way should he at once seek to exercise the handicraft he may have learned. Employers of his own nationality are scarce, and unfamiliarity with the language prevents him from applying to others for work, so he turns to one of that numerous fraternity who make it their vocation to supply contractors with cheap labor—the bosses. The common laborer, or *cafone*, as he is vulgarly called, recognizes only these middlemen as bosses, not the contractors themselves, unless they happen to be Italians—in which case they are distinguished as boss contractors. The *cafone* might also hesitate to make a personal search for employment, fearing the vendetta of his countryman boss, who, for reasons that will appear later, often stands high in the graces of the contractors. There is thus little choice. He must go to the boss (the term *padrone* is no longer used) to get a job, or remain idle.

“The *modus operandi* of the average boss is simple enough. He knows the street and steam railway corporations and the principal contractors and others who from time to time employ large forces of men, and keeps posted about new work about to be undertaken. He may deal directly with the representative of a corporation or with the contractor and obtain from them a definite order for a number of men. If unable to fill



such order at once, he has recourse to his friend the banker, to whom he states how many men are wanted, the daily wage, the amount of the *bossatura* (so is called the commission the laborer must pay to the boss as a bonus for obtaining employment), and whether the men shall be boarded by him while at work, etc. A mutual understanding having been reached, the banker posts a notice in his window calling for the number of laborers required, and sends out his runners 'to make the men' (*fare gli uomini*, they say). Enough applicants having been found without much difficulty, verbal information is given concerning the place of work, the wages, the probable duration of the job, the *bossatura*, and the railway or steamboat fare. When the several stipulations have been agreed to, the men are considered 'made,' the boss takes them in charge, and eventually ships them to their destination.

"The amount of the *bossatura* depends on the period of employment, the wages paid, and on whether the men are to find themselves, in which latter case the commission is always somewhat higher. Ordinarily it varies from \$1 to \$10 per man. For an assured job, lasting five or six months, \$10 is considered a reasonable fee. The commission rates in New York appear to run higher than in other cities, owing to the more plentiful supply of labor. The *bossatura* is usually paid in advance and secretly, the boss knowing very well that the transaction is illegal, since he is not licensed to conduct an employment bureau. Taking advantage of his countryman's ignorance, the boss does not hesitate to overcharge the regular rates for transportation. When moving a considerable body of men, he is often able to secure reduced rates, but charges a full first-class fare. If the place of work is in the country at some distance from the starting point, the boss is generally permitted to board the men, or he buys this privilege from the contractor at so much per head monthly, according to the time of employment and the wages paid. In such a case the men are occasionally sent out from the city a week earlier than necessary, in order that the boss may profit the more. The boarders are threatened with heavy penalties for purchasing elsewhere food or any other article kept for sale at the shanty.

Notices to this effect are sometimes posted. The penalty for disobedience is a fine or dismissal. In some instances the boarders are compelled to buy food to a fixed daily amount, under threat of an immediate discharge. Generally, however, they are allowed to spend at pleasure. The provisions are furnished in a raw state and cooked, if at all, by the men themselves. The food furnished by the boss is usually of an inferior quality, and often unfit for consumption. In the table below is given a list of articles sold at a shanty store not very far from the city of New York, together with the prices charged by the boarding master and the average market prices in New York.

Article.	Unit.	Shanty Price.	Market Price.	Article.	Unit.	Shanty Price.	Market Price.
Macaroni.....	Pound	\$0.10	\$0.03	Codfish.....	Pound	\$0.10	\$0.05
Bread.....	Loaf..	.10	.04	Olive Oil.....	Gallon	2.00	1.00
Lard.....	Pound	.20	.06	Meat (when sold)	Pound	.15	.05
Cheese.....	Pound	.25	.08	Tobacco.....	Pound	.50	.25
Vegetables.....	Pound	.10	.00 $\frac{1}{2}$	Beer.....	Bottle	.15	.04
(Sold by Weight)..				Wine.....	Gallon	.80	a. 30

a. Approximate.

“The boss is oftentimes prepared to supply other useful things needed by the men, such as underclothing, shoes and overalls at fancy prices. A 5-cent postage stamp costs 10 cents at the shanty, and an envelope 5 cents; for writing a letter a charge of from 10 to 25 cents is made, and for bringing a letter from the post-office a similar amount. But there may still be other items of expense to the laborer. The boss must make good the cost of the boarding privilege, and accordingly exacts from \$1 to \$3 per head for the huts in which the laborer sleeps, although they may have been furnished gratis by the contractor. To the rent are sometimes added regular fees for medical service, drugs and accident insurance. The latter is of course not effected, and the case must indeed be serious if a regular physician is called in. In some camps weekly or monthly taxes are levied under the heads *diritto di Madonna*, *diritto di lampa*, contribution to (literally, the right of), the Holy Virgin and for lamplight.

"The Italian laborer submits to these extortions because he has no other alternative; he must work for the bosses or starve. Complaints are useless, for to whom could he complain? He knows that the boss may welcome a pretext for discharging him and thus have the opportunity of exacting a new *bossatura* from his successor, who is so easily found.

"Protracted periods of idleness ensue, a goodly share of the earnings are sent to Italy or squandered, and the laborer may face the winter months with empty pockets. Yet he need not fear starvation, nor is he forced to seek charity. The boss or banker-boss is again ready to tide him over until spring comes. He invites him to the boarding house with the understanding, of course, that he shall enter the boss's employ at the first opportunity. Large tenement houses owned by bankers can be pointed out on Mott and other New York streets that serve as winter quarters for the *cafoni*. There they are huddled together, a dozen or twenty in one room, in violation of all sanitary regulations. Like conditions prevail to some extent in Boston. It is not incredible, as the writer has repeatedly been told, that the bosses encourage their guests in all manner of extravagance in order to get a firmer grasp on their future earnings. Another method by which the boss retains his hold on the men is by employing them one week and keeping them idle the next, under the pretext that work is scarce. The boss then appears to the men in the rôle of a truly benevolent master. This plan is pursued by one of the most notorious bosses in New York, who is reported to keep from 100 to 200 men constantly on hand in his boarding houses.

"The abuses under the *padrone* system are likely to assume an aggravated form when, as frequently happens, a gang of men is sent to a remote country district in charge of a *padrone* who acts as boss, boarding master, and foreman of the job. Then cruel treatment of the hands is not uncommon. Cuffs and kicks have to be endured, and the laborer may at the end of several months' hard work find himself possessing funds barely sufficient to take him back to the place whence he came."



This is not all. Frequently the bosses abscond with the men's wages, and the victims, through their poverty and ignorance, are unable to prosecute the offender or to obtain any redress. Another method of swindling the laborers is illustrated in the following incident related by Mr. Koren :

"Boss —, went to a banker in Mulberry street, New York, choosing a moment when about a dozen workmen were present. He showed a telegram to the banker, who at once proceeded to translate it about as follows: 'We need 100 men; wages \$1.50, railway fare \$8. Must start work day after to-morrow. If necessary pay \$1.60.' Those present signified their willingness to accept the employment offered, and the *compari* (so the bankers' runners are called), were sent out to secure the full complement of men. The *bossatura* was settled at \$3 per head. The other customary stipulations having been made, the men were told to assemble at the same place in the evening, when the journey would be undertaken. Before the departure the banker, carefully counting it out in the presence of the men, handed the *bossatura* and passage money to the boss. In Jersey City, tickets to a station a few miles beyond were distributed among the men, who were told not to quit their places until given the word to board a certain train. The boss absented himself on some excuse and returned to New York. Having waited hour after hour, it at last dawned upon the men that they had been duped. The banker, to whom an appeal was made next day, protested his innocence. Had they not seen him give the money to the boss? Had he not spent his time in securing them work without any compensation? But rather than to risk further unpleasantness he would present them with \$1 apiece. This closed the incident."\*

Mr. Koren divides the Italian padroni into three classes :

"(1) The small bosses (*bossachi*), who are by far the most numerous and subsist by securing odd jobs for individuals and small groups or by resorting to petty fraud in various ways; (2) the bosses who regularly supply contractors and others with laborers in considerable numbers; and (3) those who are in the

\* For other instances of the same character, see Report of the Immigration Investigating Commission, 1895, pp. 122 and 123.

employ of corporations or act both as bosses and independent contractors. The last class is very small. In New York not over half a dozen men belong to it, in Philadelphia about four, and in Boston three or four. These men are usually graduates from class 2. It must be said of them that they treat their subordinates far more humanely than do the others. The petty bosses have the reputation of being the worst *camorristi*—that is, extorters of money. By the best informed the number of bosses in New York and the adjoining cities is placed at about 2000. This is the minimum estimate and includes those who may be regarded as assistants to the bosses."

No doubt it will create surprise in some quarters to learn that the least numerous and most humane group of padroni are those in the employ of corporations, or, in the widely quoted language of Mr. Cleveland's message to Congress last December, "mere appurtenances to a great machine." Equally surprising will be the information that the petty bosses, those not yet dislodged from the "proud position of being their own masters" are the worst extortioners of the whole lot!

It is estimated that of the 54,000 Italians resident in New York City and vicinity in 1890, fully two-thirds (of the males) were under the padrone system. Legislation against the system has been sought, but without success; and even a voluntary organization of Italian laborers, which at one time had a membership of over 1,000, is now defunct. "The bosses," says Mr. Koren, "made war against it, assisted by the suspiciousness and strongheadedness of the laborers themselves, who, according to their own countrymen, always take the worst advice. . . . The attempts at reform have suffered for lack of intelligent backing from outsiders."

The system exists also in Boston, and to a somewhat less extent in Philadelphia, Baltimore, New Orleans and Chicago. It is in Boston that the principal efforts for its extermination have been made, though without complete success. There, the Italian Workmen's Aid Association has conducted an employment bureau and an Italian bank of its own; but lack of funds has prevented these institutions from competing very successfully with the padroni and padrone banks. The same

society, however, has secured the enactment of an important law whereby groups of laborers having small claims against contractors for unpaid wages can pool their issues by allowing one man to bring suit on behalf of all. Formerly the expense of separate suits practically deprived the laborers of any redress in such cases.

These reforms are in the right direction, and probably would be much more successful if public interest could be aroused sufficiently to furnish adequate backing for honest employment bureaus and banks, conducted in such a way as to secure the confidence of the laborers themselves. Probably the most effective method, however, of bringing the occupation of the padroni to an end would be a sharp restriction of immigration. It is a most demoralizing and degrading thing to have such an institution flourishing in any community, whether it be removed from public sight or not. No reform can be very effective which does not operate to dry up the springs whence the evil flows.

For it should be remembered first of all, that the padrone system, and all similar institutions, are but the natural and inevitable product of the conditions under which they are found to exist. Given a mass of cheap, ignorant, and unorganized laborers, and a padrone system of some sort can always be maintained. In one sense it may even be said to serve a certain rude necessity. Without it, since no other method is provided, the laborers would probably scatter through the community and become beggars or tramps. It is the first crude attempt at organizing and directing rough and incoherent material, and the conditions being those of ignorance and poverty, the result is characterized by brutality, substantial slavery, and gross fraud. The padrone system as it stands is an object lesson in "cheap labor" economics. It is a permanent commentary on that type of economic teaching which opposes all organization of laborers for their own defense and improvement. Unmolested here at home, and constantly strengthened by unrestricted immigration from abroad, it is a living illustration of Mr. Herbert Spencer's theory of *laissez faire*, practically applied to sociological conditions.



## Editorial Crucible

The article on "Charity Organizations" which was promised for this issue, is unavoidably held over until the June number.

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A BILL HAS been introduced in Congress by a representative from Texas, "to discourage the office-seeking industry" by reducing the salaries of all government officials one-third. As though the desire to hold public office were reprehensible, or that the way to secure efficiency is to remove the incentive thereto! This bill ought really to have been entitled: "An act to insure mediocrity and incompetency in the public service, and to discourage men of intelligence and energy from serving the country in any official capacity." It is generally observable that a realizing sense of the moral obloquy of office-seeking is nowhere so finely developed as among office-holders themselves. And in this connection we are able to see a certain justification of the proposed reduction. Any salary at all is much too dear a price to pay for the quality of statesmanship which is capable of evolving such an idea as the above, and endeavoring to have it enacted into law.

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THE LEXOW CONTENTION regarding trusts has been that competition and natural economic forces are altogether too slow and uncertain to protect the public from the evils of monopoly—hence the need of something really "drastic" in the legislative line. But the Lexow bills had hardly been introduced in the State Senate when word came that a large new sugar refinery is to be erected in Long Island City in competition with the sugar trust. This new company was incorporated on March 31st, with a capital of \$600,000, and the refinery, it is estimated, will have a capacity of 4,500 barrels daily. The projector is Mr. Claus Doscher, several of whose sons have heretofore been in the employ of the trust. These were all promptly discharged, and will take their experience and knowledge of the business into the new concern. Not

only this, but just as the Lexow investigation began, a fierce quarrel developed between the sugar trust and the Arbuckle coffee firm, the latter having concluded to refine sugar on its own account, and each having an eye on the profits of the other. This is cruel. These gentlemen might have shown some consideration for the necessities of Albany political economy on the question of "promptness," at least.

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IN HIS RECENT remarks to the deputation from the Federation of Labor, Speaker Reed gave fresh evidence of his good sense and appreciation of the modern aspect of the labor movement. The deputation urged the importance of passing a new immigration restriction law, and taking steps for the better enforcement of the Eight Hour law in the government service—very moderate and proper requests. In his reply Mr. Reed showed an encouraging appreciation of the position of organized labor. After pointing out the necessity of Congress disposing of the tariff bill before it could take up anything else, he told the deputation that he recognized that trades unions were a necessary outcome of the factory system and modern productive methods, and therefore an inseparable part of modern industrial society. This is the remark of a statesman. It is a real advance. Hitherto, the leaders of neither great political party have seriously recognized this fact, but on the contrary have lent aid by their silence and quasi-endorsement to the enemies of what may be properly termed, the Trade Union movement. If the Republican party will officially take the position here expressed by Speaker Reed, it will make an important advance toward the wise treatment of the present day labor question.

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IN GOING AHEAD promptly with the work of constructing a protective and adequate revenue tariff, the Republicans in Congress are simply fulfilling their pledge to the country, and the Mugwump charge of bad faith on this point is dishonest and false. They know perfectly well that protection was the leading plank in the Republican platform, and that Mr. McKinley did not omit it from a single important speech during

the campaign. The gold Democrats voted for him with full knowledge of that fact, and the present outcry that they were deceived is tantamount to saying that they would have voted for free silver and Bryanism rather than see the Wilson law overthrown. No pledge whatever was made to deal with the currency question first. The great issue was the maintenance of the gold standard, and that was assured the morning after election. Next came protection and revenue, and these are now being provided. Currency reform is needed, but it can very well wait until next winter. If the Republicans take it up even then, it will be a distinct and creditable advance on their part, as they have not championed it heretofore or made any promises whatever. The charge of bad faith in sidetracking "currency reform," is not only conspicuously false in itself, but comes with bad grace from a quarter where political honor and faithfulness to party platforms, are unknown quantities.

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AS A PART of the war against wealth, now so rampant, the New York Legislature has just passed a law establishing a Graduated Inheritance Tax, providing that all estates of \$500,000 shall, at the death of the owner, be taxed at 5 per cent., the tax to increase 1 per cent. for each additional \$250,000 or fraction thereof, this progressive rate to continue until the \$3,000,000 point is reached. All estates of \$3,000,000 and over are to be taxed 15 per cent. This is a violation of the true principles of taxation. There are but two legitimate objects for which taxes should be levied, one, the raising of revenue for public expenditures, the other for protective purposes, as, the giving of opportunities, or the suppression of nuisances. This inheritance tax is neither. It is a taking of property, not for public expenditure but as a fine for having so much. It has no relation whatever to the needs of revenue, but only to the size of fortunes. This is exactly the theory of Mr. George's single tax. The one proposes to confiscate rent, simply because it is there. The other proposes to confiscate legacies, for exactly the same reason. The difference between 15 per cent. and 100 per cent. is only a matter of degree. The Republicans of



New York are not much saner in their treatment of industrial questions than are the Populists of Texas and South Carolina, and the Free Silverites of Chicago, where a Mayor has just been elected on a platform asking for the abolition of department stores.

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IT IS REPORTED that some of the union iron-workers in this city in their dealings with the contractors have been making practical use of the economic contention, that high wages mean large consumption, and hence exercise a stimulating effect on all branches of trade and industry in the community. The argument is said to have succeeded in one important case at least—a large building firm having been induced to let a sub-contract for iron work to a New York concern, instead of to a Philadelphia establishment as at first proposed. In dollars and cents the Philadelphia offer was the cheaper of the two, owing to the higher wages in New York City.

If the workmen are really beginning to employ this argument, and the employers to recognize its force, then we have occasion for real encouragement. The field for the application of the high wage and large consumption principle, however, should be national rather than municipal. The nation is the smallest aggregate in which the full effect of rising wages can be expected to work around, and compensate the temporary loss incurred by individual employers. In isolated cases, or as between particular localities, this ultimate result cannot, to any great extent, be attained. However, it is a hopeful sign to see this general principle gaining recognition in the actual relations between capital and labor. If its soundness is apparent to employers in so doubtful a case as that of New York *vs.* Philadelphia, it certainly should be much more so in the national sense, where the prosperity-creating effects of high wage conditions are manifest and economically demonstrable.

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AS A CIVIL SERVICE reformer Governor Black is entitled to first rank. It cannot be denied that the Reformed Civil Service has been a failure. It has provided a way of putting merely unpractical sticks into office, and made it very difficult

to get the incompetents out. This has been accomplished by creating a test for fitness which has little relation to the capacity for doing the work. Governor Black's bill, however, seems to be designed entirely to defeat rather than amend the law. The provision that examination for merit shall not stand for more than 50 per cent. and that the other 50 per cent. shall stand for fitness in the estimation of the department, reduces the thing to a farce.

There ought to be some sensible examination of fitness for office where no political judgment and responsibility is required. This could be secured by having candidates pass a reasonable examination by the Civil Service Examiners before they are eligible, and let the number on the eligible list which is passed in to select from be larger, so that the appointing power shall have a good range of selection. But all power of the Civil Service Board or the Courts to keep such persons in office should be abolished. The power of removal should be with the responsible head of the departments. No business can be successfully carried on where the subordinates can hold their places in spite of the responsible head. In short, the Civil Service Commission should pass upon the fitness of all persons to be appointed. The responsible head of the department only should pass upon the cause of their removal. This would prevent the appointment of incompetents for purely political reasons, and also prevent merely literary sticks being kept in office when they were personally objectionable, and practically incompetent.

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THE SUPREME COURT decision in the case of the Trans-missouri Freight Association, is another illustration of how dangerous and unsound legislation may react upon its creators. The anti-trust fever, which is neither more nor less than a public frenzy for repressive industrial legislation, seems to have affected every class, but they all want the restrictive legislation for somebody else. The laborers were very anxious that the railroads and capitalists generally, should be hampered by Inter-State Commerce restriction, but they never thought it would react upon them first of all. Yet the now famous "Government by

Injunction" was entirely due to this repressive legislation. The first results, where James Lennon was fined \$50 and costs for contempt of court in the Ann Arbor case, and Debs sent to jail for the same offence in the Chicago strike, pleased the railroads immensely. They thought it was an ideal kind of legislation. But when the Supreme Court decision brought the Sherman anti-trust law down upon the railroads, every railroad manager in the country and railroad stockholder, thought it an outrage, and such it is; but it is the necessary consequence of this semi-insane attack upon industrial freedom. It may be taken as a general rule in society, that if we legislate to take away everybody's liberty but our own, it is only a matter of a short time when our own liberty will go also, as it should. Those who are opposed to freedom for others, are not qualified for freedom themselves.

The Sherman anti-trust law is a piece of legislative demagoguery that is a disgrace to the statesman whose name it bears, and the party that adopted it. The Supreme Court says: "In business or trading combinations, they may even temporarily, or perhaps permanently, reduce the price of the article traded in or manufactured, by reducing the expense inseparable from the running of many different companies for the same purpose. Trade or commerce under those circumstances may nevertheless be badly and unfortunately restrained by driving out of business the small dealers and worthy men whose lives have been spent therein, and who might be unable to readjust themselves to their altered surroundings." Therefore any combination which results in driving out of business small dealers and worthy men whose lives have been spent therein, is a restraint of trade, and according to the Sherman anti-trust law is punishable by a fine of \$5,000 or by imprisonment for one year, or both. This is a direct restraint upon all industrial improvement, for there can be practically no improvement without dislocating in some measure, small business men who have previously been getting a living at that business. Such a law would have prevented the factory system, the introduction of railroads, the telegraph system, and every great improvement which has contributed to the welfare of society during the last seventy years.



## Economics in the Magazines

NORTH AMERICAN REVIEW, *April*, 1897. *How India Fights the Famine.* By the Marquis of Dufferin and Ava. A great deal of unjust criticism has been visited upon the British government for the alleged neglect of the Indian famine, and it is even charged in some quarters that the famine is actually the result of the excessive taxation imposed upon India by her British rulers. To all such we recommend a careful reading of the above article. The Marquis of Dufferin and Ava was formerly Governor-General of India, and is hence intimately acquainted with the immense complexity of details, the heterogenous population and diverse natural conditions which make the problem of government in that peninsula more difficult and embarrassing, perhaps, than anywhere else in the world. That the 1,300 British officials in India (one to every 177,000 natives) should be able to successfully perform such a task is, as the writer well says, "one of the miracles of modern times."

India is poor, not because of taxation, but chiefly because of the nature of her industries. The Marquis states an important and fundamental truth in saying that: "No country where agriculture is not largely supplemented by manufacturing industries and commercial enterprise, or by ample stores of mineral wealth, can ever accumulate great riches, and 80 per cent. of the population of India is dependent upon agriculture and its auxiliary occupations." Even agriculture in India is almost wholly dependent upon the regularity with which the great periodic monsoons bring the necessary rain supply from the Southwest and the North. India has a population of 300,000,000, and throughout all history, whenever the monsoons have been delayed, famines have resulted. The only difference between ancient and modern times in that respect is that formerly a famine was regarded as a dispensation of Providence and the millions were allowed to perish unaided. Now, every possible resource is employed to mitigate its horrors. Relief works are opened by the government, free distribution of food is instituted, and a permanent famine fund

is established in connection with the national revenue system, for use in emergencies of this nature. Most important of all are the "Famine Railways," of which fully 5,000 miles are now in operation. Formerly, a section 1,000 by 500 miles in extent would be left utterly helpless in case of famine, whereas now there are no considerable districts in India where rail communication has not been fairly provided. More roads are being built, tanks and wells are being multiplied and experience is teaching the officials how best to prepare for and cope with these periodic disasters. For it is inevitable that until India undergoes an industrial revolution on a grand scale, her population will constantly be in danger of outrunning the means of subsistence. Meanwhile she may well be thankful that the strong arm of civilization is at work relieving a situation before which superstitious and ignorant barbarism has for ages stood impotent and helpless.

*What Will Bring Prosperity?* By Charles Stewart Smith and Francis B. Thurber. In Mr. Smith's opinion the revival of prosperity depends upon strict maintenance of the gold standard, thus re-inviting foreign investments; speedy settlement of the tariff question, and cessation of the anti-capital warfare. On the latter point he says very truly that: "Twenty-five years hence this constant attack against organized capital will seem as absurd as were the riots and attempt to destroy mills and machinery half a century ago in England." Mr. Smith's is a distinctly banker-capitalist programme, sound enough in itself, but ignoring, as usual, any necessity for a specific treatment of the labor question. Mr. Thurber's suggestions evidence a better grasp of the real needs of the nation in the broad sense. Ample revenues, adequate protection, currency reform, legislation permitting railroad pooling, an American merchant marine, and a fuller development of manufacturing rather than agricultural industries, are some of the planks in his platform.

*Democracy and Socialism.* By Hon. Perry Belmont. There is a great deal of good sense in this article, and also a great deal of humbug and inconsistency. The good sense is contained in his remarks concerning the economic necessity of

capitalistic combination and organization, and the unwisdom of legislative interference with this tendency. The humbug and inconsistency referred to is in his singular attempt to use these same "trusts" as a bugaboo argument against protection. Protection, he says, seeks freedom from competition; so do trusts. Competition, even under protection may reduce prices, "but what if manufacturers form 'trusts' to prevent the reduction?" "What portion of the tax on imported refined sugar was laid solely for revenue?" he asks, with evident sarcasm, "and what portion to aid, benefit and encourage the sugar 'trust'?"

If Mr. Belmont has really gotten in line with the procession of modern thought on the trust question, it is certain that he is riding face backward. A proper regard for the demands of logic and of literary style would have dictated the publishing of his article in two contrasting sections—say in the form of a joint debate between Hon. Perry Belmont and Hon. Perry Belmont.

THE ARENA, *April, 1897.* *The Problem of Municipal Reform.* By Hon. H. S. Pingree. Governor and ex-Mayor Pingree states at the beginning of his article, that "The number of persons who write essays on municipal government, preach on municipal government and deliver orations on municipal government is out of all proportion to the number doing work for municipal government." This is true, but we desire to add a supplementary paragraph, to wit: "The number of mayors who imagine that 'working' for municipal government means the introduction of all sorts of ill-digested, uneconomic experiments of a semi-socialistic nature, into municipal affairs, is very much greater than it ought to be, whatever the proportion of these to the number of mayors of equal public spirit but with a somewhat more evenly balanced conception of how to really promote the best interests and welfare of the communities over which they preside."

*Book Reviews.* *Mr. Bryan's Book, "The First Battle."* In the course of a highly eulogistic notice of this book and incidentally of its author, the reviewer says: "The supreme quality in William J. Bryan is, we think, his faith." No doubt this is true. Faith in *what*, is never a matter of any impor-



tance to those whose mental digestion is incapable of assimilating anything stronger than etherealized transcendentalism. If any definite conclusion at all is to be deduced from the remark quoted, it is that the correctness of a man's views is measured by the extent of his faith in them. This will be glad tidings to all the Millerites, trance prophets, Lourdes pilgrims, Mahatmas and ghost dancers here at home, to say nothing of the faithful Turks now operating in Armenia and their zealous counterparts in other portions of the world.

ENGINEERING MAGAZINE, April, 1897. *The Significance of Our Expanding Export Trade.* By Thomas A. Eddy. Mr. Eddy is a man of long and wide experience in the export trade of this country, and he discusses the subject in an able manner. His proposition that the American export trade of the future is to consist of manufactured products, especially machinery, will hardly be acceptable to Mr. Edward Atkinson, who recently discussed this subject in the same magazine, and announced the familiar free trade programme of agriculture for us and manufacture for England, but Mr. Eddy is right nevertheless. The exportation of machinery especially, to backward and undeveloped countries, is exactly one of the ways in which the industrial benefits developed and protected along strictly national lines here at home, are now being extended to the rest of the world. This is the true cosmopolitanism, and the only cosmopolitanism that is capable of conferring any real benefit upon any country or race whatever. Under universal free trade, every country not already possessed of manufacturing facilities would simply become stereotyped in its raw material, non-socializing and hence non-progressive industries.

Mr. Eddy's proposition for an International American Bank is a good one, but we are not in sympathy with the subsidy plan of building up our merchant marine. Discriminating duties will accomplish the same end in a far more satisfactory and economic way, and without imposing any burden upon the national treasury.

THE MIDLAND MONTHLY, April, 1897. *How to Relieve the Poor and Prevent Poverty.* By Mrs. Ada Knight

Terrell. This is a rather extensive subject to treat in one magazine article, and while Mrs. Terrell by no means covers the ground, yet many of her propositions hit very near the mark and are refreshingly free from the socialistic flavor that characterizes much of this sort of discussion. One paragraph contains so much true philosophy, regarding the real essentials of industrial progress that it is worth quoting:

"It is apparent, then, that all classes of society must advance with equal step to a higher plane of industrial life and that their standard of living be so improved as to demand increased supplies. Labor should be participated in by all and none should be compelled to overwork to secure the necessaries of life; the hours of daily labor should be so shortened that toil may be sweet and healthful; so far as possible, all disagreeable labor should be transferred to machinery; the earnings of the husband should be sufficient to keep the mother in the home and the child in the school; all should be well born, well bred, well clothed, well housed, well fed, and should enjoy such of the amenities of life as make life worth living. The real problem of the philanthropist, then, is to so increase the world's wealth that enough shall exist for all and to so distribute employment that thereby the world's wealth shall be so distributed that none shall want for the necessaries of physical life and for moral growth."

Equally creditable is the following, regarding the State and organized labor:

"The State should give trades unions and other labor organizations a legal status; define their rights and defend them in the exercise of their rights in order that laborers may become more intelligent, conservative, and responsible in their action. It should be a misdemeanor for a corporation or a capitalist to discharge laborers for the sole purpose of breaking up labor organizations, and also for organized labor to strive to coerce capitalists or unorganized labor by the destruction of life and property."

Seldom have we seen so much sound economics and good social philosophy condensed in so small a space.

AMERICAN JOURNAL OF SOCIOLOGY, *March*, 1897. *A Sketch of Socialistic Thought in England.* By Charles Zueblin, of Chicago University. Mr. Zueblin commits the singular error of confounding the trend of public sentiment away from the Spencerian *laissez faire* conception of the state, with the growth of the socialistic demand for collective ownership and management of all the tools and instruments of production. He evidences all the industrial legislation of England, and in fact all the constructive state activities of the last half century as proofs of the growing acceptance of the socialist conception of society. This is grotesquely untrue. It is a fact that since Mr. Spencer's Synthetic Philosophy was commenced, "the whole tenor of philosophic thought has changed," but Mr. Zueblin misconceives the nature of that change. It is now coming to be recognized by scientific men that the state, that is, society in its present organized form, may be legitimately used to secure to any nation the opportunities for such types of industry as are desirable in the promotion of civilization, to determine from the standpoint of public health, morals, education and progress, the conditions under which industry shall be carried on, to provide a stimulating and civilizing social environment, and, generally, to perform such functions as can be more efficiently and satisfactorily conducted by public than by private enterprise. The control and management of productive industries themselves is decidedly *not* one of these functions. In that respect the trend has been constantly *away* from state ownership, while substantially every purely co-operative productive experiment that has been undertaken during the period discussed by Mr. Zueblin, has met with failure. Private initiative and enterprise was never more fully developed or strongly entrenched than to-day. Our whole modern system has been built up by it, our immense wealth has been created by it, the spirit of our institutions accords with it. The trend of modern sentiment is in the direction of preserving the largest amount of individual enterprise and liberty consistent with the true interests of civilization, and of using the State as an instrument for applying those stimulating or modifying forces, as the case may be, which are suggested by the experience of the race and the best judgment of the times.



THE FORUM, *April*, 1897. *Has the Senate Degenerated?*  
By Senator Geo. F. Hoar. This is one of the most important articles in the April magazines. It is important, not so much because the Mugwump attack upon the Senate is of vital consequence in itself, but because that attack is a prominent part of a long continued and malignant crusade whose effect has been and is to instill an increasing distrust of the whole character and genius of our political institutions. Against this tendency, Senator Hoar's able article constitutes a healthy and much needed reaction.

His analysis of the typical Mugwump will be read with keen enjoyment by all lovers of political honesty and progressive, constructive public policy. Of this self-styled "populace" he well says: "It contributes to public discussions nothing but sneers, or expressions of contempt or pessimistic despair. It is found quite as commonly on the wicked side as on the honest side. It is never troubled by election frauds, nor by the corruption of the elective franchise, if only thereby its purposes may be accomplished, or the men to whom it takes a fancy may be elevated to power. . . . It judges everything that is excellent by its defects, and accepts nearly everything that is base at its pretences." And later on, "The history of no people is heroic to its Mugwumps."

Senator Hoar admits the delays and abuses resulting from the absence of cloture rules in the Senate, but he is entirely correct in suggesting that under our form of government it is a safeguard of inestimable value that in one legislative body at least, the right of unlimited debate should exist. He thinks, however, that most of the evils complained of can be easily remedied by laws punishing members of either body for absenting themselves for the purpose of obstructing public business, and that a rule can be devised in the Senate which will secure reasonable opportunity to vote, without interfering with reasonable debate.

In comparing the moral status of the Senate of to-day with that of a half century ago, Senator Hoar presents a series of facts that are remarkable and indisputable. To fully appreciate the force of this article it should be read in full.

## Book Reviews

THE WEALTH OF LABOR. By Frank Loomis Palmer. The Baker and Taylor Co., New York. 1894. 219 pp.

The purpose of Mr. Palmer's book is to establish a scientific basis for the protective policy in regulation of international trade. His assertion is correct that much of the reasoning heretofore adduced in support of protection has been economically unsound, but we fear that Mr. Palmer has done little to improve this condition of affairs. In fact, we regard his main contention as less satisfactory than many of those described by him as economically indefensible. Briefly, Mr. Palmer's contention is that the object of protection should be to prevent an excess of labor from entering those occupations in which a country has some natural advantages in production over others. This, protection does, he thinks, by making other occupations equally profitable with the most advantageous ones, thus preventing undue competition from entering these favored pursuits with the effect of giving away to foreign buyers in the shape of lower prices the gratuities furnished us by nature. Protection should be applied, therefore, not for the sake of the new industries themselves, but solely to maintain this profit in exchange on our most favorably produced commodities.

This position we consider radically wrong, for several reasons. First, because it rests upon the assumption that a nation's prosperity is to be measured by the extent and nature of its foreign trade, and hence that protection should be designed only to give a nation some advantage in that trade, regardless of all other considerations. This is a fundamental mistake. Whatever the incidental effect on foreign trade may be, the primary purpose of protection is to develop diversified home industries for their own sake as forces of progressive civilization. Second, because it is not true that the value of a commodity can be maintained simply by attracting labor away from its production. Improved machine methods and larger sales will lead to lower prices, but whether a large supply of

labor will do so depends upon whether this extra supply will accept lower wages. Third, because the object of protection is not and should not be to permanently maintain a high value for any desirable commodity. Wealth ought to be constantly cheapened by every legitimate method which does not involve the lowering of wages. Mankind ought to have the advantage of whatever gratuities nature offers, whether in the shape of natural resources or machine methods of production. Should every nation adopt the policy of preventing its own national advantages from being exploited, the result would be the arrest of economic progress. By such a policy the commodities in question would be kept dear for a nation's own people as well as for all others. Import duties, moreover, by increasing the number of labor-employing home industries, enlarge the market and thus tend eventually to make lower prices possible all along the line through the use of improved machinery. Thus they really have the opposite effect to that desired by Mr. Palmer. His plan, to be effective, would have to destroy all home competition as well as foreign. He is absolutely mistaken in the next place in asserting that our great prosperity since the Civil War has been due to the maintenance of our profit in exchange on our most advantageously produced exports. The exports from this country have been no more the cause of its prosperity than the overflow from a tank is the cause of the tank being full. Even to-day our exported wealth constitutes hardly 6 per cent. of our total production. The growth of diversified domestic industry has been the real generator of our national prosperity. Most of our exports are agricultural, and on these there is less profit perhaps than on anything else we produce. Moreover, most of our agricultural products, instead of having been steadily maintained in value throughout this period, as Mr. Palmer's theory implies, have quite generally declined, owing to cheapened methods of production and transportation, and the opening up of new competitive fields. Finally, Mr. Palmer is wrong in declaring that cheap labor is the result of natural disadvantages of production. Some of the cheapest labor in the world works under great natural advantages. Cheap labor is the result of a low



standard of living, and that is usually found in non-manufacturing countries, having but few diversifying and socializing influences. It is because the character of the man can be acted upon through the increase of such industries as will give more complex social life and relations, that the protective policy is justifiable. Mr. Palmer not only ignores this point but even denies that we have any direct interest in the new industries at all. We regret, therefore, that however worthy the object of this book, we cannot recommend its reasoning as economically sound.

**RAILWAYS AND THEIR EMPLOYEES.** By O. D. Ashley, President of the Wabash Railroad Company. *The Railway Age and Northwestern Railroader.* Chicago, Ill. 1895. 213 pp.

Perhaps the most important feature of Mr. Ashley's little book is the rational attitude of mind revealed throughout with reference to existing social and industrial problems. He frankly recognizes the existence of a specific labor problem, requiring the specific attention of statesmanship. Mr. Ashley has great confidence in certain applications of the co-operative or profit-sharing principle, as containing the best solution of the labor problem; and the first few chapters of his book are occupied with arguments for and practical examples of this idea. We cannot fully agree with his views; but it should be said that Mr. Ashley does not favor any indiscriminate plan of equal division of cash profits, regardless of modifying circumstances. Since employees cannot be expected to share in the losses that may be incurred, the employers should always retain control, he says, of whatever profit-sharing arrangement is entered into. He regards the voluntary relief plan in force on the Pennsylvania Railroad, and the pension and insurance system maintained by Mr. Alfred Dolge in his felt-making establishment at Dolgeville, N. Y., as examples of the most successful co-operative experiments yet devised, though he objects, and correctly, to having the relief fund maintained chiefly by the employees, as in the Pennsylvania system. Pensions and insurance should come as an addition to and not

as a deduction from wages, and for this reason, Mr. Ashley to the contrary notwithstanding, a national insurance system is much more feasible than one carried on voluntarily by individual concerns. If the slightly increased expense involved were applied equally to all, no real burden would be felt by any; but otherwise none of the smaller establishments could undertake the plan without being put to a competitive disadvantage with those more favorably situated.

Furthermore, it is important that all these reforms should be regarded wholly as a part of the wages system. To describe them as "profit-sharing" is an unconscious concession to the dangerous and utterly fallacious claim that profits are really unpaid wages—that is, represent robbery of labor. Profits are perfectly economic, necessary and just, and are essential to the industrial progress of society. Wages represent the return to labor for its share in productive effort, and they should steadily and permanently increase with the rising social standards of the community. Profits, on the other hand, are the return for exceptional economic effort or managerial skill, and they can and should last only so long as this exceptional efficiency is maintained. When this superiority has become the normal thing, lower prices result and the profits vanish, and new profits can only come from the introduction of still better methods or additional economies in production. To interfere with this incentive to economic improvement is actually an injury to the best interests of labor. Profits can legitimately go to the public only through the channel of lower prices or better service; but if they do not go directly to the *entrepreneur* in the first place, they are not profits at all and cannot furnish the economic incentive which it is their function to give. If they go directly to labor, under whatever name, they are wages, and hence the term "profit-sharing" involves needless and dangerous confusion of economic thought. The Dolge plan, before referred to, is described as one of "earnings-sharing," which is much nearer the truth.

# GUNTON'S MAGAZINE

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## Pulpit Economics

The adage that pulpits preach what the pews demand seems to be thoroughly verified by the general way the clergy are entering the arena of economic and social discussion. A few years ago it was a rare thing for a minister to preach a labor sermon or discuss any of the practical phases of the social question. But the increasing tide of public interest in these subjects appears to be sweeping the clergy into the stream, and now the preacher who does not talk economics and politics, and volunteer advice to laborers, capitalists and statesmen is the exception. There is no objection to this, provided they would not assume the rôle of public teachers before having performed some of the duties of students. With a few exceptions the utterances of the clergy on practical social problems are the expressions of feeling rather than judgment. Ministers occupy a social position of great influence, and their moral responsibility is proportionate to their opportunities. They can do a great deal to lead public opinion in the direction of sane social improvement, and on the other hand they can do much to aid in the work of social disruption, if they speak and act from their feelings instead of a knowledge of the subjects about which they talk.

A forcible illustration of this dangerous tendency among clergymen was recently furnished by Bishop Potter in a speech delivered before The Church Association for the Advancement of the Interests of Labor. Bishop Potter is not ordinarily a careless or erratic man. On the contrary he is generally recognized as possessing a considerable degree of "horse sense." Yet when discussing the social question he appears to lose his balance and become more like a Kansas Populist than a Metropolitan Bishop. Addressing the above Association he said:



“The great causes of the general ill-feeling and uneasiness among the laboring classes in the United States to-day may be divided into two classes—machinery and the manner in which the capitalist looks down upon the men who labor for him. Chief of these two is machinery. It is doing away with intelligence in labor. It is turning the laboring man into a simple idiot. Not long ago I visited a large factory in this State and was much impressed with what I saw. The owner proudly showed me around pointing out the manner in which labor was simplified. I saw a young man sitting before some sort of a large hammer. He sat with his legs crossed and all his work consisted in shoving into an opening in the machinery a small piece of iron. He would turn the metal two or three times, throw it into a large box, and take another piece. That was this man's work, day after day, week after week. No wonder that at night time he drank, gambled and fought. He had to ; otherwise he would go mad.”

This statement might not have been astonishing from a country revivalist, or a specially inspired “Sam Jones,” but from Bishop Potter it is shameful. It is really the echo of Cleveland's last official tirade against trusts, when with the air of a discredited politician he exclaimed :

“Their tendency is to crush out individual independence, and to hinder or prevent the free use of human faculties, and the full development of human character.” It reduces the laborer, he continues, “to the level of a mere appurtenance to a great machine, with little free will, with no duty but that of passive obedience, and with little hope or opportunity of rising in the scale of responsible and helpful citizenship.”

As we pointed out at the time it would be difficult to find a statement which more thoroughly misapprehends the whole trend of economic development, but we do not regard this “man of destiny” as knowing any better. He has demonstrated his supreme ignorance on most matters that pertain to the modern industrial life. His abnormal elevation to the Presidency was one of those political accidents which bring discredit on public life in republics. It was only the office he held that gave any significance to his utterances ; but he is re-

solved back to the mass from which he emerged, and henceforth his utterances will be of little significance.

But Bishop Potter is of another type. He is a scholar, a student of history, a man of wide experience with modern life and society, who is acquainted with the history of the slow and dreary steps by which society has struggled along the jagged path from barbarism to its present state of imperfect civilization. For Bishop Potter there is not the same excuse for ignorance or half-digested sensational utterances on social questions. Yet his statement that modern machinery is destroying intelligence and "turning the laboring man into a simple idiot" contains a degree of ignorance or sensationalism scarcely surpassed by Cleveland, Bryan or the typical Kansas Populist.

This feeling so prevalent among the ignorant, and so liberally used by the demagogue, that the specialization of labor tends to deteriorate the individual, is entirely false. It has no foundation in reason or experience, but is controverted by the history of every decade since the factory system began. If there were any truth in this notion, even as a tendency, it would be a valid impeachment of the whole trend of modern social and economic development. No industrial development can be justified which ultimately results in deteriorating the individuality of laborers, because that would mean a deterioration in the standard and quality of citizenship, and a lowering of civilization. The only justification for the application of science to industry, is that it shall ultimately serve the community better. Improved economic service can come only through cheapening wealth, without cheapening or in any way deteriorating laborers. If machinery "is turning the laboring man into an idiot" as Bishop Potter says, or destroying the "opportunity of rising in the scale of responsible and helpful citizenship" as Mr. Cleveland asserts, then machinery should be suppressed. Nothing can justify its existence; it is the unqualified enemy of mankind. In short a return to small capitals, hand methods, jack-of-all-trades workmen, is the only true policy to pursue if Cleveland, Bryan and Bishop Potter are correct. Not even the highest ideal socialism could escape this idiot-creating result without abolishing the factory system,

and returning to mediæval methods of industry. If machinery makes workmen into idiots under capitalist management, it would do so even if a Bryan indorsed it, a Cleveland gave it his "consecrated" approval and a Bishop presided in the counting-room.

Since it is not the capitalist but the machinery itself which is the agent of evil in society, nothing can prevent the laborers from becoming idiots, except the abolition of machinery, and the return to hand labor methods of production. Had Bishop Potter been brought up in a factory his own statement might be taken as evidence of the truth of his proposition, and a ward in the nearest asylum provided. But it is not those who know machinery and are under its influence who express such sentiments, but those who are far removed from all real touch with industrial life, and participate in public affairs only as irresponsible critics and social Messiahs.

To the ordinary observer it is scarcely necessary to say that the economic, social and individual improvement to the laboring class is directly increased with the development and progress of machine-using methods of industry. During the machine-using era about all the social, industrial and political progress of the laboring class has been made. Before the factory system the workmen were practically wards whose wages were fixed by law and magisterial proclamation, occasionally eked out by pauper allowance. They had no voice in the making of laws, the fixing of wages, or even in the choice of their religion. Down to the time of Hargreave's and Arkwright's inventions, it was a high crime for laborers to meet in a neighbor's house to talk over their industrial grievances or to attend a political meeting, without the permission of a magistrate. When the factory system began they worked 16 hours a day for 50 cents. But with the increased use and precision of machinery, the working hours have diminished and the wages have increased until to-day laborers get from three to four times as much wages for a little over half the number of hours' work. With this development, they have gradually acquired social influence, political power and an immense amount of industrial recognition and authority through their organiza-



tions, which at one time were treated as criminal conspiracies.

The fact is that all the testimony of history and of modern experience flatly contradicts Bishop Potter's statement. He did not make this foolish assertion because he had seen any laboring "idiots" or because he had known of any intelligent workmen being made into "idiots." On the contrary he had found them to be very intelligent, and in the recent dispute where he was arbitrator he gave them the decision because they showed more intelligence and better judgment in their action than did the employers. No! it was not because Bishop Potter had any evidence in modern experience or industrial tendency to justify his conclusion, that he made this statement, but rather because he had allowed himself to become the victim of a false social sentiment, backed by a desire to please rather than to instruct a socialistic audience.

The huge fallacy behind this whole class of anti-machinery assumption is the mistaken notion that the growth of intelligence and individuality of laborers depends upon the diversion of their workshop experience. Nothing could be more erroneous. If this were true, the jack-of-all-trades would always be more intelligent, and socially and politically superior to the specialized workman, whereas the reverse is everywhere the case. It is the specialized laborer who gets the highest wages, has the best home and who furnishes the best educational and social opportunities to his children. Shoemakers who make every part of a shoe, weavers who card, spin and weave their own material, carpenters who are their own architects and prepare all their own material, are everywhere the inefficient drudges, and work harder and longer and get less pay, have fewer social opportunities, are less intelligent citizens and lower social individuals, than the highly specialized workmen who use automatic machinery. The reason for this is obvious. The forces which increase intelligence, broaden the range of knowledge and develop individual character and refinement, are not the forces of the shop, but the forces of society. It is not the contact with leather and hides, and cotton and wool, and wood and nails that develops the manhood of the man, but the contact with the constantly increasing variety of social in-

fluences. It is by contact with his fellowmen in the interests and activities of social life,—in the church, the club, in the movement for social and political improvement, and the enlarged home life that the individuality, intelligence, culture and refinement are broadened and deepened.

The opportunity for all the forces to operate which expand and develop individual character increases directly as the responsibility and drudgery of the workshop is diminished, and this responsibility and drudgery diminishes as the labor is specialized and quasi-automatic machinery is introduced. The very man whom Bishop Potter saw "sitting before some sort of a large hammer with his legs crossed, shoving into an opening in the machinery a small piece of iron" was at the point of minimum drudgery and responsibility. He can do his work with almost as little thought as machinery itself. It does not exhaust his physical energy nor strain his nervous system. On the contrary he is so automatic that he could think out the politics of his state, the plans of his union, or any other social diversion, while sitting at his work as thousands upon thousands do; whereas, if he was a jack-of-all-trades having to do everything with his hands, doing now this, now that, it would require his entire attention and anxious care, lest some of the numerous things he had to do should go wrong. When the all round man leaves the workshop he is mentally used up and nervously depressed. When the man with crossed legs and the automatic machine leaves the workshop he is ready for playing baseball, or going to a dance, or entering into any other physical or social diversion, because he has had very little taxation upon his physical or nervous energies. Instead of turning to "drink and gambling to prevent him from going mad," he is just the man who turns to social diversion of the superior and elevating kind. The people who go mad are farmers' wives who have an endless round of ever varying drudgery and no relaxation.

The class that furnishes the greatest amount of drunkenness and insanity, and the lowest quality of social life is not the class who use automatic machinery. On the contrary the laborers of this class are ever the most intelligent, the best



paid, and have the greatest amount of social comfort and civilization. It is they who lead in strikes, and are constantly demanding improvements in their industrial conditions, better treatment from employers, shorter hours of labor,—in short a freer industrial and higher social life. Those who furnish the largest amount of insanity, are those who have the greatest round of personal drudgery with the least specialization and automatic machinery, like the agricultural laborers and other non-machine using workers. It is there that drunkenness is the greatest, that wife-beating is the most prevalent, that ignorance is most dense, and that public vice is the normal state of life. It is there that votes can be bought for a little poor whiskey, that political heelers can round up the wards, pack the caucuses and dictate the public policy of our great cities. In short, it is there that intellectual and moral numbness, industrial indifference, social degradation and political useableness prevail. Instead of machinery making laborers idiots, it is the one great force in modern civilization that has contributed more than all others to their intelligence, freedom, and independence.

It is in shortening the length and reducing the tension of the working day, that lies the only hope of the personal and social improvement of the laborer. The object of science, statesmanship and civilization is not to produce perfect shoemakers and blacksmiths, but to develop a high standard of personal character and citizenship. Everything which makes production automatic, and relieves the laborer from physical drudgery and nervous strain, tends to increase the possibility of social consumption and individual expansion.

Those, therefore who, like Bishop Potter, rail against machinery as the chief social evil, are but blindly leading the blind away from the path of progress towards higher social possibilities, into the swamps of industrial disintegration and social stagnation.

The almost solitary exception to this stream of wrong-headed economics flowing from the pulpit is the Rev. Minot J. Savage. It is refreshing to be able to quote the following from a recent sermon of the Unitarian Divine:



“The man who is an enemy to accumulated wealth is an enemy to civilization; and he who is an enemy to civilization is an enemy to society. This is true, because accumulated wealth is the first condition of civilization. If all the men and women were obliged to work as hard as they could for the mere necessities of life, there would be no civilization. Man would be a mere animal. It would be death to civilization in a technical sense, if everybody had to work for a living. If we are to have any books, any music, any statues, any paintings, some men must be set free. And for whom? Why, for us! Would it be good political economy to have made Shakespeare work as a stone mason all his life? The everybody-equal notion, equal in wealth, in social position, in mental attainment, is the equality of barbarism. If we were to annihilate accumulated wealth we would have that equality. . . . If you take away the incentive to individual accumulation you cut the tap-root of civilization. Then again it seems to me that the man who has shown his ability to make money knows best how to use it. . . . The percentage of profit to labor to-day is greater than it used to be. The percentage of profit to capital is less. The condition of the wage earner to-day is better than it ever was, because he gets what he needs cheaper. I don't know anything about the workings of the trusts that some men inveigh against. I do know, however, that because of those trusts, you and I can get better and cheaper oil, and better and cheaper sugar. Many small dealers may have been crowded out of business, but the great public, the laboring man, you and I, have been benefited.”

This is encouraging, to know that New York has at least one clergyman who has eyes to see and ears to hear, and has the courage to express what should be obvious to all. In view of the dismal din that is emanating from the pulpit in general on this subject, the sound sense and social insight expressed by Mr. Savage, which ought to be commonplace with public teachers, sounds almost like an inspired voice in the wilderness. Yet, it is assuring to know that there is a “John the Baptist” to cry aloud against the well meant but misdirected efforts of his clerical brothers, whose ignorant zeal is aiding the very

social dangers they are aiming to prevent. Are there Savages enough in the pulpit to save the church from becoming a social menace?

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GIVE US A MONETARY COMMISSION.

It is to be hoped that President McKinley will see his way clear to call for the early appointment of the monetary commission suggested in his inaugural address. The President is entirely right as is Congress in demanding that no financial legislation shall be undertaken until the question of tariff and revenue is settled. But it is of the utmost importance that the financial question be dealt with in a comprehensive and adequate manner. The idea of a commission composed of members of both branches of Congress, and business men and economists whose duty it shall be to investigate the subject, and devise a rational scheme of banking and currency reform and report to the President in time for the regular session of Congress to act, is a matter of prime importance,—in fact of scarcely less importance than the tariff itself. There is no reason why such commission should not be appointed early. It ought to be doing its work this summer, so that the report could be submitted early in the winter. A mere party scheme for revising our monetary system should not be tolerated. We have had financial patchwork enough. Whatever is done in the matter now should be done on principles of scientific banking. This commission cannot be appointed too soon.

## Senator Elkins and American Wages

The ostensible distinction between free trade and protection statesmen in this country, is that free traders believe that the wages should be fixed solely by the "supply and demand," with unlimited competition throughout the world. Protectionists on the other hand, believe that the maintenance of the high standard of wages in this country is a matter of prime importance to the industrial prosperity and to the social quality of our citizenship. This idea of the national importance of high wages for American laborers is made the chief reason for insisting upon a protective tariff.

That there are disadvantages to a custom house system of revenue is admitted, but the incalculable importance of maintaining the condition of high wages is presented as outweighing many times all the disadvantages of a semi-inquisitorial system of taxation. The chief argument of protectionist editors and orators in every election is the beneficial influence of high wages. Free traders not only do not believe in high wages, but they believe that unrestricted competition with the world would give lower prices which would entirely compensate for low wages. Indeed, they believe in cheap labor in the same sense that they believe in cheap things. In 1893 *The New York Evening Post* was bold enough, as it occasionally is, to announce that American laborers were getting too high wages. About the same time, *The Journal of Commerce* which is a more formidable and perhaps more authoritative representative of the *laissez faire* school, published a series of editorials designed to show that a revival of business prosperity in this country could not be expected without a general reduction of wages by at least twenty per cent.\* The wages in the United States, argued *The Journal of Commerce*, must be the same as in the European countries with which we compete, if we are to hold our own with foreign nations. This was the position of the late administration. Wilson, Mills and the other spokesmen of the anti-pro-

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\* It repeated this plea for lower wages in an editorial May 13, 1897.



tection policy all acted upon the same principle and directed their efforts to the accomplishment of that object. Free trade, low wages and the conquest of foreign markets was the burden of their policy. Against all this the protectionist Republican party emphatically arrayed itself. Every feature of the Democratic policy which implied low wages was attacked as uneconomic, un-American and opposed to national welfare. The protective duties in the tariff bill now before the senate are defended by the Republican party solely on the ground that they are favorable to higher American wages.

Strange to say, in the midst of all this public discussion and constant averment of a high wage policy, Hon. Stephen B. Elkins, United States Senator from West Virginia, in a recent interview announces himself in favor of *The Evening Post* and *Journal of Commerce* doctrine of lowering American wages. In his answer to some questions about the coal trade, Senator Elkins is reported as saying:

"We do not export coal to Europe because we have wages against us, and that is the kernel of the whole coal trade."

"You think wages must go down?"

"Inevitably, as everything else has gone down. Wage earners do not wish to see it or believe it, but it is so. In the article of coal, wages is about all. Coal yields no royalty; the railroads get one cent for hauling a ton of coal five miles, for one hundred miles twenty cents; less than coal shovelers get for putting a ton of coal in your shute from the cart. Wages in America stand against any revival of business. The nation of Japan where wages are eight to twelve cents a day is putting coal into San Francisco from Japan. Think of that!"

So Senator Elkins, a protectionist, chairman of Mr. Blaine's protection, high-wage campaign, once member of President Harrison's cabinet and now member of the United States Senate, coolly announces that "*Wages in America stand against any revival of business,*" and "*Wages must go down.*" Is it upon such declarations as this that Senator Elkins and the Republican party expect the support of workingmen at future elections? Will the Republican managers again express their surprise and alarm that wage workers refuse to believe their pretences about

labor, when their senators declare that high "Wages in America stand against any revival of business"? If that were true then business can only be improved by still further impoverishing the great mass of American wage workers. If Mr. Elkins and his Republican comrades expect the workingmen to either believe or consent to this they are greatly mistaken, and laborers ought not to accept any such seventeenth century doctrine. If coal mining can only be made profitable to mine owners by lowering the wages of labor, then it had better not be made profitable at all. Better, far better that Japan dig our coal, than that American laborers be lowered to the Japanese wage standard. For a protectionist senator to announce that lowering the wages of American laborers is the only means of bringing about "any revival of business" is treason alike to protectionism and Republicanism.

If there was one thing that was more discussed in the last campaign than another, it was that Mr. McKinley and the Republican party stood for a return of prosperity and an increase in American wages. But now that the election is over, Mr. Elkins announces that "Wages must go down," that the high "Wages in America stand against any revival of business." There never was anything uttered in the anti-slavery controversy that was more distinctly barbarian than this. Such a sentence from the lips of an American statesman is a discredit to the Republic. The one distinctive feature of American history and civilization of which every American is boastfully proud, is the high wages of our laborers. To announce that "Wages must go down" in order to have "any revival of business," is to announce the vicious principle that capitalists' prosperity must be secured by increasing the poverty and degradation of the wage class, which is as uneconomic and unstatesmanlike as it is shortsighted and selfish.

But why does Mr. Elkins announce that "Wages must go down"? It is that coal may be exported to foreign countries. Now that is precisely what ought not to be done. We do not want to become a nation of coal diggers. Coal mining is one of the isolating and de-socializing industries of the country. There is no reason why a single coal mine should ever be worked

which is not necessary to the promotion of American manufacturing or American domestic comfort. As an industry, coal mining should never be encouraged. It is only as a necessity that it should exist. Coal is one of the few products that we can well afford to have foreigners furnish if they will do so more cheaply than we can. If foreigners put the price of coal so high that we can afford to dig it ourselves, and pay standard American wages, then we may be justified in digging our own coal, but under no circumstances can there be a justification of lowering wages to prevent Japan from sending us coal, and much less to convert American laborers into coal diggers for the world at Japanese wages. If protection for coal is necessary; then ask for protection. But ask that wages shall be lowered that coal mining may be profitable, never! Better that every ton of coal consumed in the United States should be supplied by Japan, than that American wages should be lowered to the Japanese level that coal mining may be profitable in America.

Mr. Elkins' expression on this subject is so unlike his previous attitude, that were it not in an accredited interview, we should hesitate about accepting it as a correct statement of his position. It is the more extraordinary because of the recent circumstances connected with the state Mr. Elkins represents. In 1894 the people of West Virginia turned Mr. Wilson and all his free trade comrades out of Congress because of their low wage policy. In 1896 they gave the electoral vote of the state to Mr. McKinley and elected an entirely new delegation to Congress because they represented a high wage policy. The legislature thus chosen elected Mr. Elkins United States Senator. In view of these facts and of Mr. Elkins' previous record on the subject, his announcement that "Wages must go down" before "any revival of business" can be possible, is too extraordinary to be understood without explanation. Neither the cause of protection, the Republican party nor Mr. Elkins, can afford to stand on a "Wages must go down" policy.



## Text of Magna Charta

The year 1214 was rapidly passing away without any sign that John was likely to fulfill his promise and grant the Magna Charta. Accordingly, on November 20th (St. Edmund's-day) a second convention of the peers and clergy was called at St. Edmund's Bury to devise efficient methods for forcing the king to grant their demands. It was decided to present this ultimatum immediately after Christmas, or to use their own form of expression, "After the Nativity of our Lord."

In the meantime they were to prepare themselves with arms, so that in the event of the king's further quibbling, their ultimatum could be enforced. Accordingly, "At the feast of the Epiphany" (Jan. 6, 1215) they appeared before John armed and in great force. Without much ado they reminded him of his promise at the time of his absolution at Winchester, and informed him that procrastination was no longer in order. Seeing the determined disposition of the barons, John did not venture, directly, to oppose them. But in order to gain time to prepare for some means of evasion or resistance, he asked for respite until after Easter. Being suspicious of John's motive in asking this respite, the barons demanded a surety that the matter should not longer be delayed, and "The King unwillingly consented that the Archbishop of Canterbury, the Bishop of Ely, and William Marshal, should be made sureties; and that by reason of their intercession, on the day fixed he would satisfy all."

John immediately proceeded to prepare himself to resist the barons' demand. To this end he caused the oath of allegiance to be administered to all his subjects. He received the acts of homage from his own vassals, and assumed the cross in order to gain protection by the Pope and ecclesiastics. This, however did not avail him much, as practically nobody was willing to sustain the king in opposing the charter. Accordingly when Easter arrived, the barons appeared with a powerful army at the town of Stamford in Lincolnshire to receive the king's ratification of his promise. John was waiting at Oxford,

but on learning of the numbers and determination of the barons, he deputed two of his sureties, William Marshal and the Archbishop of Canterbury to go to Stamford and inquire what the liberties were that they wanted—as if he had not heard many times before. The messengers were informed that if the king refused longer to grant the charter, the peers had resolved to seize upon his fortresses. At this John became furious, and exclaimed, “Why do they not ask for my Kingdom?” The barons, however, were ready for him, and proceeded at once to carry out their intention. They elected Robert Fitzwalter, Baron of Dunmow, their leader under the title of “Marshal of God and the Holy Church,” and by his direction laid siege to the castles of Northampton and Bedford. The leading citizens of London were in league with the barons, and opened for them one of the gates of the city where they arrived on the 24th of May, and entered London at Aldgate about daybreak. John who had secured himself in the tower was unaware of these movements. In the meantime as the cause of the barons grew stronger, the king’s friends deserted him. John had summoned his mercenaries and appealed to the Pope for support, but all in vain. He found himself with seven horsemen face to face with what was now practically the nation in arms. He thereupon sent the Earl of Pembroke as a messenger to the barons to declare his readiness to accede to their demands and ratify the great charter.

Previous to the final meeting, however, the barons drew up forty-nine definite articles stating the principal points to be covered by the Magna Charta, to which they received John’s sanction. These articles are so largely in the language of the charter that we omit reproducing them here. A small island of meadowland in the Thames, between Staines and Windsor known as Runningmead, because a stream flowed through it, was chosen as the meeting place. This spot was also known as Council-Meadow because it had previously been used for a similar purpose, which is probably the reason it was chosen this time. The day fixed was the 15th of June. There was evidently no time lost in needless debate, as the whole affair was completed in a single day and the great seal of Eng-

land was appended to the Magna Charta, which can still be seen in the British Museum with the royal seal hanging from the brown, shriveled parchment. The barons however, knew their man and did not feel sure that much was gained unless further steps were taken for securing the fulfilment of the promise. They therefore demanded in addition to the signing of the charter, that a bond be given for its enforcement, and a covenant of security was drawn up and twenty-five barons with Langton at their head, were appointed as a committee of sureties. To these barons was given the custody of the city of London and the tower of London, including the revenues and all the king's forces, "Until the term of the Assumption of the Blessed Virgin Mary in the seventeenth year of the king's reign" (1215), by which time the charter was to be completely adopted, or the custody of the kingdom remain in the hands of the barons.

The following is the full text of the Magna Charta with the royal seal, and the covenant of security with which it was accompanied :

#### MAGNA CHARTA \*

JOHN, by the Grace of God, King of England, Duke of Normandy and Aquitaine, and Earl of Anjou, to his Archbishops, Bishops, Abbots, Earls, Barons, Justiciaries, Foresters, Sheriffs, Governors, Officers, and to all Bailiffs, and his faithful subjects,—Greeting. Know ye that We, in the presence of God, and for the salvation of our own soul, and of the souls of all our ancestors, and of our heirs, to the honour of God, and the exaltation of the Holy Church and the amendment of our Kingdom, by the counsel of our venerable fathers, Stephen Archbishop of Canterbury, Primate of all England, and Cardinal of the Holy Roman Church, Henry Archbishop of Dublin, William of London, Peter of Winchester, Joceline of Bath and Glastonbury, Hugh of Lincoln, Walter of Worcester, William of Coventry, and Benedict of Rochester, Bishops; Master Pandulph our Lord the Pope's

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\* The Great Charter of King John granted at Runningmead, June 15th, A. D., 1215, in the seventeenth year of his reign. Translated from the original preserved in the archives of Lincoln Cathedral.



Subdeacon and familiar, Brother Almeric, Master of the Knights-Templars in England, and of these noble persons, William Mareschal Earl of Pembroke, William Earl of Salisbury, William Earl of Warren, William Earl of Arundel, Alan de Galloway Constable of Scotland, Warin Fitz-Gerald, Hubert de Burgh Seneschal of Poictou, Peter Fitz-Herbert, Hugh de Nevil, Matthew Fitz-Herbert, Thomas Basset, Alan Basset, Philip de Albiac, Robert de Roppel, John Mareschal, John Fitz-Hugh, and others our liegemen; have in the First place granted to God, and by this our present Charter, have confirmed, for us and our heirs forever:—(I) That the English Church shall be free, and shall have her whole right and her liberties inviolable; and we will this to be observed in such a manner, that it may appear from thence, that the freedom of elections, which was reputed most requisite to the English Church, which we granted, and by our Charter confirmed, and obtained the confirmation of the same, from our Lord Pope Innocent the Third, before the rupture between us and our Barons, was of our own free will: which Charter we shall observe, and we will it to be observed with good faith, by our heirs forever.—(II) We have also granted to all the Freemen of our Kingdom, for us and our heirs for ever, all the underwritten Liberties, to be enjoyed and held by them and by their heirs, from us and from our heirs. If any of our Earls or Barons, or others who hold of us in chief by military service, shall die, and at his death his heir shall be of full age, and shall owe a relief, he shall have his inheritance by the ancient relief; that is to say, the heir or heirs of an Earl, a whole Earl's Barony for one hundred pounds: the heir or heirs of a Baron for a whole Barony, by one hundred pounds; the heir or heirs of a Knight for a whole Knight's Fee by one hundred shillings at most: and he who owes less shall give less, according to the ancient custom of fees.—(III) But if the heir of any such be under age, and in wardship, when he comes to age he shall have his inheritance without relief and without fine.—(IV) The warden of the land of such heir who shall be under age, shall not take from the lands of the heir any but reasonable issues, and reasonable customs, and reason-

able services, and that without destruction and waste of the men or goods, and if we commit the custody of any such lands to a Sheriff, or any other person who is bound to us for the issues of them, and he shall make destruction or waste upon the wardlands we will recover damages from him, and the lands shall be committed to two lawful and discreet men of that fee, who shall answer for the issues to us, or to him to whom we have assigned them. And if we shall give or sell to any one the custody of any such lands, and he shall make destruction or waste upon them, he shall lose the custody; and it shall be committed to two lawful and discreet men of that fee, who shall answer to us in like manner as it is said before.—(V) But the warden, as long as he hath the custody of the lands, shall keep up and maintain the houses, parks, warrens, ponds, mills, and other things belonging to them, out of their issues; and shall restore to the heir when he comes of full age, his whole estate, provided with ploughs and other implements of husbandry, according as the time of wainage shall require, and the issues of the lands can reasonably afford.—(VI) Heirs shall be married without disparagement, so that before the marriage be contracted, it shall be notified to the relations of the heir by consanguinity.—(VII) A widow, after the death of her husband, shall immediately, and without difficulty have her marriage and her inheritance; nor shall she give anything for her dower, or for her marriage, or for her inheritance, which her husband and she held at the day of his death: and she may remain in her husband's house forty days after his death, within which time her dower shall be assigned.—(VIII) No widow shall be distrained to marry herself, while she is willing to live without a husband; but yet she will give security that she will not marry herself without our consent, if she hold of us, or, without the consent of the lord of whom she does hold, if she hold of another.—(IX) Neither we or our Bailiffs, will seize any land or rent for any debt, while the chattels of the debtor are sufficient for the payment of the debt; nor shall the sureties of the debtor be distrained, while the principal debtor is able to pay the debt; and if the principal debtor fail in payment of the debt, not having wherewith to

discharge it, the sureties shall answer for the debt ; and if they be willing, they shall have the lands and rents of the debtor, until satisfaction be made to them for the debt which they had before paid for him, unless the principal debtor can shew himself acquitted thereof against the said sureties.—(X) If any one hath borrowed anything from the Jews, more or less, and die before that debt be paid, the debt shall pay no interest so long as the heir shall be under age, of whomsoever he may hold ; and if that debt shall fall into our hands, we will not take anything except the chattel contained in the bond.—(XI) And if any one shall die indebted to the Jews, his wife shall have her dower and shall pay nothing of that debt ; and if children of the deceased shall remain who are under age, necessities shall be provided for them, according to the tenement which belonged to the deceased : and out of the residue the debt shall be paid, saving the rights of the lords (*of whom the lands are held*). In like manner let it be with debts owing to others than Jews.—(XII) No scutage nor aid shall be imposed in our kingdom, unless by the common council of our kingdom ; excepting to redeem our person, to make our eldest son a knight, and once to marry our eldest daughter, and not for these, unless a reasonable aid shall be demanded.—(XIII) In like manner let it be concerning the aids of the City of London.—And the City of London should have all it's ancient liberties, and it's free customs, as well by land as by water.—Furthermore, we will and grant that all other Cities, and Burghs, and Towns and Ports, should have all their liberties and free customs.—(XIV) And also to have the common council of the kingdom, to assess and aid, otherwise than in the three cases aforesaid : and for the assessing of scutages, we will cause to be summoned the Archbishops, Bishops, Abbots, Earls and great Barons, individually, by our letters.—And besides, we will cause to be summoned in general by our Sheriffs and Bailiffs, all those who hold of us in chief, at a certain day, that is to say at the distance of forty days, (*before their meeting*), at the least, and to a certain place ; and in all the letters of summons, we will express the cause of the summons : and the summons, being thus made, the business shall proceed on the day appointed, accord-



ing to the counsel of those who shall be present, although all who had been summoned have not come.—(XV) We will not give leave to any one, for the future, to take an aid of his own free-men, except for redeeming his own body, and for making his eldest son a knight, and for marrying once his eldest daughter; and not that unless it be a reasonable aid.—(XVI) None shall be distrained to do more service for a Knight's-Fee, nor for any other free tenement, than what is due from thence.—(XVII) Common Pleas shall not follow our court, but shall be held in any certain place.—(XVIII) Trials upon the Writs of *Novel Disseisin*, of *Mort d'Ancestre* (death of the ancestor), and *Darrien Presentment* (last presentation), shall not be taken but in their proper counties, and in this manner:—We, or our Chief Justiciary, if we are out of the Kingdom, will send two Justiciaries into each county, four times in the year, who, with four knights of each county, chosen by the county, shall hold the aforesaid assizes, within the county on the day, and at the place appointed.—(XIX) And if the aforesaid assizes cannot be taken on the day of the county-court, let as many knights and freeholders, of those who were present at the county-court remain behind, as shall be sufficient to do justice, according to the great or less importance of the business.—(XX) A free-man shall not be amerced for a small offence, but only according to the degree of the offence; and for a great delinquency, according to the magnitude of the delinquency, saving his contenment; a Merchant shall be amerced in the same manner, saving his merchandise, and a villain shall be amerced after the same manner, saving to him his Wainage, if he shall fall into our mercy; and none of the aforesaid amerciaments shall be assessed, but by the oath of honest men of the vicinage.—(XXI) Earls and Barons shall not be amerced but by their Peers, and that only according to the degree of their delinquency.—(XXII) No Clerk shall be amerced for his lay-tenement, but according to the manner of the others as aforesaid, and not according to the quantity of his ecclesiastical benefice.—(XXIII) Neither a town nor any person shall be distrained to build bridges or embankments, excepting those which anciently, and of right, are bound to do it.—(XXIV)

No Sheriff, Constable, Coroners, nor other of our Bailiffs, shall hold pleas of our crown.—(XXV) All Counties, and Hundreds, Trethings, and Wapontakes, shall be at the ancient rent, without any increase, excepting in our Demesne-manors.—(XXVI) If any one holding of us a lay-fee dies, and the Sheriff or our Bailiff, shall shew our letters-patent of summons concerning the debt which the defunct owed to us, it shall be lawful for the Sheriff or our Bailiff to attach and register the chattels of the defunct found on that lay-fee, to the amount of that debt, by the view of lawful men, so that nothing shall be removed from thence until our debt be paid to us; and the rest shall be left to the executors to fulfill the will of the defunct; and if nothing be owing to us by him, all the chattels shall fall to the defunct, saving to his wife and children their reasonable shares.—(XXVII) If any free-man shall die intestate, his chattels shall be distributed by the hands of his nearest relations and friends, by the view of the Church, saving to every one the debts which the defunct owed.—(XXVIII) No Constable nor other Bailiff of ours shall take the corn or other goods of any one, without instantly paying money for them, unless he can obtain respite from the free will of the seller.—(XXIX) No Constable (*Governor of a Castle*) shall distrain any Knight to give money for castle-guard, if he be willing to perform it in his own person, or by another able man, if he cannot perform it himself, for a reasonable cause: and if we have carried or sent him into the army, he shall be excused from castle-guard, according to the time that he shall be in the army by our command.—(XXX) No Sheriff nor Bailiff of ours, nor any other person shall take the horses or carts of any free-man, for the purpose of carriage, without the consent of the said free-man.—(XXXI) Neither we, nor our Bailiffs, will take another man's wood, for our castles or other uses, unless by the consent of him to whom the wood belongs.—(XXXII) We will not retain the lands of those who have been convicted of felony, excepting for one year and one day, and then they shall be given up to the lord of the fee.—(XXXIII) All kydells (*wears*) for the future shall be quite removed out of the Thames, and the Medway, and through all England, excepting upon

the sea coast.—(XXXIV) The writ which is called *Præcipe*, for the future shall not be granted to any one of any tenement, by which a free-man may lose his court.—(XXXV) There shall be one measure of wine throughout all our kingdom, and one measure of ale, and one measure of corn, namely the quarter of London; and one breadth of dyed cloth, and of russets, and of halberjects, namely, two ells within the lists. Also it shall be the same with weights as with measures.—(XXXVI) Nothing shall be given or taken for the future for the Writ of Inquisition of life or limb; but it shall be given without charge, and not denied.—(XXXVII) If any hold of us by Fee-Farm, or Socage, or Burgage, and hold land of another by Military Service, we will not have the custody of the heir, nor of his lands, which are of the fee of another, on account of that Fee-Farm, or Socage, or Burgage; nor will we have the custody of the Fee-Farm, Socage or Burgage, unless the Fee-Farm owe Military Service. We will not have the custody of the heir, nor of the lands of any one, which he holds of another by Military Service, on account of any Petty-Sergeantry which he holds of us by the service of giving us daggers, or arrows or the like.—(XXXVIII) No Bailiff, for the future, shall put any man to his law, upon his own simple affirmation, without credible witnesses produced for that purpose.—(XXXIX) No freeman shall be seized, or imprisoned, or dispossessed, or outlawed, or in any way destroyed; nor will we condemn him, nor will we commit him to prison, excepting by the legal judgment of his peers, or by the laws of the land.—(XL) To none will we sell, to none will we deny, to none will we delay right or justice.—(XLI) All Merchants shall have safety and security in coming into England, and going out of England, and in staying and in travelling through England, as well by land as by water, to buy and sell, without any unjust exactions, according to ancient and right customs, excepting in the time of war, and if they be of a country at war against us: and if such are found in our land at the beginning of a war, they shall be apprehended without injury of their bodies and goods, until it be known to us, or to our Chief Justiciary, how the Merchants of our country are treated who are found in the country at war against us; and if



ours be in safety there, the others shall be in safety in our land.—(XLII) It shall be lawful to any person, for the future, to go out of our kingdom, and to return, safely and securely, by land or by water, saving his allegiance to us, unless it be in time of war, for some short space, for the common good of the kingdom: excepting prisoners and outlaws, according to the laws of the land, and of the people of the nation at war against us, and Merchants who shall be treated as it is said above.—(XLIII) If any hold of any escheat, as of the Honour of Wallingford, Nottingham, Boulogne, Lancaster, or of other escheats which are in our hand, and are Baronies, and shall die, his heir shall not give any other relief, nor do any other service to us, than he should have done to the Baron, if that Barony had been in the hands of the Baron; and we will hold it in the same manner that the Baron held it.—(XLIV) Men who dwell without the Forest, shall not come, for the future, before our Justiciaries of the Forest on a common summons; unless they be parties in a plea, or sureties for some person or persons who are attached for the Forest.—(XLV) We will not make Justiciaries, Constables, Sheriffs or Bailiffs, excepting of such as know the laws of the land, and are well disposed to observe them.—(XLVI) All Barons who have founded Abbies, which they hold by charters from the Kings of England, or by ancient tenure, shall have the custody of them when they become vacant, as they ought to have.—(XLVII) All Forests which have been made in our time, shall be immediately disforested; and it shall be so done with water-banks, which have been taken or fenced in by us during our reign.—(XLVIII) All evil customs of Forests and Warrens, and of Foresters and Warreners, Sheriffs and their officers, Water-banks and their keepers, shall immediately be inquired into by twelve Knights of the same county, upon oath, who shall be elected by good men of the same county; and within forty days after the inquisition is made, they shall be altogether destroyed by them never to be restored; provided that this be notified to us before it be done, or to our Justiciary, if we be not in England.—(XLIX) We will immediately restore all hostages and charters, which have been delivered to us by the

English, in security of the peace and of their faithful service.—(L) We will remove from their bailiwicks the relations of Gerard de Athyes, so that, for the future, they shall have no bailiwick in England; Engelard de Cygony, Andrew, Peter, and Gyone de Chancell, Gyone de Cygony, Geoffrey de Martin, and his brothers, Philip Mark, and his brothers, and Geoffrey his nephew, and all their followers.—(LI) And immediately after the conclusion of the peace, we will remove out of the kingdom all foreign knights, cross-bow-men, and stipendiary soldiers, who have come with horses and arms to the molestation of the kingdom.—(LII) If any have been disseised or dispossessed by us, without a legal verdict of their peers, of their lands, castles, liberties, or rights, we will immediately restore these things to them; and if any dispute shall arise on this head, then it shall be determined by the verdict of the twenty-five Barons, of whom mention is made below, for the security of the peace.—Concerning all those things of which any one hath been disseised or dispossessed, without the legal verdict of his peers by King Henry our father, or King Richard our brother, which we have in our hand, or others hold with our warrants, we shall have respite, until the common term of the Croisaders, excepting those concerning which a plea had been moved, or an inquisition taken, by our precept, before our taking the Cross; but as soon as we shall return from our expedition, or if, by chance, we should not go upon our expedition, we will immediately do complete justice therein.—(LIII) The same respite will we have, and the same justice shall be done, concerning the disforestation of the forests, or the forests which remain to be disforested, which Henry our father, or Richard our brother, have afforested; and *the same* concerning the wardship of lands which are in another's fee, but the wardship of which we have hitherto had, occasioned by any of our fees held by Military Service; and for Abbies founded in any other fee than our own, in which the Lord of the fee hath claimed a right; and when we shall have returned, or if we shall stay from our expedition, we shall immediately do complete justice in all these pleas.—(LIV) No man shall be apprehended or impris-

oned on the appeal of a woman, for the death of any other man than her husband.—(LV) All fines that have been made by us unjustly, or contrary to the laws of the land; and all amerçiements that have been imposed unjustly, or contrary to the laws of the land, shall be wholly remitted, or ordered by the verdict of the twenty-five Barons, of whom mention is made below, for the security of the peace, or by the verdict of the greater part of them, together with the aforesaid Stephen, Archbishop of Canterbury, if he can be present, and others whom he may think fit to bring with him: and if he cannot be present, the business shall proceed, notwithstanding, without him; but so, that if any one or more of the aforesaid twenty-five Barons have a similar plea, let them be removed from that particular trial, and others elected and sworn by the residue of the same twenty-five, be substituted in their room, only for that trial.—(LVI) If we have disseised or dispossessed any Welshmen of their lands, or liberties, or other things, without a legal verdict of their peers, in England or in Wales, they shall be immediately restored to them; and if any dispute shall arise upon this head, then let it be determined in the Marches by the verdict of their peers: for a tenement of England, according to the law of England; for a tenement of Wales, according to the law of Wales; for a tenement of the Marches, according to the law of the Marches. The Welsh shall do the same to us and to our subjects.—(LVII) Also concerning those things of which any Welshman hath been disseised or dispossessed without the legal verdict of his peers, by King Henry our father, or King Richard our brother, which we have in our hand, or others hold with our warrant, we shall have respite, until the common term of the Croisaders, excepting for those concerning which a plea had been moved, or an inquisition made, by our precept, before our taking the cross. But as soon as we shall return from our expedition, or if, by chance, we should not go upon our expedition, we shall immediately do complete justice therein, according to the laws of Wales, and the parts aforesaid.—(LVIII) We will immediately deliver up the son of Llewelin, and all the Hostages of Wales, and release them from their engagements



which were made with us, for the security of the peace.—(LIX) We shall do to Alexander King of Scotland, concerning the restoration of his sisters and hostages, and his liberties and rights, according to the form in which we act to our other Barons of England, unless it ought to be otherwise by the charters which we have from his father William, the late King of Scotland; and this shall be by the verdict of his peers in our court.—(LX) Also all these customs and liberties aforesaid, which we have granted to be held in our kingdom, for so much of it as belongs to us, all our subjects, as well clergy as laity, shall observe towards their tenants as far as concerns them.—(LXI) But since we have granted all these things aforesaid, for GOD, and for the amendment of our kingdom, and for the better extinguishing the discord which has arisen between us and our Barons, we being desirous that these things should possess entire and unshaken stability for ever, give and grant to them the security underwritten; namely, that the Barons may elect twenty-five Barons of the kingdom, whom they please, who shall with their whole power, observe, keep, and cause to be observed, the peace and liberties which we have granted to them, and have confirmed by this our present charter, in this manner: that is to say, if we, or our Justiciary, or our bailiffs, or any of our officers, shall have injured any one in any thing, or shall have violated any article of the peace or security, and the injury shall have been shown to four of the aforesaid twenty-five Barons, the said four Barons shall come to us, or to our Justiciary if we be out of the Kingdom, and making known to us the excess committed, petition that we cause that excess to be redressed without delay. And if we shall not have redressed the excess, or, if we have been out of the kingdom, our Justiciary shall not have redressed it within the term of forty days, computing from the time when it shall have been made known to us, or to our Justiciary if we have been out of the kingdom, the aforesaid four Barons, shall lay that cause before the residue of the twenty-five Barons; and they, the twenty-five Barons, with the community of the whole land, shall distress and harass us by all the ways in which they are able; that is to say, by the taking of our castles, lands,

and possessions, and by *any* other means in their power, until the excess shall have been redressed, according to their verdict; saving *harmless* our person, and *the persons* of our Queen and children; and when it hath been redressed, they shall behave to us as they have done before. And whoever of our land pleaseth, may swear, that he will obey the commands of the aforesaid twenty-five Barons, in accomplishing all the things aforesaid, and that with them he will harass us to the utmost of his power: and we publicly and freely give leave to every one to swear who is willing to swear; and we will never forbid any to swear. But all those of our land, who, of themselves, and of their own accord, are unwilling to swear to the twenty-five Barons, to distress and harass us *together* with them, we will compel them by our command, to swear as aforesaid. And if any one of the twenty-five Barons shall die, or remove out of the land, or in any other way shall be prevented from executing the things above said, they who remain of the twenty-five Barons shall elect another in his place, according to their own pleasure, who shall be sworn in the same manner as the rest. In all those things which are appointed to be done by these twenty-five Barons, if it happen that all the twenty-five have been present, and have differed in their opinions about anything, or if some of them who had been summoned, would not, or could not be present, that which the greater part of those who were present shall have provided and decreed, shall be held as firm and as valid, as if all the twenty-five had agreed in it: and the aforesaid twenty-five shall swear, that they will faithfully observe, and, with all their power, cause to be observed, all the things mentioned above. And we will obtain nothing from any one, by ourselves, nor by another, by which any of these concessions and liberties may be revoked or diminished. And if any such thing shall have been obtained, let it be void and null: and we will never use it, neither by ourselves nor by another.—(LXII) And we have fully remitted and pardoned to all men, all the ill-will, rancour, and resentments, which have arisen between us and our subjects, both clergy and laity, from the commencement of the discord. Moreover, we have fully remitted to all the clergy and laity,

and as far as belongs to us, have fully pardoned all transgressions committed by occasion of the said discord, from Easter, in the sixteenth year of our reign, until the conclusion of the peace. And, moreover, we have caused to be made to them testimonial letters-patent of the Lord Stephen, Archbishop of Canterbury, the Lord Henry, Archbishop of Dublin, and of the aforesaid Bishops, and of Master Pandulph concerning this security, and the aforesaid concessions.—(LXIII) Wherefore, our will is, and we firmly command that the Church of England be free, and that the men in our kingdom have and hold the aforesaid liberties, rights, and concessions, well and in peace, freely and quietly, fully and entirely, to them and their heirs, of us and our heirs, in all things and places, for ever as is aforesaid. It is also sworn, both on our part, and on that of the Barons, that all the aforesaid shall be observed in good faith, and without any evil intention. Witnessed by the above, and many others.—Given by our hand in the Meadow which is called Runningmead, between Windsor and Staines, this 15th day of June, in the 17th year of our reign.





## Covenant of Magna Charta

This is the Covenant *made* between our Lord John King of England, on the one part; and Robert Fitzwalter, elected Marshal of God and of the Holy Church in England, and Richard Earl of Clare, Geoffrey Earl of Essex and Gloucester, Roger Bigod Earl of Norfolk and Suffolk, Saher Earl of Winchester, Robert Earl of Oxford, Henry Earl of Hereford, and the Barons under-written: That is to say, William Marshall the younger, Eustace de Vescy, William de Mowbray, John Fitz Robert, Roger de Mont-Begon, William de Lanvalay, and other Earls and Barons, and Freemen of the whole kingdom, on the other part: namely, That they the Earls and Barons and others before written, shall hold the custody of the City of London in bail from our Lord the King; saving that they shall clearly render all the debts and revenues within the same, to our Lord the King, until the term of the Assumption of the Blessed *Virgin* Mary, in the seventeenth year of his reign.

And the Lord of Canterbury shall hold in like manner of bail from our Lord the King, the custody of the Tower of London, to the aforesaid term; saving to the City of London it's liberties and free customs, and taking his oath in the keeping of the said Tower, that our Lord the King shall in the meanwhile not place a guard nor other forces in the aforesaid City, nor in the Tower of London.

And that also within the aforesaid term, the oaths to the twenty-five Barons, be tendered throughout all England as it is contained in the Charter granted concerning the liberties and security of the kingdom; or to the attornies of the twenty-five Barons as it is contained in the letters granted concerning the election of twelve knights for abolishing evil customs of the forests and others.—And, moreover, within the said term, all the other demands which the Earls, Barons, and other freemen do ask of our Lord the King which he himself has declared to be granted to them, or which by the twenty-five Barons, or by the greater part of them shall be judged proper to be granted, are to be given, according to the tenor of the

said Charter. And if these things shall be done, or if our Lord the King on his part shall agree to do them, within the term limited, then the City and Tower of London shall at the same term be delivered up to our Lord the King, saving always to the aforesaid City it's liberties and free customs as it is before written. And if these things shall not be done, and if our Lord the King shall not agree to do them within the period aforesaid, the Barons shall hold the aforesaid City and the Lord Archbishop the Tower of London, until the aforesaid *deeds* shall be completed. And in the mean-while, all of both parts shall recover the castles, lands, and towns, which have been taken in the beginning of the war that has arisen between our Lord the King, and the Barons.



## Arraignment of Organized Charities

In the February issue of this magazine we published an article entitled, "Indictment of Organized Charities." It was a criticism on the various organized methods for distributing charity as being uneconomic and, in the long run, socially degrading in their influence. In the April issue we published "A Defense of Organized Charities" by Frederick William Hamilton, an officer of the Associated Charities of Boston, which was intended as a specific reply to the previous article. Mr. Hamilton proceeds upon the assumption that the "Indictment" was directed particularly against the organization he represents. The truth is, however, that the criticism was directed against all organized charities, including Mr. Hamilton's, and the still more formidable one of a similar character in New York. Of course it is true that some forms of organized charity are worse than others, but our objection is that they are all bad in that they tend to erect into a permanent social institution, what wise public policy should constantly tend to eliminate.

He begins by quoting that Cleveland platitude that "It is a condition and not a theory that confronts us," as if it expressed a great truth. In 1887, when this was uttered there was no special condition confronting the country. It was a special theory of taxation only, that "confronted us." That theory has been tried and we have paid the penalty. So in this case it is not a "condition" but a "theory" of charity organization that "confronts us." It is nothing to the point to say: "We have no disposition to stand in the way of social reform, . . . but meanwhile, we do not propose allowing the waste of life and happiness to be any larger than necessary." That is but a repetition of what has been said from time immemorial. Those say it who give indiscriminately to beggars on the street. In India they say it by putting a pail of rice at the door so that every mendicant may help himself. The Church said it in the Middle Ages when it became the dole of rations to the poor, and the censors of their freedom—in fact



the good intentioned have always said it. All the bungling efforts now being made by the numerous organizations are expressions of this impulse. In saying this, therefore, Mr. Hamilton does but place himself with the multitude of un-economic alms-givers whom he admits are socially injurious.

He says: "The second count rests upon the fact that charity organization societies do not generally identify themselves as such with certain social and industrial movements—*e. g.*, those for public ownership of facilities for transportation," etc. This is gratuitous; nothing even remotely hinting at such a thing occurred in the article referred to. On the contrary, this magazine is unqualifiedly opposed to all of the movements aiming at "the public ownership of the facilities for transportation," or of any other forms of productive enterprise. Our charge against organized charities is, first, that in the long run they are injurious to the laboring classes whom they aim to help, and second, that by enlisting the aid of the wealthy class in charity work, they divert their attention and interest away from the movements for permanent social improvements.

(I) As to their methods. Organized charity has almost become a popular fad. Churches, temperance societies and sensational newspapers go into it as "the popular thing." In some instances it is used as a means of advertising. The police department of New York recently investigated one of these newspaper charity schemes and pronounced it a premium on vice and vagrancy, and a positive injury to the community. At the recent Charity Conference in New York City, Mrs. Josephine Shaw Lowell delivered an address on "The Evils of Cheap Lodging-houses." She said:

"There are in this city already 105 cheap lodging-houses, with beds for 16,000 men, the cost per bed per night running from seven cents to thirty-five cents, and these are acknowledged by all persons, we believe, to be an unmitigated evil. Every new lodging-house, under whatever management, increases the number of vagrant and homeless persons. It is not as if there were a given number of men and women suffering from the evils of homelessness and vagrancy, which number could not be increased, and could be decreased by every individual who could be lifted out of misery. On the contrary, while the conditions exist which brought these people to distress, while the great city attracts from all quarters, and corrupts those who come, the evils will remain, no matter how many are saved. It is because they think

there are so many "chances of getting on" in the great city that young people now flock into it, and everything which makes them think it still easier to find food and shelter without much trouble but adds to their number."

The same criticisms are brought out in various ways by Dr. E. Muensterberg in an extensive discussion of "Principles of Public Charity and of Private Philanthropy in Germany."\* The idea of indiscriminate giving is, indeed, generally discouraged by all students of the subject. In charity circles it is generally agreed that disbursements should take place under cover of some mode of seeming labor or partial payment, so as not to be so degrading to the recipient, and this idea has developed an immense crop of devices for furnishing meals, lodgings etc. at a nominal price,—at one half and sometimes one tenth of the cost. We have just received an appeal for contributions to one of these efforts known as the "St. Andrew's One-Cent Coffee Stands," which operate both in Brooklyn and New York, and offer the following attractive bill of fare :

NEW YORK AND BROOKLYN ST. ANDREW'S ONE-CENT COFFEE STANDS\*

Located : No. 1, 11 Greenwich street ; No. 2, Old Slip, No. 3, Pier 3, East River ; No. 4, Grand street and Centre Market place ; No. 5, Jefferson Market ; No. 6, Fulton and Sands streets, Brooklyn ; No. 7, Elm street (at the Tombs) ; No. 8, Office and Kitchen, 281 East Broadway, New York city. Stands subject to change of location.

DAILY BILL OF FARE.

Half-pint of coffee with milk and sugar and one slice of bread, -	I cent
Beef soup, with vegetables, and one slice of bread, - -	I cent
Pork and beans, - - - - -	I cent
Fish cakes, - - - - -	I cent
Sandwiches, - - - - -	I cent
FRIDAYS—Fish chowder, - - - - -	I cent

Cereals and extras occasionally. Soup and coffee supplied to families by quart or gallon, at same rates, bread to accompany each portion. Booths open daily from 5 A. M. to 7 P. M. Sundays, from 7 A. M. to 2 P. M. Tickets for distribution can be purchased at the office, 281 Broadway, for \$1 per hundred.

\*The meals supplied at the stands do not include all the good work that is done. Quantities of cooked and uncooked food are given gratuitously daily from the kitchen, and aggregate a large amount in the course of the year. Books, accounts, etc., carefully examined and found to be correct.

(Signed)

L. J. MORRISON, Attorney,

January, 1897.

44 Broadway, N. Y.

\* American Journal of Sociology, Jan. & March, 1897.

Here is a system of furnishing by the aid of public donations a five course meal for five cents, or what will frequently answer for a lunch for one cent. It is needless to say that every such opportunity increases the inducement for people on the border land of vagrancy to drop into the five cent class. This is not a temporary provision, but it is an effort to make it permanently possible for an increasing number to live on from five to ten cents a day. The effect of this can only be to lower the standard of living and the social quality of those it touches, and tend to make a form of semi-mendicancy permanent that otherwise might only be temporary.

Another example of this kind of work is the disfiguration of the streets of our cities with highly decorated caravans furnishing half-price meals. These expensive caravans are furnished by charity contributions, and the municipal authorities are induced to give them the use of the streets rent free, making them semi-charity restaurants. Recently the secretary of one of the great temperance societies of this country describing the wonderful work this caravan crusade is doing, with an air of triumph exclaimed: "Within a year we have furnished half a million people with meals for five cents." Besides being a humiliating disfiguration of our streets, these vans are a double evil. Having a place of business rent free and partly equipped by charity aid, they institute unfair competition with honest restaurants and help to establish a fifteen-cent-a-day standard of living. Nothing could be more injurious to the social life of the masses nor more detrimental to the efforts of honest wage-earners in their struggle for improvement. Every increase in the possibility of a five, ten or fifteen cent a day living is just so much towards lowering the general standard, and making the struggle for higher wages impossible.

If space permitted we could name multitudes of other efforts whose influence is substantially the same. The motive is good; they think they are "confronted" by a "condition" and are going the shortest way to relieve it, whereas they are but increasing the evil and indirectly obstructing the only economic forces that can permanently solve the problem which they are muddling. Mr. Hamilton admits the indictment



against all this class of charity work, but thinks the form of charity he represents is the one exception. The exception, however, is only seeming; it is only a different method of accomplishing similar uneconomic results.

After disclaiming any sympathy with "promiscuous or unwise giving," and insisting that, "We never encourage free soup kitchens, free tramp lodgings nor free anything else," he intimates that organized charities aim rather to aid those who work, than to give alms to those who have no work. He explains how organized charity workers quietly move among the needy poor in their homes, and so by investigation and registration hunt out and quietly aid those who are on the ragged edge, but have not fallen into the mendicant or tramp class. He says: "It sometimes happens that men, and more especially women, are not able to earn enough at the full wages of such work as they are able to do, or, if piece work, to get enough to support their families. In such cases, provided always that the wage earner is not permitted or encouraged to cut prices, it is difficult to see any adequate economic reason for refusing aid. Such aid usually takes the form of the more expensive necessaries of life in our climate—fuel and clothing." To criticise such carefully guarded charity, which probably spends as much in trying not to give as it gives in actual aid, may seem cruel, yet from the social and economic point of view this method of distributing charity is more insidious and hurtful to a wholesome social life than the more wasteful forms of alms-giving. It is a systematic effort to eke out the results of poor economic conditions, by unobserved and for the most part unknown charity contributions. It is practically reproducing by a voluntary and semi-secret process, the vicious system that prevailed in the sixteenth, seventeenth and eighteenth centuries, which supplemented the wages by parish allowance. This substitution of parish allowance for wages made it impossible for any wholesome and permanent rise of wages to take place. When the pressure of the standard of living against the wages became severe, instead of creating a social demand for higher wages, the laborers looked to an increase of the pauper allowance, and thus a spirit of mendicancy was en-

couraged and stimulated, and the demand for wages deadened by substituting a charity for an economic source of income.

The notion that it was a "condition" that confronted them was the foundation of this vicious system of pauperizing the population. It was thought that the people would starve if they did not have the parish allowance, whereas the truth was that it acted only as a means of preventing them from getting higher wages. What they received in charity they might have had in wages, and with it would have come a wholesome growth of independent character, instead of a degraded feeling of wardship dependence. The proof of this is seen in the immediate effect of the abolition of this iniquitous system. No sooner was the eking out of wages by pauper allowance forbidden, than wages promptly rose to the full difference, and what is better still the laboring class immediately began to acquire the spirit of industrial discontent and aggression. Indeed, it is a universal principle pervading all wage-conditions, that wherever two sources of income are available, the first source is diminished by the amount that comes from the second. This is true whatever the sources of income may be. This fact has been noted by all careful economic investigators. It is notorious, for example, that throughout England where the habit prevails of the master granting the laborers the use of a small patch of ground to raise potatoes, to keep a pig or a cow, the wages are proportionately lower than where none of these perquisites are given. So, wherever house rent is free the wages are correspondingly lower. John Stuart Mill observed that where the wife and children contribute to the family's income, the wages of the head of the family were correspondingly less. He says: "For the same reason it is found that, *cæteris paribus*, those trades are generally the worst paid, in which the wife and children of the artisan aid in the work. The income which the habits of the class demand, and down to which they are almost sure to multiply, is made up in those trades, by the earnings of the whole family, while in others the same income must be obtained by the labor of the man alone."\* This prin-

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\*Principles of Political Economy, Vol I., p. 488.

ciple has been statistically demonstrated in Mr. Hamilton's own state. The Massachusetts Labor Bureau investigated the subject of incomes in families, the results of which are given in the report for 1876. It was there shown that in proportion as the women and children contributed to the family's income, the wages of the head of the family were permanently lowered. In the trades where the women and children contributed only \$50 a year, the man's income was over \$700, and where the women and children contributed \$260 a year the man's wages were not over \$424.\*

So marked and conclusive was this, that Colonel Wright in discussing the facts said: "Thus it is seen that in neither of the cases where the man is assisted by his wife or children does he earn as much as other laborers. Also, that in the case where he is assisted by both wife and children he earns the least."†

It is the same principle which operates to keep the wages of waiters in restaurants and hotels at such a ridiculously low figure. They get a considerable portion of their income in tips, and what they get in tips they lose in wages. Consequently in those places where tips are greatest, waiters' wages are the smallest. There are in New York, and in many foreign capitals waiters working without salary, getting their entire income from tips, and some are said to even give something for the privilege of working. In fact every secondary income, whether it be gratuitous or not, directly tends to lessen the primary income. Now Mr. Hamilton's organization is practically furnishing tips. To the extent that it ekes out wages by charity aid, it weakens the power of that class to demand living wages, and increases the dependence upon gratuitous sources of income.

Mr. Hamilton thinks it is a "condition" that confronts him. The truth is, it is only a false social theory. In proportion as this semi-secret method of superseding wages by charity is made general, it creates a permanent source of semi-pauper reliance. Like all other classes these people move in the line

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\* See *Wealth and Progress*, pp. 167-175.

† Report on the Statistics of Labor, 1876, p. 71.



of the least resistance, and it having been made easy to appeal to a charitable source to eke out their meagre income, they fail to go to the economic source. Instead of joining their unions, and becoming a vital part of the industrial discontent, which shall make such inadequate wages impossible, they lapse into a permanently semi-mendicant class. The worst feature of Mr. Hamilton's method is, that it pretends to be scientific. It is being more and more systematized, and thereby made more and more of a permanent institution. If it were but a spasmodic effort for a hard winter its evil effect might soon be overcome, but it is erecting itself into an enduring social institution housed in colossal structures that are as imposing as colleges or industrial warehouses, and it is making its increased demands upon the generosity of the community for sums almost equalling those for higher education. It is this very systematic and permanent character that makes it the most dangerous form of charity distribution. During the last few years this scientizing of charity has reached such dimensions that it is now becoming a part of the college curriculum. The philosophy and mechanism of charity organizations, is rapidly becoming a special study if not a profession. Its very seeming unobjectionableness and increasing responsibility multiplies its power for evil in undermining the wholesome economic efforts of the laboring class.

(II) Our second objection to charity organizations is that by enlisting the sympathy and contributions of the rich toward charity relief, they divert their attention away from the means of poverty-prevention by social improvements. Having contributed to the funds of charity organizations, the wealthy feel that their responsibility for poverty-creating conditions is ended. The indifference of the rich is the most dangerous element in our present social problem. It is this indifference that is largely responsible for the multitude of dangerous efforts now being made against capital and profitable industry in all lines of successful enterprise. Every effort that is made to hide the real conditions of society from public view, and to induce capitalists to contribute to feeding the victims, tends to increase the indifference of the rich toward the real economic move-

ments of society. Having been led to believe that in contributing to charities, they have soothed the wounds of the unfortunate whose poverty is inevitable, they feel their duty is done. In fact they regard poverty as unavoidable, and charity—the highest Christian virtue—as their best contribution to social welfare. Having fulfilled these demands, they have little sympathy with the social movements dealing with the pauper-creating conditions. They are disposed to treat them all alike,—as visionary, chimerical or vicious. Consequently, it is without the aid and co-operation of the rich that the poor, the discontented, and the sentimentally wrong-headed have to discuss the social problem. Little wonder, then, that for the most part they resort to disintegrating and retrogressive, rather than constructive progressive measures of social reform. It would be surprising were it otherwise.

The poor with whom organized charities are aiming to deal are the economic misfits of society. In short, they are a social product, and the responsibility of caring for them properly belongs to society in its official capacity. The consequence of ill-adjusted economic conditions should be made an involuntary burden upon the property of the community, and not left to individual philanthropy. Every effort to care for the unfortunate products of misfit industrial conditions through charity helps to postpone the day of industrial adjustment. Private enterprise should be devoted only to the use and improvement of industrial and social institutions. All the forces of education, private contributions and organizations should be directed not towards feeding the misfits, but towards preventing the economic and social machinery from producing industrial depression, enforced idleness and old age dependence. These are evils arising from our social conditions. They are susceptible of gradual and permanent elimination, and every effort to hide the evil results, and to care for them by private munificence retards the efforts to bring about the economic adjustment. A great deal of the enforced idleness and permanent misfits are the results of the constant introduction of new methods and new productive adjustments which are the outcome of progress itself. The remedy for this evil, there-

fore, cannot be found in any method of private charity, but in some means of making the care of the dislocated an inseparable part of the productive system itself.

This can be accomplished only by some system of industrial insurance. Insurance against contingent dislocation is now reduced to a science. The middle and upper classes avail themselves of it with economic precision. What is needed is that the same principle be applied to all wage-earners, and made a compulsory part of productive employment. The insurance should provide for two features, namely, temporary enforced idleness and old age dislocation. This is the next great step towards economic adjustment of the social classes, and the more conspicuous the evil effects of the present conditions are made, and the more the public is compelled to pay the penalty in forced taxation, the sooner will the need of a comprehensive treatment of the subject be realized. We repeat that every private effort secretly to care for these consequences, is so much obstruction to the early public realization of the situation and a firm collective demand for its sociological treatment. To this obstruction every form of voluntary charity organization is a contribution, and therefore a social menace.



## A French View of American Industry

A few months ago we had occasion to quote at some length from an important article on "The Standard of Living of American Workingmen," contributed to the *Yale Review* by Emile Levasseur, of Paris. In the March number of the *Annals of the American Academy of Political and Social Science* appears another article from the pen of the same writer, this time on "The Concentration of Industry and Machinery in the United States." M. Levasseur seems to have devoted considerable study to American industrial and social conditions, and it must be said that his comments exhibit in the main a greater amount of good sense and a much better grasp of the real nature and tendencies of our economic evolution, than we are accustomed to find in foreign criticisms of American institutions. On the great question of the proper relation of the state to industry and trade, M. Levasseur unfortunately remains a *laissez faireist* of the old school, but in his interpretation of the modern trend towards concentration, and the ultimate social benefit realized and to be realized from that movement, he is absolutely sound. He indulges in no false sentiment about the blessings of an ideal past which never existed, nor have his studies led him into the despairing pessimism of such able and well meaning writers as Mr. Brooks Adams and Dr. John Clark Ridpath, in whose view the inevitable friction accompanying progress, makes progress itself seem almost a curse.

From M. Levasseur's somewhat lengthy article we select a few extracts bringing out points of especial importance:

"The inventive genius of the American is perhaps a native gift, but it has been unquestionably stimulated by the high rate of wages. For, the entrepreneur seeks to economize human labor the more it costs him. On the other hand, when machinery gives greater productive force to the laborer it is possible to pay him more. An addition of one franc divided among one hundred units of product, only increases the price of the unit one centime. Distributed among ten units, it

would increase the price by ten centimes. If one offered to a manufacturer a machine costing 50,000 francs, which replaced four laborers, but which he must amortize in ten years, the manufacturer, in a country where the wages were 2,000 francs annually, would not hesitate to buy it, because it would give him a saving of 3,000 francs, while the manufacturer in a country where wages were 1,000 francs would not take it because it would cause him a loss of 1,000 francs a year."

In the following quotation a familiar error is repeated, and an equally erroneous deduction drawn from it:

"For the production of rough work of the ordinary objects of consumption, of sample pieces, it [machinery] has great advantages, and in many cases to-day a recognized superiority. For production in great quantities and with great rapidity, American industry is probably better equipped to-day than any other in the world, and I would not attempt to contradict Mr. Schoenhof in his statement that the labor of his country is as cheap in all the important articles that relate to the necessities of life, to clothing and machinery, as the labor of any other nation ;\* although manufacturers continued to repeat that it would be impossible for them to struggle against foreign competition if they were not guaranteed by a rampart of customs duties."

Because the percentage of labor cost in an "average" establishment or group of establishments in this country may be lower than in a similar group of factories abroad, is no reason for assuming that the legitimate cost of production in that particular industry is less here than there. Prices are not determined by the cost of production of "average" or "representative" concerns, but by the dearest or least efficient group among all the producers supplying a given commodity to a given market at any one time. Competition will not permit this group of producers to maintain a price higher than their cost point, nor, on the other hand, can the price go permanently below that point so long as their supply is needed in the market. Now with these price-fixing producers, labor, services in

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\*"Economy of high wages," p. 386.

various forms, and materials (which, traced back are all resolvable into labor in the same way) represent practically the whole cost, there being no profits. That is, labor-cost fixes the *value* in every line of industry. Now it is freely admitted by those who advance the low-percentage argument, repeated by M. Levasseur, that wage-rates are actually higher in this country than abroad. At the price-fixing point therefore, where all the cost is labor, it is manifest that higher wages must result in higher values of product, unless much better machine methods are used than by the corresponding group of low-wage producers.

That such is not yet the case in this country is proven by the somewhat higher prices actually existing here for most commodities, such prices being in every instance determined at a labor-cost and no-profit point. The tariff does not change this fact at all; it simply raises the limit at which production at cost may be carried on. Lower percentages of labor cost may exist in particular establishments here than abroad, but for that matter no two mills in England itself, or any country, would show the same percentage of labor cost. The margins of profit will vary in each several case, and as a rule it is true that these margins are wider in relatively new countries, though it is also true that in such countries the change of methods tending to destroy wide margins is much more rapid than elsewhere. But the only scientific basis of comparison is the actual labor cost, in any given industry, of the dearest producers in either country, not in fictitious percentages derived from particular or "average" establishments.

The balance of M. Levasseur's article, however, is a remarkably clear and satisfactory analysis of the main facts of modern industrial progress. With reference to the constant displacement of old machines, the conditions and wages of labor under the modern system, the alleged "crowding-out" of labor by machinery, the possibility of increased consumption, and the effect of legislative interference with the economic concentration of industry, his view-point is correct and his logic sound. We quote as much of his discussion on these topics as space will permit :



“Manufacturers consider the improvement and rapid renewal of the machinery, the rapidly increasing rôle of the machine, and the development of large factories as the legitimate consequences of free competition and deem it one of the most auspicious, as well as most fruitful forward movements of civilization, to produce much and to produce cheaply. They assert that the manufacturer, the laborer, and the consumer, all three, find it advantageous in the long run.

“One must recognize with them that if machines are at the beginning optional, they finish by being obligatory; the better informed hasten to adopt them in order to make profits; the tardy ones decide to employ them in order not to be ruined. Without doubt, it may be disagreeable at times for a manufacturer to have a large capital invested in his plant, and it is painful at the end of a few years to see this machinery out of date and the capital sacrificed.

“‘So active has been the competition between different mills,’ according to the Census of 1890, ‘that only those concerns which have been foremost in the adoption of improved labor-saving machinery are large producers at the present time. The destruction of capital in the steel rail industry during the past decade, by the improvement in mechanical appliances, has been enormous, costly machinery becoming obsolete long before worn out.’\* ”

“But if this machinery is out of date, it is because better results are obtained with new machinery. Necessity of frequent change is proof of the rapidity of progress. A cautious manufacturer calculates among his general costs the usage of machinery in a brief period, and if he has calculated properly, he does not worry about a machine placed in the lumber room; it is paid for and has, consequently, rendered the service expected. The individual or nation has the greatest chance of success who knows how to provide himself with the best tools and how to use them. A country which wishes to enter into the front ranks of commercial and industrial nations, or to remain there, cannot fall behind in this respect.

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\* Eleventh Census “Manufacturing Industries,” Part III, p. 473.

“The manufacturers judge that the movement has been advantageous to workmen, as sellers of labor, because the level of salaries has been raised, as consumers of products, because they purchase more with the same sum, and as laborers because their task has become less onerous, the machine doing nearly everything which requires great strength ; the workman, instead of bringing his muscles into play, has become an inspector, using his intelligence. He is told that his specialized labor is degrading because monotonous. Is it more monotonous to overlook with the eye for ten hours several automatic looms, and to attach, from time to time, one thread to another with the finger, than to push for fourteen hours against the breast the arm of a hand-loom, pressing at the same time the pedals with the feet ?

“In proportion as the machines require more room, the ceilings become higher, the workshops larger, the hygienic conditions better. From a sanitary standpoint, there is no comparison between the large factory to-day and the hut of the peasant, or the tenement of the sweating system. The improvement of machinery and the growing power of industrial establishments, have diminished the price of a great number of goods, and this is one of the most laudable forward movements of industry whose object is to satisfy as well as possible the needs of man.

“The laboring classes do not share this optimism. They reproach the machine with exhausting the physical powers of the laborer ; but this can only apply to a very small number of cases to those where the workman is at the same time the motive power, as in certain sewing-machines. They reproach it with demanding such continued attention that it enervates, and of leaving no respite to the laborer, through the continuity of its movement. This second complaint may be applicable in a much larger number of cases, particularly in the spinning industries and in weaving, where the workman manages more than four looms. They reproach the machine with degrading man by transforming him into a machine, which knows how to make but one movement, and that always the same. They reproach it with diminishing the number of skilled laborers, per-

mitting in many cases the substitution of unskilled workers and lowering the average level of wages. They reproach it with depriving, momentarily at least, every time that an invention modifies the work of the factory, a certain number of workmen of their means of subsistence, thus rendering the condition of all uncertain. They reproach it, finally, with reducing absolutely and permanently the number of persons employed for wages, and thus being indirectly injurious to all wage-earners who make among themselves a more disastrous competition, the more the opportunities for labor are restricted. . . .

"The Bureau of Labor of New York in 1894 echoed the complaints of workmen who accuse machinery of having diminished the quantity of labor: by 15 per cent, said the carpenters; by 20, said the cutters; 30, shirtmakers; 35, cabinet-makers; 40, compositors, and 50, brownstone cutters. But these workmen appeared to have calculated for the labor employed at the same work before and after the invention of the machine, without thinking of the increase of labor, which had been the consequence of the decline in prices, resulting from invention. Some unions, however, observe that machines have increased the number of laborers. Thus, the piano-makers claimed 20 per cent increase. Upon what were these proportions based? The information seems too vague to be conclusive, but it cannot be doubted that in these occupations fewer laborers are necessary than formerly to do the same work.

"To these grievances political economy replies by the general results of statistics, which show that the total number of laborers, far from having diminished, has steadily increased from one census to another in the United States; that, on the other hand, the total wages paid to laborers shows an increase of average wages, that the diminution in the price of goods is advantageous to consumers among whom are to be reckoned the wage-earners. These three facts are indisputable.

"However, the American laborer is not reassured by such a reply, because he rarely consumes the goods he manufactures, because the average wages of the country is not necessarily the measure of his wages; because when dismissed in consequence of an improvement of machinery, he runs great risk of finding



no employment in the same industry, while in another he finds it generally only after long delays ; in the meantime, he has a family to support. Although the American is more mobile than the European, the transition is not easy either for one or the other. And on both sides of the Atlantic, there is individual misery and professional crises which touch painfully, very cruelly sometimes, the laboring classes. That fact is not to be disputed.

“ In general, the people are ignorant of history. If they knew better the experience of the past, they would perhaps be less anxious for the future. During the second half of the nineteenth century, the productive force of industrial machinery and the quantity of products have assuredly increased in a considerable degree, more rapidly than the number of consumers.\* In the middle of the century, machines were denounced as leading to disaster through overproduction. Bastiat endeavored to demonstrate how slight was the foundation for this opinion.

“ ‘ If the power of the machines renders a portion of human labor superfluous for a time, this progress causes anxiety, and is considered disastrous. The specious, but absurd formulas are heard that production is excessive, and we perish from abundance, that productive power has surpassed the power of consumption.’

“ Before Bastiat, Sismondi had insisted at length upon the ‘ glut of commerce,’ upon ‘ the number of manufacturers which bring to the market products which infinitely surpass the purchasing capacity of the public,’ denouncing the concentration in large factories, and the progress of mechanical appliances as the causes of a disordered overproduction, and affirming that all the laborers of England would be turned into the streets if the manufacturers could employ in their place steam machinery with 5 per cent profit. But England has to-day infinitely more manufacturers employing infinitely more machines, producing much more than 5 per cent economy in cost compared with that of 1826, and bringing infinitely more products to the

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\* “ Economic Harmonies,” p. 73.

market, and yet it has many more laborers, and these receive higher wages. As time has proved Bastiat right, and as that promised abundance of 1850 has not prevented our generation from consuming in 1895 a production much more abundant, must we despair of the possibility to produce and consume still more in the coming generation?

“What would the copyists of the Middle Ages, who wrote perhaps hardly four pages an hour, have thought if they had been told that the day would come when a machine would produce in an hour the contents of twelve million manuscript pages!\* It is true that copyists have almost entirely disappeared, but it is certain that printing employs many more arms than once copied manuscript, because the people know how to read.

“The chief of the Labor Bureau of New York has made a suggestive comparison: the United States and Great Britain, he says, are the countries which own and use the most machines. Compare the general condition of laborers in those countries with that of any country whatever in the world, where machines are unknown, except in the most primitive forms. Where is the superiority? It is almost a paradox, and yet it is a truth that machines bring about a much larger employment and improvement, not only because they increase production, but because they multiply the chances of employment, and incidentally the consumption of products. In fact, the census of the United States shows that the proportion of laborers to the total number of inhabitants has increased in the same period that the machine has taken most complete possession of manufactures. From 1860 to 1890, while the population of the United States doubled, the number of persons employed in industry increased nearly threefold (increase of 172 per cent), and at the same time the mechanical power, measured by horse-power, increased fourfold.† Inventions

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\* Eighth Annual Report, Bureau of Labor, New York, p. 685.

† In England the number of horse-power has increased from 1,200,000 in 1850 to about 9,500,000 in 1890; still population has increased from 27.7 millions to 38.1 millions. In France population was 34.2 millions in 1841 and 38.3 millions in 1896; horse-power employed in industry was 56,000 in 1840 and 5,734,000 in 1890. The figures are hardly comparable because the statistical methods have changed, but they prove that

have created new industries, such as photography, electricity, telegraphy, electrotyping, railroading, manufacture of bicycles, etc., and have thus given to labor much more employment than they have withdrawn from it. Thus, even in old industries, transformed by machinery, the progress of consumption has generally maintained a demand for hands. . . .

"There is no social evolution which does not produce friction. That which urges industry toward machinery and large factories appears to me to-day irresistible, because it leads to cheapness, which the consumer seeks first of all, and which is one of the objects of economic civilization. It is Utopia to believe that the world could come back by some modification of the social order, or of mechanical motive powers to the system of the little family workshop. Such a workshop is far from being an ideal, as the sweating system proves.

"A Frenchman in Philadelphia, who is familiar with economic interests, said that, when one examines attentively the condition of affairs in America one is struck by the rapid development of large industry and its concentration. 'The future is there.' I agree with him, although convinced that the aggrandizement of manufactures has its natural limits, and that on the other hand there will always be a large place for small producers and small traders.

"The industry of the United States since the Civil War has advanced resolutely and rapidly in that path, and has become very powerful. . . . It is, therefore, towards concentration and improved machinery that entrepreneurs, wage-earners and economists should turn their eyes to perceive the future. If one desires to try practical reforms, one must frankly accept, at the outset, a fact which one cannot prevent, and which has its reason for existence, which it would be regrettable from more than one point of view, to impede by the artificial measures of legislation."

the progress of motive power representing more than 100 millions man-power has not interfered with the increase and the number of laborers in a country whose population is reputed to be stationary. From 1836 to 1891 population increased more than 64 millions in the fourteen departments which have the largest number of machines and which are also those which have increased most rapidly, while population has somewhat diminished since 1836 in the fourteen departments which have the smallest number of machines.



## Improved Housing for the Poor

ELLA HOOD COOPER

The problem of providing improved housing for the poorer classes of the large cities where many of them must necessarily live, and where the land values necessitate the erection of high buildings, is forcing itself upon public attention. It is a subject calculated to tax the ingenuity, skill and patience of the designer and architect, but it is of such vital importance that practical suggestions or helpful ideas offered even by the layman need not be ignored. Society is beginning to recognize the fact that no improvement in the moral or physical condition of the poor can be looked for till wholesome, decent domestic life is at least possible for the masses. Much thought has been given to the attempts to improve the wretched habitations that serve to shelter the unfortunate thousands forced to inhabit them, but the result seems painfully inadequate. Some of the evils of the present system of tenement house construction, even among the better class of buildings, are declared intolerable. Chief among these are the lack of ventilation, the danger by fire from interior elevator and light shafts or stairways, with inadequate fire-escapes, the communication of disease by unsanitary plumbing arrangements, and the lack of privacy that encourages immorality.

To do away with these most serious evils a radical change in the construction of the tenement house seems imperative. To suggest a plan by which they may be mitigated if not entirely avoided is the object of this paper. Only a general idea of its scope will be attempted, technicalities and minor details being left for future consideration.

The scheme is based on the occupancy of an entire city square or block 200 feet on the avenues and 400 feet on the side streets. A quadrangular building, six, seven or more stories in height extends entirely around the block, the ground floor being occupied with retail stores. The remaining floors are laid out in a series of apartments, each one essentially a *home*, private, quiet, healthful and safe. These advantages are

secured by the complete abolishment of the demoralizing common entrance, common hall and stairway and all interior elevator or light shafts. As a substitute for these a series of verandas or private sidewalks extends entirely around the front of the building and another series extends around the rear, each commanding the entrances to the little apartments that open on it. The flooring of the front verandas is of glass, to prevent undue obstruction of light. That of the rear verandas may be of iron, the strips set at such an angle as to permit the passage of light and air while preventing the occupants of one veranda from being observed by those of the veranda immediately above or beneath. The front verandas are intended for pedestrians only and are accessible from the streets by means of four elevators, one at each corner of the block. The rear verandas are intended for the delivering of fuel, provisions, etc., and are accessible from the interior court by means of two elevators placed midway of each side street. At these points a cross road of sufficient width to allow grocers' and other wagons to pass, crosses the court. It terminates in archways provided with grilled iron gates that may be closed at night. The hollow iron pillars used to support the verandas may be utilized for the removal of snow, ashes, garbage, etc.

The elevators are all entirely detached from the main building and are of incombustible materials. The guard rails of the verandas are of peculiar construction, being so designed as to serve the additional purpose of securing against danger to life by fire. The rails may be of any preferred design so long as they contain the following essential features, namely two parallel bars sixteen inches apart and connected every sixteen inches by rods at right angles to them. The other essential feature of the design consists of two parallel bars twenty-four inches apart connected by quadrants. Sections of this guard rail immediately above one another are so constructed as to permit their ready conversion into as many fire-escapes as may be desired. The portion first described constitutes a light, strong ladder. It is pivoted at one side of one end to the lower rod of the guard rail, while a ring at the other side of the same end passes over the quadrant and serves to guide

and secure the ladder when it is unlatched and permitted to slide to a perpendicular position. These ladders are of sufficient length to reach from the lower edge of one veranda to the top rail of the one below, and when the entire series is in use present a continuous ladder made up of several short ones, each securely hung from its top and sufficiently removed from the face of the building to permit safe descent in case of fire. The dangers and delays incident to running up extension or other ladders which often prove too short, the difficulty of bringing such ladders through narrow crowded streets, or of placing them so as to secure against dangerous swaying are entirely obviated by this construction. The building is not defaced by the inartistic diagonal lines of the ordinary inefficient fire-escape, nor are facilities for burglary so freely offered, as the ladders when not in use as escapes form part of the ornamental design of the guard rail and their presence is unnoticed. Moreover, even when the ladders are lowered for use, enough of the permanent part of the guard rail is left for safety. The dangerous hole in the floor through which so many children have fallen to their death, is also done away with.

We have then our block occupied by a quadrangular building fifty feet in depth including its verandas, covering about sixty per cent. of its area. Within is an open court which may be sodded and reserved as a private park or playground. A small portion of this space is occupied by the low buildings, offering no obstruction to the passage of light and air, required to furnish power for running elevators and heating dwellings and stores. Fully thirty per cent. of the area remains as open ground space, including the cross road connecting the archways at the side streets.

The roof of the entire building also presents some novel and useful features. It is reached by the elevators and is surrounded by a high and heavy iron rail. It may be roofed over if desired and is appropriated to the drying of clothes. Each tenant of a seven story building is entitled to one sixth of the roof space over his apartment, less a narrow passage way extending the full length of the building, or about 125 square



feet. These areas are separated from each other by wire netting six feet high. A covered box in each enclosure holds line and clothes pins with a number of S hooks. These latter may be slipped into the netting at any convenient height or distance from each other and the line passed from one side of the enclosure to the other as the clothes are adjusted.

Such are the main features of the building as a whole. Let us now consider the arrangement of one of these model homes or apartments. In the first place each is entirely separated from all the others, being reached only by means of the elevators at the corners of the block and opening directly on its private veranda sidewalks both front and rear. These walks can never become inconveniently crowded even in the most densely populated districts, being removed from the travel of the streets, each one used only by the tenants of one story, who may safely enjoy a breath of fresh air sitting outside their doorways on summer evenings.

Each apartment is thirty feet in width including walls and partitions. It consists essentially of two portions separated from front to rear by a straight hall fully four feet wide and terminating at each veranda in a square vestibule. The hall doors are largely of glass, guarded by iron grills, and provide ample light and ventilation. On each side of this private hall two rooms open, constituting an apartment of four rooms, each provided with an ample window and facing the open air. One of these front rooms is eighteen feet deep by eleven feet in width. At its rear end and at the side furthest from the hall is a clothes press seven feet by four. Opening off this is the bath room and closet, which extends through to the rear veranda and is ventilated by means of a window. The room back of this front room may be used as a dining room or as an additional sleeping room. It is provided with a clothes press or closet at its rear end.

The front room on the opposite side of the hall is somewhat shortened to give greater space for the kitchen which is immediately back of it. It is eleven feet in width by fifteen in depth, and contains a clothes press or store room six feet by four.

The kitchen arrangements are especially designed to secure light, ventilation and convenience. On the side nearest the hall and at one side of the window a tight box about three feet high, two feet deep and seven feet long, is built in the house. It will contain one ton of anthracite coal. It opens by means of a small door on to the rear veranda whence it may be filled. Its floor is slightly inclined, allowing the coal to be easily removed as desired. Over this receptacle is built a refrigerator, ice also being received through an opening from outside. Opposite the kitchen door is set the range and adjoining that is the sink. The pantry is at the other side of the kitchen door and runs back some six feet. The set tubs occupy the remaining space at the rear of the kitchen.

The four square spaces at the corners of the block, having cross ventilation by their position are laid out on different lines. A seven story building will have twenty-four such apartments. On the street side a space five feet wide and extending to within twelve feet of the rear veranda, is reserved as a hallway. This gives access to two long rooms, one fully lighted from the front and one side, the other from one side only. The kitchen receives its light and ventilation from a large glass window-door opening on the rear veranda, and communicates with the dining-room which is lighted by a wide window opening on the avenue veranda. Such are the main features of a city block containing 250 dwellings and 36 retail stores. What advantages does such a plan offer over present modes of tenement house construction?

First, the abolishment of the common entrance, halls and stairways and the substitution of outside verandas and elevators. This insures safety against fire and the possession of a private healthful home for each tenant.

Second, economy of space thus secured, permitting the reservation of the open interior court.

Third, laundry facilities through utilizing roof space without crowding fire-escapes, kitchens or court with drying clothes.

If it be objected that the plan here presented would be too expensive for the poor, it may be answered that as described it is designed rather for the artisan classes and others of small

income but who desire respectable and decent living, than for the very poor. To render it available for the latter several modifications would doubtless be necessary. It might be found necessary to do without elevator service for passengers, and to limit the freight carrying to the capacity of one rear elevator. Or the service might be reduced to one freight and one passenger elevator for the entire block, supplementing these by spiral iron stairways at the other corners. These could be fire-proof, well ventilated and open to observation from the street. Steam heating might have to give place to stoves in the individual apartments. Or possibly furnaces might be placed in the cellar—each one of sufficient capacity to heat the store and the six apartments over it. But whatever curtailments or changes economy of construction might demand, the essential features of the plan need not be sacrificed. The very poorest have a right to fresh air, decent privacy and security against fire.

To estimate on the cost of such a structure as is here outlined or to determine the amount of rent that would yield a fair return on the investment, is not within the scope of this article. All that is attempted is to suggest a radical departure from established lines of construction and to submit such plan to those interested in securing improved housing for the masses of our city population. Should it meet the approval of the practical business man, capital would doubtless soon be forthcoming to put it into operation.



## Recent State Legislation

The legislative season recently closed has been one of unusual activity at most of the state capitals throughout the Union. It has been marked by an increasing disposition on the part of state legislatures to grapple with certain great economic problems, and, at all hazards, to do *something* which should produce a change in existing conditions, whether that something were wise, foolish or positively suicidal. This has been particularly the case with reference to the large amount of anti-capitalistic legislation proposed and recklessly enacted with an apparent utter indifference to what the inevitable effects must be, in crippling business operations, discouraging the investment of capital in industrial enterprise, and reacting disastrously upon the wage-earning class. The strange spectacle has been presented of great states deliberately legislating to delay or prevent the march of industrial progress within their borders, instead of encouraging that movement, as self-interest would naturally dictate. It is altogether probable that this flood of restrictive legislation has sprung more from a popular sentiment against large accumulations of wealth in individual hands, a sentiment based upon ignorance of the principles of economic distribution, than from any serious and unprejudiced desire to improve, by careful and scientific means, the industrial conditions of the community. Had the latter been the controlling motive we should certainly have seen less of passion and vindictiveness, more of an intelligent and fair-minded attempt correctly to understand the nature of the economic forces under consideration, and of the proper avenues of legislative action. There are public evils, and there does exist a need of rational, constructive legislation along many lines, both in removing undesirable influences and in stimulating those social forces which make for the increase and general diffusion of wealth, but it is of immense importance that the kind of legislation which will tend, safely and surely, to do this, be clearly understood by those who exercise this great power. Otherwise, the results are apt to be disastrous instead

of beneficial. The one fact which the experience of the last winter has demonstrated more forcibly than any other, is the absolute need of adequate, widely extended and thoroughly practical economic education, in order that the serious and threatening problems of the times may be dealt with intelligently and properly, and not according to the momentary impulse of passion or the requirements of political expediency.

Not all the legislation of the past season, however, has been foolish and misdirected. Many things of usefulness and importance have been accomplished, and for all this due credit should be given. No legislative record can be perfect or even approach perfection, but it is the magnitude of the interests mistakenly assailed, that furnishes the occasion for special criticism in the present case.

Some of the most important legislative enactments during the sessions of 1897 were the following :

In no less than seven states, New York, Indiana, Illinois, South Dakota, Georgia, Alabama and Kansas, anti-trust bills, prohibiting all combinations or agreements "in restraint of trade," or to control prices, have been passed, though it is not certain, from information now at hand, whether all of such bills finally became laws. The penalties prescribed in most cases were very severe. Similar measures were proposed in Minnesota and Massachusetts, but met with defeat.

There has also been a great mass of anti-capitalistic legislation along other lines. In New York, a bill was passed and has been signed providing for a gradual reduction in the price of gas in New York City, from \$1.25 to \$1.00 per thousand feet, at the rate of 5 cents a year. From the experience of Boston, where similar legislation was enacted about two years ago, it is quite possible that one result of this action will be a deterioration in the quality of the gas supplied. The companies deny that this will occur, but intimate that expenses will be reduced in other ways. This, very likely, means lower wages or less efficient administration. Such legislation is wholly uneconomic, and attacks the problem at the wrong end. There was no necessity whatever for this measure, since the new charter for Greater New York, which goes into effect next January,

provides the true economic mode of procedure in all such matters, by requiring the periodic re-sale of public franchises to the highest bidders.

Even less justifiable was the graduated inheritance tax bill, under which legacies of \$500,000 are to be taxed 5 per cent., and for every additional \$250,000, 1 per cent. more until \$3,000,000 is reached, after which the tax shall be uniformly 15 per cent. As we pointed out in our last issue, this is pure confiscation, not differing in principle from the theory of Mr. George's single tax. It is levied not with reference to the needs of revenue, nor to eradicate any public evil, but solely because the wealth is there to take. It is immoral, unjust, and wholly opposed to the spirit of free democratic institutions. The effect will be that men of wealth will transfer their legal residence to other states, and thus deprive New York of all revenue whatever from their taxable personal property.

In Kansas, a large amount of absurd legislation was proposed, but the laws actually enacted were unexpectedly moderate. Aside from the anti-trust law, and laws apportioning banking capital and requiring mortgage assignments to be recorded in the county where the land is situated, nothing of general importance was accomplished. A bill regulating railroad rates failed to become a law, as did also the proposition to compel insurance companies to invest 50 per cent. of their earnings in Kansas securities.

In Washington, however, a freight reduction bill was passed, and in Indiana a three-cent street-car-fare bill became a law. Income tax and inheritance tax bills were passed in Utah, and a graduated inheritance tax bill was passed by the general assembly of Minnesota. A bill largely increasing the taxes on telegraph, telephone, express and sleeping-car companies was successful in the Iowa house, and a similar measure was passed by both houses of the Minnesota legislature. Texas also, has imposed a tax on sleeping and dining-car companies of 10 cents per mile of travel. If the purpose of these interesting measures was to make the rates for first-class railway travel extravagantly high, or to prohibit such accommodations altogether, they will no doubt be abundantly successful. The



anti-department store fight in Illinois did not succeed, but the senate in that state adopted measures providing for the regulation and taxation of street railway franchises.

Of the miscellaneous legislation of the season, the following enactments are worthy of special note :

In Indiana, laws were enacted establishing factory inspection, prohibiting the employment of children under fourteen years of age, creating a labor commission, abolishing contract labor in prisons and employing convicts in the making of supplies for State institutions; and a compulsory education law. Except for the Populistic measures before referred to, the proceedings of the Indiana legislature were very creditable. Few states can show so good a record for a single session. The progress of factory inspection and child-labor legislation, here indicated, is especially gratifying.

In Wisconsin an important bill regulating primary elections was introduced in the legislature and attracted wide attention, though information as to its subsequent fate has not been received. Its purpose was to establish primaries upon a strictly legal basis, with safeguards similar to those governing general elections. This is a subject that has never been very seriously dealt with, and undoubtedly the present system can be materially improved upon.

The New York legislature is entitled to credit for passing the so-called "anti-scalping" bill. Ticket scalping is an illegitimate and semi-dishonest business, and its toleration by the state is distinctly unfair to reputable railroad management. Moreover, the public is really the loser by the operations of scalpers, since the effect is to discourage railroad companies from offering rate concessions and provisional reductions possible only when the fulfilment of the contract on the part of the purchaser can be reasonably guaranteed.

Equally creditable was the passage of the Adirondack Park bill, whereby the State is authorized to acquire about \$1,000,000 worth of Adirondack territory, and thus insure the preservation of the forests. The Raines law amendments cannot be seriously criticised, since it would be better to have no law at all than to have one so loosely constructed that its

whole intent and purpose can be defeated by taking advantage of the loopholes. Reputable liquor-dealers ought certainly to welcome the suppression of the cheap rival concerns masquerading as clubs or hotels, and thus escaping the tax paid by *bona fide* institutions.

The Ellsworth anti-cartoon bill obtained a considerable support, but on the whole it is well that the measure was defeated. While aimed at the unscrupulous methods of the sensational press, the bill was so drawn as practically to prohibit almost every sort of pictorial representation of public occurrences or people, whether in books, magazines, reputable papers or elsewhere. One refusal of permission might spoil the whole of a perfectly legitimate and valuable representation of an historic event. The consequences of this measure were too far-reaching and vexatious, and savored too much of arbitrary interference with liberty of the press, to have ever worked satisfactorily. Malicious caricature is already a criminal offense, and in the long run the influence of public opinion can be relied upon to correct that class of abuses at which the Ellsworth bill was particularly aimed. In the attempt to suppress a few conspicuous offenders, an immense and wholly legitimate, and even socially-advantageous industry would have been practically ruined. From a law of this nature it is a very short step to a law prohibiting all reference to or criticism of any individuals, public or private, without their express consent,—a manifest absurdity under democratic institutions.

Greater New York is now an assured fact, the new charter having duly passed the legislature and been signed by the Governor. After January 1st, 1898, therefore, New York will be the second largest city in the world, possessing a population of over three millions and an area of about 359 square miles. The consummation of this great undertaking was perhaps the most important act of the 1897 legislature, and the outcome of the experiment thus inaugurated will be watched with great interest the world over. The new charter is not a perfect instrument, and experience will probably demonstrate the need of certain changes, especially in the direction of finally abolishing the bi-partisan plan in the management of the police depart-



ment. But, on the whole, it is confidently expected that under the new régime a much better, more efficient and progressive government will be possible, throughout all the territory affected, and if so a definite, permanent forward step will have been taken. Against this general fact, the temporary friction arising during the change from the old to the new, ought to weigh but little.

The "anti-starch" civil service bill, now a law, was not a creditable measure, and its passage did not improve the record of the legislature of 1897. However much the civil service regulations need reforming, and there is no doubt about the inefficiency and absurdities contained in the present system, this new law is clearly not in accord with the intent of the constitution, and will probably be overthrown by the courts. In that event the way will be clear for the next legislature to make all necessary modifications in the present system, without destroying the real utility of competitive examinations.

On the whole, the legislative record of 1897 can hardly be called satisfactory or encouraging. It has been marked, in many cases, by extravagant exhibitions of prejudice, and sometimes by inexcusable rashness in dealing with industrial interests of great magnitude in themselves and of far reaching influence throughout the business community. As there has undoubtedly been a considerable public sentiment behind this kind of legislation in general, the retrospect herewith given only serves to emphasize the need of prompt action on the part of the new Congress and Administration, in dealing effectively and wisely with the industrial and financial situation, through proper legislation. A good, revenue-producing protective tariff, a wise revision of our currency and banking systems, a rigid restriction of immigration, and preliminary steps at least towards certain much needed and highly important labor reforms, will do much in the direction of restoring a real and permanent prosperity, and turning the economic thinking of the laboring and agricultural classes into more rational and conservative channels. At the same time, as before suggested, the situation indicates more forcibly than ever, how great is the need of sound, intelligible, constructive economic education, not only among legislators, but chiefly among those from whom all legislative powers are finally derived.



## Editorial Crucible

SOME TIME AGO we called attention to the fact that an anti-trust bill, patterned on the Georgia law, had been introduced in the Massachusetts legislature, and lamented that Massachusetts was following Georgia in the anti-wealth crusade. We are glad now to note that the crazy bill only reached the committee room, and that an effort to imitate our own little Lexow and have a trust investigation committee appointed, has been promptly voted down by the Massachusetts legislators. Massachusetts has adopted more progressive industrial legislation than any other state. She was the first state in this country to have a Ten-Hour law, and the first in the world to establish a Labor Bureau. She was the only state in the Union that did not yield to the undemocratic biennial election craze of lengthening the terms of elective offices and increasing the appointing power of executives. It is encouraging to know that the state of Samuel Adams, Wendell Phillips and Charles Sumner,—the state that contains Bunker Hill—is still true to the principles of popular government and the freedom of industrial enterprise.

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MATTHEW MARSHALL'S Monday article in the *New York Sun* usually contains a lot of good sense on financial questions. In a recent issue he discusses the Dos Passos scheme for a huge national mortgage company for furnishing cheap money to farmers. His review of the history of this class of fiscal institutions in Prussia, Germany, Austria and France is able and instructive. But he closes by discouraging all efforts to procure an improved banking system, and tells farmers that the remedy for their fiscal necessities is "To lay by money out of their earnings year by year until they have enough of their own and do not need to borrow. Then they will be independent of banks and of lenders on mortgage, and eventually they will become lenders themselves." If the farmers cannot understand this, "neither will they be persuaded though one rose from the dead." It is so simple, easy and effective. What a marvel that nobody has thought of this before. Just think of it!

They have only to save their earnings, and they will not need to borrow at all, and can become lenders themselves. Why would not this be excellent advice for manufacturers and merchants as well—indeed for everybody. Wall Street and Lombard Street, and all the banks in Christendom could then be abolished; but if everybody were lenders who would be the borrowers? How can Matthew Marshall, even in his off moments, let such stuff escape his pen? Yet, he has done it before, which seems to suggest that there is really something the matter with Matthew.

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GOVERNOR BLACK did himself credit in vetoing the Dudley Inheritance Tax bill. In his memorandum accompanying this measure of confiscation, he says: "But the strongest argument against this bill is that the rate proposed is not uniform nor fair. There is no reason why one man's dollar should pay more than another man's. There is no reason why the last million dollars of a man's property should pay more than the first million. The discrimination between the two is a penalty, not a tax. Under this bill an inheritance of \$1,000,000 would pay a tax of \$10,000, and an inheritance of \$4,000,000 under similar circumstances would pay \$400,000. The inheritance would be only four times as large in one case as in the other, but the tax would be forty times as much. If this is constitutional it ought not to be."

This is good sense and reflects great credit on the young Governor. He ought to have treated the Lexow bill in the same way. It would almost seem as if the Republican party in this state, at least so far as it is represented by the legislature at Albany, represents a very poor type of statesmanship. Nothing appears to be too sensational or demagogical for it to stoop to if it is a part of public clamor. This Progressive Inheritance Tax like the Lexow anti-Trust bill is a piece of the most discreditable pandering to a mugwump anti-wealth sentiment that has been exhibited for a long time. Some day the Republican party in this state will be thankful to Governor Black for saving it from the disgrace of adopting such Populistic legislation.

THE LOUISVILLE *Courier-Journal* appears to have forgotten that the day of miracles has passed, and is endeavoring to educate the New York *Evening Post* up to the standard of fair criticism. After quoting at length one of the *Post's* characteristic "denunciations of President McKinley for what it calls his violation of faith to the sound money Democrats" *The Courier Journal* says:

"Those sound-money Democrats who voted for McKinley did so not because of their complete confidence in his financial views, but because as between him and Bryan, one of whom was bound to be elected, they preferred McKinley. . . . Up to his nomination, Mr. McKinley's financial views were decidedly obscure. Not so his protection views. He did not declare himself explicitly for gold until weeks after his nomination. He won his nomination on his tariff record, not his money record. He never abandoned his infatuated advocacy of a high tariff. Even after he had been forced to recognize the primacy of the money issue, he always coupled with it the tariff issue. There was scarcely one of his many campaign speeches in which he did not lay as much stress upon the necessity for protection as for honest money. The Democrats who voted for him did so because they preferred to accept the evils of protection rather than risk the evils of Bryanism."

This is a frank, true statement of the facts, and the *Post*, *Times*, and other mugwump journals which are trying to work up a furor about "bad faith" are simply demonstrating their preference for misrepresentation, even in matters of common knowledge. We congratulate *The Courier Journal*, however, on its good intentions, but really it is too late to undertake to work a miracle of such dimensions. The *Post* cannot be cured.

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AT A RECENT dinner in Philadelphia, ex-Senator Edmunds delivered a speech on the subject of trusts. Most people who attack trusts aim their daggers at the Standard Oil Company or the American Sugar Refining Company, but ex-Senator Edmunds directed his against the Labor Trusts, as he called trades unions. The fact that combined labor fixes a high standard of wages for their craft and class, seems to ex-Senator



Edmunds to be a terribly bad thing. After depicting the evils of laborers not being permitted to work for lower wages than their comrades, Mr. Edmunds says: "The standard is set for them, and if they do not wait and starve their families until they can reach that standard, they cannot get work anywhere. Everywhere they go they are met by the same condition of affairs—all over the United States a workman cannot work for what he wants to—he must work for what somebody else says he must work for." How terrible it must be for a laborer who cannot work for less pay if he wants to. That is very much like the argument of the early English manufacturers against the factory acts, which was so plaintively repeated in Massachusetts by Edward Atkinson against the Ten-Hour law. It was taking away the "freedom of the women and children" to say they should not work more than ten hours a day. Why not say that the fourteenth and fifteenth amendments were taking away the "freedom of the slave" to be a slave, because they declared slavery illegal. This pleading for long hours and low wages in the interest of the laborers is the worst kind of economic hypocrisy that is abroad. It would do more credit to ex-Senator Edmunds' integrity if not to his economic insight, frankly to join *The Journal of Commerce* and Senator Elkins in openly demanding that "Wages must go down."

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OCCASIONALLY THE *Springfield Republican* has spells of wholesome patriotism that are really refreshing. The other day when in one of these moods it came across a lecture delivered in Baltimore by its poet friend, Richard Watson Gilder, on the failure of representative government. Mr. Gilder is quoted as saying: "That representative government has failed in America; has failed indeed almost everywhere with the gradually disappearing exception of the British Parliament," whereupon the *Republican* is led to remark:

"Such talk disgusts us very much, although God knows how many 'problems' democracy has to work out. One serious fault with the critics of popular government is that they demand perfection of it, or at least a much higher achievement than

they do from other systems. If a republic displays corruption they insist that the republic is a failure. But if monarchies and despotisms display corruption and terrible abuses we are to regard them as all right and in the nature of things. . . . If representative government has failed, despotism has never succeeded. We propose to hang on to government by the people; it is no worse and in many respects is proved to be a great deal better than the article Kaiser William and Czar Nicholas display. Don't despair of the republic. 'The cure for the evils of democracy is more democracy.'

There is hope for the Republic so long as a Massachusetts mugwump like *The Springfield Republican* can even have streaks of patriotism as strong as this. We cannot agree with the *Republican* that always "The cure for the evils of democracy is more democracy." It would be more generally true to say that the cure for the evils of democracy is greater opportunities for familiarizing the people with sound principles of public policy, but we forbear criticism, rejoicing in the fact that *The Springfield Republican* has enough virile patriotism "to hang on to government by the people."

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IN ITS TREATMENT of the tariff bill the Senate bids fair to give the country another illustration of how little it is governed by economic principle and how much by personal politics in treating public questions. For instance, they have put a duty on hides, as if there were any economic justification for such a duty either for protection or for revenue. This duty is doubtless put on to please cattle raisers, on the assumption that it is a protection to their industry, but it is nothing of the kind. Skins, horns and hoofs are a part of the creature. Cattle are sold by the head, not by weight. If skins and horns are made to bring more by virtue of a tax, the carcass will sell for less. The price of cattle is fixed by the cost of raising the dearest portion of the supply the market requires, and if one part of the creature can be sold for more, another part will be sold for less. If sirloin should go to 40 cents a pound, brisket and flank would probably sell for 2 or 3 cents

a pound. If skins and hides could be trebled, the price of some other parts would fall.

The price of cattle is not determined by the price of skins, or by the price of sirloin or rump, but by the cost of raising cattle. The same is true of sheep. If wool should double in price, mutton would fall, and if mutton should double in price wool would fall, because the cost of raising mutton and the cost of growing wool is all a part of the cost of raising sheep, and the profit and loss turns on raising the sheep as a whole. All this is a part of the same fallacy that tips increase the income of waiters, whereas it simply reduces their wages. They get in tips and wages about what they would get in wages without tips. While a tax on hides will not directly affect the cattle raiser, it may affect the shoe industry by increasing the price of raw material. There it may be a real injury, but in the long run it can be of absolutely no benefit to cattle raisers. It is just this kind of uneconomic tariff making that brings protection into disrepute and gives color to the charge that it is legislative favoritism, rather than economic protection.

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SENATOR PENROSE of Pennsylvania is surely on the road to fame. He has undertaken to live in Washington without tipping the waiters. If he continues his crusade against this annoying and pauperizing custom, he will doubtless have a hard time, but if he wins, the glory is his. According to the *Louisville Courier-Journal* he has already caused a waiters' strike. The report says: "The waiters all with one accord deserted his table. He beckoned to one but his motion was not seen. He called to another but he was not heard. He summoned the head waiter and demanded his breakfast. The head waiter called a subordinate to serve the Senator, but he refused and was discharged on the spot. Another was summoned only to be likewise treated. Thereupon the whole body of waiters cast off their aprons and walked out. They would die, but give up their sacred tips, never!" If this be true, it only shows how densely ignorant the waiters are about what affects their own income. They think the tips increase their wages. The truth is the only effect of tips is to reduce their



wages, but they reduce them irregularly and most unsatisfactorily. In the long run the waiters do not get a penny more, and many of them receive a little less than they would if they relied on wages only. In the latter case they would get a definite amount, and they could demand it and rely upon it, but with the tip system what the customer gives in tips the employer takes off in wages, so that if one hotel is reputed to have a higher tip-giving grade of customers, it will have a lower range of wages and *vice versa*. The truth of this is aptly illustrated in the case of the Pullman car porters who have just asked for an increase of wages. One of the reasons they gave was that during the last few years, "The tips received from the traveling public have so decreased that in conjunction with the wages paid by the company the men are unable with the most frugal management to make living wages." Tipping is uneconomic; it benefits nobody and ought to be abolished. It may do for semi-mediæval Europe, but it should have no place in a republic.

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THE NEW YORK *Journal of Commerce* is one of the few free trade journals, which, besides believing theoretically in the doctrine of free trade and low wages, has the courage openly to advocate both. There are two classes of free traders in this country. One erroneously assumes that free trade would ultimately be beneficial to the wage receivers. This class seems really to believe that wages would be higher with free trade than with even the most philosophic system of protection. Nothing but this delusion keeps this class in the free trade ranks. There is another class of free traders, however, who are not laboring under this delusion. They not only do not believe that free trade would increase real wages, but they do not believe that wages should be increased. On the contrary they believe that American wages are altogether too high and should be reduced. A great many who believe this have not the courage to say it but they are constantly acting it. *The Journal of Commerce*, however is an exception. It believes in free trade, and it is frank enough to advocate the lowering of wages. It regards a general reduction of wages in this country

as so important to the business interests it represents, that it periodically returns to the subject with the seriousness of one charged with the responsibility of inaugurating an important social reform. In 1894 it thought that the only salvation of the country was to reduce wages about 20 per cent. The administration succeeded in nearly doubling this,—and still we did not have a revival of prosperity.

In discussing the new tariff bill *The Journal of Commerce* again returns to its wage reducing theme. Instead of giving tariff protection to American manufacturers *The Journal of Commerce* thinks that what American manufacturers really need is cheap raw materials and more moderate wages. It thinks the chief cause of our industrial "derangement" is "an artificially high standard of wages." Frankness is a virtue even in wickedness. If we must have a school of low wage economists and politicians, it is better that they honestly advocate what they desire. It is the shortest way to the goal of their ambition. It would be a contribution to public morality for free trade journals and statesmen to take their position with *The Journal of Commerce*, and frankly announce that the real meaning of their doctrine is to bring about a general reduction of wages in the United States. They could at least count on Senator Elkins to stand by them, and the political consequences might be safely left to the voters at the first recurring election. They would all have the honor, at least, of being martyrs for the cause of low wages.

## Economics in the Magazines

AMERICAN JOURNAL OF SOCIOLOGY, *May*, 1897. *Insurance against Non-employment*. By Paul Monroe. In this article Mr. Monroe discusses the various attempts that have been made, principally in Europe, to provide for the insurance of laborers thrown out of employment either by reason of industrial depressions or the temporary displacement of labor by improved machinery. Labor insurance in Germany and to a certain extent elsewhere, already covers invalidity due to sickness, accidents and old age, but has never specifically included non-employment. It appears, however, that several experiments in this latter direction have been recently undertaken in Switzerland, Germany and Italy, most of them being assisted by the state. One of these, at St. Gall, Switzerland, has been abandoned, and experience only can determine the fate of the others. Similar experiments were inaugurated at Cologne, in Germany, and Bologna, in Italy, to operate during the winter of 1896-97, while at Berne, Switzerland, a non-employment insurance system, which was started in January 1893, is still in operation. Other attempts, it is said, are about to be made at Bâle, Zurich and Lucerne.

Except for variations in the amounts required in premiums and given in benefits, all these systems are substantially identical. Thus, at Berne, the dues required are 10 cents per month, and the benefits 40 cents per day for married workmen, and about 29 cents for unmarried. Benefits are only payable during the winter months, and then for not more than two months out of the three.

Another system, proposed by an insurance company recently organized at Chicago, as a purely commercial enterprise, is also described. This includes cases of sickness and accident as well as non-employment, and the benefits, amounting to one-half the regular salary of the insured, will be paid during not more than four months out of the twelve. The premium varies according to the salary, \$1.00 per month for \$30 salaries, and 1 per cent additional on all excess. This attempt is of course wholly experimental, and its merits have not yet been tested by experience.



Mr. Monroe is right in emphasizing the great importance of this subject, and is also right in intimating, as he does, that insurance of this sort is a proper subject for collective action through the agency of the state. As he says: "There are certain burdens that can be borne and certain activities that can be maintained only by the group collectively. . . . It has seemed that non-employment was a form of disability that could not be relieved by an extension of this principle (voluntary insurance) carried out by individual initiative." The objections to private systems are that they involve direct contributions from the insured, and hence diminution of their wages; that laborers become practically obligated not to strike or make demands whereby their positions would be jeopardized, (this feature appears very conspicuously in the rules and regulations of the Chicago plan); and that individual industrial establishments can only adopt a voluntary insurance system at the expense of some competitive disadvantage with respect to other concerns not so adopting it. Furthermore, while a private establishment might arrange to insure its employees against accident, sickness or old age, it manifestly could not insure them against non-employment, and even the old age insurance is forfeited if the workingman ever chooses to change his employment. Under a national compulsory system of labor insurance all these defects would be obviated. No deduction from wages would be involved, the free mobility of labor would be unaffected, and the slight additional expense would fall upon all employers without exception, and be treated like any other general item of cost.

REVIEW OF REVIEWS, *May, 1897. The Real Condition of Cuba To-day.* By Stephen Bonsal. It seems almost incredible that anyone should be able to say a new word on the Cuban question, but we have nevertheless found the above article unusually interesting. It is certainly a timely article, in view of the general revival of interest in Cuban affairs, and is really the first detailed description of the situation since Weyler's last campaign of devastation and extermination began.

Mr. Bonsal has recently spent several months in Cuba, and his account is based upon personal observation. He states

that the two eastern provinces, Puerto Principe and Santiago de Cuba practically constitute a Free Cuba to-day. Except for some twelve or fifteen towns, the Cubans control and administer the whole of these provinces, and the rural inhabitants have suffered little disturbance in their ordinary agricultural pursuits. The holding of the towns referred to constitutes one of the severest drains upon Spanish resources, since they have to be regularly supplied by special relief expeditions and a good share of the provisions and equipments thus sent nearly always falls into the hands of the insurgents.

The other four provinces have been visited and literally devastated by the Spanish troops. "With the exception of some twenty or thirty centrales, or sugar estates, there has not been left standing a single house, not even a *guano* hut, in these four provinces, outside of the Spanish lines surrounding the occupied towns." Mr. Bonsal says that the war now presents two phases; the war against the insurgents in the field, and the war against the non-combatants. The latter, men, women and children, have everywhere been compelled to enter or congregate around the fortified towns; all found outside being considered rebels and dealt with accordingly. The scenes of starvation, disease and death in these overcrowded and miserable camps, as depicted by Mr. Bonsal, are sickening and almost incomprehensible. One would be tempted to suspect exaggeration, were it not for the large number of similar reports now being received from many different sources, including official advices received at Washington. No less revolting is Mr. Bonsal's description of the regular morning executions in front of San Severino fortress, opposite Matanzas, the victims being mainly "young boys who have been captured in various ways and charged with the stereotyped crime of 'rebellion and incendiarism,' and have been found guilty by a summary court martial."

In spite of all this, the insurgents maintain their operations in every one of the four provinces thus "pacified," and ultimate Spanish success is regarded as an impossibility.

RAILROAD TRAINMEN'S JOURNAL, *May*, 1897. This is a little magazine which undoubtedly exercises a considerable in-



fluence among a large and important body of workingmen. It is published by the Brotherhood of Railway Trainmen, a well-managed, conservative labor organization, conducted along about the same lines as the Brotherhood of Locomotive Engineers. These various railroad organizations are in many respects ideal labor unions, and, by the use of wise, economic methods, are accomplishing a great amount of good, and materially furthering the interests of the labor movement in general.

All the more important does it become, therefore, that their representative publications should be wise and careful, and particularly that the economic discussion placed before their readers should be sound, helpful, and based upon true principles. In many respects the *Railroad Trainmen's Journal* comes up to this standard, but we notice in its columns from month to month a discouragingly large amount of cheap, ill-digested matter, exploiting rank economic fallacies such as the single tax, socialism, abolition of large aggregations of capital, and so on, not one of which, if realized, would be capable of conferring any benefit whatever upon the laboring class, but on the contrary would tend to absolutely prevent all future industrial development, and probably wipe out a good share of what labor has already gained, through generations of unremitting effort. Thus, in the May number appears an article on "No Darkness but Ignorance," filled with senseless ranting about robbery of the people, and the slavery of taxes, usury and debt; another defending socialism as against the single tax; and, editorially, a quasi-condemnation of improved machinery because of the displacement of labor involved. How a railroad journal, particularly, could overlook the ultimate economic effect of invention and machinery in immensely widening the field for labor, is incomprehensible. The million of railroad employees in this country owe their employment to the "displacement" of stage coaches half a century ago, and what is true in this case is true in varying degrees in all lines of industry. The cases of temporary dislocation while this process goes on, could be provided for by a national system of labor insurance, and the demand for labor could be largely increased by a general eight hour day. These are the things the *Journal* should be advocating, instead of indulging in pessimistic com-



ment on the "curse" to labor from the increase of machinery, and the hopelessness of expecting any real remedy. We do not wish to treat the *Journal* unfairly, but in these days the work of influential labor papers is coming to be of very serious importance, and they certainly ought to be properly adjusted to labor's real economic needs.

ENGINEERING MAGAZINE, *May 1897. The Recent Prosperity of British Railways.* By William J. Stevens. One or two of the points made by Mr. Stevens have a special interest, in view of the existing railway situation in this country. Those who are accustomed to regard industrial combinations and railway "pools" as peculiarly American institutions, will perhaps be surprised to learn that the latter form of organization is a regular and permanent feature of railway management in England. To quote from Mr. Stevens' article: "The laws of Great Britain do not forbid pooling arrangements, and, as comparative harmony exists among the companies in the matter of charges, a war of rates is in any form a very rare occurrence indeed. . . . Certainly it may be said that the trading public do not really benefit to anything like the extent that railways suffer in a rate war. To the maintenance of rates and fares the clearing house system in Great Britain very materially contributes. It is a well-established, independent organization supported by the companies in the proportions of the work done for them, and, besides dividing receipts from through traffic among the companies, it is a most valuable check on undue competition in rates and fares. The interests of the public are by no means neglected in this matter, and, as evidence that this is so, reference may be made to the reduction of fares lately instituted by several companies to check the decline in second class traffic. From the beginning of 1895, for example, the South Eastern & Chatham Companies materially reduced their first and second class fares. Last year the Great Western and South Western took similar action, and reduced their second-class fares considerably. . . . The Brighton Company intends to reduce its first and second-class fares to the level of two-pence a mile and a penny-farthing a mile respectively, begin-

ning May 1, 1897, maintaining a penny a mile third-class, as at present."

Another very important consideration is brought out in the following: "Though competition in rates and fares is alien to the working of British railways, another form of rivalry which, though costly to the companies, is of great benefit to the public, is the competition to improve and increase facilities, both as to speed and accommodation. In recent years this kind of rivalry has made great strides, and to it the increase in the ratio of expenses to receipts is largely due. . . . By reason of superior management the effect of this increase in the ratio of working expenses is being overcome."

There is certainly no good reason why American railways should not be quite as free from unwise legislative interference as are the English roads, yet it seems probable that under the existing anti-trust law, all pooling arrangements are about to be broken up. Mr. Stevens shows in his article that British railways are enjoying a period of great prosperity, of which the public is getting its fair proportion. With this, the general financial condition of American railroads forms a very instructive contrast.

NORTH AMERICAN REVIEW, *May, 1897. Should Immigration be Restricted?* By Simon Greenleaf Croswell. In this article Mr. Croswell completely misses the real point of the whole immigration problem. He assumes, in the first place, that the objection to further immigration arises from fear of over-population, and in the second place, that familiarity with our political institutions is the only necessary test of good citizenship. Since there is no real danger of over-population, and since, in his opinion there is nothing in our political institutions beyond the comprehension of any ordinary mind, he concludes that no restriction of immigration is necessary or advisable.

In both his premises, and hence in his conclusions, Mr. Croswell is utterly mistaken. Of course there is no danger from over-population. Some of the most thickly populated countries and portions of countries in Christendom are the

most prosperous and enlightened. Where population is largely occupied in the mechanical arts and commercial pursuits, and where, as under modern conditions, scientific cultivation and cheap transportation make it possible for relatively small areas practically to feed the earth, the old definite relation between the soil and its immediate inhabitants no longer exists, and it is nonsense to infer that an increasing population means decreasing subsistence. The argument against further immigration is not, as Mr. Croswell seems to imply, a question of quantity at all, but of *economic quality*. In general, the material prosperity of a people is measured by its relative wage level, and it is because the low-class, cheap-labor immigration from Europe constantly tends to undermine and lower, or at least retard the rise of that wage level here, that such immigration is economically undesirable. Knowledge of political institutions is a secondary matter. The character of such institutions is always determined by the industrial conditions and living standards of the people, and until these reach and are maintained upon a relatively high plane, the former can never be characterized by much intelligence or freedom. Given enough individual stamina and diversified tastes to demand good wages, and there will be capacity for self-government. Given the type of individual represented by the present-day immigrant from Latin Europe, and though he were able to repeat the Constitution word for word, he would nevertheless be unfit material for good citizenship. We must therefore emphatically dissent from Mr. Croswell's conclusion that "the immigrants who arrive at our shores are for the most part good material out of which to make American citizens, if they are properly trained." In concluding he says very truly that the young American nation "should avoid any measures which would stunt or deform its growth." For exactly this reason we favor sharp restriction of immigration, by means of a monetary qualification high enough to exclude all those who are not substantially up to the American standard of living.







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