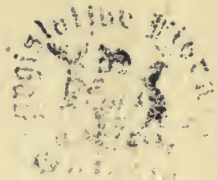




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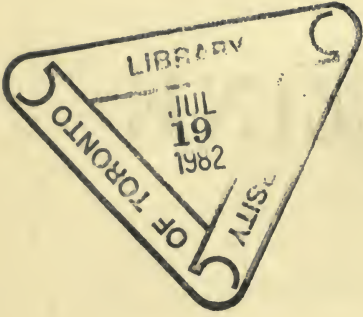
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HON. THEODORE ROOSEVELT

GUNTON'S MAGAZINE

JANUARY, 1898

The Need of a Navy

HON. THEODORE ROOSEVELT, ASS'T SECRETARY OF THE NAVY

One of the penalties of desiring to speak one's mind is that the man so speaking it must be ready to back up his words by acts, unless he is willing to find himself in a peculiarly humiliating position. This applies just as much to a nation as to an individual. Therefore, if a nation desires any weight in foreign policy of any kind—that is, even if it desires only a guarantee that no foreign nation will adopt towards it a hostile policy—then it must possess the means to make its words good by deeds. In the case of a nation whose interests in foreign affairs are concerned primarily with powers touching it by land, this means that it must be ready to face invasion by land, or, in case of necessity, itself to invade by land. If, as in the case of the United States, there is no great military empire abutting on the country in question, then it must look primarily to its navy as the means for carrying out any policy on which it has resolved. The United States has on one side Mexico, on the other Canada. Canada, it is true, is part of one of the greatest empires in the world; but the British empire, though it has ever been fertile in able generals and gallant soldiers, nevertheless owes its high standing primarily to its navy; and in the very unlikely event of any trouble between England and the United States the British forces in Canada, and the American Navy on the ocean, would be almost equally at a disadvantage. Aside from Great Britain, however, practically every other nation which could by any possibility have trouble with us would have to meet us at sea. This of course means that if the United States is to have any foreign policy whatsoever it must possess a thoroughly efficient navy.

I shall be met by two sets of objections. The merely ignorant man, who is patriotic, but who does not take the

trouble to think or to know the facts, is apt to assume that the United States is so big that no foreign power will tackle it; and that anyhow we can immediately improvise a navy if we need one. Of course the answer to this is that the position is absurd. No nation can afford to rely upon utterly unprepared strength. Even the strongest man can with safety rejoice to run a race only on condition that he is in some kind of training to make the effort. If he lets his muscles become mere fat, he can rest assured that he will be beaten by any one who takes the trouble. The unwieldy possibility of strength would not save the United States any more than it saved China. Of course Americans are very different people from the Chinese; and I have altogether too firm a faith in my countrymen not to believe that ultimately they would make any antagonist regret having assailed them; but this might well be only after terrible disaster and bitter humiliation; only after repeated defeat in battles and campaigns, or, indeed, defeat in the first war itself. If our lack of preparation caused us such defeats, though we might subsequently redeem them, we could never wipe out their memory or undo the damage they did.

The second set of objections comes from men who are not ignorant, but who either lack the robust patriotism common to most Americans, or else who have lost the proud, masterful instincts which have always been part of the character of any really great race—instincts I may add which do not in the least indicate a desire wantonly to oppress any weaker race or people. The man of mere wealth, to whom the stock market is everything, and whose shortsighted vision is bounded by the horizon of a material prosperity; the anæmic man of culture, whose education has been so one-sided as to develop cultivation and refinement at the expense of the virile qualities; the good quiet soul, with many indefeasible civic virtues, who is decent and respectable, but who is incapable of those generous and lofty thoughts which make a nation rise above the level of the commonplace—all these object to a navy on the ground that we ought not to have any foreign policy at all. Of course to men of this stamp the Monroe Doctrine, for instance, is merely something unpleasant and wicked, which

may possibly bring us into war ; and they are apt to be devout believers in the degrading doctrine that even a dishonorable peace is better than a just war. They have not the slightest desire to see the Monroe Doctrine enforced. They have no objection, or at best but a feeble objection, to see any great European power establish itself afresh on this continent ; and they are quite unable to understand why any man should object to seeing the Americans who have made Hawaii civilized fall under the dominion of some Asiatic or European sovereign.

Either kind of sentiment, either the belief that we can dare anybody to fight, without preparation, or the belief that we ought never to fight or adopt a policy which might lead to fighting, is bad enough ; but the result of a mixture of both is even worse ; and it is this mixture in our foreign policy which offers a perpetual menace to our welfare and honor. If we build and maintain an adequate navy and let it be understood that, while we haven't the slightest intention to bluster or to commit any wrong, yet that we are perfectly ready and willing to fight for our rights, then the chances of war will become infinitesimal, and no power will dream of protesting against the Monroe Doctrine. If, on the other hand, we announce in the beginning that we do not class ourselves among the really great peoples who are willing to fight for their greatness, that we intend to remain defenseless, hoping thereby to escape the anger of anyone, and that we shall of course refrain from pushing any policy, whether that embodied in the Monroe Doctrine or any other, if it can possibly be distasteful to nations who actually will fight—why, under such circumstances we doubtless can remain at peace, although it will not be the kind of peace which tends to exalt the national name, or to make the individual citizen self-respecting. But if together with a policy of refusing to fight at need we allow the policy of blustering self-assertion to go hand in hand, we may at any time find ourselves in a very awkward position. We asserted the Monroe Doctrine as against Great Britain in the Venezuelan case. Personally I am very glad we so asserted it, but it would be a cause for bitter humiliation if, having once taken this position,

we failed again to assert it against any other power, no matter what it might be, which should attempt a policy of territorial aggrandizement at the expense of any state in America.

General principles always have their value; but their greatest value comes in when they apply to concrete cases. Just at present Hawaii is the concrete case. If the United States desires to become what it undoubtedly should become, the great power of the Pacific, then our people must heartily back up President McKinley's course in preparing the annexation treaty. We must take Hawaii just as we must continue to build a navy equal to the needs of America's greatness. If we do not take Hawaii ourselves we will have lost the right to dictate what shall be her fate. We cannot play hot and cold at the same moment. Hawaii cannot permanently stand alone, and we have no right to expect other powers to be blind to their own interests because we are blind to ours. If Hawaii does not become American then we may as well make up our minds to see it become European or Asiatic. Furthermore, if we fail to continue the building up of our navy, as our means allow, and fail to make all foreign powers understand that when we have adopted a line of policy we have adopted it definitely, and with the intention of backing it up by deeds as well as words, then we might as well abandon once for all any idea that foreign powers will regard the Monroe Doctrine as anything more than an idle threat.

The President's Message

A message from the President of the United States to Congress is always an affair of national importance, but the first message of a new President to the Congress elected with him is a matter of still greater public concern, as it is supposed to discuss the general policy of the new administration. Although it cannot be said that the first message of President McKinley contains any startling deliverance, it is wholly free from any suggestion of self-righteousness and personal "consecration" so characteristic of some former official utterances from the White House. It is a modest, simple, direct discussion of public questions requiring the attention of Congress. It is characterized throughout by that moderation which has been so disappointing to his political enemies, which has shown all the prophecies regarding his "narrow partisanship," his "high tariff fanaticism" and weak pandering to "sixteen to one" vagaries, to have been false inventions. Without agreeing with his position on all questions discussed, it must be admitted that the President's message is a straightforward, statesmanlike presentation of the administration's position on the great questions of public policy.

After briefly noticing in a firm tone of satisfaction the work of the extra session, bespeaking for the Dingley Law (which he thinks has settled the tariff question) a fair trial, he passes to the currency question. On this topic, while conservative and cautious, he is evidently heading in the right direction. His suggestions, though not at all radical, are clearly in the line of a sounder currency and a superior banking system. He recognizes, as do all students of finance, that the endless chain must be broken. The existence of a treasury system which makes it possible for private concerns to compel the government to borrow gold to pay their foreign balances and keep repeating the process, cannot endure without great danger to the financial stability of the nation. Nor should it be possible for an administration to issue bonds for one purpose and use the money for another, as did the last administration. It was the existence of the greenbacks and the fluctuating hundred

million gold reserve, with the endless chain operation, which enabled Mr. Cleveland to issue bonds ostensibly to maintain the gold reserve, use the money to pay the current expenses of the government, and so hide from public view the fact that the revenue policy of the administration was creating a deficit instead of a surplus. On this point the President very pertinently observes:

“We have \$900,000,000 of currency which the Government by solemn enactment has undertaken to keep at par with gold. Nobody is obliged to redeem in gold but the Government. The banks are not required to redeem in gold. The Government is obliged to keep equal with gold all its outstanding currency and coin-obligations, while its receipts are not required to be paid in gold. They are paid in every kind of money but gold, and the only means by which the Government can with certainty get gold is by borrowing.”

As to the greenbacks themselves, he repeats the suggestion made by Senator Sherman that they be reissued only in exchange for gold and says: “I earnestly recommend, as soon as the receipts of the Government are quite sufficient to pay all the expenses of the Government, that when any of the United States notes are presented for redemption in gold and are redeemed in gold such notes shall be kept and set apart, and only paid out in exchange for gold. This is an obvious duty. If the holder of the United States note prefers the gold, and gets it from the Government, he should not receive back from the Government a United States note without paying gold in exchange for it. The reason for this is made all the more apparent when the Government issues an interest-bearing debt to provide gold for the redemption of United States notes—a non-interest-bearing debt. Surely it should not pay them out again, except on demand and for gold. If they are put out in any other way they may return again, to be followed by another bond issue to redeem them—another interest-bearing debt to redeem a non-interest bearing debt.”

This would undoubtedly prevent the greenbacks from forming an endless chain, by which the treasury could continuously be depleted of its gold. But to the extent that green-

backs are collected and held in the treasury, such collection will constitute a definite contraction in the volume of the currency. That process might, under certain circumstances, put half or two-thirds of the greenbacks and treasury notes in the Government's "iron box," which would be equal to cancellation. While it is desirable to break the endless chain, it is equally desirable to avoid any iron-clad contraction of currency. Indeed, one of the worst features of our currency system is its utter lack of elasticity, its inability adequately to respond to the commercial needs of the country.

The mere withdrawal of the greenbacks, except in exchange for gold, does nothing to relieve this feature of our monetary dilemma. If the greenbacks are to be withdrawn by any method whatever (as they surely should be) it is necessary to substitute in their place some other form of currency. Unless the withdrawal of the greenbacks and treasury notes is to be followed by the issue of bank notes, there will be no change worthy of the name of "Currency Reform." On this point, however, the President recommends a plan proposed by Secretary Gage, and says :

"I concur with the Secretary of the Treasury in his recommendation that National Banks be allowed to issue notes to the face value of the bonds which they have deposited for circulation, and that the tax on circulating notes secured by deposit of such bonds be reduced to one-half of 1 per cent per annum. I also join him in recommending that authority be given for the establishment of National Banks of a minimum capital stock of \$25,000. This will enable the smaller villages and agricultural regions of the country to be supplied with currency to meet their needs."

This is truly a homeopathic dose of banking reform. It may indeed be better than nothing, but it can hardly be expected to do very much toward carrying cheap banking facilities and abundant loanable funds into the agricultural regions. Nothing can really give security and elasticity to bank-note issues in the rural districts, where they are most needed, which does not put the banking capital of commercial centers behind the note circulation in the rural districts. The

branch bank system would at least do something in this direction. No reform which does not incorporate the principle of integrating the banks so as to give the country banks the benefit of the banking assets in the business centers, and thus enable them to issue notes with the maximum security and at the minimum cost, can give any adequate relief to the monetary needs of the farming population. It is true that the deficiency of revenue has greatly aggravated the defective features of our monetary system, but no abundance or even redundancy of revenue in the national treasury can give elasticity, safety and cheapness to loanable funds in the rural districts where capital is scarce and banking deposits are meager. Unless better monetary accommodations, furnishing loanable funds at lower rates of interest, can be secured to the farmers, the money question will continue to be a live and harrassing feature in national politics. In short, if financial relief to the farmers is not furnished by reform of our banking and currency system, they will seek to obtain it through radical change in our monetary standard.

It is a mistake to assume that the return of prosperity solves the money question. If farmers do not get permanent relief through better banking, nothing can stop them from trying to get it from free coinage. It may be said that we can only hope to reach the goal of sound banking by small and almost imperceptible steps, and that there is great risk in trying to accomplish too much at one stroke, but it is equally true that there is in all probability much greater risk in not doing enough to accomplish at least a definite, perceptible beginning of improvement in our banking system. The risk is much greater of having to face a free silver majority and populist administration, for failing boldly to approach the subject, than it is of facing any opposition that may arise in a frank attempt adequately to cope with the banking and currency problem. There is also more risk of danger from timidity and cowardice than there is from firm, bold, patriotic action.

In his treatment of the Cuban question, Mr. McKinley has shown greater firmness, and evidence of good sense. He has discussed this subject at great length. While thoroughly with the Cuban cause, which is evident in every line of the

message bearing on that subject, the President points out the unwisdom of interfering at this time; the main reason for this being that the new Spanish Ministry, which came into power on the Cuban question, is adopting a radically different policy toward Cuba than that which has been in vogue since the revolution began. The new administration, called liberal (a word which can have little meaning in a Spanish government) has made definite promises of a serious effort to give a very large and wholesome measure of political freedom to the island. In view of this fact, Mr. McKinley believes that the new administration should have a fair chance of trying to adopt its reforms. In his whole attitude on the Cuban question there is an evident recognition of the fact that the power of permanent self-government can come to a people only gradually, and that it may be better for Cuba to have a period of experience under political autonomy, which for all practical purposes gives to Cubans the government of Cuba, than would be absolute independence at the present time. This is undoubtedly wise policy and good statesmanship. A declaration on the part of the United States for the absolute independence of Cuba might involve in the very near future the annexation of Cuba to this country. This would be a calamity to civilization. It would be an injury to this country without being commensurately helpful to Cuba. The true road to political freedom for every country is to have the opportunity to work out its own salvation, evolve its freedom from its own conditions, by its own experience, and not have it imposed upon it by another country. Liberties that are given are seldom retained as long or used as well as those which are taken.

The good offices and influence of the United States should ever be used to improve the opportunities and give encouragement to all conditions and influences which promote the freedom-developing forces in Cuba, but it would be a detriment, both to the United States and to Cuba, for us by force to give a form of political institutions to Cuba that the industrial and social character of her own people cannot establish. If a people cannot establish democracy, there is little reason for believing that they could maintain democracy.

Coming to the question of Hawaii, the President seems to

have departed from the cautious and more truly protective spirit of the Monroe doctrine, and advocates immediate annexation. It is difficult to find any economic or political reasons for the annexation of Hawaii which would not equally apply to Cuba, with perhaps the exception that Hawaii has an independent government, and Cuba is still attached to a European monarchy. This, however, forms no substantial reason for a different policy on the part of the United States. The question of annexation should not depend on the desire of the new territory for annexation, but upon its fitness to be annexed. The foreign policy of the United States and the application of the Monroe doctrine should in no wise be governed by the mere desire of neighboring countries to be annexed. To be sure, no foreign country should be annexed to the United States without its own consent, but that consent or even ardent desire should not be the determining factor in the case. The prime and controlling factor in all annexation policies should be the influence of annexation upon the civilization, industrial development and political institutions of the United States, and this must necessarily always depend upon the industrial, social and political character of the would-be annexed people.

From this point of view, which is the all important point of view, Hawaii is probably less fit for annexation than Cuba. The natives of Hawaii, and for that matter, taken as a whole, the population of Hawaii, is less advanced both industrially and politically than is the population of Cuba. The one fact in President McKinley's favor on this question is that he is following the example set by the last Republican President. General Harrison not merely approved but advocated the annexation of Hawaii, and the treaty would probably have been consummated had not a change of administration occurred. But the mere precedent is not a justification for taking such an important step as would be the annexation of so large a group of fourteenth century barbarism to the United States.

Of course, it is urged by those anxious for annexation that it is not intended to make Hawaii a state but only admit her as a territory, but everybody knows with what flippancy

territories are converted into states. The mere balance of party power in the Senate is a sufficient reason for either the Democratic or Republican party to convert territories into states. Until a constitutional amendment is adopted making the condition of statehood definitely depend on a much higher standard of industrial and political qualifications, it will be dangerous in the extreme to admit any people to territorial annexation who are not economically and politically fit for statehood; and this the Hawaiians certainly are not.

It is not to be assumed that President McKinley would take it as an offense or as in any way reflecting upon his wisdom or statesmanship if the Senate should refuse to ratify the treaty. He is not afflicted with self consecration, nor has he ever shown any of the symptoms of the "better than his party" delusion. He is a practical, sensible American, who knows that the President of the United States is the representative of the people of the United States, and that Congress is quite as likely to reflect the desire of the American people and the wisdom of public policy as is the President himself. There is not the least fear that if the Senate should deem it unwise to confirm the present treaty making Hawaii a part of the United States, that the President would not cheerfully acquiesce in the judgment of the Senate. None of the spirit of "sulking in his tent," and tacit threat to punish the Senate through the use of patronage, would follow the failure to acquiesce with the President's judgment on this subject. The good sense and coöperative spirit which has thus far characterized President McKinley's attitude toward the other branches of government guarantee that Congress may act with the utmost freedom upon the subject without incurring the slightest political inconvenience for so doing. This is as it should be, and it is to be hoped that the Senate will act upon its best judgment and decline to ratify the treaty of annexation at present.

On the question of arbitration and other topics discussed, the President's position is characterized by a wholesome, patriotic frankness which is well calculated to inspire the confidence of the nation in the true Americanism of the administration.

The Evening Post vs. Tin Plate Industry.

During the last dozen years the New York *Evening Post* has vilified, maltreated and misrepresented almost every industry that was supposed to get any encouragement from tariff legislation, and in not a few cases it has maligned, by open statements and insinuations, the leading men connected with those industries. The woolen industry has come in for a liberal share of its peevish misrepresentations, but it appears to have done its most complete work of denunciation and persistent, barefaced misrepresentation in resistance to the introduction of the tin plate industry. It seemed to stake all its power for evil upon accomplishing the defeat of that infant industry. In its hatred of the tariff and its love of obstruction to a new American industry, it resorted to a system of falsification, the equal of which it would be hard to find outside of "crookdom." For month after month, when the erection of new tin plate factories was being reported throughout the country, a large one almost within sight of its own office, it persistently denied that tin plate was being manufactured anywhere in the United States.

In a recent editorial the New York *Sun* reviewed the unpatriotic and thoroughly malicious attitude of the *Evening Post* towards the tin plate industry. The facts as brought out by the *Sun*, besides showing the *Post* in a light that ought to make any conductor of an American journal blush, completely justify the McKinley tariff in the matter of tin plate, by proving that it established a profitable industry, and at the same time greatly reduced the price of the product to the public. "Anybody who chooses to examine the files of the *Evening Post* from May, 1892, to January of the following year," says the *Sun*, "will discover few issues of that newspaper in which the tin plate schedules in the McKinley tariff were not denounced editorially as ridiculous and wicked almost beyond the power of language to express; and, furthermore, as peculiarly and typically illustrative of the general infamy of all protective tariff legislation. The unvarying theme of Godkin was this: tin plate never had been in any

profitable degree an American product, and it was not and never could be such. Godkin spent months in explaining to his readers that a heavy duty on tin plate meant merely the enrichment of a few bankrupt manufacturers by putting into their pockets millions of dollars collected as a tax, pure and simple, from the people.

"All this was proclaimed and reiterated in both the editorial and the news columns of the *Evening Post* with every degree and variety of emphasis and ingenious literary expedient. 'The Tin Plate Liar,' 'The Tin Plate Ghost,' 'History of a Tin Mine,' were the facetious headings of some editorial articles. The character of the campaign against American tin plate in the news reports may be gathered from numerous items referring to the mysterious burning of many of the tin plate factories, and asserting that there was no prospect that they would ever be rebuilt.

"In fact, the entire attack upon the McKinley tariff centered upon tin plate. Upon correspondents who suggested that with a little patience and encouragement the manufacture of tin plate might be successfully established here, the courteous Godkin showered his favorite brands of blackguardism. American tin plate was, in the nature of the thing, a myth; and the man who declared otherwise was crazy or dishonest."

The history of the tin plate industry shows a success which ought to make those who prophesied its impossibility in this country hide their heads. According to official data of the manufacture of commercial tin and terne plates in this country during the fiscal years beginning with 1892, and ending with 1896, the facts are as follows:

	American black plate.	Foreign black plate.	Per cent. American.	Total.
1892....	9,296,553	4,350,166	68.12	13,646,719
1893....	43,599,724	56,219,478	43.68	99,819,202
1894....	85,968,202	53,255,265	61.74	139,223,467
1895....	160,576,934	33,224,139	82.85	193,801,073
1896....	303,002,098	4,226,523	98.62	307,228,621

It is well known that prior to 1890 there was practically no production of tin plate in this country, yet the official figures show that by 1892 we had produced 9,296,553 out of a total of 13,646,719 pounds, or 68.12 per cent. From 1892

to 1896, the output of American black plate increased over 32 and a half fold, and constituted 98.62 per cent. of the total. It is estimated, says the *Sun*, "that the amount of foreign black tin used in tin plate manufacture in this country during 1897 is something less than $\frac{3}{4}$ of 1 per cent. of the entire consumption. It is stated upon competent authority that there is every probability that in the fiscal year just beginning the United States will rank as a tin plate exporting country."

In the fiscal year 1896-97, the black plate mills whose produce forms the basis of tin manufacture, increased from 179 to 198, and already in the present fiscal year these mills have increased to 260, with many more projected. The largest tin manufacturing plant in the world has been erected recently at Newcastle, Pennsylvania. Tin plate manufacturing in the United States gives direct employment to nearly twenty thousand men.

As is always the case with the development of a new domestic industry, the success of the tin plate business has resulted in great improvements in machinery, much of which is now entirely manufactured in this country. It is said that the cost of a modern American machine, doing better work than an English one, has been reduced from \$2,200, the price five years ago, to \$500. This improvement in machinery has had its effect in greatly reducing the cost of production, and consequently in lowering the price of the product. Thus, before the passage of the McKinley tariff, when our tin was supplied from Wales, a box of English tin plate cost \$4.25; for a few months after the passage of the McKinley law, the price in our market, duty paid, of English tin rose to \$4.85. This was made the basis of a wild hue and cry that the McKinley tariff had put up the price of tin, and bogus tin peddlers were employed to go throughout the country among the farmers asking fabulous prices for tinware in order to show how they were robbed by the McKinley tariff and frighten them into voting for Cleveland and free trade in 1892, which they did, and have since had to pay for it by four years of disastrous industrial depression.

Despite all this, the economic effect of protecting the

American tin plate industry has been to induce the investment of American capital and develop superior methods, besides creating a new business giving employment to over twenty thousand people, and greatly reducing the price. The tin plate for which the English charged us \$4.25 a box is now profitably manufactured here for \$3.15 a box; in other words, the result of the McKinley tariff has been to create a new industry, give profitable employment to American labor, and reduce the price of the product over 25 per cent.

If this is the kind of hardship that protective legislation inflicts upon the American people, it is safe to say that a large majority of them are willing to have those hardships increased; the tearful warnings of the *Evening Post* to the contrary notwithstanding.

The Proposed Piano Trust

The piano industry in the United States is evidently passing through the natural stages of evolution experienced in all the highly developed, permanently established industries. It has experienced first the stimulating and then the destructive phases of unlimited competition, and finally the severe prostration and fleeing that usually accompanies that stage of industrial development.

As in the case of many other industries it has now reached the point where its prosperity and further progress as an industry, and probably as an art, demands that some of the waste and havoc resulting from this economic warfare shall be eliminated. Experience has shown that this can only be accomplished by a more extensive and superior type of organization. The suggestion of this idea has created the usual amount of hue and cry about robbery and monopoly, gobbling up the weak to fatten the strong, in short, all the alarming predictions which have accompanied reorganization in other industries.

It is not to be assumed for an instant that all who participate in the reorganization of industries on a larger corporate plan, whether in the name of trusts or not, do so with the single purpose of benefiting the community or anybody else but themselves. It may be that those who act in this capacity are sometimes heartless and oppressive, both in their motives and action, but this is not and cannot be the controlling characteristic of the movement, nor of the majority of those who participate in it. It would be just as correct to say that because there are some shopkeepers who will cheat in the quality and quantity of the goods they sell, that shopkeeping is conducted by dishonest methods. On the contrary, the dishonest business man is the exception. The maxim that "Honesty is the best policy" is every day becoming more and more true. Nothing is more detrimental to the permanent prosperity of any method of industry than dishonesty or unfairness of any kind. A few concerns like the Copper Trust, the Nail Trust, the Cordage and the Whiskey Trusts have tried that method, but in every instance they came to grief. Only those which have proceeded

upon sound economic methods, of which fair dealing and industrial honesty were conspicuous features, have permanently succeeded.

There are two, sometimes three classes of people connected with an industry who usually oppose this forward movement of reorganization. One is the class of small dealers who are unfamiliar with the progressive trend of business, and are frightened by the hobgoblin stories of anti-capital and anti-trust warfare. Another is the class (usually a very small one) who also, through misconception of the facts and motives in the case, desire to make a "grab" from the new organization by endeavoring to exact for their plant many times what it is worth. The third class are those who have ceased to be of any service to the industry and cling to it like barnacles to a ship's bottom, only to impede its progress. Few industries have developed a larger proportion of these elements than has the piano industry.

The early stage of an industry is always characterized by small concerns. They may be individual or corporate. If in Europe they are generally individual; if in this country they are more likely to be corporations, at any rate, they take a corporate form at a much earlier stage here. If the business grows rapidly and is very profitable the number multiplies rapidly, because, with an easy margin, small concerns with poor methods can obtain comfortable profits. When they reach the stage of fully supplying the demand, and especially if a little business depression ensues, a rivalry for the business sets in which soon develops into a fierce competition. A part of the machinery of this competition are agents, drummers, boomers and advertisers of all forms. How to crowd the others out becomes the chief effort of each concern, margins are dissipated and an intense struggle for life begins.

Of course all industries have their peculiar features, but there are many reasons why the piano industry has a larger proportion of this element in it than any other. For instance, in the cotton or woollen industries, while some special claim will be set forth by each house for its own goods, there can be only a limited amount of distinction. Cotton cloth made of

certain counts of warp and weft, woven with a specific number of threads to the inch, will be substantially the same, and no amount of special pleading or booming can give it much preference in the market over other goods of the same weight and texture. This is true of the iron and steel industries, of petroleum, telegraphy, railroading and the great majority of the other industries. In the piano trade there is an artistic element in the product, and the effort is made (very properly) by each manufacturer to have some superior feature peculiar to his instrument. This is naturally made the point of preference, and the basis of a large amount of advertising, special agents, etc. These features have brought into existence a large group of so-called "music trade" papers, many of which have no legitimate journalistic existence. They really have nothing in the way of musical or industrial literature to offer that anybody would buy in the open market, but they put themselves in the position toward the manufacturers of demanding advertisements and pay for booming articles under a tacit and sometimes an open threat to attack their instruments or methods if patronage in some form is not furnished. This, in the last analysis, often amounts to the payment of "blood money" for the privilege of pursuing one's business in peace. Of course the weaker the concerns the more they are in fear of these trade paper sharks.

It is quite natural, therefore, that this class of journals, rendering little or no legitimate service to the piano industry, should be violently opposed to any reorganization of the industry into larger concerns, since in that event their power to "bleed" small concerns by open or implied threats would be gone. It is interesting to see these papers posing as the protectors and saviours of the small establishments which have long been the prey of this class of "protectors." As well might Shylock pose as the enemy of usury.

This sensational tirade affects two classes, the timid and the unscrupulous. It tends to frighten timid manufacturers from joining the new movement by which alone their future security and prosperity can be guaranteed. On the other hand it helps to stimulate the audacity of those whose design

is to extract from the new organization many times as much as their plant is worth, and who, if they fail, hope to play the rôle of martyrs. Every successful trust has been through this ordeal to some extent. The Standard Oil Company was peppered with this kind of spice for a long time. The method was thoroughly illustrated in the case of George Rice, of Marietta. Mr. Rice had a small plant worth about \$25,000, for which he tried by fair means and foul to compel the Standard Oil Company to pay him \$500,000. Because it refused, he threatened to harass them in the courts and out, and make it cost them more than half a million in law suits and inconvenience. He failed, however, and has been lifted by sensational writers on the subject to the position of a martyr to the greed of the Standard Oil Trust, when in reality he was a would-be blackmailer.

Of course these unscrupulous statements are made on the assumption that the anti-trust sentiment is sufficiently inflamed to insure credence for any heart-rending story that can be invented against trusts. In reality the small manufacturers have the most to gain and least to lose by the organization of the trust. The larger organization will be the successful part of the industry, and those who can scarcely hold their own now against the large individual concerns will be incapable of retaining a footing in competition with the superior power and closer competition of the trust. Instead, therefore, of being a friend of the small concerns, these sensational anti-trust apostles are their greatest enemies, because they are urging them on to inevitable industrial suicide. Sooner or later the reorganization must come, and if the small manufacturers refuse to be a part of it, they will necessarily expose themselves to still severer competition than they now encounter, with the strong probability of lagging in the race and ultimately dropping by the wayside.

It is interesting to note the similarity of the opposition to the piano trust and that urged against the Standard Oil Company many years ago. The very charges then laid against the oil trust and since proved false are repeated against the proposed piano trust, but, in order to make the piano trust appear

peculiarly wicked, its enemies are now quoting the conduct of the Standard Oil Company as having been highly exemplary,—honest, fair and even generous towards the small refiners. The proposed piano trust on the contrary, is described as a deliberate attempt to ruin the smaller concerns,—absorb their capital and assets without giving any equivalent whatever. And in order that the small manufacturers may be more thoroughly frightened it is claimed that the purpose of the promoters of the trust is to induce forty out of the two hundred manufacturers to combine and wipe out the other one hundred and sixty.

Of course it is hardly necessary to say that these are mere sensational utterances having no foundation either in fact or sense. Instead of trying to keep one hundred and sixty manufacturers out of the trust, its organizers would be glad if every one of the two hundred would join the reorganization, because it would save time and money and irritation to all. If, however, they will not do so, those who absolutely refuse will necessarily have to meet the competition of those who do, with the odds against their success. The heated talk, therefore, about the one hundred and fifty or more factories which the trust is trying to ruin and close up is mere bombast.

If the small manufacturers all joined the trust they would all get the benefit of the best methods and machinery of the largest organization. They would all share alike in the profits of the entire enterprise to the extent of their holdings, and they could only fail if the entire industry failed. Thus if any one firm's plant were so poor that it was not profitable longer to work it, the owners would be no losers if all their antedated machinery were converted into old iron. It is quite possible that a number of the more unprofitable factories would be closed, but in that case more and better ones would be opened or existing ones enlarged because there would not be fewer but more pianos required. The improvement in the quality and lowering the price would tend to enlarge the market for pianos, which would not merely create more employment for piano makers, but would similarly affect all tributary industries which supplied the lumber, wire and other materials used in piano manufacture.

The talk about the fifteen thousand to twenty thousand working people employed in these doomed factories being thrown out of employment indicates either unfamiliarity with the subject or wanton misrepresentation. If the trust should be a success the business would be greatly increased, and more instead of fewer people would be employed. There would be a demand for all the useful people in the industry. The increase of employment would not be *pro rata* to the increase in the industry, but unless this were an exception to all previous experience, the growth of the industry would more than absorb the present labor employed, and the total labor and capital would yield a much greater output and superior quality of product; and consequently the capital, as well as the community and those employed, would be benefited by the change.

There are many times as many people employed by the Standard Oil Company to-day as were embraced in the entire industry before the trust was organized. This idea about large organizations turning unemployed laborers on to the street is an economic bugbear, and has no real foundation in the experience of progressive industrial integration. As to dealers, there is no reason why they will not be needed if a trust is organized, the same as now. Pianos will have to be sold and be sold in places where customers can call and see them. In short, no legitimate feature of the piano industry would suffer by the reorganization, but only the useless features would be eliminated, which every manufacturer would gladly eliminate now if he had the power so to do. Misstatement and personal abuse may contribute to delay the trust movement, but it cannot prevent it for it is the inevitable step that must come unless the piano industry is to suffer arrest and decay.

New Economic Conceptions

As men live and act, so they think and preach. The ideas, beliefs, theories of an age are, in general, reflected from its experience. Although human conduct may be largely guided by theory, consciously or unconsciously, yet all theories, whether right or wrong, are themselves the outgrowth of practical conditions.

This is particularly true in the realm of economic philosophy. Certain doctrines exert more or less influence on the practical conduct of affairs, but these doctrines all have arisen from some sort of experience, and are colored by the conditions, interests and sentiment of the times which produced them. Thus, when international commerce was sparse and irregular, and constantly subject to plunder or confiscation, there was little occasion for studying the laws governing such commerce with a view to applying them to public policy. But when whole new worlds were opened up by discovery and exploration, and trade became vast and lucrative; when, for instance, England began to see in her foreign markets the great opportunity for national enrichment, present and future, then it became important to study this great phenomenon and determine what should be the attitude of statesmanship regarding it. In this way the doctrines of free trade and cheap labor arose; both grew directly out of England's evident economic interest, at a time when she was practically the only manufacturing nation and bade fair to become the workshop of the world. For, since her whole interest centered in the thought of selling abroad, it of course became an object to attract foreign purchasers by granting them the privilege of freely entering her own markets with the raw materials necessary for manufacturing purposes. In the same way, since cheapness was a prime object in selling abroad, it was considered imperative that wages should be as low as possible, never rising above the limit necessary to enable the worker merely to exist. The persistence of this idea is seen even to-day in the efforts of economists like Mr. Atkinson to devise schemes whereby laborers can be kept alive at an expense as near to

nothing as possible. Regarded, as they are in this view, merely as so many working animals rather than as human and social beings, there is of course little reason why they should cost much more than draft horses or oxen.

It ought to be remembered, however, that this mercantile theory was a distinct improvement upon the land-and-nobility conception of society which preceded it. Under feudalism, land and the privileged classes possessing it were the two central factors in the social order, and it was from this point of view that public policy was directed. But in the mercantile theory we see clearly reflected the influence of a new class, the middle class, the burghers and artisans, later the manufacturers, merchants and capitalists. These had risen, through their growth in wealth and political influence, to the level of being recognized as a distinct social factor, and public policy was more and more directed from their standpoint. Instead of the welfare of a limited few, the welfare of a much larger group became the concern of the State.

During the nineteenth century the great remaining class, the wage-earners, by far the largest group of all, have been steadily forcing their way upward in respect of wealth, social freedom and political power. The result is that governmental prerogative has been and is undergoing its last great transference, and is coming to rest finally with the laboring class, and it is from their point of view that the public policy and institutions of the future are to be directed and shaped. Since the prosperity of all the other productive classes in the community really rests upon the progress and wealth-consuming power of the masses, it is plain that the interests of society at large will be best served when public policy is wisely and justly directed from the standpoint of the wage-earners, and hence we may expect that the transference of political authority to them, which is still going on, will be permanent and final.

But this new movement has, as in the former cases, resulted necessarily in a new type of politico-economic philosophy, a new kind of theory, growing out of this new experience and changed conditions. The mercantile theory saw only from the

middle class viewpoint, and did not include the laborers as a definite class entitled to definite consideration. The new and broader thought, on the other hand, while it makes this class its primary concern, must necessarily include the other group as an indispensable factor in its own industrial and social progress. The reason for this is quite clear. Under the foreign market theory, the thought of the middle class was not directed towards the consuming power of the working masses as the vital principle of economic progress, the real market of the future for the products of capitalistic industry. But under modern conditions it is becoming more and more apparent that the nations of the world are destined to become their own manufacturers, as several have already done, and no country can any longer rely chiefly upon foreign markets as the basis of its permanent industrial prosperity and progress. This permanent basis we now see to be the consuming power of the wage-earners in each country, and the increase of productive industry depends upon the increase of that consuming capacity. Hence, the new social viewpoint to which we have referred is necessarily that of the wage-earning class, but it does not, like the mercantile theory, exclude the welfare of any other legitimate group in the community. The mercantilists, relying upon foreign markets, could ignore the laboring class. The laboring class theory, however, cannot ignore the *entrepreneur* and capitalist group, because theirs is the function of supplying the initiative, the expert management and the improvements in methods whereby larger and larger increments of wealth can be produced. In other words, the viewpoint of the wage-earning classes is really the all-inclusive viewpoint, because to raise the social status of that class and promote its welfare is, in truth, to carry the other groups up with it.

Contemporaneously with this new movement in the realm of practical economic experience, has come the announcement and practically universal recognition of the evolutionary philosophy. If this doctrine has revolutionized the old methods of thought in the physical sciences and in theology, it has certainly done no less in economics. Whereas the old economics was almost wholly a science of static, immovable quantities, the

new economics is a science of dynamic, progressive forces. Modern social-economic philosophy recognizes the fact that society is not merely a system of balances, that for every gain there is a corresponding loss, and so on, but that on the contrary the race really does advance, specifically and in the aggregate, and that from age to age the great mass do actually move forward, gaining in wealth, in freedom, in power, in intellectual and moral culture. The new function of social-economic philosophy becomes, therefore, to investigate the laws of this progress and discover in what ways their action may be accelerated or protected from harmful interruption.

Another result of modern economic experience and of the advent of evolutionary philosophy has been the tendency to do away with multiplicity of rules and supposed laws, and discover the broad, general principle which underlies any given class of economic phenomena. Thus we have already seen how the whole problem of capitalistic production rests fundamentally upon one conception, namely, the increase of consuming power on the part of the great wage-earning classes. In the same way the whole problem of wealth-distribution, whether in the form of wages, rent, interest or profits, has finally been brought under one general law, namely, that of marginal cost. Ricardo, despite imperfections in his theory, was able to see that rent arises from the varying degrees of productive efficiency of different increments of land in the same economic group, but adhered to an entirely different law regarding interest and profits. The late Francis A. Walker extended this principle to the case of profits, but denied that it had any application to interest. To-day, however, it is being recognized that all forms of surplus value, whether rent, interest or profits, are governed by the same general law, and arise in each case only as the result of superior productive efficiency on the part of some portions over other portions of the land, capital and managerial talent engaged in any given line of industry.

Some of these new economic conceptions are very clearly recognized and stated in an article on "Certain Tendencies in Political Economy," by Professor Bernard Moses of the Uni-

versity of California, in the *Quarterly Journal of Economics* for July 1897. We have selected a few paragraphs from this article, as illustrative of the changing trend of economic thought to which reference has been made. Thus, on the matter of replacing the confused and inconsistent ideas regarding certain classes of economic phenomena, with general laws governing them all, Professor Moses says:

“One of the most striking and promising tendencies of recent economic progress is that which proceeds from the effort to make of general application certain rules and doctrines that were formerly considered to be of merely specific application. This tendency is shown in later economic thought in many ways. It is observed in the disposition to bring under some common view all forms of property. Earlier in the history of economic discussion land was regarded as an exceptional form. It was affirmed to be different from other kinds of property, because it was limited in amount and because this amount could not be increased or diminished. In this an attempt was made to cause a geographical conception to serve as a factor in economic reasoning. There is no doubt, in viewing the matter from the standpoint of physical geography, that the amount of land on the earth is limited. It cannot evidently be greater than the total surface of the earth minus the amount of the surface that is permanently covered with water. But this conception has properly no place in economic reasoning. The fact with which economists are concerned is that, like all other commodities, land under certain circumstances is made to enter the economic sphere, and, without having previously held this character, becomes (as if now created) an economic good. The amount of land which at any given time has passed into this sphere and has become like other economic goods actually exchangeable, is only a portion of that which with the advance of civilization may be brought within the domain of economics. When an organized people moves upon an unoccupied region, as did the Norwegians when they went to Iceland in the ninth century, vast tracts of land for the first time assume an economic quality. The same thing happens when parts of the sea are pumped out,

and the exposed surface brought into the market as land. The same kind of effort that brings land into the sphere of economics brings also iron, silver, and other metals into the same relations. If land lies under a geographical limitation as to amount, all other commodities which have not the power of reproducing their kind are subject to a similar physical limitation. But in all these cases the physical limit is not the effective economic limit, and there is no necessary relation between the two. . . .

“The forces of nature, chiefly those which we observe in connection with land, have been recognized by economists as factors of production; yet it is clear, as they have no part in the results of production, that they have no economic quality which entitles them to be placed by the side of labor and capital, the two economic sharers of the gross product. They are presupposed in the use of certain material commodities, and are not to be estimated economically apart from such commodities; hence they are not to be treated as separate agents, but merely as qualities of certain tangible economic objects.

“By thus separating in thought the force of nature from the instrument through which it works, we may observe in recent economics a tendency to abolish all that is exceptional, to set aside specific rules, and to bring all forms of property under general laws. The existence of this tendency may be illustrated and confirmed by the extending application which some of the later economists are giving to the theory of rent. This theory, invented to apply to land and to furnish a measure of different degrees of productiveness, was in the beginning a specific rule of limited application. Under recent discussion there is manifest a disposition to make it apply more generally. It may be made to apply not only to land, but also to other productive agents. It may be made to apply to ordinary forms of capital, as when different machines designed to do the same kind of work produce very unequal results. Some parts of the products of the machines are like Ricardian rent. It may be made to apply to a form of labor, as when several men undertake the management of similar enterprises, and in carrying

out their designs control equal material equipments. So long as they are unequal in mental and moral endowments, in skill and foresight, the net results of their undertakings will be unequal, and some parts of the larger profits may be compared to Ricardian rents. Changes along this line, from specific rule to general law, indicate a movement in economics towards a more perfect scientific form."

What Professor Moses here refers to as a "form of labor" cannot really be classified as "labor" without considerable confusion of thought. Men who "undertake the management of enterprises" belong to the *entrepreneur* or "promoter" class, and their reward is in the form of profits, dependent upon the relative superiority of their organizing and directive skill. By "laborers," on the other hand, we ought, for clearness' sake, to understand only the wage-earning class, those who perform definite, allotted services for a stipulated, fixed recompense. Professor Moses recognizes the application of the law of marginal cost to the question of interest and profits as well as of rent, but does not bring out the fact that this same law really governs wages also. Wages are fixed by the cost, *i.e.*, the effective standard of living, of the dearest laborers among those whose services are required in any given economic group; just the same as prices of commodities are fixed by the cost of producing the dearest portion of the supply required in any given economic group. Those laborers in the given group whose effective cost of living is less than that of the more expensive element get the difference in what is to them, really, a form of surplus; just as those portions of land, capital or managerial skill which are more efficient in production than the price-fixing portions, get the difference in rent, interest or profits as the case may be. Thus foreign laborers who come to this country with their low standard of living, get rates of wages fixed by dearer groups of workmen here, and find it easy to save considerable amounts out of their regular incomes.

Another, and one of the most important of modern tendencies in political economy is what Professor Moses describes as the "attempt, in applying economic principles, to conform to evident facts." This truth, and the common-sense conclu-

sions which he draws from it, are so important that we quote the balance of the paragraph in question :

“ It is clearly seen that economic laws are always applied subject to political authority. It may be shown that to carry out certain economic principles would produce for the community or nation the maximum economic gains. At the same time it may still be seen that the state may possibly find it expedient to thwart this action, and limit the economic gains for the sake of a better distribution of wealth or in order that some higher purpose may be achieved. It will also be clear that the application of either economical or political rules will be made subject to the guidance or limitations of ethical principles. Whence it appears that there is no isolated or distinct art of economics, but that economics, politics, and ethics, on their practical side, are necessarily merged into a common art, which, in want of a better designation, I have called the art of social control. If in the art which has as its end the control of society we apply the principles of several sciences, we are only following the method of other complicated arts. The earlier thought, that there was an art of political economy, and the disposition of certain economists to make it stand for what the art of social control now signifies, have done much to cast doubt on the wisdom of economic teaching when applied to practice. These economists have taken strictly economic principles, and inferred from them alone the propriety of a line of conduct, without appreciating the fact that this line of conduct, before being definitely accepted as a rule for social control and guidance, should be modified and corrected by the principles of the other social sciences. They have vigorously affirmed the advisability of freedom in international trade, because their special science has indicated that under freedom the maximum gains of trade may be realized. With our present view of the relation of practical economics to politics and ethics, we might accept the truth of the economic conclusion, and still find it not advisable to adopt a practical policy of freedom, because of the corrective which political considerations furnish. Our rule of social conduct, whether in national or social affairs, is

not identical with the indications of economics, but is, in some sense, the resultant of the principles of all of the social sciences."

In the case of the tariff, the "corrective" to which Professor Moses refers is social as well as political. The need of revenue is perhaps the political "corrective" to free trade, but the need of developing and extending industries of a stimulating, civilizing influence is the higher, sociological corrective, and the one which it is the function of statesmanship to apply, wherever the conditions make it necessary.

Briefly, then, the new economic conceptions of the present time are, in a general way, of a three-fold nature: (1) the transference of the point of view from the middle to the laboring class; (2) the substitution of general, harmonious principles of action for the numerous special and inconsistent laws which have been supposed to govern various economic phenomena, and (3) the "attempt, in applying economic principles, to conform to evident facts" and to take account of political, social and ethical considerations in the practical treatment of economic problems. It will be observed that all these changes are in the direction of making economics a consistent, hopeful, harmonious science, of vital, practical usefulness in promoting human welfare and social progress.

War Possibilities in Europe

S. G. CROUCH

The late Benjamin F. Butler used to be periodically quoted as predicting war for the United States, upon the sole ground that the then peace interval had reached or exceeded its average duration. If this be a fair criterion, the great European war so long expected is considerably overdue. So much so, in fact, that predictions about it have been generally abandoned in disgust. But we now have the recent and somewhat dramatic visit of the French President to the Czar to lend renewed interest to the subject, and serve as an excuse for further prognostications.

That the great war will come, that the struggle will be gigantic, and its consequences so world-wide and lasting as to mark an epoch in modern history, can scarcely be doubted. The only alternative is total disarmament. An unappeasible longing for revenge, ineradicable race hatred and a universal mutual distrust renders this almost impossible. But when it will come, just where it will break out and what will be its immediate causes, are questions that excite wide interest and are still open for discussion.

That these questions have been affected by the late Conference is quite evident. If France and Russia have agreed to aid each other with their entire military strength in the event of a rupture with the Triple Alliance, and to allow each nation to judge for itself when such rupture has become necessary, the knowledge of such an agreement will greatly hasten the day of hostilities from the effect it will have on the masses, in France especially. If on the other hand they have decided to attack the Triple Alliance upon the first convenient occasion, and to work along certain lines to bring about such occasion, we need not be surprised to see within a short time a war incident arise in or about Africa. German intrusion and interference in that region has aroused the bitter animosity of England, and her benevolent neutrality would be of vast importance to Russia and France. A desire to secure it will operate to keep the bone of contention removed from Italy

and the Eastern Question. Possibly the French President had the strained Anglo-German relations in view a few weeks since, when he so pointedly advised his countrymen to hasten to bestir themselves in the industrial development of colonized Africa.

But it can hardly be supposed that any date or event has yet been fixed upon by the allied governments of either side for commencing hostilities. They have only settled upon their respective lines of action when it does occur. The causes likely to produce it are still to be sought in the daily emotions and aspirations of the different peoples, rather than in the statecraft of the rulers; for it is much more apt to result from sudden and uncontrollable popular impulses than from the deliberate choice of the governments. Indeed if it were only a question of when they will be ready to open up the conflict the problem might be solved with comparative ease, chiefly by considering how the different states have relatively succeeded in their efforts to convert all national resources into the most effective fighting mass, how these resources have increased or diminished as between the different countries, and lastly what effect the different possible results of the contest would have on the dynasties or administrations themselves, apart from the peoples.

Looking at the subject from this point of view, it is not probable that the near future will bring about any such nice coincidence of all the favorable circumstances as would induce any of the different governments wilfully to inaugurate so momentous a war. France, it is true, has about reached the zenith of her military development and can now strike with the force of all her immense resources, and that there will be no longer any increase in the main element of such resources—population—is generally conceded, but the Republican *régime* at Paris cannot be expected to precipitate a conflict without pausing to consider how it will be affected by the different results. A victorious war includes the possibility of military dictatorship, followed by a monarchy, with but small opportunities for lawyers and parliamentarians, and a defeat would practically leave no country to govern. Russia's almost un-

limited resources grow day by day more available and efficient, and the position of her rulers in European councils has grown so commanding, especially since Bismarck's retirement, that they can have but little personal desire for change. On the side of the Triple Alliance the Austrian Emperor must be extremely desirous of continued peace, as any event of the struggle could only add to his labors. Victory and territorial aggrandizement would seem almost as fatal to the Dual Empire as defeat, since any considerable addition to the anti-German populations would destroy the essential balance of race influence that has hitherto been preserved only by use of the greatest skill and tact. And it is not to be imagined that the Hapsburgs are yet ready to yield their German domains to the Hohenzollerns and become the head of a newly created medley of Slavic peoples. Nor would it appear that Italy with so much to risk has a very great deal to gain. The present financial condition of Continental Europe does not promise much in the way of future war indemnities, and much territorial expansion at the expense of France would strengthen her but little if any, as a military power. In fact the only rational motive that can be conceived for the Triple Alliance on the part of its two minor members is self-defence, the one fearing Russian aggression stimulated by race bickerings on her eastern border, and the other alarmed at the steadily increasing hatred of the French. To Germany, indeed, a successful war offers solid and permanent advantages on all sides, but they are always at hand, and victory is by no means assured. She can well afford to wait, so far as France is concerned. If however, she is convinced of the existence and durability of an agreement between Russia and France to attack the Triple Alliance at the first convenient opportunity, she may be tempted to take the initiative as did the Great Frederick in the Seven Years' War, but it would be difficult, probably, to induce Austria or Italy to join in an offensive war dictated only by scientific military reasons, and the good will of the neutral powers is too important to be risked by an apparently unwarranted aggression. And after all, modern governments no longer make War. Their function is to bring the fighting

machine to the highest state of efficiency, see that it is kept in the best condition and leave the rest to the future, or the people.

In considering these questions as affected by the masses of the people, there is first to be noted among the causes working indirectly for war among all the peoples of Continental Europe, the inability to continue to bear the enormous taxation for military expenditure, the consciousness on the part of the masses that the national war spirit may always be used to prevent the agitation necessary to secure their industrial and political elevation, and lastly the dim perception that in fostering an immense military caste they are themselves erecting the strongest bulwark of the classes. Other more special and peculiar causes may be observed by briefly glancing at the nations singly, to learn what their sympathies and antipathies are, what has caused them and whether they are likely to continue.

Popular sympathy or antipathy can hardly be considered in connection with Austria-Hungary. There is no dominant sentiment of nationality among its heterogeneous people. They are indifferent rather than enthusiastic about the Triple Alliance, and when the war comes will take their part in it in a perfunctory way, but there is little probability of any popular outburst among them that might precipitate it. The death of the present Emperor and the unpopularity of the heir presumptive might cause difficulties about the succession that would be pregnant with danger to European peace, but as these have been long foreseen it is more than probable the present arrangement between the different parts of the empire will be maintained until the war comes from other causes.

The Italians seem to have entirely forgotten the great services of France in their war for national unity, and to specially remember that they were forestalled and checkmated in the acquisition of Tunis. The memory of this, together with objectionable tariff regulations, the treatment of Italian laborers in the south of France a few years since and other minor incidents have created and fostered a very strong anti-French feeling, so deep and bitter that the populace if unrestrained would

on several occasions have brought matters to a pass where the government would have had to fight or apologize. The King, however, holds the reins with a prudent and steady hand, and the body of the people, sensible of their deplorable financial weakness and their utter dependence upon foreign aid, are not so unrestrainable as to render it likely that the flames of war will break out in Italy even though the tension between her and France be the cause of it.

So far as the German masses are concerned there is but little prospect of any outbreak apt to produce war. Towards France there is still a universal sentiment of distrust and dislike but the old national irritation, due to three centuries of French intermeddling in the domestic affairs of the Fatherland, has been soothed and allayed by recent victory. A gratified sense of his present superiority, as well as his natural phlegm, contributes to make the Teuton less ready to take offense. He does not doubt that another war must be fought with France but hopes it may arrive in such a way as to put him in the most morally favorable attitude, so he makes ready and waits with confidence. As to Russia, the German is by no means in so composed a frame of mind. He regards the individual Slav as an inferior, and detests the race, which he recognizes as the great barrier to German development, yet he shivers and draws back from trying the question of military superiority with the Colossus of the North. The consequences of defeat might be terrific and the fighting capacity of his allies is still somewhat problematical. He would prefer to make the venture under other circumstances, and must sometimes regret that his territorial rapacity in the past has made at least one nation his aggressive enemy at all times and under all circumstances.

The Russian people are one with the government on most foreign questions, whatever be its course. But on the German question, as it may be called, so universal and powerful is the popular feeling or national instinct that even the Czar finds himself compelled to follow it. In his hatred to the German the Russian Slav is second only to the Frenchman. This race hatred had its origin in the ancient and long con-

tinued struggle between the Teutonic Knights and the semi-Slavic peoples, then occupying West and East Prussia, and now represented by scattered fragments along Russia's north-west borders. Constant race friction in the Baltic provinces still keeps it alive. The Pan-Slavic element is resolved that all this debatable land shall be thoroughly Russianized while the Teutonic population has hoped to keep German ideas and customs predominant. Another profound source of irritation to the native has been in the past the prevalence of German methods and influences at St. Petersburg. German military arrogance has also been extremely galling, especially to the Czar's army, which considers itself fully capable of confronting the Kaiser's hosts at any time and is eager to decide whether the Russian or the German is to give the law to Europe. There is, furthermore, a feeling, particularly in the upper classes, that both Austria and Germany have treated Russia with the blackest national ingratitude. It was the Russian invasion of Hungary in '48, that kept the Hapsburgs on the throne, and the Czar's determined pro-German attitude prevented European intervention on behalf of France in 1870. Yet both these powers in the Eastern imbroglio of 1877 aided England to snatch from Russia's grasp the fruits of her hard won war with the Turks. Nor has Italy's unprovoked attack of Russia during the Crimean War been forgotten. She may yet realize that the memory of national injury is not so brief among other people as is national gratitude with herself. While the feeling of hostility with which they regard all the members of the Triple Alliance and especially Germany, makes the Russian people only too eager to join hands with France, yet it need hardly be feared that there will be among them any emotional outburst dangerous to the present state of peace. They are too entirely under government control, have but few methods of popular expression, and are probably conscious that time as well as the government day by day makes them stronger for the conflict. So the people toil on in patience, and "the army waits the Czar's word to ride to Berlin."

France is no longer the first war power in Europe, but she

is still essentially the military nation. There are military classes in other countries, but in France alone the military idea dominates the masses. Nowhere else is the successful soldier considered so highly, nor are the high prizes in the service elsewhere so open to the rank and file. In no other country does victory or defeat as such produce among the people consequences so sudden and momentous. Other peoples fight in self defense, for territory or trade advantages. France alone plunges into aggressive wars for glory and abstract ideas. Martial glory she must have, for without it her people cannot exist. As long as the other nations gaze at her in admiration or awe the Frenchman is content to endure any manner of individual privation and to forego material advantages for the nation. The only thing he cannot endure to contemplate, of which he cannot bear to be reminded, is unavenged defeat. So strong is the national spirit in this respect that it appears in the national art and drama. Thus in the great historical art gallery, portraying the vicissitudes of a thousand years of French history, pictures of adverse battles are conspicuously absent, and on the stage the parts of historical characters noted for enmity to France are only filled with difficulty. It is the proud boast of the French that in all their history as a nation down to 1870, they have never been vanquished in arms except by a coalition of states. Single battles they may have occasionally lost against adversaries of one nationality, but defeated they have never been in a war with any country singly. In the old English wars they had also against them the Germans and Flemings, and usually a considerable portion of themselves. In the days of Charles the Fifth, Spain, Germany and the Low Countries were combined against them. In the disastrous years of Louis the Fourteenth's long contests it was Holland, England and the Germans that with difficulty pushed them back into France. And so on down to the Great Revolution and the titanic wars of Napoleon when it required a union of all Europe to effect their overthrow. What a terrible shock, then, the result of the war of 1870 was, and how they would feel towards the Germans merely because they, unaided, so utterly vanquished them in a war of their own choosing, may

be imagined. The intense, burning hatred into which this feeling was inflamed by the imposition of the enormous war indemnity and the seizure of Alsace and Lorraine is not so easy to describe. It would probably be no exaggeration to say that the typical Frenchman would be willing to take any risk of destroying France if he could only be sure that Germany would be included in the destruction.

One of the evidences of the depth and endurance of this hate is the reluctance of the Frenchman to talk with even friendly foreigners on the subject. It is only when the tongue is loosened in a convivial hour that the intensity of this feeling shows itself. At other times he seems to regard the matter as too solemn and sacred to be spoken of in ordinary talk. Another sign that France still mourns and hopes is to be seen in the dramatic inscription on the crepe-draped figure representing the city of Strasburg, on the great public square of Paris. Yet with all his longing for revenge and the recovery of the lost provinces, and his eager desire to efface the stain of defeat from the banners of France, he possesses a cat-like quality of calculation that has hitherto made him patient. Thus far he has been unable to see any fair chance of realizing his hopes. He recognizes that in a war of aggression Germany is too strong for unaided France, and hitherto Russia has only agreed to intervene in case of Germany's wanton attack. So the chief duty of the patriotic Frenchman has been, for many years, to stint himself that the army may be brought nearer perfection, to aid Russia financially by floating her immense loans and to urge patience and self restraint upon his neighbor.

But now, if the understanding just reached with Russia is anything like what can be inferred from President Faure's speeches and conduct since his return from St. Petersburg, the time for self restraint is over, and the public spirited citizen can once more walk erect and express himself in the way he so dearly loves without pausing to consider whether the German legions may come pouring out from the sally port of Metz. Remembering that France is conscious that she is at the acme of her military strength, as compared with Germany,

it will be at once perceived how much this supposed understanding has increased the probability of near war.

Nor is a sudden rupture with Germany the only danger. The course of Italy has been such since 1870 as to embitter French feeling so intensely that it has only been kept subdued by the influence of the same considerations that have served to preserve the peace with the hated Teuton.

It is thus apparent that the different peoples are animated by such feelings as would long since have produced any ordinary war; also that the chief danger of the extraordinary one to come has lain for some years in the inordinate thirst with which the French people desire military glory, the bitter hatred that they continue to cherish against Germany and Italy and their profound mortification at no longer filling the first place in the gaze of Europe. That this danger has been immeasurably increased by the belief that Russia has finally concluded to cast her lot with theirs can hardly be doubted, since any one at pains to look must be convinced that the main cause of their long self-restraint is at last removed.

Hitherto a very potent factor in warding off the outbreak of hostilities has been the doubtful attitude of England. The German Emperor has at length succeeded in creating such a bitter anti-German feeling among the English masses that no British Government would now venture to take a decided stand in favor of the Triple Alliance as at present constituted. To Russia and France this is a strong incentive to bring on the conflict, and may hasten its coming very materially.

The time, place and immediate circumstances of the approaching outbreak cannot of course be predicted with any degree of exactness, but after considering all the elements involved it appears strongly probable that the annals of the yet remaining portion of the Nineteenth Century will have to record a war even more extensive and disastrous than those that marked the stormy years of its early youth.

Institute Work

Theory of Value and Price

The question of value or price (for in reality they are identical) may properly be regarded as the keystone in the arch of economic science. The question of the equitable distribution of wealth throughout the community involves the ethical principle in social industry. It is through exchange, which rests upon value or price, that all the wealth in the world is distributed, except that which is given as charity or taken by theft. Consequently, the true law governing value furnishes the key alike to equitable industry and to justice in statemanship. It is difficult to realize the extent to which correct ideas of value affect the social welfare of a nation, for directly or indirectly almost every measure of public policy rests upon this question.

The advocates of free trade and of protection both base their arguments on the effect their policy will produce upon prices and the distribution of consumable wealth. Every form of taxation is opposed on the same ground. The income tax is advocated on the ground that it is more equitable than a land tax, etc., while those who oppose profits, interest and rent, rest their opposition upon the question of equitable distribution of the joint products of labor and capital. The advocates of short hours, high wages, improved social and domestic surroundings and opportunities for the laboring classes, base their arguments on the same general idea, namely; the more equitable distribution of wealth. We might go in detail through the entire calendar of social efforts affecting public policy, and we should find in each instance that the resting place for the arguments on both sides of nearly every proposition is really its probable effect on the equitable distribution of wealth. Since all distribution of wealth (charity and theft excepted) takes place through the process of exchange, based upon equivalent value, it is clearly a matter of first importance to understand the question of value and how it is determined, since otherwise all participation in public policy affecting in-

dustrial questions must largely be based on sentiment and political bias.

Occupying as it does the keystone position in the question of equitable wealth distribution, value has naturally been the subject of much controversy, which has been more or less continuous since the publication of the "Wealth of Nations," and especially since the time of Ricardo. Although there are many variations in the presentation of the subject, they may all be grouped into two schools: one the English or old school, the other the American or new school.*

The English or old-school doctrine of value (and it is still the most generally accepted one) is that all prices and values are governed by demand and supply; this is what may be called the quantity theory. This doctrine teaches that prices are determined by the relation between demand and supply, rising as demand exceeds the supply, and falling as the supply exceeds the demand. This theory was formulated in England in the latter half of the seventeenth century; it was based entirely upon the fluctuation in the price of agricultural products,† and it has been reaffirmed, with certain modifications and additions, by the English school ever since.

This does not mean, however, that Ricardo, Mill, and other standard economists have entirely ignored the cost of production, but that in treating the subject they have emphasized the influence of quantity almost to the exclusion of cost, as the governing force in prices. The consequence is that in common parlance, and in speeches in and out of legislative bodies, and in economic essays, it is taken for granted that prices and wages are governed by supply and demand. It is a part of this doctrine to treat labor as economically indetical with commodities; so much so, that labor has been called a commodity, and skill has been called capital by distinguished writers.

It will be observed that the necessary result of this quantity theory, so far as it has any practical influence, is to force

* The Austrian theory can hardly be called a distinct school. It is not sufficiently definite to be the basis of any industrial action or public policy, nor is it likely ever to be, since it does not seem to lead toward any industrial or social initiative.

† See "Principles of Social Economics," page 102.

the conclusion that low prices can only be obtained by creating an over-supply, and higher prices only by causing scarcity. Since excessive supply of any commodity means a loss of profit and perhaps of principal to those who are unable to sell their products, this doctrine practically teaches that in the matter of prices a gain to the public involves a loss to producers.

Applied to labor this doctrine is even more disastrous. It treats labor as a commodity which, like all other commodities, of course, should be cheap; and the way to have labor cheap is to have an over-supply. From the laborer's point of view, then, it follows that an increase in wages can be obtained only by reducing the number of laborers. The practical result of this doctrine has been to teach that war, pestilence, famines, early deaths, late marriages, small families or emigration were means of increasing wages and improving the laborers' condition.

In brief, therefore, according to this doctrine, capitalists get remunerative prices by inflicting the community with a scarcity of products; the community gets cheaper wealth by loss and misfortune to capitalists; and the condition of laborers can be improved only by imposing social hardship and final depletion of numbers upon a considerable portion of the laboring class.

Considerations of humanity, social conservation or, in fact, any phase of human welfare had no place in this doctrine. Supply and demand, mere quantities of commodities and labor with free competition was the law of economic and social equities. Those who cannot live under the pressure of unlimited competition, either among producers or laborers, must disappear as unfit to survive. It is no part of the state's duty to do anything to improve the opportunities, protect the interests or stimulate the efforts of either laborers or capitalists. Competition is the solvent for all social and industrial ills, it alone is the arbiter of fitness and the infallible disposer of the unfit. This doctrine of "let things alone" led to a policy of free trade on the one hand, and persistent opposition to all organized efforts of the laboring class on the other.

It is not surprising that this doctrine has been wholly in-

capable of satisfactorily dealing with modern industrial problems. The natural consequence of it has been a general revolt among the philanthropically inclined class throughout the world. Among the laboring class, and very largely among the sentimental literary class, the revolt has taken the form of socialism. Believing the doctrine to be true, they conclude that the only remedy for the evils of existing society, in which economic law produces such horrible injustice, is to overthrow the entire system and establish in its place an industrial order based on humanity and justice, which in their view of course means socialism. Thus modern socialism is really the outcome of a revulsion against the inhuman, irrational and thoroughly unsocial effects of the English or old-school doctrine of economics, which has for its corner stone, demand and supply, or the quantity doctrine of prices and wages.

The new school of economics teaches a radically different doctrine of value. This does not mean that all Americans reject the English doctrine of prices; on the contrary, a very large, and it is to be feared an overwhelming majority, still believe in the English supply and demand or quantity theory. The whole free silver movement is based on that theory. This of course is mainly because the English theory of economics has been very generally taught in American educational institutions. By American school is meant a school of economic thought, a doctrine which rests upon the American or democratic idea of society, recognizing the social status of the masses as the basis of the industrial progress and social welfare of the nation.

This new doctrine does not deny any of the facts of economic and social life, but it reverses the relative position of the two prominent economic facts, namely, demand and supply and cost of production. The English school treated demand and supply as the controlling force in value and exchange, regarding cost of production as incidental and exercising only a remote and indirect influence on price; the new school reverses this and regards the cost of production as the central and all important fact in price-creating conditions, and demand and supply as tributary, but never the permanently

controlling factors. This reversing of the order of importance of demand and supply and cost of production, placing the emphasis and point of importance upon cost instead of quantity, creates a revolution in the treatment of and public attitude towards the subject.

Of course, demand and supply are facts which cannot be ignored, but a very slight investigation of the price-making conditions of society will show that prices are not the result of the joint action of the two but that they are facts which follow in succession, as, first demand, then price, then supply. Any practical business man, who never devoted an hour to economics, knows that this is the order in which these facts occur.

If for example a capitalist were invited to build a shoe factory in a new country, the first question he would ask would be, is there a market for the shoes? If there is a demand, is it strong enough to pay a price equivalent to the cost of manufacturing the shoes? If the shoes could not be profitably manufactured at less than \$1 a pair, and the market would take a hundred thousand pairs but only at twenty five cents a pair, the factory would not be built, and there would be no supply; if the prospective market price should rise to fifty cents, there would still be no supply; if it should rise to seventy five cents, there would still be no supply, nor if it rose to ninety cents; not until the demand price rose to \$1 a pair would a factory be built and the supply begin, and it would begin solely and only because the price equaled the cost of production. Obviously then, the order in which these facts occur is not demand and supply, then price, but demand and price, then supply. Demand creates the price, and the price (equaling cost) creates the supply. The fact which fixes the price at \$1 or at any other particular amount is not "demand and supply" at all, but the cost of manufacture. Nothing can permanently lower the price to ninety cents or eighty or any other point, except a change in cost of production. No amount of variation in the supply and demand can produce this result; that might create loss and bankruptcy, but could never permanently lower the price of the commodity from the same producers.

We desire specially to emphasize this point, because it completely changes the social character and scientific aspect of the subject. It converts the doctrine from a dismal science into a hopeful, helpful, progressive social philosophy. Generally understood and applied, this view would eliminate much of the acrimonious hostility from the social problem. By making the prosperity of the employing class depend upon the progress and welfare of the laboring class, it creates an economic and political incentive throughout the whole community for making the social improvement of the laboring class the first and chief aim of public policy.

This doctrine, like the old, recognizes the fact that cheap wealth is socially desirable, but it teaches that the true way to furnish cheap commodities is not by over-supply and loss but by lessening the cost of production, as only by that means can lower prices be secured without an impairment of profits. Since large consumption and high wages are necessary to low cost of production, it follows that high wages and not cheap labor is the best means of permanently securing low prices, consistently with national prosperity.

The new school makes another important departure; it does not regard labor as a commodity.* In its definition of wealth it separates labor from products, and teaches with special emphasis that the progress of civilization is only possible as the prices of commodities fall and the price of labor rises. Thus, instead of aiding the doctrine of cheap labor, the new school definitely stands for the doctrine of high wages. In this view high wages and low prices are harmonious and independent, not antagonistic facts.

This leads to a much clearer and more correct conception of the function of competition. In view of the fact that prices and wages are not determined by the mere supply and demand, but that the demand is governed by the social desires of the people, and the supply is governed by the demand at a price made imperative by the cost of production, it becomes clear that competition is not the omnipotent economic force taught by the English school. Since competition cannot affect the

* See *Gunton Institute Bulletin* No. 5, (Dec. 18, 1897) p. 68.

cost of production it cannot furnish the controlling force of price regulation. The most that competition can ever do in this respect is to prevent prices from permanently remaining abnormally above the cost of production line. That is to say, competition can only affect prices when profits are large by forcing prices to the line of cost production. The function, then, of competition is really to prevent monopoly and distribute the profit-surplus to the community. It will thus be seen that while competition is a very important factor in economic distribution, its range of influence is definitely limited, and cannot be relied upon as the only or chief means of lowering prices. No amount of competition can enable or compel producers continuously to sell a commodity at ninety cents which costs \$1. For all the permanent, effective means of lowering prices we must look not to competition, but to improved methods of production.

It is very important that the student keep these facts in mind, because properly understood they lead to a radically different doctrine of public policy. As already stated, the quantity doctrine of value and the commodity doctrine of labor lead to the idea that labor like commodities should be cheap, and that free competition is all that is needed to guarantee low prices and industrial equity, all of which directly leads to *laissez faire* or a let-alone industrial policy.

The cost of production theory of the value of commodities and the social instead of the "commodity" theory of the value of labor, lead directly to an opposite doctrine of public policy. With this view we recognize at once that cheap labor and cheap production are not interdependent but incompatible facts, and that low prices and profitable production are the accompaniments of high wages, and since competition is only the distributor of profit margins created by improved methods of production it becomes clear that public policy should not rely upon competition as the infallible solvent of economic problems, but on the contrary it should be directed towards creating the conditions which naturally set in motion social forces that bring improved methods and thus lessen the cost of production. As the prior fact necessary to this is large consumption,

chiefly by the laboring class, it is obvious that the objective point of public policy should be to encourage all the industrial opportunities and social incentives that tend to raise the standard of social life among the laboring class.

This leads directly to the conclusion that instead of a *laissez faire*, let-alone public policy, the state should do anything and everything which will really promote or contribute to the best interests of the nation. This may involve protective tariffs, restriction of immigration, shorter hours of labor, protection of the sanitary condition of workshops, labor insurance, the education of working children, better sanitary surroundings of laborers' homes, clean streets, public parks, kindergartens, recognition of trade unions, free public libraries, economic education of labor leaders; in short, whatever will contribute directly or indirectly to protecting present opportunities or stimulating greater variety in the social life of the people properly becomes a part of wise and comprehensive public policy.

Work for January

OUTLINE OF READING

Our January assignment of work to students covers curriculum topic VII, as follows :

VII. VALUE AND PRICE.

- (a) Supply and demand.
- (b) Cost of production.
- (c) Elements of cost.
- (d) Effect of competition.

REQUIRED READING. In "Principles of Social Economics," Part II, Chapters II to V inclusive. In Marshall's "Economics of Industry," Book V. In *Gunton's Magazine*, the Class Lecture on "Value and Price."

SUGGESTED READING. In Adam Smith's "Wealth of Nations," Chapters V, VI and VII. In Mill's "Principles of Political Economy," Book III on "Exchange." In Ricardo's "Principles of Political Economy and Taxation," Chapter I, on "Value," and Chapter XXX on "Influence of Demand and

Supply on Prices." In McCulloch's "Principles of Political Economy," Part III, Sections I, III and IV. In Sir Thomas Brassey's "Work and Wages," Chapter III. Students who wish to get the full statement of Clark's and Wood's theories of wages referred to in Chapter V of Part II in "Principles of Social Economics," will find both the monographs in question in the March 1889 number of "Publications of the American Economic Association" (New York) being No. 1 of Vol. IV; and an additional paper by Professor Wood in *Quarterly Journal of Economics* (Boston) for July 1889, being No. 4 of Vol. III.

AIDS TO READING.

Notes on Required Reading. This month we reach a vital part of our subject, the question of value. On this question, directly or indirectly, hangs the whole problem of distribution, while a correct conception of value is necessary also to a proper understanding of the conditions under which wealth will be produced at all.

The four chapters assigned in "Principles of Social Economics" deal specifically with this question. In the first of these chapters we are shown the very general ambiguity which has surrounded the subject; different economists having confused value with utility and attached several distinct meanings to the word itself, such as "value in use," "value in exchange," "natural value," "money value" and so on. Value is simply an exchange ratio; utility is the capacity of a commodity to satisfy a want. Such terms as "value in use," "inherent value" etc. come under the head of utility, and their use only serves to befog the subject. Practically all the classic economists declare, moreover, that there can be no such thing as a general rise or fall of values, since a rise in one thing implies a corresponding fall in the value of the thing exchanged for it. In the chapter under consideration we are shown how this idea arises from the failure, pointed out last month, to distinguish clearly between man and wealth. While there can be no universal rise or fall of values as between commodities, there can be a general rise or fall in the value of commodities with reference to man, or service. In the last

analysis, all exchanges are between man and wealth (*i. e.*, man exchanges his labor or service for wealth), and not between commodities and commodities. This point is brought out very clearly, and we are shown, also, the direct, practical advantage in dealing with industrial problems which this recognition of an obviously natural classification gives us.

The next chapter takes up the subject of supply and demand in their relation to value. To most of our students, probably, the demonstration that prices are not governed by supply and demand, but by marginal cost of production, will come as a considerable surprise. No doctrine of political economy has had such universal and unquestioning acceptance, until recent years, as that supply and demand are the two factors which determine value and price. Yet we are here shown in detail the logical and historical unsoundness of that theory, and its complete incapacity to explain the most striking and important phenomena of the world's economic progress. It is unnecessary to retrace the argument here, as it is fully presented in the chapter under discussion as well as in the opening article in the Institute Work department this month.

In the next chapter we are shown what really is the law of economic prices. Prefacing this, there is an explanation of the meaning of economic law. We should never make the error of regarding an economic law in the same light as laws of chemistry or mathematics, since the latter deal with exact, fixed quantities, capable of exact measurement, while economic laws deal with social *tendencies*, and must take account of uncertain forces, such as the human will. By studying the phenomena of social and economic relations, however, we are able to discover the general courses which the human will and desires follow under given circumstances, and in view of given interests and motives, and thus are able to evolve laws as correct and as useful for the guidance of public policy as are the laws of chemistry for the production of chemical phenomena.

With this understanding of the nature of an economic law we proceed to investigate the law of price or value, and find it to rest primarily upon the cost of production. Demand

and supply are factors but not the determining factors. Demand is the first force, the force without which production would not take place at all. Supply comes only in response to demand, and then only when the demand becomes strong enough to offer a price which will cover the cost of production. No matter what the ratio between supply and demand, wealth will not be continuously produced at a loss, that is, at less than cost. Neither can the price continuously remain above the cost of production, since the competition of producers will keep it down to that point.

An objection will probably be raised in the reader's mind just at this point, that the law of prices here stated gives no explanation of how profits arise. If the price must always cover the cost, but cannot exceed it, there is no margin for profits, yet profits do arise in every industry, and are sometimes enormous. The explanation is that the cost of production to which we have referred as governing prices, is the cost of producing not the entire supply, but the dearest, the most expensive portion of the necessary supply; in other words, it is the marginal cost. A certain quantity of any given class of commodities is demanded, and a certain group of producers are supplying that demand. The cost of production for each of these producers is different; some are less favorably situated than others and have inferior plants; nevertheless, since their supply is demanded, the price must cover their cost. But prices tend to uniformity in the same market, as explained in the chapter we are considering; hence the better situated producers get the price determined at the cost-point of their less fortunate competitors. This leaves a margin in the shape of rent, interest or profits, to the lower-cost producers. The subject of surplus value, however, involving rent, interest and profits, will be treated in a subsequent lesson. For the present it is important only to point out that the law of economic prices which we have stated fully explains the method by which surplus value arises, consistently with the truth that marginal cost of production is the point at which value or price is determined. In the remaining section of the chapter this law is verified by testing it in relation to every class of

price phenomena, whether of manufactured or agricultural products or the wages of labor.

The last chapter assigned, which is Chapter V of Part II, discusses still further the law of the cost of production, and shows the error of the Ricardian theory that such cost is determined by the quantity, rather than the expensiveness of labor. Continuing, the great truth is demonstrated (and this is really the basis of all progressive economic movement, as heretofore [pointed out] that high priced labor is really the condition which makes low cost of production possible; because high wages means large consumption, and large consumption means large market, which is the indispensable condition to the use of machinery and other nature-harnessing, wealth-cheapening forces.

In Marshall's "Economics of Industry" we will pass over Book IV for the present and take up Book V, which bears more directly on the subject of Value. Marshall's treatment of value, while retaining much of the phraseology of the old supply and demand doctrine, is really a distinct confirmation of the cost of production theory. He does not, it is true, directly attack the supply and demand doctrine, and students will not find the line of distinction drawn sharply enough to leave a very clear-cut impression of what his attitude really is; but this much will be noted, that the emphasis formerly placed on the idea of *quantity* is here transferred very largely to that of *marginal cost* and utility, as the price-determining factors. There are some traces in Marshall of the "marginal utility" theory, advanced by the Austrian school, but he clearly recognizes the error of the idea that utility alone can determine prices, irrespective of cost.* Marshall's discussion of value is characterized by an evident desire to recognize whatever of truth is contained in all three theories of value, *i. e.*, supply and demand, marginal utility, and marginal cost. The outcome of his reasoning might be summarized in this way; that value is determined at the point where the marginal utility of a commodity to the consumer is just sufficient to induce him to pay the equivalent of its marginal cost

* See footnote on page 223, "Economics of Industry."

of production, and where those conditions exist the result is an equilibrium of demand and supply, or, at least, a constant tendency toward such equilibrium. The kernel of this, really, is identical with the law of economic prices laid down in "Principles of Social Economics." In place of "utility" our definition employs the more comprehensive term "demand," as the primary cause of production, and brings out the further fact that the point at which exchange takes place is a cost point on both sides. Of course there must be utility, that is presupposed; it is evidenced by the very fact of the exchange itself. But when we are seeking to discover the basis of equivalence upon which exchange takes place, the utility conception gives us no definite grip on the subject. Sliding-scale measurements of degrees of utility, unless they take account of cost, convey no hint as to what actually determines value. By what possible method of measuring relative utility could we ever determine whether a Christmas toy and a loaf of bread would exchange for each other on equal terms, that is, possess the same economic value? On the cost of production principle, however, this becomes a very simple matter. The two are equal in economic value merely because the marginal cost of production in each case is the same. As we have said, it is this kernel of truth which is imbedded in Marshall's discussion of value, though somewhat obscured by the catholicity of his treatment. Several of Marshall's chapters, explaining the temporary variations in and interruptions to the working of the law of economic prices, will aid students in understanding what might otherwise seem like contradictory phenomena.

It is interesting to note, in passing, that Professor Marshall's "Principles of Economics" (of which the present volume is a condensation) and Professor Gunton's "Principles of Social Economics," appeared simultaneously and, of course, independently, in 1891; thus giving practical recognition in the one case and positive assertion in the other to the cost of production theory of value, from two widely different points of view.

Notes on Suggested Reading. In Adam Smith's declaration

that labor is the final standard of value, students will find the modern doctrine anticipated, but as a matter of fact, Dr. Smith never appreciated the significance of this statement. His practical viewpoint always remained that of the middle class, and large profits rather than high wages was really the central point of his doctrine, which reflected the dominating spirit of the times. Most of Dr. Smith's propositions regarding value are either reflected, or reproduced for criticism, by subsequent economists, including Mill; and we have suggested these chapters in Smith chiefly in order that students may see the origin and logical development of the economic doctrine of the English school.

In Mill's "Principles of Political Economy" we have recommended Book III, on Exchange. Students will have already obtained a general idea of Mill's treatment of value from their reading in "Principles of Social Economics" and elsewhere in the Institute Work department this month. From the same source they will have learned what are to be considered the points of error in the supply and demand doctrine. Mill, it is true, asserts the cost of production theory with reference to commodities the supply of which can be increased or diminished at pleasure, but he does not, in reality, succeed in evolving any very definite working principle with regard to the effect of cost upon value. He says that value oscillates about and tends to return to the cost point, but does not indicate what he means by cost point; that is, he fails, in this connection, to recognize the existence of a different cost point for each producer of the same commodity. In other words, he overlooks the principle of marginal cost, and even asserts that profits form a part of the necessary cost of production in every industry. Yet, when he comes to discuss rent in its relation to value he takes an entirely different attitude; recognizes the idea of marginal cost, and says that rent forms no part of cost, because the price is determined by the cost of production on the poorest land in use, which pays no rent. Mill gives this last as the law of value in the case of products the supply of which can be increased only at an increased cost. There is really no good reason, however, why a special law of value

should be required for that class of products, or why the law which is found to hold good here should not apply to other normal exchanges. If there is any fundamental principle governing the subject of exchange, it ought to be capable of explaining, in the last analysis, all price phenomena. In reality, price is determined at the cost point of the dearest producers just as much in the case of manufactured as of agricultural products; profits are no more a part of cost than is rent, because the cost point at which price is determined is the point not only of poorest land, but of least efficient capitalistic management and least efficient capital, as well. These points will be more thoroughly considered, however, when we come to study rent, interest and profits.

With reference to labor, Mill denies the cost of production theory entirely and says that its value "never depends upon anything but demand and supply." This fallacy is discussed elsewhere in the current reading, but will be treated in detail in our examination of the wages question next month. It is one of the most serious of all the errors of the classic economists, and has been productive of deplorable consequences.

The reading suggested in Ricardo and McCulloch does not require much special comment. Students will be able to trace in the work of these two writers, as well as of Mill who came later, successive modifications of the body of doctrine developed by Adam Smith, but in none of them is there any distinct breaking away from the general attitude, the middle class viewpoint, characteristic of the school. Chapter I in Ricardo gives the full statement of his doctrine, elsewhere criticised in our work this month, that the value of a commodity is determined by the quantity rather than the cost of the labor devoted to its production. Chapter XXX, which is also recommended, contains a definite attack upon the idea that prices are governed solely by supply and demand, and had this been coupled with a correct interpretation of the cost of production principle, its influence upon later economic thought would doubtless have been much greater than it was. Supply and demand continued to be what Ricardo in this chapter called it, "almost an axiom in political economy."

McCulloch was a thorough disciple of Ricardo, and the reading suggested in the works of both economists will be found to follow substantially similar lines.

Chapter III in Brassey's "Work and Wages" contains an abundance of evidence (quoted in "Principles of Social Economics")* in support of the contention that high wages do not necessarily mean high cost of production. This point will be reached again next month under "Wages," but it is important that it be clearly understood now, in connection with the fact that cost of production determines value.

LOCAL CENTER WORK

For January meetings of local centers some of the following suggestions may be found useful:

Reading and discussion of lecture "Our Economic Creed," in Bulletin of Dec. 18th. Papers or discussion on "John Stuart Mill's theory of value." Explanation of difference between value and utility. Debate: "*Resolved*, that human labor is the true ultimate measure of the value of wealth." Reading of class lecture in the magazine on "Value and Price," and questions on same. Review of or quiz on previous work. Also, two or three students in each center might prepare brief theses showing traces of the cost of production theory in Adam Smith, Ricardo, McCulloch and Mill, and the points of difference between their treatment of the subject and the modern theory of marginal cost. A good subject for a more formidable thesis or address would be "History and meaning of the supply and demand theory of value."

Question Box

The questions intended for this department must be accompanied by the full name and address of the writer. This is not required for publication, but as an evidence of good faith. Anonymous correspondents will be ignored.

Editor GUNTON'S MAGAZINE: In your books and magazine you teach a system of what you call "Social Economics." Is there any difference between this and Political Economy, and if so, what is it?

M. P., Trenton, N. J.

* Principles of Social Economics, p. 142.

The difference between Social Economics and Political Economy is this: Social Economics includes the study of social conditions and of the influences that affect the social life of the people, as a part of the economic forces of society. It makes the study of economics a social science; whereas political economy recognizes only the conditions of wealth-production and distribution of material wealth as within the pale of economics. Studies of ethical and social considerations are relegated to other and distinct fields such as Ethics and Sociology. Social Economics recognizes Ethics and Sociology as inseparably connected with Economics. It teaches that sound economics is necessarily ethical, and all sound ethics is good economics. In short, Social Economics broadens the study into a social science instead of making it a mere science of wealth. . . .

Editor GUNTON'S MAGAZINE: In your reply to A. H. McKnight, in the December number, you explain that gold has not appreciated, and that the cost of gold has decreased. If gold has not appreciated, either the gold miner of to-day is really working for less wages than he received some years ago, or by the use of large aggregations of capital and labor saving devices increased his capacity. My question is, has the labor cost of mining gold from a ton of ore diminished, if so from what cause?

D. R. S., Denver, N. Y.

Yes, the cost of mining gold from a ton of ore has diminished, and the cause is the improved methods of mining and working the ores. Of course the cost of placer mining has not diminished, but that has not been for many years the expensive portion of the supply. It is the mining of the refractory ore which involves the greatest cost, and to which the scientific devices are applied, and it is in this that the great economies have been secured. The labor cost per ton has diminished, not by lowering the laborers' wages, but by the use of improved devices. Although many ores that previously cost \$4 a ton to work can now be worked for \$2 or \$2.50, that does not mean that the most expensive portion has been reduced anything like that amount. By the use of these superior de-

vices more difficult mines are worked, so that the cost of the most expensive portions of the supply is not reduced very much, but a profit is created on many of the ores which previously could not be worked at all.

Editor GUNTON'S MAGAZINE.

Dear Sir: I read your magazine because I believe it cannot be surpassed as a means for affording enlightenment on the economic, social and political issues of the times. By this I do not mean that I endorse your views on the perplexing and multifarious problems discussed in your publication, for I do not. Perhaps the fault can be eventually traced to my analytical stupidity but until I am convinced of the truth of that possibility either by yourself or some of your able contributors I will hold as sound the exceptions I take to certain of your statements. In the December issue of your magazine, under the head "Editorial Crucible" I read the following:—"Those who insist that protection has no influence on wages will be interested in the announcement of the manufacturing potters of their intention to increase the wages 12 per cent.," etc., etc. The editorial concludes with a laudation of the Dingley law and a slap at free trade journals. During the hour I read the above I was startled by the following which appeared in the daily papers under a Fall River date:—"The manufacturers of Fall River have decided to reduce wages 10 per cent. They will not consider the operatives' suggestion of curtailing production by closing down two or three days a week." I compared the two, your editorial and the newspaper item, and concluded that brother Gunton had crowed before he got out of the woods. . . . The influence of Dingley protection is as effective in its application to the textile industry as it is to the pottery business. How, therefore, if protection, as you vigorously maintain, has such an influence for good wages, does this discrepancy occur? . . .

T. K., Hartford.

Our correspondent is entirely mistaken in saying: "The influence of the Dingley protection is as effective in its appli-

cation to the textile industry as it is to the pottery business." The cases are radically different. The Trenton pottery industry is absolutely dependent upon a protective tariff. It would be practically annihilated under free trade. The cut in protection effected by the Wilson bill paralyzed the pottery industry, wages were reduced from 25 to 40 per cent; the Dingley bill increased the protection and the pottery industry at once revived, and with it came a return of the previous wages, by installments of course, the last one being 12 per cent.

The case of the Fall River operatives is entirely different. The Wilson tariff did not seriously affect the cotton industry because the industry had so progressed as to permit a reduction without injury. The great struggle in the cotton industry is between New England and the South; and Southern cheap labor and long hours, with modern machinery, is crowding Massachusetts closely to the wall, hence the effort of the corporations to lower wages. The truth is that Fall River is in about the same relation to the South in the cotton industry that Trenton is to England in the pottery industry. The new tariff has saved Trenton, and there is no tariff to save Fall River. The evolution of the cotton industry is gradually transferring cotton manufacture from New England to the South which, strange as it may seem, is not affected by a tariff on imports. Hence, while depression is observable in New England, no such depression in that industry exists in the South. All this was predicted in these pages several years ago.*

Oh no, there is nothing contradictory in the Trenton and Fall River cases when the economics of the situation is properly understood. Our statement in the December number was entirely correct; there was no "before he got out of the woods" about it, because he was not in the woods.

* "Future Location of Cotton Industries," *Social Economist*, Vol. I, p. 150.

Editorial Crucible

OUR COMMENTS on Mr. McKnight's article in the last number, suggesting that gold has not appreciated, has caused considerable stir among silver editors. Some of the editors in the far West are at a loss to find adjectives adequate to describe our mental dulness, but the Paterson (N. J.) *Guardian* eclipses them all for free handed treatment of the subject. It quotes the whole of Mr. McKnight's argument claiming that gold has appreciated, in such a way as to give the impression that it was *our* statement. This is the more surprising as our criticism of Mr. McKnight's position was published with his article. The policy of the Denver and Salt Lake papers in attacking us with uncomplimentary epithets is preferable to the *Guardian's* method of confounding opposites.

IN DISCUSSING the labor question the leaders of the American Federation of Labor appear to much better advantage than in discussing finance. In the resolution opposing the annexation of Hawaii on the ground that it "would be tantamount to the admission of a slave state," the recent convention sounded the true note of alarm. The Federation did well to raise the danger signal on this subject and ask workingmen throughout the country to use their influence to prevent the consummation of this annexation treaty. No new territory whose population has hardly emerged from slavery can be annexed to the United States without inflicting economic injury upon the laboring classes in the United States. The wage system, factory methods, labor organizations and higher wages should be taken to Hawaii, but in its present semi-barbarous condition Hawaii should not be brought to the United States.

THE SCHEME now being advocated by the press under a "pension reform" spell, to publish the names of the entire list of pensioners in the daily press throughout the country, is a remarkable exhibition of patriotic economy. This scheme might ultimately result in some slight revision in the cost of pensions, but, Oh what a swelling of the cost of advertising!

Such a transfer of the public funds from the pensioners to the newspapers would indeed be a remarkable streak of economy. What better work could the government do than spend a score of millions or so in purifying the pension list, and what moral missionaries the newspapers would be! It might cost in advertising alone a thousand times as much to detect each fraudulent pensioner as his pension amounts to, but what of that, think of the purifying effect! In comparison with the ethical influence on the nation of distributing a couple of millions a month among the newspapers, a few millions increase of taxation would be too insignificant to speak of.

IN ITS EFFORT to defend greenbacks and the present sub-treasury system, the New York *Sun* sometimes says things verging on the absurd. In a recent issue it contends with apparent seriousness that if the government is to go out of the banking business, then the postal money order system, the running of the mint, the government printing office, the building of ships, and it might have added the running of the post-offices, should be taken from the government, because they are similar in character to banking. Oh dear! What essential similarity is there in any of these departments to the issuing of circulating notes? If the argument against taking the government out of the banking business has gotten to this extremity, it is surely on its last legs. The issuing of circulating notes is a business transaction, and should only be done by the parties interested. The government is not interested in the private business of citizens except in its policeman function of guarding the integrity of the transactions. The government is not engaged in profit-making enterprises, but in conducting the executive, protective function of the state. It raises its revenue for paying its bills by taxation, and only in case of a war does it give its notes. It is no more the function of government in normal times of peace to run a bank, or issue its credit notes, than it is for the government to run grocery stores or cotton factories. The function of the government is not to own business enterprises but to guard the opportunities and defend the rights of private citizens in so doing.

AS A MEANS of permanently preventing the annexation of Hawaii or any similarly situated countries like Samoa or Cuba, Congressman Cooney of Missouri has offered a joint resolution calling for an amendment to the constitution of the United States that shall provide that :

“No new State, the territory of which, or a part thereof, is not contiguous to the United States, shall be admitted by the Congress into this Union.”

Mr. Cooney's impulses are good but his methods are very poor. This amendment makes the admission of new territory depend wholly on geographical instead of industrial and social considerations. The fact that a little water separates the United States from other territory is the weakest of all reasons why the two cannot be annexed. Mr. Cooney should introduce a resolution demanding that no new territory shall be added to this union until its population has demonstrated its capacity for political self-government, and until industries are conducted by modern methods of production, and the wages of common labor have reached \$1 a day; and that no territory shall become a state until its population reaches a quarter of a million; and that it shall not have more than one United States Senator until its population entitles it to three representatives. An amendment embodying something of this kind would prevent the annexation of thirteenth-century civilization and the flip-pant elevation of territories into statehood for mere party reasons. This would not permanently prevent the annexation of other countries to the United States, but it would establish an industrial and political standard of fitness without which they could not be admitted to the Union.

AS WE GO to press the Fall River situation appears to be nearing a crisis. The manufacturers seem to have definitely concluded that a reduction of wages must go into effect on the third of January, 1898; and interviews with the secretaries of the different organizations indicate an attitude scarcely less definite that the operatives will resist the reduction. Of course it is not to be expected that the operatives will gracefully accept a reduction of ten per cent. in their wages when the

wages in most other industries are improving. On the other hand, it should be remembered to the credit of the Fall River manufacturers (for they have black marks enough) that in 1892, when the 58 hour law went into effect, they did the unusual thing of voluntarily advancing wages three and one-half per cent. to compensate for the shorter time, so that the week's wages on piece work would not be less with the 58 hours a week than they had been with the 60 hours a week. Four months later, the cotton business being very good, they unsolicited gave another advance of six and two-thirds per cent. in wages, making for the year a 10 per cent. advance. This fact is valuable at least in showing that the present attitude is probably not all "pure cussedness." Indeed, there is a real problem confronting Eastern cotton manufacturers. It is a struggle of Eastern capital and Eastern machinery with mediæval labor and long hours in the Southern States. In truth, the Southern cotton manufacturer, with modern machinery, sustains about the same relation to New England manufacturers that Lancashire manufacturers do to American, and Yorkshire woolen manufacturers to the woolen manufacturers of the United States. In the woolen industry, however, the tariff inserts a protective hand and gives American manufacturers at least a competitive chance of surviving, and in that industry as in the pottery industry business is improving and wages are advancing. But the England of the cotton industry is in the Southern States, and the tariff element cannot intervene. It is a problem of the migration of domestic industry, and is not the first of its kind. There have been several similar instances in England and in this country.

It is important at the outset for both operatives and manufacturers to recognize the true inwardness of the situation. Mere hot-headed fighting will contribute nothing to a rational solution of problems of this kind. It may impose hardship on the laborers and bankruptcy on the manufacturers, but when the fight is over the problem will still remain unsolved. The manufacturers seem disposed to charge much of their hardship to the short hour factory laws. It will be a mistake for them to make this the ground of their complaint. The ten hour law

was one of the inevitable phases of progressive society. It was an indispensable element of civilization that could not have been stopped, and any attempt to lengthen the hours of labor would be absolutely futile. The people of Massachusetts could not be induced to repeal the ten hour law to save every corporation in the state. Only by getting a new voting population could that feat be accomplished.

Nor can they hope to improve their position by permanently lowering wages. If repeated appeals to a lower wage rate is their only salvation then they are lost, unless they can change the entire character of their operative population and use French Canadian or Asiatic labor. That policy would bring a lowering in the tone and character of the whole people which would mean the decadence of New England civilization. Whatever action is finally taken by either the manufacturers or the laborers, it should be with full recognition of this aspect of the situation.

WHATEVER MAY be the outcome of the present labor crisis in Fall River, it may be taken for granted that it will not settle the problem. If the corporations and the operatives can reach some compromise position by which a strike may be avoided it will only be in the nature of a truce. The Fall River situation represents the cotton industry in New England. For a decade it has been obvious that the natural and inevitable tendency of cotton manufacture is southward. If the competition were with any foreign country, the tariff could be invoked for protection, as it is for the woolen, silk, tin and other industries.

There is no reason why the protective principle, which is not limited to tariffs, should not be applied to the New England cotton industry. The economic justification for protection is to prevent domestic industries from being put at a disadvantage by virtue of advanced social conditions and the consequent higher wages. New England, of which Massachusetts has been the leader, has made rapid progress in factory legislation so necessary to the social opportunities and welfare of the operatives. For nearly a quarter of a century the ten hour system has been established by law in Massachusetts, and has been gradu-

ally extended to New England and the Eastern States. Every economic and political reason for protection in any form justifies and demands that the ten hour factory system be extended to the Southern States. As we have said, it is important for the welfare of the whole nation that manufacturing industries be developed in the Southern States, because it is only through the diversification of industry that the social condition of the laboring class in the South can be lifted to any approximate equality with that in other parts of the country. But it is equally important alike to the operatives North and South that this development take place under modern conditions. Neither the South nor any other part of this country should be permitted to develop factory methods under the twelve hour system. That would mean that they repeat the revolting experience of English factory life in the first quarter of the century. If manufacturers and operatives would unite in exercising their social and political influence to accomplish this object, and at the same time recognize the inevitable tendency of the cotton industry towards the South, and capital gradually transfer itself to new forms of industry in New England, the transition of the industry might be made gradual and of much greater benefit to the South with less injury to New England. If, on the other hand, manufacturers and operatives both insist upon ignoring these broader considerations and determine to fight, one trying to enforce and the other to resist a reduction of wages, then the industry will go South under barbarizing conditions, and leave bankruptcy and depression to work their havoc in New England.

Economics in the Magazines

HARPER'S MONTHLY MAGAZINE, Christmas number, December, 1897. The Christmas *Harper's* is very attractively gotten up, both as regards literary quality and wealth of illustration. Among the contributors are General Lew Wallace, Harriet Prescott Spofford, Charles Dudley Warner and R. H. Stoddard. "The Queen's Jubilee," is vividly described by Richard Harding Davis, and a particularly interesting article is that by George Willis Cooke on "George William Curtis at Concord," in which, through a series of letters written by Mr. Curtis from Concord during the forties, additional light is thrown upon the life and characteristics of a community forever identified with what is greatest and best in American literature. Altogether, this number of *Harper's* is unusually good.

THE CHAUTAUQUAN, December, 1897. *The Trend of American Commerce*. By Cyrus C. Adams. There is a wholesome tone about this article, evidenced chiefly in the fact that while the writer favors the expansion of our foreign commerce along certain lines, he recognizes that "The United States is its own best customer for manufactured products and always will be." The true field for an American export trade, in Mr. Adams's opinion, is not in the ordinary staples manufactured for direct consumption, but in machinery, the market for which will more and more be found in Russia, China, Japan, South America, and other regions which are just entering the era of modern industrial life and beginning to manufacture for themselves. This is a correct view, and Mr. Adams shows equal clearness of economic thought when, in discussing the future of our industrial progress, he says that "very many of our products for home consumption and for export are going to be cheapened in price by improved methods and practicable economies that will satisfy capital with the profit it reaps while furnishing commodities at lower cost; just as refined petroleum is now supplied to the consumer at a fraction of its former price because pipe lines and other great improvements have made it possible."

NORTH AMERICAN REVIEW, *December, 1897. Why Homicide has increased in the United States.* By Professor Cesare Lombroso. The necessity of extreme care in the use and interpretation of statistics is nowhere more imperative than in the case of statistics of crime. Professor Lombroso recognizes this fact in his treatment of the apparently anomalous statistics of crime in the United States. In this paper he confines himself to the subject of homicides. On the face of the case it would appear that there are twelve homicides to every 100,000 inhabitants in this country, as against only 5 in 100,000 in England and Germany; also, that between 1880 and 1890 in the United States the number of arrests for homicide increased 60 per cent. while population increased only 25 per cent.

In the first place, Professor Lombroso shows that under the laws of the various states many persons are treated as homicides who would not be so classified in Europe. Next, the proportion of crimes in the United States is greatly increased by the statistics of the Southern States, which are subject to the well-known influence of warm climate in engendering violent passions leading to violent crimes. How important this matter of climate is may be seen from the fact that in Italy there are 96 homicides, and in Spain 58, to every 100,000 inhabitants. In addition to this natural influence in our Southern States, we have in that section also a very large negro population, among whom the proportion of homicides is 45 in 100,000. To compare the United States and countries of Northern Europe, with any fairness, sections should be taken where conditions are approximately similar, such as the New England States; and in these states it is found that the proportion of deaths resulting from homicide is actually lower than in England or Scotland, and, moreover, is declining.

Professor Lombroso explains the increase in homicides for the country at large partly by the rapid growth of immigration from southern Europe, partly by the more or less chaotic social conditions in the undeveloped mountain states of the West, partly by the tendency to extend the scope of the laws regarding homicide. He omits a very important consideration, namely, the increasing perfection of police and detective methods, which results in an apparent, but not real,

increase of criminality in this country. In the old countries of Europe, where police systems have been uniformly efficient for a long period, this effect on statistics would not be produced. Professor Lombroso's succeeding articles will be awaited with interest.

THE FORUM, *December, 1897. The Policy of Annexation for America.* By Rt. Hon. James Bryce, P. C., M. P. This article fully sustains Professor Bryce's reputation as an impartial and discerning interpreter of the spirit and needs of American political and social institutions. His remark that "American institutions are quite unsuited to the government of dependencies" is not to be regarded as a criticism upon, but rather a tribute to our unique position as the representative and exponent of a type of civilization, a type whose significance and influence upon the world depends largely upon the maintenance of its own distinct nationality, untrammelled by complications and interests foreign to its real spirit and purpose. As Prof. Bryce says, in explanation of the remark quoted, our institutions "are precluded all through by the principles of equality and the habits of self-government. They do not adapt themselves to countries where the population consists of elements utterly unequal and dissimilar, as is the case in Hawaii, nor to cases where the American element ought not to be expected to forego its right to self-government, but where, nevertheless, the overwhelming majority of the inhabitants, whether negroes or Asiatics, ought not to be trusted to govern even themselves, much less their white neighbors. . . . He must be a sanguine man who thinks that a democratic government, intended to be worked by educated men of the best European stock, whose ancestors have enjoyed freedom and been accustomed to self-government for centuries, can, without danger to its new subjects and injury to itself, either set up among an inferior and dissimilar population its own democratic institutions or so far depart from all its own traditions as to attempt to govern that population and its own citizens abroad by despotic methods."

Regarding the fear sometimes expressed that Hawaii will be seized by some other power if we do not annex it, Prof.

Bryce is probably right in saying that "Britain might have had it years and years ago, and did not care to take it." At any rate, this argument for annexation can well afford to rest until there is some evidence that another power contemplates appropriating the islands. Moreover, so far from being a source of military strength, Prof. Bryce shows that the adequate protection of Hawaii in case of war would require us to build and maintain an expensive navy in the Pacific for that purpose alone. Otherwise, of course, Hawaii would be liable "at the outbreak of a war, to be seized by the fleet of any enemy stronger at sea."

To quote Prof. Bryce again: "The United States has already a great and splendid mission in building up between the oceans a free, happy, and prosperous nation of two hundred millions of people," and, needless to say, this mission is impeded and not aided by the injection of new elements of barbarism into the industrial and political conditions with which we have to deal.

The Present Condition of Economic Science. By L. L. Price, Proctor in the University of Oxford. The point in this article to which we desire to call attention is its practical recognition of the marginal cost of production theory of value. Mr. Price alludes to the *marginal utility* theory, but goes on to say that inquiry along this line has been carried a step further; that is, instead of obliterating the influence of cost, as the utility theory does, it is "more rational and comprehensive to endeavor, with Prof. Marshall, to effect a unification of the old and the new." This unified conception, as it appears to Mr. Price, is that "just as, on the side of demand, there are buyers on the margin, who are hesitating whether to buy or not, so, on the side of supply, there are sellers on the margin of production, who, by their hesitation to produce, become also the final determinants of value." We have discussed Prof. Marshall's attitude on this question in our Institute work department this month. Neither Prof. Marshall nor Mr. Price are very clear or positive in their treatment of marginal cost, but they at least reflect the trend of thought.

Book Reviews

THE AMERICAN CITIZEN. By Charles F. Dole. Cloth, 336 pp. D. C. Heath & Co., Boston and New York. 1897. Introduction price 90 cents.

This book is intended for school use, and comes to us with a very good list of recommendations. It discusses the duties of American citizenship in so broad a way as to touch more or less upon nearly all the important economic, sociological and political topics with which we are confronted to-day. It is therefore important to know what is contained in a book of this nature, intended for the instruction of the young, and from what point of view it treats matters of such serious importance.

On the whole, the tone of the book is wholesome and impartial. It aims to instruct the prospective citizen as to the nature of his social, political and industrial relations, and states the problems which he will be called upon to face. Mr. Dole attempts to couple some helpful suggestion of sound principles with his enumeration of the features of our governmental system, though on the great political issues of the day he does not do more than fairly to state both sides. The limitations of a school text-book, of course, require this.

What he has to say about politicians, parties, and methods of political action, is wholesome in that it directs the reader to the force of public opinion as the true corrective for abuses, rather than to any impracticable theory of abolishing political parties and substituting a sort of personal government for democratic control.

To his discussion of economic duties, involving fundamental economic principles, we cannot give the same commendation. His treatment of these topics reflects nothing more recent than the classic English economics of the middle of the century. This is evident at the very outset of Part III, where he describes wealth as everything which can be bought and sold, a definition which would include labor as wealth, and is therefore useless as a basis for any progressive social-economic policy. In like manner he constantly reiterates the old idea

of supply and demand as the final determinant of value, wages, surplus increments and so on, as though he had never heard of the law of marginal cost. This part of Mr. Dole's book has somewhat the flavor of Ptolemaic astronomy or pre-evolutionary theology. Occasionally, however, he lets in a little modern light, as when he says:

"An ignorant people have few wants and therefore little wealth. An ignorant people could not have invented the steam engine, neither would they have felt the need for the articles which the steam-engine helps to produce. It is when the average intelligence of people has risen to demand a vast supply of many things, that the [spur of necessity urges inventors to harness the forces of nature to help them in shops, mills and railroads."*

In the above Mr. Dole really has the kernel of the true law of wages, but he seems not to appreciate its significance. The unsoundness of many of the economic ideas which are here indirectly perpetuated is the one serious criticism we have to make upon an otherwise wholesome and useful little volume.

ANARCHISM, *A Criticism and History of the Anarchist Theory.* By E. V. Zenker. G. P. Putnam's Sons, New York and London, 1897. 323 pp.

Mr. Zenker takes the ground that the theory of anarchism is not fairly met and overcome merely by denunciations of bomb-throwings on the part of fanatics. He examines the anarchist theory as a theory, and insists that it is entitled to fair and serious treatment as such. This view we can endorse, not, of course, because of any fondness for anarchist doctrine, but simply because the only really effective way of destroying an error is fairly to face its strongest propositions, and not dodge them by pointing to the follies or crimes of individuals.

Mr. Zenker has really performed a useful service in gathering together the scattered materials from which to construct a history of the dark and maleficent career of the anarchist movement, as well as in his painstaking analysis of the root principles of the doctrine itself. He finds traces of distinctively anarchist theory running away back into the middle ages, and constituting a sort of half-recognized force in popular revolts down to

*Page 178.

the Reign of Terror, which was really a Reign of Anarchy. A permanent anarchical society, however, was by no means the conscious ideal of the French Revolution. Not until the appearance of Proudhon and Stirner did Anarchism really take form as a fully developed, professedly scientific theory.

Mr. Zenker devotes nearly 70 pages to Proudhon's life and philosophy, and about 40 each to Stirner and Kropotkin, the latter being the most conspicuous living representative of anarchist thought. In a chapter on "Russian Influences" he traces the checkered career of Bakunin, the fiery apostle of revolution by torch and bomb. Elsewhere in the book we find a sketch of modern anarchism in Germany, England and America, and a history of its spread in Europe. In a chapter on "Anarchism and Sociology," Mr. Zenker disputes the claim very often set up, that Mr. Herbert Spencer's philosophy is logically anarchistic. It is of course true that Mr. Spencer recognizes certain limited functions for the state, such as preservation of order and maintenance of justice, and since both these involve authority he cannot, strictly, be identified with the anarchist philosophy, but it is equally true that in every other respect his entire teaching regarding the relation between the state and industry, or education, or social improvement, is distinctly anarchistic, and points to a regime of *laissez faire* as complete as Stirner himself demanded, a half century ago.

Proudhon's anarchism involved the idea of collectivism, that is, of free association and mutual exertions; he would abolish property, but preserve the right of possession. Stirner, on the other hand, stood for pure individualism, the absolutely unrestricted conflict of man with man, and held practically that might makes right,—“What you have the power to be, that you have the right to be.” Kropotkin's theory is different from either of these, and is described as anarchist communism, or the “economics of the heap,” because he would first have all the means of life “heaped together” and divided among all men according to their needs, and thereafter would have the same rule observed regarding the regular wealth-productions of mankind. In other words, he would solve the problem of dis-

tribution first, by universal plunder, thereafter by systematic robbery, and would make individual prowess the only allowable method of protecting the fruits of one's own productive efforts.

It is only necessary to state these different theories to appreciate their idealistic, Utopian nature, and their utter incompatibility with the laws of human nature and of social evolution. Evolution itself implies constant and permanent inequality between the different portions of the aggregate, even though each portion or group may be steadily advancing to higher and higher ground. No artificial scheme of government or no-government can establish equality, where the great law of the universe, even the law of progress, has decreed the opposite. There need be no regret over this. Progress, *excellence*, is a far better, far more helpful, far nobler ideal than any Utopia of dead-level, monotonous uniformity of all the social units. The delusive charm of this will-o'-the-wisp "equality," however, is gaining a vast power over the minds of men today, and is augmented by the neglect of society properly to deal with its rapidly developing social and industrial problems, in a positive, broad-minded and masterful way. The concluding paragraph of Mr. Zenker's book gives the keynote in this whole matter. "Anarchism," he says, "may be defined etiologically as disbelief in the suitability of constituted society. With such views there would be only one way in which we could cut the ground from under the Anarchists' feet. Society must anxiously watch that no one should have reason to doubt its intention of letting justice have full sway, but must raise up the despairing, and by all means in its power lead them back to their lost faith in society. A movement like Anarchism cannot be conquered by force and injustice, but only by justice and freedom."



MR. JOHN P. TOWNSEND

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Postal Savings Banks

JOHN P. TOWNSEND, President Bowery Savings Bank

It was a wise thought that inspired the Post Master General to suggest that some plan might be devised in order to utilize the savings of the plain people and keep money in circulation rather than have it hid away in stockings, between the leaves of a Bible, or other outlandish places. There are many localities in the vast territory which composes the United States where banks of deposit are not easy of access; and it would be very desirable if secure depositories could be established to receive these savings, invest them safely and return them to the owners with whatever interest can be fairly earned. But the idea that the federal government should open all its money order offices for that purpose and require the Post Office Department to be responsible for safe keeping and return is a novelty in our institutions. As we understand the Post Master General's plan, the money is to be received and transmitted to Washington to be invested in United States bonds, State stocks, municipal, town or county obligations, and that the rate of interest to be paid to depositors should be two per cent. per annum.

European governments, in which postal savings banks are established, are always borrowers of money and have a large permanent debt in which the deposits of the postal banks can be invested. The people of this country are not in favor of increasing the debt of the federal government. The power of taxation is in Congress, so that if there is any deficiency in the revenue it is in its power, by proper legislation, to provide sufficient to carry on the government. An accumulation of deposits belonging to individuals would only be an inducement for selfish people to utilize that fund by asking for extravagant appropriations. Many of our post masters are ap-

pointed for political reasons and have not a knowledge of accounts sufficient to keep them accurately; neither is it to be supposed that all of them are men of such sterling worth that they would at all times and under all circumstances make accurate returns.

The suggestion that deposits might be invested in municipal, town or county securities is one the propriety of which the Post Master General would have to pass upon. His opinion would necessarily be derived from local authorities, who might for selfish reasons suggest investments which would be undesirable and not in the interests of savings depositors. The return of the money deposited would often be inconvenient for a post master in a small place who had transmitted all his funds to the seat of government; and the depositor would be obliged to wait for a draft from the Post Office Department on the nearest banking center, which would cause great delay. The investments might turn out to be unprofitable ones; and the federal government would have to stand the loss. It should be kept well in mind that if these banks are to be established, in order that they should inspire confidence the Post Office Department must be responsible to the depositors. Without that they would be a failure from the beginning. But the result of our former experience with the Freedmen's savings banks should be a warning that it would not be desirable for the government to guarantee too much.

Savings banks in the East, life insurance companies and mortgage companies, all of which have individual stockholders and exercise close supervision over their affairs, have lost money in the class of investments above considered: how then could a Post Master General of the United States be expected to look after the interests of depositors all over the country when this is but a single branch of his many duties and could not be the most important one in his Department?

Whilst savings banks are very desirable in the interests of the people, for many reasons it does not seem that the system of government paternalism should be extended in this direction. Of course in the older states it would not be expected that many people would make deposits under the sys-

tem proposed, as they now receive from three to four per cent. interest and would not be likely to change their accounts if they were to receive but two per cent. In the South and West, where savings banks do not exist, they can be easily established under the system in vogue in New York State in particular, and in New England, where no capital is required. A certain number of men under the supervision of the Banking Department organize themselves into a body called trustees, and after examination as to their qualifications, their standing and reputation, if the Department determines that a bank is necessary in the locality suggested, the trustees are authorized to receive deposits and they attend to the business in person until the bank has accumulated sufficient surplus to pay its own expenses. If any community would like to benefit the working classes, they have only to have such a system adopted in the several states and go ahead. Every neighborhood has a sufficient number of men, in whom the people have confidence, to act as trustees. Every state has a Department to whom these institutions could report, and their methods should be supervised as they are in the State of New York and in New England, in the interest of all concerned.

It is estimated by the Director of the Mint that the amount of gold coin in circulation in the United States is (Dec. 1, 1897) \$696,460,640; whilst the amount that can be traced to the Treasury, to banks and other financial institutions, is only about \$400,000,000; and if this estimate is correct the difference between the two must be hidden away somewhere, because people who put money aside always put away the best they can get hold of; and as gold is acknowledged all over the world to be equal, if not superior, to any other currency, it is probable that there is a large amount of gold in the hands of individuals, a great part of which might be utilized.

It has been suggested that the deposits of the postal banks might be placed in local institutions, but what security would the Post Office Department have of the solvency of these institutions or that the money would be returned on demand or after proper notice? Is it not asking too much that

the general government shall guarantee the solvency of these depositories? It is not the business of the federal government to guarantee any corporation or any individual in the conduct of his business; neither is it desirable that the federal government should interfere in doing what individuals in the various localities can do as well or better. This is a republic where every person has a right to be whatever he can be; and the less interference by authority with people in their private capacity, the better.

The business of establishing postal banks by the federal government is as unwise as it would be for it to take charge of the life insurance business or the fire insurance business, or the management of trusts generally. We change our public functionaries so often that a new set of officers might be out of harmony with what had been done by their predecessors; and whilst the head of the Department to-day might be in thorough accord with proposed legislation his successor in office might be of the opposite opinion and thus important supervision and direction be neglected.

These postal savings banks would not in any manner compete with the savings banks already established in the states where they now exist, because the business in the latter is more promptly done and the depositor comes in contact with the particular bank which is responsible to him and which has invested his money. In the case of a postal bank located a thousand miles from the central office, the same confidence would probably not exist between the depositor and the branch bank (which his post office would be) nearest his own residence.

Will the Republicans Do It?

The cardinal doctrine of the Republican party is protection to American industry. This does not mean favoritism to particular capitalists, industries or sections, but protection to the best opportunities for industrial and social expansion of the nation. This doctrine of protection implies a policy much broader than merely imposing duties on imports, it implies a policy of using the legislative function of government in any direction which will promote the opportunities for industrial diversification and advance the social welfare of the people.

It has often been pointed out in these pages that the benefits of protection must reach certain classes and interests indirectly through legislative action upon other interests. Protection by tariffs guards the opportunities for developing new industries and perfecting old ones, by guaranteeing to American capitalists the full benefit of the American market.

So far as this has been successful (and it has been wonderfully successful during the last thirty years) it has indirectly benefited laborers through the social and economic influences which the development of manufactures and diversified industries and urban life have created. It has in like manner benefited the farming population by the increase of urbanized or non-agricultural population, which of necessity increases the market for agricultural products—a market which has constantly increased in quality as well as quantity.

This very progress has brought and is constantly bringing with it new problems, problems which equally call for the application of a protective policy, but in a different form. One of the most conspicuous problems of this character just now is the depressed and perplexing state of the cotton industry. Although this question cannot be reached by a protective tariff, it is nevertheless entirely within the purview of a protective policy. Protection, properly understood, is just as applicable to domestic conditions as to foreign relations.

The justification for a protective tariff on the broad grounds of political science is to prevent international rela-

tions which tend to injure the industrial growth, weaken the political power or lower the civilization of the nation. This is not only true of nations, but it is true of the classes and interests within nations. All the laws of civilized society are constructed with a view to preventing the lower and less advanced in the community from injuring the more advanced. It is only by protecting a superior quality of personal character that social improvement can go on and the advantages of progress be extended to the lower or less fortunate strata of society; all of which is just as true of industrial as of social conditions.

This is the problem involved in the present cotton industry difficulty. It is a case of competition between the southern states and New England for the location of cotton manufacture. As a nation we have no more interest in cotton manufacture being in New England than in the South. Indeed, the southern states are greatly in need of that industry because of its civilizing influences. The only point of concern to the nation is the conditions under which the industry shall exist.

It is important to public welfare and national progress that the social plane upon which the industry is conducted shall not be lowered, because that means a step backward. It is against such retrogression that protection is needed.

Cotton manufacture was the first industry to which factory methods were applied. Its early history, especially in England, is the history of oppression, brutality, poverty, vice and social stultification. Through the progress of three-fourths of a century, involving interminable struggles and hardship among the laboring classes, the worst features of the factory system have been eliminated and the industry made tolerable and civilizing by the development of a body of protective legislation known as the factory laws. By these factory laws the hours of work of women and children have been reduced from sixteen to a maximum of ten hours a day. In some states (New Jersey, for instance) the hours have been reduced to fifty-five per week, and in Massachusetts to fifty-eight. Besides shortening the working day, this legislation has given protection to operatives against dangerous machinery, pro-

vided factory buildings with fire escapes, and secured ventilation and other conditions which decency and health require. It has also provided for the compulsory education of factory children under a certain age, usually fourteen years, and in some instances, as in New York, sixteen years of age.

For more than half a century the experience of Christendom has demonstrated the social, moral and political necessity as well as the economic wisdom of this class of protective legislation. In the interest, therefore, of the nation's civilization, public policy demands that the wages and social life of the operatives as well as the investment of capital in New England should be protected against the drag-down influences of the long hour system in the South, which the civilization of England and the eastern states outgrew more than a quarter of a century ago. To return to the twelve hour system in this country would be a crime against progress. It would mean the introduction into the southern states, already handicapped by the remnants of the slave labor system, of all the barbarizing influences of the factory system which existed in England in the first quarter of the century. Against this not only the laborers in the South and the laborers and capitalists in the East but the interests of the entire nation demand prompt and effective protection.

This protection can be furnished only by extending the protective factory laws of New England to the southern states. Approximate equality of competitive conditions between the South and the East must necessarily come. The question is, shall the equality be established on the plane of the long hour factory system of the South, or on the short hour system of New England? To ask this question is to give the answer. The idea of undoing the work of half a century's progress cannot be thought of. The equalizing must come not by lowering the East but by raising the South. This is in direct line with the march of national progress. The South is industrially, socially, and politically the most backward point in the United States. The so-called Southern problem can never be solved, except by the introduction of these uplifting industrial influences. Nor is this so exceptional or difficult to ac-

comply as it might at first appear. It is but a repetition of the experiences of the last twenty-five years.

When Massachusetts first passed her ten hour law she was, in that respect, alone in New England. The same disparity, though less in degree, existed between Massachusetts and her neighboring eastern states. The *laissez faireists*, led by Mr. Edward Atkinson, from 1874 to 1880 made a persistent effort to repeal the Massachusetts ten hour law, but they made no real impression upon the public mind. The majority in favor of the law increased every year until it became obvious that the only way to protect Massachusetts from the disadvantage of her advanced position in humane and civilizing legislation was to bring the other New England states *up* to her plane. Through the efforts of the operatives of Massachusetts, with the moral and financial aid of their employers, the demand for ten hour legislation was carried into Maine, New Hampshire, Rhode Island and Connecticut, and each state, one after another in rapid succession, adopted the Massachusetts legislation, Pennsylvania and New Jersey following suit. Thus, what in the seventies really seemed to be a hardship and an injury to Massachusetts has finally been made a lasting benefit to the laborers of all the eastern states.

The extension of the protective factory legislation of New England to the South, and to the manufacturing industries of the entire country, should at once be made a national issue.

Of course there is little reason to believe that the Democratic party would favor such a proposition. Its principles and traditions all point the other way. It is constitutionally an anti-protective party, always favoring a *laissez faire*, let-alone policy. This task properly belongs to the Republican party. It is in line with its traditions and principles, being simply a question of protecting the opportunities for industrial and social progress. To do this would be a great step forward in the application of protective policy. It would show that Republican protection is not restricted to capital, as is so often sneeringly said, but that it is as broad as the nation, reaching out to the social conditions of the laborers as efficiently as it does to the material interests of the employers. Will the Republicans do it?

Mr. Dingley's recent remarks on the subject in Congress afford good grounds at least for hope in this direction. He sounded the true note for the action of his party when he declared in favor of establishing by law uniform hours for factory labor throughout the country. That is the correct idea. Make the question national so that all the states, as they develop manufacturing industries, shall enter the competitive race under substantially uniform conditions, at least so far as the hours of labor are concerned.

"If in the long run" said Mr. Dingley, "there is no equalizing of these conditions of labor by State legislation, assuredly the labor organizations of this country will insist on such an amendment to the Constitution as will enable Congress to equalize the hours of labor in factories throughout this country.

"I do not wish to be understood, or misunderstood," he continued, "as criticising in any manner the remarkable success which the cotton industry has had in the southern states. I glory in it, and I shall glory all the more when I find that the southern states, taking advantage of our protective system, shall develop their industries in a thousand other directions, and thus increase the demand for its labor, and raise wages as ours have been raised in New England. [Applause on the Republican side.] The present low wages at the South and long hours of labor are temporary conditions that, in my judgment, within some time, how long I cannot say, the inevitable law of economic progress will overcome; and wages at the South, gradually rising, will rise still more, and will rise throughout the country. Therefore, I deprecate any conditions in any part of our country that tend to compel competition in such a manner as to force us down to your basis of wages rather than bring you up to our basis, because I believe that your highest prosperity depends upon the highest possible wages for the masses of your own people."

In this declaration Mr. Dingley is profoundly correct. Not only will the labor organizations demand it, but humanity and decency will demand it; the opportunity for social progress of the laborer in the South will demand it; fairness to the manufacturing industries in New England will demand it; in

short, it will be demanded by every consideration of national statesmanship and sound public policy.

It is especially gratifying to know that Mr. Dingley's remarks called forth hearty applause from the Republican side of the House, which indicates that strong political leadership in this direction would receive the support of the party.

If the Republican party would promptly take up this question it would prove to the workingman and to the nation that its protective policy is broad enough and philosophical enough and patriotic enough to reach out to every industrial and social question regardless of class, section or industry. It would then be clear, as never before, that protection is not a capitalist question and that the Republican party is not merely a rich man's party. The operatives throughout New England would heartily cooperate in any movement to remedy the present situation on this line. But if no concerted move is made in this direction, and no political party recognizes the pressing need of this legislation, New England will have to be harassed by indefinite strikes which will fritter away profits, impoverish the people and allow the industry to be transferred to the South under the low wage and long hour conditions of seventy years ago, which would be a political blunder and a national calamity.

Labor's Interest in Protection *

HENRY SMITH ROBINSON

There has never been a time in the world's history when so much attention has been called to the condition of the laboring man. Our country has been the best in the world for men striving to improve their condition. Doubtless this came first on account of the scarcity of labor in our early history. It has been to our credit that we have maintained this position to the present time. This is what has brought thousands of European workmen to our shores. This is what makes the rulers of these same nations so anxious about our new protective tariff, knowing as they do that the higher prices paid our workmen make the American market the best in the world.

During Cobden's fight for free trade in England, soon after entering Parliament and while an owner of a "print works," he was urged to take part in an attempt to reduce the hours of labor. In reply he said: "Nay, as I am opposed to the plan of legislating upon the subject [regulating the hours of labor] I am bound to suggest another remedy. I would then advise the working classes to make themselves free of the labor market of the world, and this they can do by accumulating twenty pounds each, which will give them the command of the only market in the world where labor is at a higher rate than in England. I mean the United States."

By adopting free trade and attempting to compete with England for the trade of the world we at once drop to their level and lose the advantage we now hold.

It seems hardly necessary to say that the real prosperity of a nation should be measured by the amount of the accumulated wealth divided among the wage earners who now form the great mass of the people.

In the first half of the present century there were in this country a great number of small manufacturing and other establishments for the employment of men,—the makers of car-

* This article forms a part of a monograph which the author expects to publish in full at a later date.

riages, axes, boots, shoes, etc. Besides these were the masons and carpenters, blacksmiths, stage drivers and common carriers. Each apprentice when he learned his trade hoped to have a shop or a business of his own where he could hire a few men and take apprentices. The stores were small and confined (except in the country) to one line of goods. The proportion of wage earners to the whole population was much smaller than now, because so many men were in business for themselves. All this has been changed, owing to the tendency to concentrate capital into large masses for the cheaper production of manufactured goods and distribution of all kinds of goods. This change in the methods of business is not pleasant to those of us who are old enough to remember the former way. It seems less independent to work for some one else than to do business for one's self.

This may be true, but consider the fact that wage earners under present conditions are not confined to day laborers or to the employees of a manufacturing establishment. Take out of any community the very few "rich men" and it will be seen that the better paid among the remainder are not the men in business for themselves but the officers and managers of manufacturing establishments, the banks, and other kindred institutions, the professional men and teachers. We may not be able to arrest this tendency to increase the number of wage earners but we must see to it that they are well paid for their labor.

The first reason why it is better to have our people well paid is, that the more money they receive in wages the more money they can and do spend in buying the products of their own and of others' industry. A far more important reason is that they can improve their own condition and give their children a better education—the best education—fitting them for a higher position than they themselves hold and so tending to keep the great mass of laborers from forming a separate and distinct class. It is this latter reason that has made us the foremost nation on earth.

The free traders had to abandon the Cobden idea of non-interference with the hours of labor and now the English law

is as favorable to a trades union when managed by the laboring men as when it is in the form of a trust (or "interest" as it is called in England) by the mine or mill owners. We have had better wages; let us maintain them and not give up this advantage for the sake of a little trade, and then have the hard work of regaining our present position. The tendency is to pay better wages in England and this will be brought about more quickly by our maintaining our present standard.

But the English workmen are not the only ones with whom we shall have to compete. Less wages are paid in Belgium than in England. When the writer was in Europe in 1891 he found he could buy in Belgium and lay down in England certain iron products more cheaply than he could get them in the latter country. When the Chinese are thoroughly awakened, when European and American capital has introduced modern methods and machinery, our competitors will not be English or Belgian but the cheaply paid millions of Asia.

The ultimate and inevitable result of free trade is to reduce the price of labor in all countries to the price in the lowest. Realizing this fact and hoping for a change in the national policy, our manufacturers during the past few years of depression have hesitated to enter on the Herculean task of such a reduction of wages as would meet the foreign prices. The result has been a large importation of foreign manufactures, while our own mills have been turning out less than usual. Many people have been idle. During these same years business was good in England. The volume of trade increased over the years immediately preceding. Her people were employed; there was a surplus of revenue and the public debt was reduced.

To the contention of the free trader that wages cannot be permanently maintained in this country by legislation the reply of the protectionist is, that wages have been kept at a higher rate during all these years and that no good reason can be shown why they cannot be continued in the future.

To the free trader who believes that all of our troubles of the past four years have come from the currency question and the fears aroused by the Sherman silver-purchasing bill, noth-

ing convincing can be said. The only way to answer him is to ask him to observe carefully the events of the immediate future. A great deal said by Professor Taussig and other free traders about the inequality of the tariffs of the past is accepted as true. There is no question but that the "war tariff" was excessive (the times called for exceptional measures) and that some articles like copper and nickel may have been and may now be too highly protected. The contention is not that the present or any protective tariff law is perfect in all its details, but for the principle of protection, for the reasons given. In a series of years the cost of protected articles will not be increased.

It is a "condition" that confronts us. We have a great mass of people that have flocked to our shores to better their condition, or who have been drawn here by high wages caused by the high tariffs. We have our own native born inhabitants. We are one people now. Shall we abandon the principle of protection in our competition with England for the markets of the world?

If, after looking the matter squarely in the face, we decide to adopt free trade and our workmen consent to the reduction in wages, we can doubtless get a share of this trade. But when that time comes we shall cease to be the country described by Cobden. Is it worth while to enter upon this race to see which nation shall pay the lowest wages to its laborers?

Let us look at some of the charges brought against the protective tariff. One is that it fosters monopoly and the accumulation of wealth in the hands of a few. It is admitted that some men may get rich if by their inventive or executive ability they prosecute some manufacturing enterprise that introduces a new product or one formerly imported. The only condition is that the workman shall be well paid. By this method the manufacturer makes money, the wage earners make money and the national wealth is increased. The accumulation of wealth by a few has very little to do with the tariff. It is inevitable in the present state of existence that some men will become rich, no matter how poor they may be

at the start, and that some will never accumulate but will scatter and dissipate whatever they may inherit. The tariff opens the way for those enterprising men who are bound to acquire wealth to benefit the country and the wage earners as well as themselves.

Much has been said in these latter days about trusts, which is simply another word for the combinations already referred to, only carrying it a step further. (These are called "interests" in England.) Our oldest and best known trust is the Standard Oil. It has driven hundreds of small operators and dealers out of the market and has of course injured them. It has earned large sums of money for its owners, but it has without doubt improved the quality and cheapened the price of oil and so been beneficial to the great majority of our people. And besides all this, it had and has nothing to do with the tariff.

The sugar trust, which is now feared, has to do with the tariff. It remains to be seen whether it has really raised the price of sugar. If it has not done that, but by aggregating large capitals and by employing the most skilful men and methods has been able to cheapen the cost of refining, why should not the owners make money? The only condition is the one stated so often: they must pay their employees good wages.* The production of the sugar beet will change the whole sugar industry in a few years, and if the trust becomes a monopoly it will not last.

One of the strangest phases of this strange fight against our manufacturing our own goods is the fear lest somebody is going to make something out of the tariff. These same free traders do not hesitate to buy land that they think will increase in value or to "corner" wheat or any other article to sell at a higher price.

There is another trust that is occupying the minds of thinking people. Some fear it more than the combination of capitalists. It is the union that attempts to control all labor. It is more to be feared in one sense, as mobs are more dangerous than poor laws properly enforced. The labor unions are

* The Sugar Trust has paid good wages to its men.

dangerous just in proportion to the ignorance of their members. The French Revolution of 1789 was desperate and savage because it followed years of despotic government, where the rights of the people had been disregarded. We can escape the danger of misrule by the labor unions as we escaped excesses in our Revolution, by the intelligence of our people. Better wages tend to greater intelligence.

Trusts, whether they are unions of capital or of labor, seem to be a production of the latter part of the 19th century. They are not necessarily harmful. A large aggregation of capital enables certain kinds of work to be prosecuted that might not otherwise be attempted. A combination of manufacturers in any line of goods, to avoid sharp competition and ruinous prices, is a good thing for all concerned, especially for the workmen.

Take our cotton industry. With a national law providing for uniform hours of labor in all of the states, such a combination as above stated would be possible. The hours of labor could be reduced in *all* of the mills. The surplus stock would be disposed of; the price of cotton cloth could, if necessary, be raised to such a point as would permit the operatives to receive the same pay as now, for shorter hours of labor. Uniform hours of labor in all of the States would benefit many other industries as well as the cotton.

The union of laboring men, while it has in some cases led to the destruction of property, has doubtless raised the wages in certain trades and in other ways improved the condition of those entering into it.

By the passage of the Dingley tariff law we have returned to the American system. Like every revenue law that has been passed it has doubtless many defects and inconsistencies and some positive wrongs. This is inevitable in so large a country with such diversified interests. If the line of argument we have followed is correct, we ought to accept the principle and eliminate the errors as they become apparent. It is the principle alone that is permanent for, as Senator Aldrich said last May in advocating the measure: "The legitimate result of a protective tariff is to give the American market to Amer-

ican producers. When this becomes an accomplished fact the revenue from protective duties disappears."

Of course this will be true when everything used here is produced here but that time is very far in the future. There are many articles of common use that will come from abroad, as certain kinds of iron from Sweden and Norway. There are many luxuries that can always be made for less money in those countries where labor is cheap, as the laces from Belgium. These will be purchased by the wealthy and will stand a high duty with no injury to the country or the people at large. We shall not raise our own sugar for some years to come, and it will take a long time to manufacture certain lines of goods which are now imported but which will eventually be made here.

The changes that may be necessary in order to supply the government with money will not have to be made all at once. We are not to worry about that now, but to take the first step on the road to prosperity. This step is to protect American labor as provided in the Dingley tariff. By maintaining our present high standard we not only keep our own people better but we help to elevate every other nation.

What Determines Prices?

As our readers are aware, this magazine has from its beginning asserted the doctrine that economic value is determined by the cost of production rather than by the mere ratio between supply and demand. In saying "cost of production" we refer, always, to the cost of producing the dearest portion of the supply which the market at any given time demands.

Another theory of value has been developed within recent years by the so-called Austrian School, known as the law of "marginal utility."

This doctrine, briefly, is that the value of a commodity is determined by its utility to the consumer, irrespective of its cost of production. By "consumer" is not meant any possible purchaser, but the purchasers to whom the commodity in question has the least utility. That is, while some consumers might be willing to pay a much higher price, they will not actually give more than those to whom it has the least utility, and hence exchange will take place and value be determined at the point where the price offered by the lowest bidders coincides with the lowest price which will be accepted by a corresponding group of sellers.

Stripped of the superfluous verbiage and elaborate curvilinear diagrams with which this theory of value is always accompanied, it resolves itself into the commonplace statement that nobody will exchange a greater utility for a less; but even this is true only under certain conditions. A bushel of wheat, for instance, considered by itself, is far more necessary and useful to a man than a chair, and yet the two will ordinarily exchange on equal terms. Only in case the man could not obtain another bushel of wheat would the value or price he would set upon it be any indication of its real utility to him. Probably he would not then exchange it for anything else in the world. But in the ordinary course of regular production, exchange and consumption no such conditions exist, and men are constantly exchanging on equal terms commodities of the widest possible variation in absolute utility.

It may be argued that this theory does not claim that absolute utility is the basis of exchange, but that other consider-

ations, such as probability of continuous supply, etc., enter in to modify the relative urgency of wants, so that the *marginal* rather than absolute utility of a commodity is the basis upon which it is exchanged. Most certainly it is true that "other considerations" enter in, and manifestly, then, *they* are the forces that actually determine the basis of exchange, that is, the value; for without them, utility is simply a general, indefinite background, whose scope may range from nothing to infinity. Utility and value are two entirely distinct things. Utility is capacity to satisfy wants; value is the ratio of exchange between commodities. The absolute utility of different commodities, as we have seen, has no necessary relation whatever to the ratio in which they will exchange; that ratio is determined by "other considerations" all of which will be found, upon analysis, to resolve themselves into cost of production. Thus, the only consideration that reduces the plane of exchange from absolute to marginal or relative utility is the fact that the given commodity can be duplicated; and the extent to which this exchange value will fall below absolute utility depends upon the relative ease or difficulty of duplicating the article; that is, upon its cost of reproduction.

The marginal utility idea is really nothing more than a description of certain facts observed during the process of an exchange, and does not explain *why* the exchange took place on such and such a basis, at all. It is as far as possible from being a *law* of value or of anything else.

We have recently received two communications from a resident of Michigan, criticising our cost of production theory of value in a statement which reflects quite clearly the influence of this Austrian doctrine. From his first letter we quote the following objections:

"1st. If the labor cost of production controlled price and value, then the producer, who of a necessity is, in trade, the seller, would be able to fix the price or value. The fact is that he can do neither. *No person has the power to fix a value which another must accept.* Nor is the price ever fixed by the seller, but invariably by the buyer as we will show later.

"2nd. If price and value were determined by the labor cost of production, price and value would vary only as the

labor cost varies, yet prices and value vary in utter disregard of the cost of production in all markets.

"3rd. Price is always fixed by the purchaser. The seller may put any figure he may determine upon his property but it can never become the "price" until the article has been actually sold; and it is never sold until a buyer is found who decides for himself how much money he will exchange for it, which money then becomes the price. The process by which the price is determined by the purchaser is this:

"(a) He knows what personal effort it has cost him to obtain the money in his possession; and (b) he estimates the amount of effort it will require of him in the future to obtain the money should he need to replace it. (c) He compares the desirability (value) to him of the article offered, with the desirability of anything else for which he can exchange the money, and if he estimates that the possession of the article will yield him more gratification than any other within his ability to purchase and will sufficiently reimburse him for the effort expended in procuring the money that he proposes to exchange for it, he proffers the money, which being accepted the trade is completed and the money paid becomes the price of the article. A community of just such transactions makes the market price.

"4th. The 'value' of any article of property is the personal estimate of the desirability of its ownership, and an article may have as many values as there are differences of opinion upon the desirability of its ownership.

"5th. The market price of an article is: (a) The highest price at which the supply of the article can be marketed or disposed of: (b) It is the highest price that can be afforded by the consumer whose efforts receive the poorest compensation.

"In none of these conditions is the labor cost of production a controlling factor."

In his second letter our friend argues in the same strain regarding wages. He assumes it to be our position that "the laborer can increase his wages by increasing the cost of his living," and disputes this as follows:

"In the contract between the laborer and the employer

the laborer sells his efforts, the exercise of his personal abilities, for the agreed wage of money owned by his employer. The laborer owns his efforts, and no one can compel him to exercise them (ordinarily) except as he wills. He has thus the *exclusive right* to say how much labor he will give for a certain amount of money. And the employer, the owner of the money, has the same *exclusive right* to say just how much money he will give for the exercise of labor in his behalf."

Elsewhere he argues that price need not necessarily cover cost because in many cases a seller will accept a less than cost price rather than lose the whole of his product.

We will take up this latter point first, in order to save referring to it again in discussing the other objections. In stating and explaining the law of economic value, we always have reference to the normal conditions of regular, continuous production, exchange and consumption. Times of panic, overproduction, or business depression are abnormal, and during such periods prices are merely the result of an effort, as our friend intimates, to save as much as possible from the wreck; they do not follow any particular economic law, any more than do prices at a bankrupt sale. It is no more reasonable to look to such conditions for evidence of the normal working of an economic law than to seek in a schedule of auction prices the forces that determine the regular course of buying and selling in a permanent market. A law of prices is useful only for the purpose of showing the conditions under which men will continuously produce wealth and offer it in the market for sale. This they will not do unless the price they obtain is at least sufficient to cover the cost. When, for any reason, they cannot obtain such a price and cannot reduce their cost of production, they will sell out as best they can and withdraw from the field,—cease to be economic factors. Thus, when we consider the regular course of continuous production, it is evident that in the long run prices *must* at least cover the cost of production, or else all production would cease. It is only with this normal, continuous production that it is possible for economic science to deal at all, so far as ascertaining a law of value is concerned; and it is to these con-

ditions that we always refer in discussing the relation of cost of production to that law.

Now, taking up our friend's other contentions in order:—

(1) Of course no person has the power to *compel* another to buy an article. He does have the power, however, to set a price upon what he has to sell, and to refuse to sell it at a less price. Unless the purchaser, therefore, is willing to pay the seller's price no exchange will take place. This seems so obvious as hardly to call for discussion. The seller demands a price which will at least cover his cost of production, and that price must be paid him by all who wish to buy; otherwise he will refuse to continue producing.

He might temporarily accept less under certain conditions, but that is all. Of course a producer cannot compel the public to buy a commodity they do not want; he can say, however, that if they want the commodity they must at least pay him what it will cost him to produce it. In that sense he fixes the price. This is recognized as a fundamental, matter-of-course principle in the practical conduct of every sane man who goes into any sort of business anywhere.

(2) The second objection has already been partly answered in our remarks on the necessity of assuming the existence of normal conditions when discussing the law of economic value. It is not true that, under such conditions, "prices vary in utter disregard of the cost of production in all markets." In exceptional times of panic they may do so. Normally, they tend in every market to equal the cost of producing the dearest portion of the required supply. The resistance of these dearest producers keeps price up to that point, at any one time; competition prevents it from going higher. When any of the cheaper producers enlarge their output so as to render the dearest part of the supply unnecessary, those dearest producers must either improve their processes and lower their cost, or else be driven out; in which case the price falls to the level of the next dearest group of producers, and so on. Market variations in prices, therefore, are not in disregard of the cost of production but in accordance with it.

Of course, by "cost of production," as applied to a man-

ufacturer or farmer or merchant, must be understood the aggregate cost of running his whole business, quite as much as the individual cost of each item in which he deals. Thus, the innumerable temporary variations in the conditions of demand may induce a retail merchant to raise or lower alternately the prices of various articles, but all together his gross returns must equal what he has paid for his stock, plus his own cost of operations, else he will eventually withdraw or become bankrupt. The same is true of a farmer handling several kinds of products. But even these separate lines of goods are found, on investigation, to conform much more closely to the law of marginal cost, for themselves, than might be supposed. The competition of special, one-line producers enforces this.

Thus the market fluctuations which seem to puzzle our friend are not accidental and lawless, but do tend constantly to conform, underneath all that may be seen on the surface, to the same general law, that marginal cost determines value.

(3) The error of this third proposition we have indicated in answering objection number one. All our friend's argument seems to proceed on the assumption that somebody proposes to *compel* the consumer to buy. His whole list of propositions showing that the consumer will not buy an article unless he decides for himself that it will give him more gratification than the thing he proposes to exchange for it, etc., may be entirely correct, yet they cover only half the subject. Our friend forgets that it takes two to make a bargain. Suppose the consumer does decide that a given commodity is worth only a certain price to him; that is no sign that he will get it for that price. *Unless the price which the consumer is willing to give equals what the producer is willing to accept no exchange takes place*; and what the producer or seller is willing to accept is, under normal conditions, a price that will at least reimburse to him the cost of its production. Our critic sees this principle clearly enough in the case of the consumer. He sees that the consumer will not buy a commodity unless it "will sufficiently reimburse him for the effort expended in procuring the money that he proposes to exchange for it." Exactly, and neither will the producer sell unless the price "will sufficiently reim-

burse him for the effort expended" in producing it. The consumer might decide that a pair of shoes costing the manufacturer \$1.00 to produce would be worth to him 25 cents, or worth forty different values, but so long as none of his estimates reached \$1.00 he would not get the shoes and the trade would not be completed.

(4) As we have shown, the *value* of an article is not the "personal estimate of the desirability of its ownership," unless that estimate is high enough to cover its cost of production. It is grossly erroneous, furthermore, to say that "an article may have as many values as there are differences of opinion" as to its desirability. Our friend here utterly confuses value with utility. Of course there may be numberless *opinions* on the utility of an article, but opinions do not determine prices. In any given market, prices for the same quality of the same commodities tend to uniformity. This is a recognized economic fact. One price or value prevails, though the utility may be widely different for each individual.

(5) The idea that market price is "the highest price that can be afforded by the consumer whose efforts receive the poorest compensation" is certainly extraordinary. One test is sufficient to show its absurdity. The highest price for pianos that can be afforded by the East Side garment-makers is, we will say, ten dollars. Therefore, ten dollars is the market price of pianos! The estimates of people who cannot afford to pay the cost of an article have no more effect on its price than the opinions of South Sea Islanders have on the result of a Presidential election in the United States. Were our friend's idea correct, there would be but one price for every commodity in the country, from pins to palaces, and that price would be what the poorest man in the nation could afford to give, *i. e.*, approximately nothing.

Regarding the final point, the question of wages, it is only necessary to say that in the statement "the laborer can increase his wages by increasing the cost of his living," our position is not accurately represented. Of course the cost of living does not actually increase until the wages are advanced, but it is the effective *demand* for a higher standard (increased

cost) of living that constitutes the great aggressive force leading to higher wages. This does not apply, however, to the laborer individually. Alone he can do nothing. It is only when the higher social tastes and wants so permeate a whole class that its members will organize and jointly demand the better conditions, with the possible penalty of a strike as an alternative for employers to consider, that the effect of this rising standard of living is realized. We do not say that strikes and similar penalties are a desirable method of accomplishing this, or that they will be permanently necessary; on the contrary, as general intelligence and economic education increase these features will disappear. Nevertheless, it is by this process that a large part of labor's success in actualizing its increasing social desires and standards has heretofore been achieved.

We do not see in what way this fact is affected by our critic's argument that both laborer and employer have an "exclusive right" to say upon what terms they will exchange labor and money. Of course they have. We are only concerned with the question: Under what conditions and how will they choose to exercise this right? Both have an exclusive right to starve, if they wish. What really happens is, that the employer will not spend his money for labor unless he can get back at least an equivalent thereof in the product; and the laborer will not give his services to another unless he can receive therefor at least the cost of his living, whatever that may be. It is not necessary that either should know the circumstances of the other, as our friend elsewhere implies. Each knows his own, and any exchange that takes place must be in accordance with the ultimate conditions imposed by each party.

The cost of the laborer's living, therefore, has everything to do with fixing his wages, for unless that is covered he will not work. Likewise, the labor cost in the production of commodities has everything to do with fixing their value, or price, for unless that cost is covered in the price the commodity will not be produced. Unless the public is able and willing to pay at least the cost price of a commodity it can go on "estimating" upon its probable "utility" until doomsday, without ever so much as seeing the thing brought into existence.

Recent Foreign Labor Statistics

A number of interesting items regarding wages and labor conditions in certain European countries have recently come to hand. These relate to trades unions in the Netherlands, strikes and lockouts in France, wages in Belgium, and agricultural wages in Russia. The items are selected from reports of our foreign consuls, to the State Department at Washington, and from digests of foreign statistical publications, in the Bulletins issued by the United States Department of Labor. We notice them here, briefly, in order to give our readers a permanent record of certain facts regarding labor conditions abroad at the present time.

Netherlands. A report on the history and operations of trades unions, recently issued by the government of the Netherlands, shows the present conditions and progress of organized labor in that country. The report covers only such organizations as are strictly trades unions or federations, and of these there were 668 in existence in 1895. Twenty-eight of these were large unions having branches, and 640 were independent trades unions. Thirteen of these societies were founded between 1811 and 1855, seven between 1855 and 1865, thirty-seven between 1865 and 1875, twenty-three between 1875 and 1885, and two hundred and forty-five between 1885 and 1896. The report does not give the dates of formation of the remaining unions, but the figures which it does give show the rapid progress of organized labor during the last decade, as compared with any previous period.

Of the national and other federated unions the largest is the "Netherland Diamond Workers' Union," having 10 branches and 7,500 members. This union was organized as recently as 1895. Next largest is the "Netherland Carpenters' Union," organized in 1892, having 25 branches and 2,500 members. The oldest of these national organizations is the "Netherland Typographical Union," formed in 1866, and now having 30 branches with 1,600 members. Other important organizations are those of the railway employees, cigar makers, furniture makers, metal workers, bakers, woodworkers, etc.

There is a great variety of the smaller, independent trades unions; the largest organizations being found in the printing, carpentering, stone, wood and metal-working, tailoring, baking and painting trades. Altogether, the showing for trades-unionism in the Netherlands is an encouraging one. A condensation of the official report covering this subject may be found in the Bulletin of the Department of Labor for November, 1897.

France. Since 1840 an official record has been kept of strikes and lockouts in France. As in the case of trades unions in the Netherlands, the latest published statistics on the subject are condensed in the Labor Department Bulletin, from which we quote two or three paragraphs:

"In 1896 there were reported a total of 476 strikes, 4 of which, however, were of the nature of lockouts, being collective dismissals of workingmen. These 476 labor disputes affected 2,178 establishments; 49,851 workingmen participated as strikers; and 644,168 days of labor were lost, in which last figure, however, are included 170,262 days lost by 12,952 persons who were not strikers but were thrown out of employment as the result of strikes.

"In 1895 there were but 405 strikes, involving 1,298 establishments and 45,801 workingmen, and causing a loss of 617,469 days of labor. . . ."

"The number of days lost per striker was 13 in 1896 as against 13½ for the preceding year. In 234 of the 476 strikes, or in nearly one-half of the cases, the strikers were organized into trade unions.

"As regards the results of the strikes, success was achieved by the strikers in 117 strikes, involving 11,579 persons; partial success in 122 strikes, involving 17,057 persons; and a failure resulted in 237 cases, involving 21,215 persons."

Tables are given showing causes of strikes, the proportion of successful strikes, number of strikers, establishments affected, and days of work lost. From these tables we condense the following information, as being the most important and significant:

Cause or object of strike.	Succeeded.		Succeeded partly.		Failed.		Total.	
	Strikes.	Number of Strikers.	Strikes.	Number of Strikers.	Strikes.	Number of Strikers.	Strikes.	Number of Strikers.
For an increase of wages...	53	4,081	68	11,835	126	12,425	247	28,341
Against reduction of wages.	23	3,029	14	1,749	20	1,124	57	5,902
For reduction of hours of labor with present or increased wages.....	17	1,290	6	379	21	2,812	44	4,481
Relating to time and method of payment of wages, etc.	15	2,907	6	755	13	3,381	34	7,043
For or against modification of conditions of work....	10	1,316	3	2,164	13	2,490	26	5,970
Against piecework.....	4	124	1	49	16	1,862	21	2,035
For or against modification of shop rules.....	11	573	1	160	12	1,213	24	1,946
For abolition or reduction of fines.....	9	740	7	901	10	2,129	26	3,770
Against discharge of workmen, foremen, or directors, or for their reinstatement.....	3	111	2	125	32	4,602	37	4,838
For discharge of workmen, foremen or directors....	15	2,149	2	252	37	5,128	54	7,529
Against employment of women.....	5	1,541	.....	.....	5	86	10	1,627
or discharge of apprentices or limitation in number.....	4	842	.....	.....	6	175	10	1,017
Relating to deduction from wages for the support of insurance and aid funds..	5	439	3	864	5	2,344	13	3,647
Other.....	8	1,044	3	1,064	13	908	24	3,016

By far the largest number of strikes, it will be seen, were for increase of wages, or against reduction of wages, or for reduction of hours of labor; and in this respect the French statistics agree with those in most other countries. The fact that out of 247 strikes for increase of wages, 50 succeeded and 68 succeeded partly, is very significant; representing, as it does, that much definite gain to the workers, and illustrating, also, the inaccuracy of the prevailing impression that these struggles of labor for higher wages are always unsuccessful. Moreover, of the 57 strikes against reductions of wages, only 20 wholly failed; while of 44 strikes for the reduction of hours with the same or increased wages, 17 succeeded wholly and 6 partly.

Were the real economic basis of high wages once thoroughly understood, and an intelligent system of conference and discussion between employers and employed generally established, strikes would almost never be a necessary feature of the progress of labor. Under present circumstances, how-

ever, these struggles are to a large extent inevitable, and French workmen have no reason to be discouraged, on the whole, with the results of their efforts for improved wages and conditions.

Belgium. A recent Consular Report contains an interesting table showing the minimum wage rates required to be paid by contractors working for the suburb of Schaerbeek, in the city of Brussels. This schedule was fixed by the authorities during the summer of 1897, and as it was accompanied by sundry provisions designed to prevent contractors from evading payment of the stated rates, we may reasonably assume that the customary rates of wages paid by private employers are at least not higher than those paid by the commune, but are probably somewhat less. As a rule, laborers would not work for the city if they could get more in private concerns, but it would seem, in this case, that the city's rates represent about the maximum; otherwise there would have been no particular point in the provisions compelling contractors to pay the amounts prescribed.

Furthermore, wages in Brussels may be taken as representing practically the maximum for Belgium, since it is in the large cities everywhere that wages reach their highest point.

The minimum rates referred to, for the suburb of Schaerbeek, are as follows:

Employment	Wages per hour.	Employment	Wages per hour.
Street laborers	\$.077	Locksmiths	\$.077
Masons .....	.077	Under locksmiths .....	.057
Journeyman masons .....	.057	Glaziers .....	.077
Carpenters .....	.086	Glaziers' assistants .....	.057
Carpenters' assistants .....	.057	Painters .....	.077
Plumbers .....	.086	Under painters .....	.057
Plumbers' assistants .....	.057	Stonecutters .....	.077
Plasterers .....	.077	Marble workers .....	.077
Plasterers' assistants .....	.057	Upholsterers .....	.077
Joiners .....	.086	Slaters .....	.077
Joiners' assistants .....	.057	Slaters' assistants .....	.057

The highest rates are those paid to carpenters, plumbers and joiners. Wages in these trades, it will be seen, amount to 86 cents for a ten hour day or \$1.03 for a twelve hour day; being considerably less than one-third of what the same kind of labor receives in New York City on an eight-hour basis.

This has an interesting bearing, in passing, on a certain portion of our article on "Social Influence of High Wages" in the December number. In that article we published a letter from a gentleman in Chemnitz, Germany, criticizing our statement that the rate of real wages in a nation or group of homogeneous nations is a general indicator of the character of its or their social, political and religious institutions. In the course of his remarks on this point our critic said: "Twenty-five cents per day does not make a nation Catholic, Pagan or Christian. Belgium has one of the best paid, thriftiest, most intelligent, progressive and best governed peoples in the world; but Belgium is Catholic; so too is France;" etc., etc.

Our point in adverting to this matter is merely to indicate that, in view of the Brussels wage statistics above quoted, it is evident that Belgium forms no exception to the general correspondence which exists practically everywhere between real wages and the character of social, political and religious institutions.

Russia. This truth receives further illustration in a report from the United States Consul-General at St. Petersburg, dated July 27, 1897, regarding wages and agricultural machinery in Russia. The facts in this report are quoted by the Consul-General from a compilation of data recently published by the Russian "Messenger of Finances." The following table shows the rates of wages (in terms of American money) paid to agricultural laborers in various portions of the Czar's European domains:

	<i>Daily Wages</i>			
	Nishni Volga	Central Volga	Southern steppe	Central agricultural
Man.....	\$0.17 to \$0.51	\$0.12 to \$0.33	\$0.20 to \$0.30	\$0.10 to \$0.30
Man, with horse.....	.41 to 1.02	.25 to .61	.41 to .82	.20 to .66
Woman.....	.10 to .20	.07 to .20	.12 to .20	.06 to .20
	<i>Monthly Wages</i>			
Man.....	\$3.59 to \$7.71	\$2.00 to \$6.00	\$3.00 to \$4.60	\$2.00 to \$7.71
Woman.....	1.02 to 5.14	1.54 to 2.57	1.54 to 3.59	1.54 to 3.59

No one would think of taking agricultural wages as an in-

dication of wages generally, in the United States or England. In Russia, however, this may be done with a much nearer approach to accuracy, for Russia is conspicuously an agricultural nation. The division of population in Russia, for each 100 workers, is, 81 in agriculture to only 5 in manufacture and 14 in various other occupations. It is evident, therefore, that the above quoted wage statistics convey a fairly approximate idea of the general material condition of the Russian population; though, of course, wages in manufacturing industries and in the cities are higher.

From this table it will be seen that in Russia the wages of a horse, as it were, are higher than those of a man and hence, of course, very much higher than the wages of women. Thus, in the Nishni-Volga section, we find the average pay of man and horse to be about 72 cents per day; of man alone, 34 cents; that is, 38 cents for horse and 34 cents for man. The women receive from 10 to 20 cents. In the central agricultural region the average is: horse 23 cents; man, 20 cents; woman 13 cents. In the Southern steppe: horse, 36 cents; man, 25 cents; woman, 16 cents. This is an interesting commentary on the standard of living of Russian agricultural laborers. Its meaning is, simply, that human beings are cheaper, there, than draft animals. In other words, it costs less to keep them alive. In the Southern steppe, five women can be employed more cheaply than two horses. Is it difficult to imagine the conditions of home life, the dearth of refining influences, the sodden, hopeless stagnation that such a state of affairs reflects? Is it any wonder that the products of such a wage status as this are individual degradation, social barrenness, meagre education, political despotism, religious intolerance and, generally, a type of civilization scarcely above barbarism?

Russia is advancing, however. Manufacturing and commercial industries are on the increase and agricultural machinery is coming into more general use. The progress of this great empire towards higher civilization will be dependent upon and synchronous with an alteration in the relative proportion of its rural and urban industries and population.

Some Pressing Problems

A. H. MCKNIGHT

The supreme test of any economic policy or of any governmental or religious institution is its ability to make man more manly, to promote the progress and well-being of the human race. If men would always keep this fact in mind in their discussion of economic and political questions, their conclusions would oftener be found in accord with justice, truth, and progress, and less frequently characterized by error and retrogression.

This is a time of general discontent. Men have an idea, whether well- or ill-founded, that many of our institutions, industrial and otherwise, are wrong, and are seeking their overthrow or change as a means of restoring contentment and prosperity. Agitation—restlessness—is of two kinds. One is a mark of health; the other, of disease. The healthy child is full of life, wants to know something, makes experiments, strives for progress. So with the healthy nation. But the fretfulness and discontent, whether of an individual or of a nation, which arise from disease work a hindrance to progress and prosperity. Of this latter kind is the principal agitation now going on around us, which draws its promoters from nearly every walk of life, and which seriously threatens our national welfare. Where lies the root of our discontent? Where is the source of our trouble?

The answers to these questions are various, and I shall not attempt to name them all, but will notice only three or four. One class of men finds the cause of our troubles in our protective policy. Our tariff laws are wrong; we have too much "hot house" growth, they tell us; throw down our walls of protection, give us free trade with the rest of the world, and prosperity will again smile upon us. Another class finds the root of the trouble in rent and the private ownership of land. The "land barons," they would have us believe, are robbing us; abolish rent and the private ownership of land, and prosperity will return. Still another class sees in our monetary system the root of the evil. Our money, they say, is too dear,

and labor and commodities are too cheap. If we are to have returning prosperity, we must depreciate our money. This class finds free silver a panacea for all our ills. And then there are the socialists, who are pleading for government ownership of railroads, telegraphs, and various productive industries.

Let us notice each of these a little in its turn. First we take the tariff agitator. That our tariff laws are not in all respects the very best I shall not deny. That our protective policy might be improved and made more philosophic there can be no gainsaying. But these evils are not sufficient to account for our troubles. And then protection in itself is not hurting us. The pernicious effects come from the unwisdom, some of it perhaps unavoidable, with which our tariff laws have been made. The true policy of our government is not to destroy its protective system altogether, but to improve it. If we are to maintain, not to say improve, our civilization, we must protect against those countries which have a lower wage-level than our own, and yet use the same improved machinery. The necessity for protection may not always exist. Indeed it is not only possible but highly probable that for some industries this necessity will in a few years have passed away. But so long as it remains, we must have protection, balancing all other things, equal to the difference between the wage levels of the competing countries, or else take a backward step in civilization.

History and daily observation everywhere discredit the idea that rent and private ownership of land are causing our distress. The barbarian pays no rent; land is free, and the products of his labor are all his own; and yet poverty reigns everywhere. No one is above it, and therefore it is not noticeable. Wages are highest in our large cities, and there rent is also high. Pass from the cities out into the country and wages fall, rent decreases, and poverty becomes more general.

We are apt to look upon the contentment of a people as a mark of its prosperity and condition in life, and yet this is very misleading. Prosperity does not necessarily bring contentment, and there may be contentment without prosperity.

A people is prosperous when it is advancing in civilization when year by year an hour of its labor will command more of the world's commodities when year by year wealth becomes cheaper and man becomes dearer. A people is happy when it has the ability to satisfy its wants as they arise. The savage with his crude dwelling, his scanty clothing, and his meager food may have more of that which we call happiness and contentment than has the laborer surrounded with the comforts of modern civilized life. And yet, who of us would be willing to exchange conditions with the savage? Prosperity is measured by the ability to command the comforts of life; happiness, by the adjustment of internal wants to external satisfaction.

Nor are our difficulties chiefly financial. That our currency and banking systems might be better there can be no doubt. That a reform in them would help in the removing of our business depression none can deny. But make these laws as wise as you may, and prosperity will not then have completely unfurled her banners over our fair land. They who see in free silver a panacea for all our ills have very greatly overdrawn its importance. Granted that our mints should be open to the free coinage of silver; throw wide the doors and bring the silver in, and yet a very small step will have been taken toward restoring prosperity.

I believe it is generally claimed by silver advocates that free silver will give us higher prices. I shall not deny the truth of this statement, but will high prices bring us prosperity? Some point to the rise in the price of wheat last fall, and the consequent prosperity to the wheat-growing region as an evidence that they will. But this does not necessarily follow. Because a rise in prices under one set of circumstances brings prosperity, we are not justified in drawing the conclusion that a rise in prices under all circumstances will produce the same result. There is, it seems to me, no way of getting around the conclusion that free silver, if it changes prices at all, must affect all alike; and wherein, pray tell me, would this be beneficial?

Price movement is either economic or uneconomic. Economic price movement is the result of the natural working of

economic law, and is naturally beneficial. Uneconomic price movement is arbitrary, and benefits one class at the expense of another. Changes of this kind are never permanently beneficial. A change in price brought about by a reduction in the value of our money unit would be a change of the latter kind. To lessen the value of the dollar would, as has been said, other things remaining the same, affect all prices exactly alike. If the world were absolutely on a cash basis and this change could everywhere take place simultaneously, it seems very evident that it would help no one.

This change in price, if beneficial anywhere, would, it seems to me, help in paying debts, taxes, and fixed salaries. If beneficial in paying debts, it could be only by paying in depreciated money. This evidently would be at the expense of the creditor; and is the manhood of this closing day of the nineteenth century so destitute of moral sentiment as to delight in pillage and plunder? An exchange so unjust as to give the debtor gain by robbing the creditor, would in the end prove mutually destructive.

Taxes are for the support and improvement of government, and should only be collected in sufficient quantity to defray its necessary expenditures. If the amount now collected for this purpose is too great, it might be diminished. If not too great, with cheapened money, a larger amount would have to be collected, or else the government be less efficiently managed. The former would be of no benefit whatever, and no sensible man will contend for the latter.

No nation is governed too well. Some are without doubt governed too much, ours among the number; but good government is not measured by quantity. "That nation is governed best which needs the least government." No country, no community, pays too much for good government. The price may be too high for the article we get, but is not more than we should be willing to pay. The taxes we pay, like the sums we expend in private life, represent so much consumption, and can never be too high unless unwisely expended.

As with taxes, so with salaries. Salaries are paid for a certain amount and grade of work. Unless our salaries are

now too high, a depreciation of the currency would necessitate a rise in their money value, or our positions would be filled by inefficient men. If they are too high, the proper remedy is to cut them down. If not, we cannot afford to fill our positions, social, governmental and industrial, with men of inferior minds.

Now just a word about socialism. The socialist finds the cause of our depression in our private industries and would, therefore, make the government the one great producer. Sociological literature has, by its teaching, long given license to socialistic ideas. Once given the premise that society is an organism, and many of the conclusions of socialism naturally follow. But however much society may resemble an organism, it certainly is not an organism. Government is in no sense an "end in itself"; but is a means to an end, which end is the advancement and development of the individuals composing it. It is, of course, conceivable that there might be conditions and a stage of civilization under which socialism would produce good results. But most assuredly neither the conditions by which we are surrounded nor our civilization is of that kind. It is a well-known fact that, in general, our very best men do not fill our offices. With our present election system it would be rather foolish to expect them to. Then, if we find it impossible to fill the positions we have with the best of talent, what could we expect with regard to those industries where the very highest special talent is required? The true "captains of industry" would not in one case out of a thousand be placed at the head of affairs. Our government institutions are, as a rule, the most expensively and the least efficiently conducted institutions we have. The true policy, it seems, therefore, would not be to add to the number of industries under this management, but to take from it. Private ownership and control should be substituted for government ownership and control wherever the individual can do the work equally well as or better than the government.

Nor should we bother over much about the profits which come to the capitalist. It is certainly better that some of our race should have the comforts and luxuries of life than that

all should live and die in poverty. Much as it may tickle popular fancy to say it, labor does not produce all wealth. Rent, interest, and profit are surplus, and in no wise belong to labor. There are those among us who have the very reprehensible habit of looking upon every man who has made life a financial success as a thief and a robber. This habit cannot be too strongly condemned. Every lover of humanity should raise a mighty protest against the teaching which continually associates success with vice, and failure with virtue. Rather let us teach that he who would succeed in life must pay for success with "the ready cash of honesty, brain, and skill"; and then we shall have impressed upon the world a lesson many times worth the learning.

If, then, not in protection, not in the private ownership of land, not in our financial system, and not in private industries, do we find the real cause of our depression, where shall we look for the fundamental evil? The answer is plain. We find it in the *condition of man*. Normal production is but a response to the demands of consumption. Whenever, from any cause, whether from miscalculating the market or from the inability of the people to consume, production greatly outruns these demands, we may expect glutted markets, lockouts, enforced idleness, and all their concomitant evils. Improved machinery can be used profitably only when it is employed in producing for the millions. The millions will utilize the products of this machinery only when they come in satisfaction of their wants. Their wants can be increased only through social opportunity. Social opportunity can come only by means of leisure and wealth. Clearly, therefore, the only road to permanent prosperity is to increase the leisure and wealth of the masses.

In our mad rush for gold we have largely lost sight of the laborer as a consumer. Orthodox economics has taught the employer that his profits rise as wages fall, and he has, therefore, deemed it to his interest to get the largest possible amount of work for the least sum of money. Much of the talk about "foreign markets" and "international commerce" is born of the same heresy. There can be profitable production only when there is a good market, when there are consumers. Con-

sumers can exist in large numbers only when laborers consume. Any policy, therefore, which treats the laborers simply as a factor in production, must in the end make profitable production impossible.

As was before stated, the only means of insuring permanent prosperity is to increase the leisure and wealth of the masses. Any scheme of reform which fails to take account of these must be dismissed as futile. The first step in this direction, then, is to pass a national eight-hour labor law, and to establish half-time schools for children under sixteen, with attendance upon these schools as a certificate for permission to work, as suggested by President Gunton,—a step made the more pressingly needful by reason of the competition of the South and West with the North and East in the cotton and iron industries. This would give leisure for social improvement, and at the same time afford employment for many who are now idle. With this done, we would seek to establish our monetary system on a firm footing, so as to give us a stable, uniform, and elastic currency; reform our banking laws, and place our banking system upon a scientific basis; and then carefully revise the tariff laws.

With the leisure and social improvement resulting from an eight-hour law and half-time schools, would come new wants, and additional efforts would be put forth to meet them. Mills would be reopened and run on full time, and new industries would spring up. Then with scientific protection, higher and better socializing influences, and wise and adequate currency and banking systems, we might look for an era of real prosperity.

A Voice from Utah

Editor GUNTON'S MAGAZINE: Will you please give in your Magazine your opinion of the enclosed amendment to the tariff bill, introduced by United States Senator Frank J. Cannon of Utah, and its probable effect:

"And from and after sixty days from the passage of this act there shall be paid, out of any moneys in the Treasury of the United States not otherwise appropriated, to any exporter of wheat or wheat flour, rye or rye flour; corn, ground or unground; cotton, hops or tobacco, produced wholly in the United States and exported by sea from any port in the United States to any port of any other country, the following export bounty, by way of an equalization to agriculture of the benefits of this act to encourage the industries of the United States, to wit: Ten cents per bushel on wheat; 50 cents per barrel on wheat flour; 10 cents per bushel on rye; 50 cents per barrel on rye flour; five cents per bushel on corn; 10 cents per cental on corn, ground; 1 cent per pound on cotton; 2 cents per pound on hops; 2 cents per pound on tobacco. And all payments of bounty under this act shall be made upon negotiable vouchers, issued by the collector of customs at the port of clearance, upon presentation at the Treasury or any sub-treasury of the United States; and the Secretary of the Treasury is hereby charged with making and enforcing such regulations as may be necessary for the full protection of the exporters and of the government according to the true intent and meaning of this law."

This amendment was advocated by the pastors of a great many of the churches in different portions of the country.

J. D. Page, Mt. Pleasant, Utah.

We have great respect for Senator Cannon as a serious political student, but like most human beings he is not entirely free from the influence of his environment. The export bounty idea, which arose in California through the Lubin movement, is probably quite strong in Utah.

It is difficult to understand, from any broad and statesmanlike view of the subject, why this amendment should have

been introduced. Our objection to it is, that it is not protective but wholly paternal legislation. It does not protect the farmers by securing competitive opportunities of the American market, but proposes to take money from the national treasury practically to pay the expenses of transportation of certain domestic products into foreign countries. There is no more reason in equity and in economics why a farmer should receive from the government 2 cents a pound for his hops and tobacco, 5 cents a bushel for his corn, 10 cents for his rye, and 50 cents a barrel for his flour that is sold abroad than that he should receive bounties on similar products that are sold in this country. The price of these products in Liverpool or London is higher than in the United States by the difference of the cost of transportation, so that the farmer really loses nothing by sending his wheat to Europe, as compared with selling it here. Whoever takes it to Europe gets the additional price commensurate with the increased cost involved.

Of course the theory is that if the government would make the exporter a present of 50 cents a barrel for the flour he ships abroad, the price of flour in this country would rise 50 cents a barrel. That might or might not be the case. It is more probable that the 50 cents paid by the government to the exporter would enable him to undersell other competitors in the English market, and thereby lower the price of flour abroad. In that case the effect would be proportionately to lower the price here, and so make the position of non-exporting farmers (and as a matter of fact very few farmers are themselves exporters) worse than it is now. This 50 cents a bushel paid by the government would, for all the purposes of economic competition, practically be a lowering of the cost of production, and consequently of the price. This might result in giving cheaper flour to Englishmen but it would do it only at the expense of the taxpayer of the United States, and without any permanent advantage to the farmers. If it should have the effect of giving the Americans the control of the foreign market and temporarily yielding a little better profit, that advantage would soon be destroyed by the rush of immigrants and others to farming; thus greatly increasing the pro-

portion of the population devoted to farming industries, which would be a national calamity. What we want in the United States is not more farmers but better opportunities for the farmers we now have. This cannot be obtained by the government paying the transportation of farm products to the seaboard. It must rather come through protecting the American market for our farmers, and increasing the number of American non-agricultural consumers who can pay good prices; which means an expansion of the manufacturing and mercantile industries. If the government should pay out of the national treasury the entire cost of transportation, domestic as well as foreign, it would soon result in a proportionate lowering of the price of farm products and yield no permanent benefit to the farmers.

The second objection is, that in proportion as it succeeded in stimulating agricultural expansion and capturing the markets of Europe, and indirectly stimulating immigration to our Western lands, it would deplete the national treasury and tend to create a deficit, involving more bond issues or a general increase of taxation; all of which, in the long run, would be injurious rather than beneficial both to the farming population and to the nation.

The third objection to this amendment is, that it would do nothing to stimulate the diversification of industry upon which the real improvement of the farming population depends, but on the contrary it would tend to make us more and more a nation of farmers, and thus retard instead of promote the influences upon which national prosperity rests. In short, it is an effort to help the farmers by paternal aid, which in the long run would be injurious.

The true object and principle of a protective policy is to guarantee to American products all the competitive possibilities of the American market; but it is no part of a protective policy to send American products into a foreign market by paying all or a part of the transportation, or in any way contributing directly to the profits of business from the revenues of the government.

A Voice from Cambridge

Editor GUNTON'S MAGAZINE :—I am taking your course in the Gunton Institute and, while studying this month's work, came across the statement, in your chapter on Wealth in "Social Economics," that Mill's definitions of wealth were inconsistent. I am much interested in your course and believe in your position in regard to the science, but I have several friends in Harvard who are firm believers in Mill as interpreted by Professor Taussig of that college, and we have many discussions together.

In the first place I wish it understood that it is not the question of which is the better definition of wealth, for I firmly believe you have decided that, but simply the statement that: "Mill has given several definitions of wealth, all of which are essentially different."

(1) The first example you give is this: "Mill says, 'Everything forms, therefore, a part of wealth which has a power of purchasing' and adds, 'In the wealth of mankind nothing is included which does not of itself answer some purpose of utility or pleasure.'" Mill does make those statements as you say. But, before he makes the second definition he tells us that: "There is an important distinction in the meaning of the word wealth as applied to the possessions of an individual and those of a nation, or of mankind. In the wealth of *mankind* nothing is included which does not of itself answer some purpose of utility or pleasure. To an *individual* anything is wealth which has the power of purchasing." Now he has made a clear distinction of the two kinds of wealth and gives two definitions, one of each kind. The two definitions are of two different things. Why should they be alike?

(2) Your second example quotes Mill as saying: "It is essential to the idea of wealth to be susceptible of accumulation." The quotation is word for word as Mill gives it, but he has already told us that he means *material* wealth. He further emphasizes this fact by the next two examples you give of his inconsistency, namely, that he says in one place: "The skill and energy and perseverance of the artisans of a country are

reckoned part of its wealth no less than their tools and machinery" and "throws this into confusion" by saying "I shall therefore in this treatise when speaking of wealth understand by it only what is called material wealth."

Is it not evident that the last two definitions you gave are not inconsistent when you take into account the distinction he makes between material and immaterial wealth. Whatever errors Mill may have committed, and they are many, it seems to me he has escaped that of being illogical and inconsistent.

If you consider this point worthy of attention, I should be glad to have your opinion on it.

F. O. B., Cambridge, Mass.

It is a real advantage for students of this Institute to come in contact with students in larger institutions like Harvard, as our correspondent evidently does. This contact will tend to sharpen the point of their study of this subject, and compel exactness of thought and statement in both. Nothing will better aid them clearly to distinguish between the doctrines of the old school and the new, while at the same time compelling University professors to put a little more human interest into their economic teachings.

In answering our correspondent's queries we will take them up in the order in which they occur in his letter.

(1) In the first place, our criticism of Mill is not that he is illogical for, outside of Ricardo, he is the most logical of English economists; but it is that he is inconsistent and confusing in his definition of wealth, which definition is largely responsible for the failure of English economics. With the aid of the Harvard interpretation, our correspondent endeavors to save Mill's consistency by pointing out that he made a number of distinctions (which do not really exist.) Now it is in these unscientific distinctions that Mill's inconsistency and confusion lie.

After admitting that our two quotations from Mill are correct, "F. O. B." says: "But before he makes the second definition, he tells us that: 'There is an important distinction in the meaning of the word wealth as applied to the posses-

sions of an individual and those of a nation, or of mankind. In the wealth of mankind nothing is included which does not of itself answer some purpose of utility or pleasure. To an individual anything is wealth which has the power of purchasing." "Now," adds our correspondent: "He has made the clear distinction of the two kinds of wealth, and gives two definitions, one of each kind. The two definitions are of two different things. Why should they be alike?" Here our correspondent is mistaken. Mill has made no "clear distinction of two kinds of wealth." Scientific discussion forbids arbitrary distinctions merely for consistency of definition. Before Mill has a scientific right to say that wealth owned by an individual is economically different from wealth owned by a number of individuals or by mankind, he is bound to show in what essential the one kind of wealth is different from the other. This, Mill has not done. It would be just as rational to give one definition of wealth for shoes and another for potatoes and another for furniture. The inconsistency is in making a distinction in different kinds of wealth where there is no economic difference. Plows, shoes and furniture are different things, but not different kinds of wealth; as wealth they are identical. The two definitions are of the same thing and to be consistent should be alike. One may reason logically and very erroneously from arbitrary and meaningless definitions but scientific consistency forbids the making of any such arbitrary distinctions. Every distinction in a definition, which does not rest on some essential difference, is inconsistent and confusing, and hence unjustifiable.

(2) The second set of examples are of the same character as the first. Our correspondent admits that Mill says: "It is essential to the idea of wealth to be susceptible of accumulation," and in another place: "The skill and energy and perseverance of the artisans of a country are reckoned part of its wealth no less than their tools and machinery," and asks: "Is it not evident that these definitions are not inconsistent when you take into account the distinction which he makes between material and immaterial wealth?" We answer, No. The distinction between immaterial and material wealth is

purely arbitrary. Before Mill has a right to make any such distinction he is bound to show that there is immaterial wealth, but he does no such thing. If, as Mill says: "It is essential to the idea of wealth to be susceptible of accumulation," then it is highly confusing to talk of anything as wealth which is not susceptible of accumulation. The truth is, Mill's "immaterial wealth" is a myth and to refer to it as an excuse for a second definition of wealth is scientifically and logically inconsistent.

John Stuart Mill was one of the ablest, most conscientious and broad-minded economists of the century. He was never afraid of the consequences of logic, wherever it might lead, but in the matter of wealth he was not clear in his own mind, and consequently he failed to give it a clear and consistent definition.

In criticising the use of the term "exchangeable value" Mill said: "It is a phrase which no amount of authority that can be quoted for it can make other than bad English." It can be said with equal truth of his definitions of wealth that no amount of respectable endorsement can make them other than inconsistent and confusing, because if: "It is essential to the idea of wealth to be susceptible of accumulation," then non-accumulable wealth is an impossibility.

Institute Work

The Wage Problem

The problem of wages is the problem of wealth distribution among the laboring classes. Profits go to the employers, interest to the money lenders, rent to the land owners, but the great mass of workers, particularly in the more advanced countries, receive their income entirely through wages and this condition increases as civilization advances. The more the division of labor and the more science, machinery and factory methods are employed in production, the more the whole army of workers come under wage conditions and receive stipulated instead of contingent incomes. Consequently, wages are not limited to common laborers but include all salary receivers as well. Manifestly, then, the wage problem is the problem of the welfare of eight-tenths or more of the community.

It is, therefore, the most important question connected with the entire problem of wealth distribution. As we have often pointed out, the welfare of the laboring classes—not because they are laborers but because they are the great majority in the community—is the real foundation for the prosperity of the nation. Hence the question of wages is at the bottom of all questions of equitable distribution of wealth.

A knowledge of the wage question is indispensable to an intelligent understanding of any of the public questions relating to economic policy. Whatever the particular question that may be presented for popular judgment, whether it be tariff, taxation, ownership of railroads, trade unions, trusts, or whatsoever, its acceptance or rejection should finally depend upon the influence it would exercise upon wages, because its effect upon wages would measure its effect upon public welfare.

We desire, therefore, to emphasize the importance of Institute students paying special attention to this month's assigned reading. There are two points which it is particularly important clearly to comprehend in connection with this topic: (1) what wages are, (2) how wages are determined.

(1) Wages are not the product of labor, but the price of

labor; that is to say, wages are not what the particular laborer may produce but the price that his service commands in the labor market. What a laborer produces does not go directly to him, it goes first to his employer. It may be more than he produces or it may be less, but neither the gain nor the loss involved directly affects the laborer's income because he receives as wages a stipulated amount which is determined beforehand by the market price, not of the product, but of labor. If we keep this constantly in mind, it will greatly aid in understanding the wage question.

This must not be confounded, however, with the idea that labor is a commodity. Labor and laborers are distinct. The essential difference between the wage system and the slavery system consists in the fact that under slavery laborers were sold as commodity. Under the wage system laborers are free and sell their labor, not as commodity, but as service. This takes place only when one works for another. When one works for himself he does not receive wages but receives the product, and his income is directly governed by what he produces; but when he works for another he does not own the product but sells his services and receives wages as the price.

(2) The next question is, what governs wages? This is all-important, because the great object of industrial and social improvement is to increase wages. Nothing can be a permanent social improvement which does not directly or indirectly tend ultimately to increase wages, since in no other way can the great mass of society be improved. Since wages are the price of labor it will not be difficult to see that the price of labor is governed by the same general principle as the price of commodities, which, as already explained, is the cost of production; and this, in the case of labor, is the cost of living. The cost of production, however, always means the cost of continuous production.

It should also be noted in this connection that neither the cost of production nor the price is governed by individual laborers or single articles. Prices are determined by the action and reaction of economic forces upon groups or, in common parlance, the market. A market is a local area within which

competition for the supply of a commodity or of labor takes place. There is a great difference in markets. Some are very narrow, others very extensive, according to the nature of the things sold; for instance, the market for wheat, gold, silver, etc., is the world, while the market for strawberries and some other products is often limited to an area of fifty miles or less. In the case of labor the market is very restricted in area; this is chiefly due to the reluctance of laborers to change from one locality and social environment to another. Consequently we find a great difference in wages for the same work in different localities, which means that there is a multitude of local markets within which the price of labor is determined. It cannot be said, therefore, that there is a general rate of wages in the United States in the same way that there is a general price for wheat, iron or silver.

The price of labor in the same industries differs in different localities or markets, not because the skill of laborers so greatly differs or because there is great diversity in the supply and demand for laborers, but because the cost of production (the cost of living) greatly differs in different localities. Thus, in New York City, carpenters, masons, printers and other mechanics get for the same work fifty and sometimes a hundred per cent. more than in some other localities. While the cost of living is sometimes affected by the difference in prices of particular articles of consumption, it is usually determined largely by the difference in the social style of living. The greater the variety of the things consumed and comforts enjoyed by the laborers the higher is their standard of living and the greater their expenses or cost of living. Now it is universally true in all countries and localities that in proportion as this standard of living, or social expense of the laborer's family, rises among any class of laborers, wages rise, hence they are always highest in large cities and lowest in remote country districts.

It may be laid down, then, as a general principle, that wages for similar labor in any given market are governed by the social standard of living of the laborers. Consequently all efforts to improve the condition of the laboring class, to be

efficacious, must be directed towards increasing the influences which raise the standard of living among the laboring class. In no other way can a permanent increase of wages be secured, and it may be added that no scheme for social reform which does not tend to promote this end can be of any real benefit to the wage class.

Work for February

OUTLINE OF READING

During the month of February we will take up the first section, (a), of topic VIII in the curriculum, as follows ;

VIII. DISTRIBUTION.

(a) Wages.

- (1) Definition of wages.
- (2) Influences that affect wages.
- (3) Effect of charity.
- (4) Day-work wages.
- (5) Piece-work wages.
- (6) Women's wages.
- (7) Country and city wages.
- (8) Forces that increase wages.

REQUIRED READING. In "Principles of Social Economics," Part III, Chapters I, II and III. In "Wealth and Progress," Part II, Chapters I, II, III, VII, VIII and IX. In Marshall's "Economics of Industry," Book IV, Chapters I to VII inclusive ; Book VI, Chapters I to V inclusive. In *Gunton's Magazine* the Class Lecture on "The Wage Problem," also, article on "What Determines Prices?"

SUGGESTED READING.* In Adam Smith's "Wealth of Nations," Book I, Chapter VIII ; Book V, Chapter II, Part II, Article III. In Ricardo's "Political Economy and Taxation," Chapter V. In Mill's "Principles of Political Economy," Book II, Chapters XI to XIV inclusive. In William Edward

* Students or local centers desiring information as to where the books suggested for collateral reading may be obtained, names of publishers, etc., can obtain same by writing to this office.

Hearn's "Plutology, or the Theory of the Efforts to Satisfy Human Wants," Chapter I. In Francis A. Walker's "Political Economy," Part IV, Chapters V, VI and VIII. In same author's "Wages Question," Chapters VIII and IX. In Henry George's "Progress and Poverty," Book III, Chapters VI to VIII inclusive. Also, students who desire to read President Gunton's pamphlets "Economic Heresies of Henry George," "Economic Basis of Socialism," and "Economic and Social Aspects of Trusts," referred to in February readings, can obtain them from this office for 10 cents each, or will find these monographs in the publications in which they originally appeared, namely, the *Forum* for March 1887, the *Political Science Quarterly*, Vol. 4, No. 4, and same publication, Vol. 3, No. 3, respectively. In connection with the topic "Effect of Charity," students might also read the article: "Arraignment of Organized Charities," in *Gunton's Magazine* for June, 1897.

AIDS TO READING

Notes on Required Reading. We begin our study of distribution by taking up the wages question. By "distribution" is, of course, not meant the mere transportation of wealth about the country but the economic process whereby the wealth that is regularly being brought into existence is divided among the different factors that have had a share in its production. Students who are already familiar with the earlier literature of economic science will see at once that our placing of wages first in the order of distribution is unusual. The English economists generally held that rent is paid first, then wages, then profits. Modern thought, however, tends more and more towards recognizing the true order of distribution as, first wages, then rent, then interest and, finally, profits.

This order of distribution is stated and its correctness demonstrated in the first of the three chapters assigned this month in "Principles of Social Economics." In the second of these chapters the "final utility" theory of wages is considered, particularly the interpretations of it given by Professors John B. Clark and Stuart Wood. Both these theories are

shown to be widely at variance with the facts and hence unsound, and, furthermore, to be incapable of suggesting any feasible method whereby the progress of the laboring class can be achieved.

In the third chapter what is believed to be the true law of wages is stated, explained, and tested under all sorts of conditions. It is shown that the price (wages) of labor is really determined in the same way as the price of everything else, namely, by the marginal cost of production. As applied to laborers, cost of production of course means cost of living; that is, wages are determined by the cost of living of that increment of laborers whose standard is the highest among those whose services are required in any given economic group.

The wages question is discussed at much greater length in "Wealth and Progress;" in fact, that book is entirely devoted to the topic of wages. The reading assigned for this month covers the whole of Part II on "The Law of Wages Stated and Historically Established," except Chapters IV, V and VI, tracing the history of English labor from the 14th to the 19th century. These chapters were given last November in our study of the "Evolution of Wage and Capitalist Classes." Of course it would do no harm to review them at this point, as the student will now be able to see in this historical sketch constant verification of the law of wages stated in previous chapters.

In Chapter I of Part II the famous wages-fund theory is discussed, likewise Francis A. Walker's and Henry George's theories of wages; and the points of error in each are clearly brought out. In Chapter II wages are defined, the difference between real and nominal wages is explained, the economic law of wages is stated, and there is a detailed analysis of just what is meant by the standard of living. Chapter III calls attention to the similarity of wages in Asia and Europe in the 13th century, and the next three following, as before remarked, trace the history of wages in England. In Chapter VII it is shown that the law of wages is of universal application; in Chapter VIII the question of piece-work, in its relation, to

wages, is taken up; while in Chapter IX we find a careful analysis of social wants, the influences by which they are determined, and the way in which they go to make up the standard of living, and hence affect wages.

The first seven chapters in Book IV of Marshall's "Economics of Industry" require no special comment, being largely preliminary to the author's later discussion of the forces which determine wages. The chapters assigned in Book VI, however, bear directly on the wages question and will require more careful reading. It will be seen that Professor Marshall places great emphasis on the *efficiency* of labor, rather than its standard of living, as the wage-determining force. Of course it is true, in a general sense, that in the same economic group the more highly paid labor is the more efficient, but as between the same grades of labor in different economic groups this does not necessarily hold true. A given machine can be operated, or a stated task performed, about as efficiently by German laborers as by English, or by English as American, yet the wages paid therefor will not be the same in the three countries by any means. The difference is due, really, to the different standards of living. Students will find a discussion of the relative effects of efficiency and of standard of living in the readings in "Principles of Social Economics" and "Wealth and Progress."

Professor Marshall's theory that wages are determined by the wealth-product of the last increment of laborers taken on in any given industry—that is, those laborers whose product would just equal the added cost of their employment—is substantially the same as the theory advanced by Professor Clark, which is fully discussed in Chapter II of Part III, "Principles of Social Economics." It is the "marginal utility" doctrine of the Austrian School, and is practically a reversal of the law which really governs this matter. Instead of wages for any given group being determined by what the least productive, (and hence, by this theory, the lowest wage) laborers create they are actually fixed by the cost of living of that increment of laborers whose standard of living is highest in that group.

It is somewhat confusing to find Professor Marshall him-

self practically asserting the standard of living theory in his re-statement (p. 254) of the position of the Physiocrats. Here he says that: "The normal wage represents the expenses of production of the labor according to the ruling standard of comfort, and is a fixed quantity so long as that standard is fixed; the influence of demand is only to determine the number of those who are brought into the trade, and not their rate of wages."

This, although it does not include the "dearest group" idea, comes much nearer the truth than the "marginal disutility" idea which he elsewhere advances. Certainly the two theories do not seem consistent, since it is highly unlikely that the "ruling standard of comfort" among the laboring class would coincide with what can be earned by the least productive group of workers employed.

Notes on Suggested Reading. In the chapters suggested in Adam Smith students will find the earliest formal statement of the wages-fund doctrine, which is carefully analyzed in "Wealth and Progress." Attention is also called to what Dr. Smith says about wages and living conditions in China; and it will be noticed that in numerous places, the famous "Father of Political Economy" recognizes, in part at least, the influence of the standard or cost of living upon wage rates. This, in fact, is the conspicuous feature of the chapter "Taxes upon the Wages of Labour." But it was the wages fund, not the standard of living, that formed the basis of his law of wages and the whole wage doctrine of the English School.

Ricardo's treatment of wages is more concise than Smith's, but his conclusions are practically the same. He asserts that there is a "natural" and a "market" price for labor, the former being the price without which the laborers cannot subsist, the latter depending upon supply and demand. Wages constantly tend, he says, to the natural price, and only rise above it when the demand for labor exceeds the supply. Of course the logic of this is that laborers can raise their wage status above the point of mere maintenance of life only by reducing their numbers or, in some way or other, increasing the capitalists' fund for the payment of wages. Yet Ricardo was really upon the

threshold of the true law of wages. It only remained to recognize that a given standard of wants, of habits, tastes, customs and social requirements, when permeating a sufficiently large section of the laboring class, constitutes a minimum point of resistance, or what Ricardo calls a "natural price," just as truly as do the minimum requirements of mere physical existence.

Mill makes the wages question depend wholly, in the last analysis, upon supply and demand. Even Ricardo's theory of a minimum natural price he considers true only because if wages fell below that point depopulation would ensue, and the consequent lessening of the supply of labor would raise the rates again to the subsistence level. Any remedy for low wages which does not propose some alteration in the proportion between capital (wages fund) and the number of laborers is a "delusion." Consequently, the only remedies for low wages which he considers in any way efficacious are restriction of population and increase of small land-holdings to be made available to laborers who would otherwise be competitors in the labor market. His argument for more general education is really based upon the same idea, since he urges it chiefly as a means of preventing improvident marriages and too rapid increase of population. Mill's objections to certain popular remedies for low wages, such as fixing wages by law, or the allowance and allotment systems, or the employment of all idle labor by the public, are entirely sound even though the reasoning is from the supply and demand standpoint; and his famous sentence: "No remedies for low wages have the smallest chance of being efficacious, which do not operate on and through the minds and habits of the people," is really of the very essence of progressive economic philosophy. In the light of Mill's other reasoning, this sentence undoubtedly means that the minds and habits of the people must be so operated upon as to lead to greater economy and less rapid increase of population; but it can be taken without a single change of wording as the motto of our modern theory, that low wages can be overcome by whatever so operates upon the minds and habits of the people as to increase the range of their social wants and so raise the standard of living.

The reading in Hearn's "Plutology" is on the subject of social wants, and might profitably be read in connection with Chapter IX of Part II, "Wealth and Progress."

The chapters in Walker's "Political Economy" and "Wages Question" and in Henry George's "Progress and Poverty," are suggested chiefly in order that students may get the full statement of the theories of wages advanced by both these writers. These theories are discussed at some length in Chapter I of Part II, "Wealth and Progress." Chapter IX of "The Wages Question" contains General Walker's demolition of the wages-fund doctrine and is well worth reading in connection with the present month's work. It is for this achievement chiefly that General Walker's work as an economist will be remembered.

LOCAL CENTER WORK

The wages question will suggest a large variety of topics for discussion in meetings of local centers. The following suggestions are made:

Reading of class lecture on "Wages" in February magazine. Debate: *Resolved*, that Henry George's theory of wages is correct. Paper: "Practical influence of the wages-fund doctrine." Brief suggestions from members (to be discussed) on general topic: How to raise wages. Explanation and discussion of the standard of living theory of wages, or, this theory may be taken as the subject of a formal debate. Short talks or papers on: Social wants, and how they affect wages; Charity and wages; Women's wages; Day-work *vs.* piece-work; The importance of high wages. Discussion of questions: Do high wages necessarily mean high cost of production? Under what circumstances will low wages have a competitive advantage over high? Debate: *Resolved*, that farmers have an interest in good wages being paid in all industries.

Question Box

Editor GUNTON'S MAGAZINE: According to reports lately printed, the present average wages of the New England cotton mill operatives is \$6 per week for a grown man; and the mills

are earning from eight to sixteen per cent. dividends per annum. If this is true is not the present reduction of ten per cent. in wages unjust, and would it be unreasonable to expect capital to accept smaller earnings before reducing the workman's wages? (From friend at lecture.)

If this statement were true a strike throughout New England regardless of the consequences would be justifiable, but it is not true. It is not true that the mills are earning eight to sixteen per cent. dividends per annum. There are a few mills making fine goods that have made some profit, but a large number of mills making print goods are making no profits, and many of them are running behind. Nor is the statement true that \$6 per week is the wages for a grown man. At the present reduced rate the price for weaving print goods 64x64 is sixteen cents per cut. The product of an average weaver is about six cuts per week per loom; men and a great many women mind eight looms. This would be \$7.68 after the reduction, instead of \$6 per week before the reduction. This is indeed low enough, and too low by at least \$3 a week. Nevertheless the statement quoted above is not true, either as regards the laborers or the corporations.

Editor GUNTON'S MAGAZINE: In one of your lectures recently you stated that "all the ills and all the vices and all the objectionable features of society are traceable to poverty." Do you allow nothing for the manifold ills resulting from voluntary disregard of the laws of health; nothing for imperfect mental and physical development or positive degeneration, found in all classes and familiar to medical science; nothing for personal and domestic infelicities; nothing for the influence of the passions or for the well known influence of warm climate on crime, etc.,—all of which apply to human beings as such, regardless of wealth or poverty, and some of them more to the rich than to the poor? There are certain inherent human tendencies which operate under any sort of material conditions and can only be rightly guided by personal will and determination, and this would remain true if all the poverty in the world were abolished.

H. D. P., New York.

The statement that all the ills and vices of society are traceable to poverty should not be taken to mean that they all are directly traceable to the poverty of the particular individual. It means the indirect influence of poverty upon the educational, moral and refining environment, much of which is converted into hereditary tendency in character, as well as the direct effect of poverty upon the individual. Nothing is clearer than that disregard of the laws of health is chiefly due to ignorance and lack of proper appreciation of hygienic conditions. This ignorance and indifference to hygiene is one of the results of poverty and low social living. The same is true of domestic infelicities. Wife-beating is a characteristic of social life in poverty. There may be rich brutes, but their brutal tendencies are the remnants of the crude habits and coarse lives that poverty has created.

It is not true that all this would remain the same "if all the poverty in the world were abolished." The progress of mankind has been toward greater refinement and broader morality, directly as it moves away from poverty and the crude social life that poverty entails. The vice that poverty creates may take many generations of culture and wealth to eliminate, yet nothing but wealth and culture will do it.

Editor GUNTON'S MAGAZINE: I find in your January magazine the statement that New England cotton manufacturers ought to be "protected" by extending the 10 hour law to the South? Why not protect them with a tariff? If it is good economics to protect highly-paid labor against cheap labor abroad by tariffs why is it not equally necessary to use the same defence against cheap labor in the South?

J. H. S., New London, Conn.

Tariff protection against the South is not feasible for two reasons. First, the South is a part of the same political body as the East. The public policy of a country should be directed towards improving the conditions of the whole country for the purpose of national welfare. It is as important to improve the conditions of the South as it is to improve the conditions of

the East, because the South is an inseparable part of our political system. Protection by tariff against the South would be unpractical because tariffs can only protect the market opportunities of the protected community. The market of New England is not large enough to take her cotton productions. She must sell her goods in the other states or else close down more than half of her manufactures. A protective tariff at state lines would do no good, and if all the states should erect a tariff against the South that would practically prevent the South from making any headway with her manufactures. It would be a calamity to the nation, and a protective tariff is only beneficial to a country or community when it is needed to secure its own market for the sale of its own products. Hence a tariff for New England would be impotent. It would require a tariff in all the states against the South to be of any service, and that would be fatal, as we have said, to southern manufacturers and consequently would prevent southern progress, which would be a national injury.

Editor GUNTON'S MAGAZINE: In your illustration of a shoe factory in a new country (January magazine, p. 44) you show how the price could not be less than \$1.00 per pair if that were the cost of making the shoes, and hence, you say, the price will be fixed at \$1.00. Does this necessarily follow? Might it not go above \$1.00; in fact, does not the very fact of profits show that price is usually above cost? Will you not please make this point a little clearer?

Merchant, Philadelphia, Pa.

Yes, the price might temporarily go above a dollar, but the tendency of all the economic forces under competitive conditions is to prevent it from going above a dollar. Large profits do exist, but they do not arise from the price rising above a dollar, but from the cost of a certain portion of the supply being reduced below a dollar. So long as a certain portion of the supply which the market requires and will take, costs a dollar, all the supply can be sold at a dollar. If any manufacturers who are contributing to that general supply are enabled by any new

devices to produce the shoes at 75 or 60 or 50 cents, they will have a proportionately large profit. But they will continue to have that profit only until others acquire a knowledge of the methods of cheap production and compete with them, and drive out those whose product costs \$1.00. Then the price will drop to whatever point the cost of the dearest remaining competitor may be, whether it be 90, 85 or 80 cents.

It is true that profits always come from selling goods above what they cost the particular producer, but not by selling them above the cost of the most expensive producer competing for the market. Large profits are the exception, and they come from reducing the cost below that of the dearest competitor, and not by raising the price above the cost line.

Editorial Crucible

IT IS interesting to note that the Editor of the Louisville *Courier Journal*, which supported the Gold Democratic nominees in the last election, now admits his mistake. Mr. Watter-son frankly confesses that any considerable success of the Gold Democrats would have assured the election of Bryan, which means that the success of the Cleveland Democrats would have given us another calamity.

SENATOR VEST'S resolution providing that all government obligations be paid in silver as well as gold should dispel the notion that the silver question is dead. If this resolution were passed and a President elected in harmony with its spirit and purport the United States would go on to a silver basis in twenty four hours. The Republic would pay its obligations at about forty three cents on the dollar. This, it is needless to say, would destroy the nation's credit throughout the world and probably give us a first class panic in less than a week, remove all the prospects of returning business prosperity, and destroy commercial stability and national honor. This is what the Bryan movement means if ever it reaches the White House and obtains control of Congress.

THE NEW YORK papers are exhibiting a great deal of righteous indignation against Mr. Croker's frank method of appropriating the official spoils of Greater New York. They are charging him with suppressing any real efforts to give the metropolis the best rapid transit, and playing into the hands of the Manhattan Railroad Company as a reward for contributions to the Tammany campaign fund. All this would be very well if these same papers had not been instrumental in putting Mr. Croker in power. Whatever Mr. Croker and his party may do, the New York *Tribune*, *Mail and Express*, *Herald*, *Times*, *Post*, and *World* are entitled equally to share the credit or disgrace. Without their aid Croker could not have succeeded; with their united support he had an easy walk over. Mr. Croker is entitled to do just what he pleases, and these papers have no

real right to complain except at their own unpatriotic part in the matter.

GOVERNOR BLACK has the faculty of being on the right side of important public questions. In his message he made some excellent suggestions on the question of labor, which the legislature would do well to follow. On the question of reform of the primaries he is equally prompt, practical and to the point. He is not afflicted with non-partisanship. He is a thorough believer in what is vulgarly called the "machine" because that is the natural and efficient way of doing things. But when it comes to improving the conditions of voting, defending the sanctity of the ballot box, and providing legal regulations of the primaries, making the packing of caucuses and padding of rolls impossible, Governor Black responds with a readiness for efficient and practical work that puts the professional reformers in the shade. Governor Black's evident desire for real improvement in the primaries seems to be very disappointing to the *Evening Post*. It is quite disconcerted to find a "Platt" man favoring honest primaries. In the eyes of this class Governor Black's chief offense is that he is a practical, patriotic, statesmanlike Governor. Would that there were more Governor Blacks in the state capitals of the nation.

IMMEDIATELY AFTER the success of Tammany in the municipal election, Senator Grady announced that the Democratic programme in the legislature would be war on corporations, suppression of trusts, public ownership of gas works and street railroads, progressive income tax, increased taxes on legacies, etc. Events show that Senator Grady spoke with authority. The populistic programme has begun. Senator Cantor has introduced a bill to fix by law the price of gas, and giving the Commissioner of Public Buildings authority to supervise the methods and appliances of the gas companies: thus creating an easy opportunity for inflicting blackmail upon such companies. Another bill has been introduced giving investigating committees into the affairs of corporations power to compel witnesses to answer all questions put to them; so that,

heads of corporations can be summoned before committees and compelled to answer all questions regarding the private affairs of their business. Similar bills are being introduced, directed at telephone companies, electric light companies, etc. The obvious programme of the Democracy in New York is to earn the popular vote in 1900 by legislative crusading against corporate or productive capital. Clearly the war against wealth is on.

MUCH SENTIMENT is being stirred up on the question of purifying the primaries. An effort is being made to have various state legislatures put the government of primaries under strict statutory regulations similar to those governing elections. There is some danger that in the effort to break up the so-called "machines," freedom of action in primaries may be impaired. Whatever law can do to give us honest primaries and honest elections ought to be done at all hazards, but when that is completed it will be seen that practically the same people who govern the "machines" of party politics now will govern them then. The Platts, Quays, Gormans and Crokers run the political machines because the friends of these leaders are the only ones who take a real active part in initiatory politics. The "kickers" and bolters are usually people who avoid the hard, constant work involved in political leadership. Real work tells in politics as much as in business. Respectable laggards who never attend caucuses but find fault with everything caucuses do, very properly find themselves in the ranks of the unsuccessful. Whatever reform of primaries may be enacted, those who work will win and those who are too good to participate in the work of primaries and frequently too indifferent to vote, cannot and ought not to expect to be trusted with party leadership. The only way to dethrone the Platts and Quays is to be more active and more useful in politics than they are. The people will follow the best leaders if they are not too lazy or too self-righteous to do the work that leadership implies. It is well enough to surround the primaries and ballot box with all the legal safeguards possible, but the fact remains that the quality of leadership depends more on character than on law.

NOW WE have the *New York Sun* opposing the introduction of a ten-hour factory system in the southern states; and the astonishing part of it is that the *Sun* objects to a ten-hour law in the South on the grounds of liberty! New England is being crowded by the South, because in the South, says the *Sun* "labor is comparatively free." O freedom, what stuff is uttered in thy name! Labor has more freedom in the South than in Massachusetts, think of it! After this what may we not expect? Of course then, the industrial conditions of Massachusetts should be made more like those of South Carolina! Factory legislation, such as contemplated by the Lovering Bill, has been justified by the experience of every country in Christendom.

To find a great metropolitan journal opposing a law to equalize throughout the country the working time of the factory women and children on a basis of ten hours per day would be discouraging to the friends of progress, of decency and humanity if it were at all representative. And curiously enough this opposition is in the interest of the laborer's "freedom," the right of operatives to make "private contracts," as if factory operatives ever had any such right. Does not the *New York Sun* know that factory operatives never had the right to make "private contracts" North or South, or in any country in the world? The working hours in factories are everywhere fixed by the employers. Individual operatives have absolutely no right of contract whatever. That is part of the necessity of the case. The working hours fixed by the corporation for one laborer must be the rule for all laborers, and the hours established by one corporation practically become the rule for all competing corporations. It is because individual contracts in such matters, however desirable, are economically impossible that statutory enactment becomes necessary. In no other way has the working day of the factory operatives ever been shortened.

IN RIDICULING Mr. Dingley's suggestion for uniform hours of labor among factory operatives, the *Atlanta Constitution* says the difference between the cost of living in New England and in the south is "the essence of the whole matter, one of the

most important of the determining factors." It then proceeds to show how easily the southern laborers can live, intimating that they are better off than New England operatives, and says "the southern mill operatives are not living lower but really higher, are comfortable and saving money. Their wages have not been reduced at all." If this be true, why should the *Atlanta Constitution* be opposed to adopting the ten hour system, and to giving Southern operatives who are "saving money" an opportunity to have a little more leisure time for personal cultivation and social improvement? The *Atlanta Constitution* hits the nail squarely on the head when it says the real difference is between the cost of living in New England and in the South. But this difference is not due to the price of garden truck, but to the difference in the style of living of the operatives in the two sections. The decencies of life are not cheaper in the South than in New England but dearer. "Garden truck" may be plentiful and cheap in the South but laborers with any considerable degree of civilization cannot exist upon "garden truck." The difference between laborers who live on garden truck and those who occupy five or six-room houses with modern furniture, send their children to school and occupy a position of recognized influence in the community, is the difference between civilization and barbarism. That is the difference between Russia and England, and it is the difference between the operatives of New England and the southern states. It is true that the advantage southern manufacturers have over New England is due to the fact that southern laborers live less expensively than do New England operatives. That is why protective legislation should be introduced to create a greater equality of conditions between the two, not by dragging down New England conditions but by lifting up Southern conditions, and the first effective step in that direction is to equalize the hours of labor in the two sections. If southern operatives are "saving money" and southern manufacturers are making profits there ought to be no objection to adopting at least a ten hour factory system.

Economics in the Magazines

LIPPINCOTT'S, January, 1898. This number contains good articles on "Irrigation from Under-Ground" by John E. Bennett, "Some Botanic Gardens" by George Ethelbert Walsh, and an interesting piece of description of "The Eastern Shore" of Maryland, by Calvin Dill Wilson. The principal contribution to the fiction department is a fifty-six page story "John Olmstead's Nephew," by Henry Willard French.

THE COSMOPOLITAN, January, 1898. This number of the *Cosmopolitan* is notable for its singularly beautiful illustrations, particularly the child pictures in "Some Society Tableaux." Modern civilization may not yet have produced a Raphael or da Vinci, but it is doing what no other age ever did, that is, constantly elevating the artistic taste of the millions by placing a high order of art products within their easy reach in manifold forms, of which the illustrated monthly magazine is one. The *Cosmopolitan* has good articles on "The Real Klondike" and "Stephen Girard and his College," besides the usual installment of short stories.

LOCOMOTIVE FIREMEN'S MAGAZINE, January, 1898. This magazine represents the Brotherhood of Locomotive Firemen, and is a creditable little publication. Besides its departments of general reading (well illustrated) and editorial comment on labor topics, it has a section devoted to consecutive lessons for the benefit of railway firemen, in technics and mechanics, including arithmetic, engine running, "locomotology," etc. Such magazines as this could hardly find a more useful field of work than that of economic education, especially on the various phases of the labor question, the economic function of trades unions, the economic basis of high wages, and the specific progressive measures for which laborers have a right to expect the attention and support of the journalism and statesmanship of the country.

REVIEW OF REVIEWS *for Australasia*, November, 1897.

The First Step to End Industrial Strife. By W. T. Stead. Mr. Stead makes use of the engineering strike in England and the recent coal strike in the United States as texts for a sermon on arbitration. The desirability and reasonableness of the method he advocates may be admitted, but we doubt if arbitration, before a tribunal of outside parties, will ever prove as effective as would a system of permanent conference bureaus in which all the employers and employees in given localities or districts were equally represented, and before which all points of difference were brought for full and intelligent discussion previous to any resort to open conflict. Experience has shown, wherever this plan, in some form or other, has been honestly followed, how effective it is in promoting satisfactory adjustment of points at issue.

In concluding his article Mr. Stead says (referring to strikes and lockouts): "Out of this evil condition the first step is to recognize the principle, 'Always arbitrate before you fight,' which, once being established, would speedily lead to the enforcement of a social law, 'You shall never fight until you have arbitrated.'" Whether the method be arbitration or some better plan, this "social law" (which means, the compelling force of public opinion) against fighting, ought to go into effect now; but let it not be overlooked that it needs to be applied even more to capitalists than to laborers, at present. The responsibility for a large proportion of our strikes does not rest primarily upon the workingmen, but upon employers whose intolerant, narrow-minded attitude, especially in refusing to meet and treat with organized laborers through their representatives, has precipitated many a conflict that otherwise would never have occurred.

THE CHRISTIAN REGISTER (Boston), January 6, 1898. Since January 1st the *Register* (weekly) and the *Unitarian* (monthly) have been amalgamated. The first number under this arrangement contains a surprising review of Dr. George Harris's little book, "Inequality and Progress," upon which we recently commented favorably in these pages. We say this review is surprising because it contains a radical denunciation of

the whole economic system of modern society and says that the "great and growing socialistic protest" against that system is "both reasonable and just," as though the way to reform the admitted evils of society were to overthrow it.

The *Register* is the official organ of the Unitarian church in America. Does it wish to place that organization, devoted to religious enlightenment, in the attitude of championing economic revolution and a crazy experiment with state socialism? If so, does it imagine that such a policy is calculated to increase its undoubted influence and usefulness in its own proper field? Certainly the public is entitled to know whether this publication desires to group itself with the *Arena* and the *New Time* on economic questions, and if so, whether it is not misrepresenting in this respect the organization for which it speaks.

This reviewer's statement that the modern system destroys economic opportunity is simply not true, when any genuine test of economic opportunity is applied. The size of income is really a more important consideration, in its bearing upon the social and intellectual development of the individual, than the largely exaggerated and uncertain ideal of "being in business for one's self." Never were opportunities for earning a decent, comfortable living more numerous or varied than to-day, even though many of these opportunities are of the wage-earning sort. But even the opportunities for independent business ventures are not disappearing by any means. Many of the great staple-supplying industries, it is true, are now conducted on a corporate or trust basis, which is an absolute necessity of the times; but there are new types of industry constantly being developed, in a small way at first, by men of brains and energy but without large capital; while a large group of mechanic and artistic trades remain in the hands of small proprietors and are likely to do so, for the reason that no particular economic advantage could be gained by consolidation. Professor Schmoller, a leading German economist, recently announced as the result of most careful investigations, that in his opinion the "middle class," including independent handicraftsmen and tradesmen, business managers, highly paid workmen, etc., is more than

holding its own in Germany, and Germany is surprising the world by its rapid development of factory methods, *i. e.*, of the "modern economic system."

We have not space here to discuss this matter thoroughly, but only to say that Dr. Harris's book impressed us as one of the ablest on the subject that we have seen in a long while. Certainly it reflects a much sounder appreciation of fundamental societary principles than does the criticism in the *Christian Register*. The idea implied in that criticism, that socialism would be a remedy for the alleged destruction of private enterprise under the present system, is an absurdity; since the basic proposition of socialism is to abolish private enterprise altogether and make everybody, in effect, an employee of the state.

NORTH AMERICAN REVIEW, January, 1898. *Industrial Advance of Germany*. By M. G. Mulhall, F. S. S. The facts here gathered together cover a wide variety of industrial topics such as agriculture, manufactures, commerce, wealth, debt, taxation, banking, railways, etc. The advance in agriculture during the last dozen years has been comparatively small; Mr. Mulhall attributes its backward condition largely to the fact that "eighty per cent. of the farms are so small that much labor is wasted, since it is impossible to use improved machinery." The textile industry, in the last 20 years, has increased 110 per cent. and hardware manufactures 180 per cent. Germany's urban population in that period has increased seven times as fast as the rural. The number of people having annual incomes of over 750 dollars increased from 5.3 in 1,000 to 10.3; while the average income per inhabitant in Germany is about \$119. The whole article is well worth preserving for reference purposes.

The Farce of the Chinese Exclusion Laws. By J. Thomas Scharf, LL.D., Late United States Chinese Inspector at the Port of New York.

The fact that Mr. Scharf was formerly United States Chinese Inspector at the Port of New York gives his statements an importance which seldom attaches to the numerous sensa-

tional *exposés* of the newspaper press. He says: "That the present Chinese restriction acts, as at present administered, are worse than a pretence is conceded by all familiar with their operations. Judge Hagar, while Collector of the Port of San Francisco, a few years ago, stated 'that the restriction act, as now administered, is an utter failure,' which assertion has been verified in a thousand ways in the past few years. John H. Seuter, U. S. Attorney in the Vermont District, on December 30, 1896, said that in his district the Chinese 'hearings are in a certain sense farcical,' and Leigh Chalmers, Examiner of the Attorney General's Office, in a report dated July 1, 1896, said 'that nine out of ten of these (Chinese) cases do not amount to the dignity of a farce,' and that 'the U. S. Attorney and Commissioner both agree to this conclusion, but say there is no remedy.' Wm. A. Poucher, U. S. Attorney at Buffalo, in a letter to the U. S. Attorney General, dated April 30, 1897, said that his assistant had 'attended examinations at Malone and at Plattsburg . . . and has reported that it was absolutely useless, under the present condition of affairs, to attend any further examinations, as it was a waste of time and money,' and that he was 'powerless.'"

He further says that the officers of the government practically admit that "owing to the loose interpretation of the laws by sympathetic U. S. Commissioners, and the radical diversity of opinion between the judges of the Federal Courts, the crafty practices and fraudulent devices of the Mongolians themselves, the ready aid of well-paid allies on the border line, perjured witnesses, and the oath-breaking and bribe-taking officials, the exclusion laws have become more honored in the breach than in the observance."

Restriction of immigration is one of the most important questions now before the public, and certainly it is a serious matter if such restrictive laws as we already have are neglected in the manner charged by Mr. Scharf. In justice to the accused officials themselves, the matter deserves careful investigation.

Book Reviews

THE COMING PEOPLE. By Charles F. Dole. Thomas Y. Crowell & Company, New York and Boston. 209 pp. 1897.

The several chapters comprised within this little volume logically pursue a single theme, yet many of them are sufficiently distinct and rounded out to stand as independent essays of no inconsiderable merit. The sentiment of the book, like that of "The American Citizen" by the same author (reviewed by us last month) is in the main healthy and optimistic. The present volume, however, is more directly addressed to the adult mind, and is especially noteworthy for the strong, simple beauty of style with which its thought is expressed.

Mr. Dole believes that the "Coming People" and their institutions will be naturally evolved from the present people, and not be the product of a revolution which shall seek to reverse or abolish the indispensable conditions of individual and social progress. In spite of all the injustice, strife and imperfection in the life of the world to-day, he asserts that the native instincts of man do, perpetually and steadily, work out in forms whose inevitable consequence is progress—progress away from the brute strife of barbarism towards the harmony of the civilization that is to be. He discovers proof of this great upward trend in the phenomena of society past and present; in the diminishing success and speedier retribution which attend meanness or dishonesty in business, tyranny or corruption in politics, intolerance, selfishness or hypocrisy in the domestic, social and religious life. Because honor, broad-mindedness and altruism are more and more coming to be the accompaniments, yes, the very means of success, in all walks of life, is the strongest of all evidences that these things are not inconsistent with the fundamental egoism of human nature, but are its legitimate product and will yet become the dominating features of a civilization of peace. Such a vast hope as this is not chimerical, not fanciful, but sound and sure.

Of course, as Mr. Dole points out, to see this movement

truly one's point of view must be high enough to permit a broad outlook. "The man who looks at the problems of the great world from the point of view of his own petty personal interests, from his bit of a farm, from behind his counter, from his office, cannot expect to see things as they are on the vast scale of the world and the centuries." A higher standpoint gives him this perception and, as Mr. Dole says: "A wide reading, both of history and science, goes to show how deep is the law that works ever toward the achievement of the best and the most desirable things. Whatever is best, whatever fits the larger need, whatever most nicely adjusts itself to the ruling conditions, this the universe demands, and works to effect."

It should be said that Mr. Dole recognizes the possibility—more, the need—of intelligent social action in assisting this right adjustment of conditions and promoting progress. We cannot by any means endorse all of the suggestions which he tentatively offers in this connection, and believe that certain lines of action which he omits to mention are much more nearly in harmony with the general principles elsewhere developed in these essays. But the foundation is the essential thing and here, in the main, it seems to us, Mr. Dole stands firm.

STUDENT'S STANDARD DICTIONARY OF THE ENGLISH LANGUAGE. 915 pp. octavo. Edited by James C. Fernald, Francis A. March, LL. D., *et al.* Funk & Wagnalls Company, New York and London, 1897. Price, \$2.00 net; postage 32 cents extra.

This is an abridgement of the Standard Dictionary, and is designed to consolidate in one volume for convenient reference the more essential features of that famous and excellent work. The idea is a good one and appears to have been successfully carried out. This abridgment includes over 60,000 words, besides an appendix of proper names, foreign phrases, abbreviations, etc. There are over 1200 pictorial illustrations, while the synonyms and antonyms, appearing right along in the text in connection with each appropriate word, are more complete and satisfactory than in any dic-

tionary we have yet seen, except the parent *Standard* itself. The department in the appendix devoted to disputed pronunciations, and the Language Key, appropriate for all nationalities, are especially valuable features. The plan of beginning all common words with a small letter and all proper words with a capital, just as they would be used in practical writing, was one of the greatest of the improvements introduced by the *Standard* and is continued in the abridgement. This plan saves much confusion and settles at a glance any doubt as to whether a capital or small letter is correct usage in particular cases.

The convenient size of the book, the careful discrimination used in the process of abridgement, and the low price are additional elements which seem likely to give this dictionary a wide popularity.



HON. CHAUNCEY M. DEPEW

GUNTON'S MAGAZINE

MARCH, 1898

Prejudice against Railroads

HON. CHAUNCEY M. DEPEW

Animosity and prejudice to railroads were of slow growth. They reached their most acute stage fifteen years ago and have been subsiding ever since. The fault at first was in the management of the railroads, but the feeling was greatly intensified by politicians. During the constructive period railroads were invited everywhere; capital was importuned to invest in lines through the wilderness and to water-powers and mines. The capitalist took all the chances of profit or loss. If the railroad, as was the case in many instances, failed to invite population and develop business, the money which was put into it was hopelessly lost. Commodore Vanderbilt once said that on account of these risks and the many railways which had proved failures, people who built railroads were entitled to one hundred per cent. profit, before the State restricted their earnings.

The natural process of railway construction and development of neighborhood relation is this: the railway line is run over the prairie and along the valleys, and every mile of road brings into cultivation fifty thousand acres of land. The cost of transportation by wagon made this land, before the railway came, practically valueless. Homesteaders and purchasers come in and fill up the country. They want stations, passenger and freight yards, terminals, shops and all the costly paraphernalia of an operating railway. When these have all been secured, then comes the clamor for a reduction of rates. A new railroad begins, on the average, with a freight charge of three cents per ton per mile. As the volume of business increases this rate diminishes. The decrease comes from the operation of natural laws of competition, and of supply and

demand. When I became connected with the Harlem Railroad, thirty-two years ago, the rate was six cents per mile. The rate on the New York Central and Hudson River was two cents. The rate on our system now is sixty-eight one-hundredths of one cent per ton per mile. This has been done without any legislation, but has been brought about by rail and water competition and the constant and intelligent effort to build up industries along the line.

In the early days of railway management the high organizations which now are common, did not exist. The freight agent and the passenger agent were autocrats, and the local superintendents had extraordinary powers. The relations of the company to the public were more dependent upon the ability, the temper and the integrity of these local officials than upon any policy of the corporation. The favoritism and the enmities of these men produced an intense feeling in every locality. Before the owners of railways realized this defect in organization the public had become so incensed that the politician saw his opportunity. Politicians are the barometers in free government. They recognize and utilize conditions which will make for their popularity and the strength of their party. Especially in the western states the railways furnished them brilliant opportunities for the exercise of their genius. The roads had been built with eastern money and the ownership was largely outside the western states. First the speakers of one party would go into the granges, agricultural societies, social circles and associations of all kinds which exist throughout the West, and discuss the railway problem. These associations take up every matter of neighborhood interest like highways, bridges, good roads, schools, the liquor question and taxation. Discussion of any subject after a while will formulate the views of each side into dangerous mottoes or maxims.

The speakers, who were the young lawyers in the villages, endeavored to outbid each other with the voters and the voters' wives and families in these gatherings, in denouncing the extortions of the railroads. They finally preached that all railway rates were taxation, and that the tax went to a grasping millionaire and bloated monopolist who was feeding

on the life-blood of the farmers of the country. They succeeded in creating a belief that these rates were exorbitant, tyrannical and unjustifiable. They ignored in the argument the investment made in the construction of the property, the benefits which the railroads had conferred upon the farmers in raising the value of their land from a dollar and a quarter to fifty and one hundred dollars an acre in the markets which the railways had made for them near at home, and in the low rates by which their products were able to reach the seaboard and be exported to Europe. The orators also failed to remember the cost of maintenance of way, repairs, keeping up and care of equipment, taxes and the wages of employees. The gross income grew into a monumental exaction which their eyes, blinded with prejudice, looked upon with horror and regarded as the victim does the car of Juggernaut. Public sentiment so inflamed must soon find expression in legislation. Then came that era of granger legislation which was to bring about the millennium. It was the first lesson taught on a large scale to statesmen in this country that no legislation can change the laws of trade or alter the conditions of supply and demand. The legislation, while disastrous to the railroads, was equally disastrous to the farmers, the manufacturers and the merchants. The crisis, however, was not an unmixed evil. It compelled on the part of the railways a reconstruction of their systems and a reorganization of their managements. It forced the railway autocrat to become the head of a great business enterprise and recognize that, if he would retain his position, he must be on good terms with the public. It educated the public on the railway problem so that the legislatures repealed the bad laws and substituted for them railway commissions with supervisory powers.

The device of the railway commission has done more than anything else to allay popular prejudice against the railroads. There is no more conspicuous instance of this than here in the State of New York. In 1879 there was a committee of the legislature which sat for a year and took ten volumes of testimony upon the management of our New York State railways. I became convinced that there could be no peace, and

no mutual understanding between the public and the railways, unless we had a railway commission; in other words, unless the people, through their selected officers, could have their complaints heard and secure redress. The result has been most satisfactory. No resistance has ever been made by any of the railways in the state to the requirements of the railway commission. Every passenger, every shipper, every city and every citizen knows that a letter and a two cent postage stamp will move the machinery of the state to investigate his complaint and to see that he gets justice. Nine-tenths of the passion, the prejudice and vindictiveness of this world is removed when a tribunal exists where quick justice can be had. People are afflicted with imaginary grievances when they can get no redress. When they can secure an inexpensive and fair trial it must be a real and substantial matter which moves them. The imagination is eliminated from the popular problem. People in the aggregate do not differ in the workings of their minds and in their actions from the individual. The remark of the old gentleman of eighty, upon his deathbed, to his sorrowing family, will apply to communities of every size—"I have had a great deal of trouble in this world" said he, "most of which never happened."

The friction between the railways and the public no longer exists in the Eastern or middle states. There is not enough of it in the Western states to make any impression upon their legislation. The carrier has come to recognize his obligation to the public and everywhere is doing his best to satisfy the public that the companies are rendering the best possible service at the lowest possible price. We are able to place the grain from the wheat fields in the West and Northwest, in Europe, because of the phenomenally low freight rates which prevail in the United States. The average rate per ton per mile all over Europe, including Great Britain, is about two and four-tenths cents, against an average rate of about one cent in the United States. Railroads earn money only by the revolving wheel; while it turns it is grinding out income; when it stops it is an expense. The long distances, and low grades—enabling a continuous movement night and day of long

trains, heavily loaded—the improvements in the roadbed, rails and motive power, and the volume of business have enabled the American railways to accomplish this miracle of overcoming the prohibitions placed by distance upon agricultural prosperity. The wheat fields of Dakota are as near the seaboard as the dairy farms of western New York.

Happily the railway is disappearing from politics. The people are becoming too intelligent to be fooled and the politician is always too intelligent to attempt fooling except where fooling will pay. The railway employees have become powerful factors in the adjustment of the relations between their companies and the public. They number 800,000 on the pay rolls, and about two millions indirectly connected with the railroads; with their families they number about fifteen millions of people or one-fifth of the population. They were quite as hostile during this acute period, toward the railroads, as were the farmers and the boards of trade. They have discovered, however, that there is a point in the restrictions of railway operation and in the reduction of rates where great economies must be practiced. Economies reach only the elastic portion of the business. The only elasticity in railway expenses directly and indirectly is employment. Six men to the mile can be reduced to one at a certain sacrifice of safety, the roadbed can be neglected for a certain period, the equipment need not be replaced as it is destroyed or impaired for some time; all this diminishes the road and shop forces and reduces the number of men employed in every department. These things happen before wages are touched.

The railway employees are drawn mainly from the farmers. If there are several sons, some of them as they are following the plow or hoeing the corn in the field stop when the train goes by, and long to get upon it and see the world. The railway forces are constantly recruited from the families of its chief critics. These men are able from the better facilities which now exist for the education of railway men to figure out what will be the effect of certain legislation upon their employment and their wages. They are a constant and intelligent force now in every part of the country, warning the pol-

itician that if he is pursuing the railway for popularity under the pretence that it is for the protection of the people, he has got to reckon with them; and that reckoning is fatal to any party which these employees believe is unjustly and wrongfully attacking their occupation. They have the same feeling in regard to what puts their employment and wages in peril as the farmers and men employed in every industry in the country affected by legislation have.

Railway agitation has fortunately given to the country a national railway commission. It is right and proper that the vast inter-state commerce of these United States should be supervised by the government of the United States. When Congress has grasped the situation and taken up the question in a broad and liberal spirit, the powers of this Commission will be greatly enlarged; in other words, Congress will express its confidence in "government by the people" for the railway commission is the "people," the same as they are. A few amendments to the Inter-State Commerce Commission law, a few larger discretions given to the Inter-State Commerce Commission, and the railway problem of the United States would be solved so far as the public and the railways are concerned. On the one side railway investment would be safe; on the other side the public would be better and more economically served: on the one side railway wars would cease; and on the other side the business of the country would not be subject to demoralization and dangers which exist only because common carriers cannot agree among themselves.

It is impossible within the limits of a short article to discuss in detail this question. It may be stated as an axiom of transportation that the rates to the public should be open and equal to all and that there should be no favoritism by the common carrier to individuals, to firms or localities. The framer of the Inter-State Commerce bill was Mr. Reagan, of Texas. He had the idea, which was almost universal at that time, that the proper way to get reasonable rates was to promote railway competition, which meant railway wars. As railway commissioner of the State of Texas he has learned that the most violent discriminations occur by reason of railway wars, and that

a railway war is a fruitful nursery of trusts, combinations and monopolies. The simple reason is that while the law prohibits discriminations by one line, where there are half a dozen lines running between the same places, and the rates all different by the different lines, only the large shipper gets the advantage while the small shipper is ruined. It is as certain as that a business people have heretofore been enabled by wise legislation to enact laws which were best for themselves, that in the near future there will be placed upon the statute book such amendments to the Inter-State Commerce law, accompanied by such powers to the Inter-State Commerce Commission, that railroad-ing will bear no other relation to politics than the manufacture of cotton or woolen goods, or iron and steel.

Reform of Primaries

Public opinion is very much of a social affair. It is largely a matter of associations and imitation, and moves in waves. It is true, in matters of scientific knowledge, public opinion grows slowly and somewhat gradually, though even there it ebbs and flows; but on questions of political or social reform, where popular sentiment is the authority for political action, public opinion generally moves as a tidal wave and spreads with the automatic diffusion of an epidemic.

It is for this reason that social and political reform movements are sometimes very dangerous. Under this tidal wave influence, public opinion will suddenly swing, pendulum like, to the opposite extreme and cause a reversal of traditional methods and ideas. Of course, this tidal movement in public opinion is never groundless; it always arises out of some experience justifying a change, but the change thus demanded is often nearly the opposite of what is needed, and, if once obtained, it is very likely to produce a counter revulsion which results in a real set-back, instead of progress. The socialist movement is a good illustration of this process. There are certain manifest industrial problems that need adjusting. These are problems which arise out of modern industrial developments. Because these new conditions entail great hardship on certain classes, which call for prompt redress, public sentiment stampedes, as it were, towards the opposite position, demanding the abolition of the very institutions which have brought the progress, and substitution of public ownership for individual effort. This is such an extreme swinging of the pendulum that, if it should be adopted, it would necessarily be so disastrous to industry and disappointing to the community that public opinion would soon swing to the other extreme, demanding some more despotic form of government with class powers and greatly restricted democracy, and probably qualified suffrage.

A topic upon which public opinion is now stampeding is anti-bossism. Every man who has gained a position of influence or leadership within political party organizations is de-

nounced as a boss, a dictator, a usurper, a person who is substituting personal cunning and pecuniary gain for public interest. When Mr. McKinley became a candidate for the presidential nomination, and Mr. Hanna led the movement looking to the election of delegates, the cry was "The people against the bosses." Mr. Hanna was a business man who, in entering politics, merely responded to the spontaneous sentiment abroad throughout the land, for a movement for government by the people, not by the bosses. He had no sooner succeeded in accomplishing the purpose of the tidal wave than reaction set in, and Mr. Hanna was denounced, and is now being denounced, as the vilest specimen the boss era of politics has produced. New York city has been sacrificed to Tammany, and the state will probably be given to Croker, through this tidal wave against bossism. Nor is this peculiar to New York city or state. It exists in Pennsylvania, Ohio, Maryland and, in fact, wherever strong party organization and positive leaders exist. The anti-boss movement is rapidly passing the stage of rampant sentiment, and is taking on the form of specific legislative enactment. This legislation is being directed at the primaries, because it is in the primaries that the boss exercises his greatest control.

Now, it is not to be denied that a great deal of unfairness and perhaps downright dishonesty, has been developed in the management of party primaries and conventions. It is, in fact, too obvious to be disputed that in many respects the preliminary machinery of political parties, through which the platforms and candidates for public office are evolved, is often so manipulated as to defeat honest expression of the public will and pervert the direction of public policy. By this means it sometimes occurs that incompetent and even dishonest men get into office and that personal gain rather than patriotism and public welfare, becomes the object of public position. All this is unquestionably true, to some extent, but it is as dangerous to our institutions, methods of government and democratic expression of the public will to assume that this is a dominating characteristic of our political methods, as it is to be altogether indifferent to its existence. Despite the fact

that this element does exist in our political methods, it is abundantly certain that it is not a controlling force.

In attempting to deal with the question by legislation, great care should be exercised. There is far more danger in doing too much to suppress this evil than in doing too little. To enact caustic legislation that shall leave no possibility of corruption in our political methods, might result in legislating away our political liberties. There can be no political freedom without the possibility of political abuse. To be absolutely sure that no political dishonesty shall exist would involve the abolition of all democracy. Freedom to do right implies the power to do wrong. If we are to preserve any degree of democracy, we must preserve and sacredly guard the freedom of individual political action.

A great many of the measures that are now being proposed to remedy the evils of bossism, and some that have been enacted into law, like the one in Kentucky and that proposed by the Union League Club in New York, are precisely of this character. For instance, they provide that, to guarantee against voters of one political party aiding in packing the caucuses and primaries of the other party, every voter, when registering to vote at the popular election, shall, if he desires to attend the primaries, declare an allegiance to one or other of the parties, and that he shall not be permitted to participate in the primaries of any party other than the one he has so declared to be his. This involves the great disadvantage of having the dates of registration a long time, several months at least, before the time of election, which would be the means of disfranchising thousands, and perhaps hundreds of thousands, every election. Moreover, to insist that every voter shall publicly declare his party allegiance is to take away the great safeguard of individual political freedom, guaranteed in secret voting.

The right of every citizen secretly to cast his ballot, and so put the voter beyond the power of coercion, was one of the great accomplishments in political reform which cost the effort of three fourths of a century's agitation. Vote by ballot, which was secret voting, was asked for in England in 1819.

It was one of the planks in the platform of the meeting of English workmen in Manchester, which resulted in the ever famous Peterloo massacre. It was for demanding this that the people were shot down on that memorable 15th of August. It took the English workingmen from that time until 1874 to secure the right to vote without their employers knowing how they voted. It is only within the last few years that the right of secret voting has been obtained in this country. Let it once be made obligatory for workingmen to declare openly on the register the party with which they intend to vote, and coercion would set in which would deprive them of their right to vote independently at all. Such a feature of the primary law would be more detrimental to pure politics and democratic government than all the bossism that has yet been developed.

Padding of the rolls by fraudulent registration, or any other means of tampering with the freedom and integrity of the primaries, should be promptly and vigorously guarded against by law. The law regarding primaries should be as specific and effective as is the law relating to elections. The primaries are a part of the machinery of election and the laws governing them should be assimilated as closely as possible to the election laws. Primaries should be put under the criminal code, and it should be made the imperative duty of specific public officers, as the district attorney or attorney general, to prosecute offenders. This should in no wise depend upon individual effort, except so far as furnishing the evidence is concerned.

It must not be imagined that this protective legislation, however complete, will either suppress bossism or guarantee complete integrity in management of primaries. All that law can do is to furnish the fullest opportunity for freedom and integrity, and ample means for punishing dishonesty; but when all is done that can be, primaries, like regular elections, will be no purer than the majority of the people who attend and manage them. After all, the integrity and wisdom of party primaries must depend upon the integrity and patriotism of the voters. Those who are sanguine enough to imagine that statute law can create political purity and abolish

bossism are doomed to disappointment. The boss does not exercise his influence over political organizations by virtue of any law. He acquires that influence and leadership by the exercise of some personal quality. It may be by the high quality of political leadership, or by the low quality of political rewards, but it is always by some personal quality that appeals to and commands the confidence of those who are sufficiently interested in politics to participate actively in the primaries.

It is a peculiar fact, in connection with this subject, that the greater part of those who are most interested—and from the purest motives—in reform of primaries (and who are in the greatest danger of unwittingly legislating away political freedom in order to suppress political abuses), are the very people who seldom or never attend primaries at all. They are very largely people who belong to the so-called “better element;” who will not associate with the “rabble,” and they look upon primaries as somewhat beneath their dignity. From various motives—not unworthy motives—they avoid the caucuses and primaries, leave the management of this initiatory part of political action to others, and then complain if it does not go to their liking. This continues until things go from bad to worse and ultimate in an outburst of indignation and a bolting crusade. Often this has the effect of destroying the influence of party organizations upon important public issues, and defeats the very object most desired by handing the government over to the very people whom every sentiment of political integrity and social decency demands should be kept out of public office.

Whatever safeguards of law may be thrown around the primaries, nothing can guarantee honest action and wise leadership except the constant and active attendance of those who believe in honest politics and wise public policy. No reform will be permanent until these people attend and take part in the primaries, with the same interest that they display in finding fault after corrupt practices have been developed.

The bosses cannot be dispossessed of their leadership by any legislative enactment. If they are to be displaced at all it must be by substituting superior leadership, by bringing to

the front men of largerviews, more popular personality and more patriotic impulses. In other words, the present bosses can be deprived of the power they now exercise only by substituting better and stronger leaders. If stronger leaders cannot be found, or will not come to the front, if men with loftier ideas of pure politics and public policy insist that they are too good to participate in the primaries, then the leadership that can lead on the plane of those who do attend the primaries will remain in control, and will continue to dictate the candidates and policies of the great political parties in state and nation; and no amount of periodic denunciation or legal enactments can prevent them from so doing.

Reform of the primaries is needed. Legislation safeguarding every phase of our political machinery should be enacted. Every opportunity that now exists for fraud or coercion, which the law can reach, should be stopped; but all this will avail nothing toward purifying the source of American politics unless the people who believe in pure politics actively participate in the primaries, and the leaders capable of leading on a higher plane of political integrity and patriotism come to the front as active workers, earn the confidence of the voters, and prove their capacity for leadership.

Political confidence is not handed around like a new hat. It grows, and only the person can have it who earns it by demonstrating his capacity to lead, not by austere dictation or supercilious fault-finding, but by doing the things that are to be done and proving by active devotion to the public interests that they possess the qualities of statesmanship and are entitled to the faith of the citizens. Those only, who, by their acts command followers and inspire the faith of the voters, can become leaders. If we do not have leaders, we are sure to have bosses, or political chaos. Any attempt to legislate the boss out of existence can result only in failure or despotism. It is higher leadership, more patriotism and less snobbery, that is really needed to purify the primaries, rather than a disfranchising type of legislation.

A New Voice on Trusts

With every new evidence of returning prosperity there come fresh symptoms of the increasing tendency to adopt larger and more economic forms of industrial organization. This is partly due to the fact of the recent period of depression through which we have been passing during the last few years. The depression of prices has been so marked and in many cases so disastrous that new efforts to recoup manufacturers have become indispensable. The low prices have become so permanent that a return to the higher prices that previously prevailed is almost impossible. Profits, therefore, must come out of new forms of economy. Without any theory upon the subject, the impulse of self preservation and the tendency to move in the direction of the least resistance is impelling capitalists toward the trust type of organization; not because it is attractive, for it is the most unpopular thing that can be undertaken, but, as we have said, because there is unmistakable evidence of growing prosperity which can be secured to those only who can continue production without charging higher prices to the consumer. This is being accomplished in some directions by improved machinery, but most of all, at present, by improved forms of organization. Despite the unpopularity of the trust, therefore, it is being more and more resorted to and intelligent people are beginning to recognize this tendency as an inevitable part of the industrial revival. Recently, the paper trust has completed its organization and begun operations; the cracker trust is also an accomplished fact, and the piano trust is in the process of development. While certain classes of sensational newspapers are raising the alarm in flaming head-lines against the so-called 'monsters,' conservative men and journalists are coming gradually to recognize the fact that there is, after all, nothing peculiarly bad or dangerous in the trust idea. Industrial integrity, common fairness and liberality is generally found to exist to a much greater extent among the managers of large concerns than among the owners of small shops. Great, successful railroads, and the largest manufacturers, are by far the best employers, and among the

merchants the largest and most successful department stores are most reliable and most accommodating to their customers.

This obvious tendency is having its effect on fair-minded people. Such men, for instance, as Mr. F. B. Thurber, who some years ago was the leader of the anti-monopolists or anti-trust movement, is now an active advocate of trusts. In our best colleges this idea is beginning to find intellectual recognition and economic defence and justification. The multitude of complimentary comments upon Ex-Governor Flower's article on 'Truth about Trusts,' which appeared in the October number of this Magazine, afford conclusive evidence of the progress the idea is making among the more thoughtful and discriminating leaders of public opinion, in the press.

As a part of this growing sound opinion on the subject, in his annual reunion address to his workmen this year, Mr. Alfred Dolge took trusts as the theme for discussion. Mr. Dolge is one of the exceptional employers in this country. He has made it a part of his business not merely to make profits but to study the labor question and, as far as possible, reduce his ideas to practice in his dealings with his own workmen. He has adopted a method of labor insurance and also a feature of earnings-sharing with his workmen. He is a firm believer in the doctrine of high wages and short hours. In 1891 he voluntarily reduced the hours of labor of his workpeople from ten hours to nine and a half, and increased their pay ten per cent. In 1892, without being asked, he again shared with his workmen the prosperity of the year by an increase of twelve per cent. in wages. We refer to this as evidence that Mr. Dolge is exceptionally interested in the labor question in a practical as well as a theoretical way. The 29th of January was the 29th annual reunion that Mr. Dolge and his laborers have held in Dolgeville, and this year, as we have said, he chose the subject of trusts for the theme of his discourse. His address was a very able presentation of the subject, showing not merely that the trust form of organization is the most economic and effective for the capitalist but that it is equally for the advantage of workmen also. He showed quite clearly that the trust is a necessity in the same sense, for the same

reasons, and with the same beneficial results, as improved machinery; that in the same way that improved machinery gave workmen cheaper products and shorter hours and less drudgery with higher wages, so the trust is the coming instrument by which capital can create new margins of profit, which will make still shorter hours and higher wages for laborers possible. His remarks, in part, were as follows:

“The necessity of combination forces itself upon the manufacturers as a matter of self-protection, and we hear of the so-called trust, the combination of all, or nearly all, the members of an industry.

“The word ‘Trust’ as applied to recent industrial combinations is a misnomer, and grows out of the fact that in the early efforts at combination the different interests were conveyed to a ‘Trustee.’ This Trustee issued certificates for the shares which each member of such a combination owned in that combination, and these certificates were commonly called ‘Trust Certificates,’ hence the name of ‘Trust’ now in common use. Trusts should more properly be called ‘Self-Protective Associations.’

“However, be that as it may, a great deal is said and printed against these perfectly legitimate combinations. Some people look upon this forward step in our development of the greatest industrial nation on earth as a calamity, the source of all our evils, the destroyer of the middle class; and, because they will not reason or investigate, these good people prophesy revolution and bloodshed if this combination of accumulated wealth and brains should continue.

“Ever so much of this sort of argument reminds me most vividly of the violent opposition and agitation against the introduction of the factory system some thirty-five years ago in Germany.

“England had, at that time, developed the factory system to such an extent that it controlled the markets of the world. In the city of Leipzig, where I then lived, you could see on the storehouses of the merchants no signs other than such as ‘English Hardware,’ ‘English Woolen Goods,’ ‘English Cotton Goods’; in short, everything was English, simply because

the English could, with their machines and factory methods, give a better article for less money than the German metal worker, cloth maker, etc.

“In course of time enterprising Germans imitated the English, bought some of their machines and started factories. I worked at the bench in those days and was a member of labor organizations, and heard exactly the same arguments against the factory system that you hear now against the trust. They were about as follows :

“1. The machine took the work away from the poor workingman because one machine could produce as much in a given time as twelve men, and their families would starve, since it would require but one man to run the machine.

“2. The factory system would destroy that very useful middle class, the pillars of the State, the small bosses who had in each city or town, as burghers, special privileges to make shoes, furniture, cloth, bake bread, kill oxen, etc.

“3. That consequently society would in the future only consist of the very rich and the very poor, the manufacturer and the wage earner.

“Demagogues argued that it destroyed the freedom and independence of the workingmen, as well as of the small bosses, who would all be degraded to factory slaves; that they would become a part of the machinery and their individuality would be destroyed.

“But in spite of all this opposition progress went on irresistibly; one factory after another was built, factory-made goods were preferred by the purchasers, and one small master after the other closed his shop and took a position in a factory, where, as a matter of fact, however, he did earn better wages, made more money, than was ever possible for him when he was a so-called free and independent master. He could spend more money for the education of his children, and was therefore a better and more useful citizen.

“You remember that not so many years ago a man came here from Germany, learned at Pittsburg how to operate American nail-making machinery, bought a full set of such machines, and moved them to a place in Silesia, where the

production of nails has been a specialty for generations.

"He had hardly set his machinery in motion when the inhabitants of the village, mostly nail-makers, destroyed his factory and smashed the machinery. The Government had to pay this manufacturer his loss, and he at once proceeded to build a new factory. Now those very nail-makers, who demolished that machinery, are working in that factory, and earn twice as much by attending these machines as they could possibly earn by the hardest kind of work as boss nail-workers.

"So much for the bosses!

"What was the experience of the journeyman, the laborer? Previous to the introduction of the factory system, the journeyman had to work from fourteen to sixteen hours a day; he slept in a garret, and did not earn enough to buy himself a suit of clothes once a year. When summer came the business slacked off; he was told to go off on a journey, on foot, of course, and make a living as best he could by begging on the highways; hence the name 'journeyman.'

"The factory system, it was argued, would make of this poor creature a slave; what did it do in fact? The factories commenced in Germany with a twelve hour work-day. The factory could not furnish sleeping room and board to its employees, and consequently had to pay them sufficiently high wages to go to a boarding-house, where they might at least have a room for themselves.

"Now the factory has reduced the hours of labor to ten, and the trust will be the means to reduce them to eight per day.

"The factory system has brought on factory legislation; the State, the Government, takes a hand in it and sees that the working people are surrounded with all that is necessary for their safety, health, and comfort.

"The factory system changed the so-called independent, but illiterate, ignorant, coarse, even brutal, subservient journeyman, to a self-respecting, really independent, progressive citizen, who insisted that he should be heard, who manfully claimed his rights as a useful member of society, and who is everlastingly on the lookout for the betterment of his condi-

tion, and demands for his children the possibilities of a better existence than he could obtain. In other words, the factory system lifted the journeyman up to the plane of his former master, and even beyond that. You all will agree that the workingman of to-day lives better, is better clothed and has more comforts in his home than the "boss," the "master," enjoyed before the factory system was known.

"But the factory system has still something of that old-time aristocratic air about it which originated with the baron and was accepted by the burgher, but this spirit is rapidly disappearing. While the law of primogeniture could not possibly be fastened upon the industrial classes, we do find that a merchant or manufacturer will carefully amass a fortune, so that his son or sons may inherit the same, and with the help of this capital carry on the business, which they very likely would not be able to do if they lacked this capital. And so society must often pay tribute to an incompetent person simply because he happens to be his father's son. This is almost as bad as the toll which the poor farmer has to pay to the rich landowner of England.

"Of course, if such an heir is utterly incompetent, all the money which his father may have left will not save him; competition will wipe him out. However, the fact remains that our present industrial system gives the incompetent son of a manufacturer or merchant an unfair advantage over a more intelligent, more industrious, son of a workingman.

"This evil the trust is bound to remove, and, therefore, the trust is a most democratic institution.

"With the factory system, the success or failure depends usually upon the ability of one or two men, and these one or two men keep all the profits to themselves. If the business is very large, it usually goes to pieces after that one man dies or his personal effort is withdrawn from it, as in the case of A. T. Stewart and many others.

"Not so with the trust, that immense combination of capital and the best brains of an industry.

"It matters little to either or any of our great industrial or commercial institutions if they lose their presidents, for in

all such great organizations they must from necessity have in their employ a large number of men of superior talents, skill and ability, from among whom another is readily chosen.

“Cornelius Vanderbilt died, and the New York Central Railroad ran its trains and paid its dividends just the same as if a man of less prominence had been taken away.

“William H. Vanderbilt died, and the great system of railroads which he controlled paid their dividends to their stockholders without interruption after his death. Should John D. Rockefeller die to-morrow, the people of Dolgeville would be just as regularly supplied with oil as now, and so on.

The trust takes ability wherever it can find it, and pays more for it than the individual manufacturer can afford to pay. It will not pay a young man whose father is a big stockholder any more salary than the son of the most humble wage-earner, unless he can produce more, unless he can earn more, and, therefore, the trust is more democratic than any other institution heretofore known.

“But it does not stop there. In order to be successful, the trust needs to have enormous capital. Fifty or a hundred millions of dollars is nowadays looked upon as the ordinary capitalization of a combination—a trust. No man would, even if he could, invest that much money in one enterprise, and therefore the trust issues certificates of stock which anybody can buy, and which entitle the holder to his proportionate share of the profits made in the enterprise; and so, instead of one man owning and controlling a business with a capital of say one million dollars, pocketing all the profits alone, the trust gives, according to its magnitude, one thousand or ten thousand, yes, even more people, the opportunity to participate in its profits.

“But you may say, or rather it is said, that the working-men will be worse off, because the trusts will reduce wages, being so powerful and controlling an industry entirely.

“My answer is, that nothing of the kind has thus far occurred. This argument was used against the introduction of the factory system, and what has been the result?

“The hours of labor have been continually decreased, the wages continually increased, and why? Because the workmen could organize themselves under the factory system, which they could not do at the time when each boss employed only one or two journeymen.

“Factory methods directed that the machinery should run almost continually, and a strike meant always a large, ir-retrievable loss to capital, hence capital yielded to all reasonable demands of labor as far as it could. Now, this will be further emphasized under the system of combination. The managers of these combinations must and will study permanently how to get the best results from their employees, and they can get them only when their employees are contented. I therefore claim that trusts and combines are the most democratic institutions known to mankind, and should be hailed by all friends of progress and advanced ideas as the greatest achievement of the nineteenth century civilization.

“Considering that immense benefits, as I have shown, arise to all mankind from the development through these great combinations, and bearing in mind how rapidly science is beginning to master nature by making electricity subservient to man, to furnish power, heat and light, we are justified in cherishing the fondest hopes for the future.

“When the usefulness of steam was discovered the application of steam was made possible and life made easier for mankind.

“In our days electricity is aiding, and, in some instances, even superseding steam. We use electricity for heat, light and power in its various forms, and while the achievement in that direction is wonderful, yet it is acknowledged that the application of electricity is still in its infancy.”

Mr. Gladstone on Free Trade

A few months ago, in addressing the Hawarden Horticultural Society, Mr. Gladstone made the following significant statement:

“No doubt it would seem almost ridiculous if we were to recommend the pursuit of the culture of fruits and flowers and butter and eggs and poultry to the farmers of this country as a cure for all their distresses. At the same time it is a matter to me of extreme satisfaction to know that in my own particular cases these recommendations have been useful to farmers. For my part, I am a very strong free trader, and I look back with satisfaction and delight upon those changes in the laws of this country which have made the products of the whole world open to the population of this country without let or hindrance or charge of any kind. The effect of that is delightful to witness, and although there may be still much to desire—and there always will be much to desire—in the lot of our fellow laboring men, when I compare this state of things which now prevails with that which prevailed in my youth; when I compare that which you may hear from your grandfathers with that you are able to tell for yourselves with regard to food, clothing, lodgings, the comforts and enjoyments of life open to the people at large, the change which it has been my happy fortune to witness is an immense change. But, at the same time, ladies and gentlemen, though I wish that the products of the whole world should find their way to the tables of the laboring people of this country without let or hindrance, and though I hope that no delusions and no quackery will ever induce the Legislature of this country to go back upon the happy experience that it has witnessed, yet if any of those products can be better raised at home, I delight in it. If they can be raised better and cheaper here, I say, I rejoice in it. When I find that 1,200,000,000 eggs are laid all over Europe, to be imported into England, I cannot help thinking that it would be a very good thing if five or six hundred million of those eggs were laid at home, because you may depend on this, that the nearer an egg is laid to the place where it is

consumed the better it will be. I do not believe that the egg-producing faculty in this country is half exhausted, or, in point of fact, is exercised in the degree to which it ought to be exercised, and, therefore, while I rejoice that the foreigner is allowed to supply the Englishman with cheap food rather than that the Englishman should not get it, yet I say the more the Englishman can grow that cheap food at home, the better for himself and the country."

It is only natural that the greatest statesman of England's greatest age should, in these latter years, retain in full force the economic traditions and policies with which his whole memorable career has been associated. It was more than sixty years ago that the anti-corn law agitation began. England's protective policy—rigorous, sometimes, to the point of folly—had nevertheless brought her to a point of supremacy so unrivalled that she had nothing whatever to fear from outside competitors in her own markets and was ready, even, to take possession of the world's markets for manufactured goods. Free trade seemed the readiest means of promoting this effort, while English manufacturers really had nothing to lose by abandoning protection. They expected to gain still further in the cheaper labor which cheaper bread would make possible. They failed to get cheap labor, but they did greatly enlarge their foreign markets and prospered; meanwhile agriculture in England declined, and has ever since been either stationary or actually retrogressive.

It was just about the time of the anti-corn law movement that Mr. Gladstone entered public life. He espoused the cause and helped it to success. For half a century the free trade idea has been stamped upon English public thought and has largely influenced her policy, with the notable exception of her factory and short-hour legislation. It is only natural, therefore, that the aged statesman should regard free trade as a settled, permanent principle of sound public policy and any other system as "delusion and quackery."

But there is a peculiar significance, just at present, in the fact that Mr. Gladstone should have any occasion to say that he hopes "no delusion and no quackery will ever induce the

legislature of this country to go back" on its free trade policy. When the corn laws were repealed it was confidently predicted that all Christendom would abolish protection within a decade; to-day, however, England remains the only conspicuous nation without a protective system. More than this, there is now a protective movement on foot in England itself, to which we have called attention several times. Attempts have been made, and practically endorsed by the government, to form a customs union between England and her colonies, on a basis of free trade among themselves and protection against outsiders. This plan has been dropped for the present, but the protective sentiment remains. And so there really is a reason why Mr. Gladstone should feel it necessary to reiterate his belief in free trade and hint at the possibility of its reversal.

Behind this, moreover, there is a reason why Christendom has not adopted free trade and why in England itself there is now a protectionist movement. The continental nations retained protection for exactly the same reason that England adopted free trade, because it was to their economic interest to do so. It was not, at bottom, a moral sentiment that controlled England's policy, but merely the fact that she no longer needed protection for her manufactures, and saw a definite economic advantage to herself in free trade and wider foreign markets. Had not this change of economic interests come, she would have remained a protectionist country for the same reasons that caused her to maintain that policy during five centuries.

Continental Europe and the United States did not refuse free trade because of any moral inferiority to England. They refused it simply because the same circumstances that made protection unnecessary to England made it doubly necessary to themselves. England, having developed the factory system almost exclusively and protected it rigidly, had gotten away beyond reach of competition. Nobody could undersell her manufacturers in the English home market, but she could enter any other market and drive all others out; therefore, continental Europe and the United States had either to abandon manufacturing or retain protection. With them it was a

question, not of gaining foreign markets, but of retaining home opportunities. Granted that manufacturing industries were desirable, it was plainly to their interest to protect them, which they did ; just as England relinquished protection because it was to her interest to gain more foreign markets.

But why should there now be talk of reëstablishing protection in some form, in England? Is it possible that moral sentiment is less strong there now than fifty years ago? Not at all. In truth, the theory of protecting one's own best opportunities for development is even more moral than that of throwing down all barriers and letting in whatever may come. All social, religious and domestic institutions are based upon this protective principle. After economic interests have determined economic policies it is natural to seek to give those policies a moral justification ; and this is really all there was of the alleged moral foundation of English free trade.

The reason, then, for the change of sentiment now becoming perceptible, and of which Mr. Gladstone seems conscious, is that conditions have changed. England's long lead in industrial methods has almost disappeared. Other nations, chiefly the United States and Germany, have nearly overtaken her. Germany, particularly, is rapidly marching towards the point of actual competitive advantage over England ; the Germans have the best modern machine methods and, compared with England, cheap labor. Hence in some lines they can already undersell English manufacturers. Not only this, but all modern nations are rapidly developing manufactures and will before long supply their own markets entirely, while the same development is bound to occur in the near future in the great countries of the Orient.

This means two things, inevitably ; first, that England cannot permanently rely on foreign countries for the market basis of her industries ; second, that she cannot even hold her own market against competing nations having equally good machine methods and cheaper labor. This is beginning to be felt already, and English manufacturers are seeking a remedy. On the one hand, there seems to be a revival of hostility to trades-unionism ; on the other, the protectionist agitation

referred to. If the latter does not succeed, it is certain that English trades unions will eventually have to accept the wages of their continental competitors.

The protectionist agitation, therefore, is based upon a real economic necessity and is not "delusion and quackery." Mr. Gladstone naturally sees this question from the standpoint of many years ago, and he has not changed, but economic conditions have. The theory has remained static, but the world has marched along.

It is curiously interesting to note how carefully Mr. Gladstone hedges about his recommendations to English farmers. He would rejoice if they were able to do more in the way of raising fruits and flowers and butter and eggs, but only in case they could raise these products as cheaply as any of their competitors abroad. One cannot help wondering, however, if, as Mr. Gladstone says, it is any advantage to the farmers and to the country to have these products raised at home, why that advantage is not worth securing even at a slightly increased cost of the products? Indeed, if cheapness is the only consideration, what difference does it make where the products are raised? Purely as a business proposition, if anything is gained to the country by having these commodities produced at home, it might be better economy to pay a certain price for that advantage than to let it slip by. Mr. Gladstone illustrates this truth again in his humorous reference to the superior quality of eggs laid near the place of consumption. Evidently, cheapness is not the only consideration here.

In reality, the whole philosophy of free trade rests upon the proposition that cheapness is the only consideration that is of importance, in respect to the production and exchange of wealth. Once abandon that idea, and you have cleared the ground for a logical, scientific justification of protection. It seems to us that Mr. Gladstone, in suggesting the importance of certain classes of industry being carried on in England, as an advantage in itself, does really lay the free trade doctrine open to legitimate attack. The principle behind his very guarded recommendations is capable of broad generalization. If other considerations than cheapness are worthy of attention, then there may be many such considerations and any of them

may be of such importance as to justify the nation in establishing a plane of competition which shall preserve these other desirable influences.

In truth, there are many such other considerations. In the case of England, it would undoubtedly be a definite gain to the nation, economically and socially, to place agriculture in a position where the stagnation of the last half century could be overcome and progress become possible. Agriculture is not in itself a socially advantageous type of industry, but it is and always will be an absolute necessity to human existence; hence it should be a part of enlightened public policy to see that such agriculture as is required has the opportunity, at least, of existing under civilized conditions and affording to those engaged in it some facilities for material and social improvement. Mr. Gladstone seems to recognize this in his suggestions to English farmers on the advantages of small culture. We should go even further, however, and say that improvement in the condition of English farmers is important enough to the whole nation to justify some degree of customs protection on the class of products whose culture Mr. Gladstone recommends.

In this country the situation is somewhat different. It is equally important here that our agricultural population be afforded the opportunity of social progress and a broader life, but to secure this a different line of policy is required. Most of our agricultural products are already protected and, anyway, the real necessity of the situation here is not to enlarge the extent of agriculture but to bring what we already have into closer touch with urban influences. The growth of towns and cities through our great rural sections not only increases the market for farm products but brings the progressive social influences of civilization right into the regions where they are most urgently needed. This is the only movement that can ever permanently remedy the isolation and stagnation and low standard of living, with all that these imply, of the type of farm life common in so large a portion of our country.

Manufacturing industries are the sustaining basis of a very large proportion of towns and cities in this and all modern

countries. To increase and diversify this type of industries is to promote the growth of centers of population near the sources of raw material supply, and it is from such centers that the stimulating influences of wealth, social emulation, education and culture radiate.

It is possible to promote the growth of manufactures, and hence of cities with their civilizing influences, by means of a protective policy. Is not this, then, a consideration justifying the slightly increased cost of products which such a policy might involve? Is not the social effect of these industries a matter quite as well worth considering, from the national standpoint, as mere cheapness of the products? In the language of Mr. Gladstone, is it not "better for the country" that these industries be conducted within its borders? If so, then it may be the worst possible economy to accept the cheapness and get along without the industries; and this, as in the former case, purely as a business proposition.

As a matter of fact, the enhanced cost of products is seldom permanent. Once established, the new industry soon reaches a point of efficiency where the only item of greater cost is the wage item; and the ultimate result, generally, is that the products are really cheaper, relatively to the purchasing power of a high wage population, than they are in the country from which they were formerly imported.

But temporarily, no doubt, some added expense is involved. For the reasons before indicated, this expense is as wise and as prudent, from the national standpoint, as is the expense of schools, or of libraries, or of sanitary inspection, or of any of the numerous agencies which the state employs to promote public welfare.

Mr. Gladstone is entirely right in saying that for the English farmer to raise certain products at home would be "better for himself and the country." Properly interpreted, this gives a logical foundation for a protective policy. It only remained to say that whatever is "better for the country" is worth paying at least something for, and that it is the task of statesmanship to balance the accounts and so direct national policy as to secure the greater gain.

Labor Troubles in Japan

Industrial Japan presents to the world to-day a melancholy picture. To call it melancholy is not to say that the situation is discouraging; on the contrary, it is far more hopeful than that of her contented but stagnant neighbor, China. Nevertheless, the immediate prospect is dismal, and he must be hard-hearted indeed who can read the current reports about Japanese labor without genuine sympathy. Industry in Japan is undergoing a rapid transition from ancient to modern conditions and, as might be expected, the result is violent overturning of long established customs, displacement of old interests, and very much real suffering. The factory system is bearing hard and heavy upon the laboring classes, because they have as yet hardly begun to catch up in prestige and power of resistance with the capitalistic side of the situation. The laborers represent ancient Japan; the capitalists represent modern conditions and methods; and hence, inevitably, they have the upper hand. As in the case of the early factory system in England, Japanese manufacturerers are exacting excessively long hours of labor and paying the minimum wages, upon the theory that such a policy is the quick and certain road to high profits. It is indeed the quick road to temporary high profits, but it is the certain road away from any permanently profitable system of industrial enterprise.

Japan's present experience is affording the world some exceedingly valuable testimony on a variety of important economic problems. She furnishes a panoramic object lesson in industrial evolution so rapid that we may, perhaps, see the whole process of transformation from barbarism to comparatively advanced civilization, in the course of one generation. The very rapidity of movement increases the friction and hardship, but it will bring Japan out of the slough all the sooner. Capital is introducing the instruments of civilization; upon labor rests the responsibility of distributing the benefits of that civilization throughout the nation. The method by which they will have to do this is the same that has of necessity been resorted to wherever the factory system has appeared and de-

veloped; namely, organization. They must organize to demand better wages, organize to secure shorter hours, organize to bring pressure upon the legislative authorities for the enactment of humane factory-labor regulations, without which the conditions of toil are even more degrading and stultifying than under the ancient systems of industry.

This organization movement has hardly commenced, as yet, but evidently it must be under way in some rudimentary form, judging from the progress in wage and other conditions that has been made so far. A good part of the rise in wages in Japan is, of course, chargeable to the rise in prices and consequent increased cost of living, rather than to any great improvement in the standard of living itself; but the movement having once begun, the next step on the part of the laborers will be to go on and demand the means of a better subsistence and larger social life. The shocking conditions under which Japanese factory laborers now live and work cannot be permanent. These toilers will become more and more restive and rebellious and, as discontent grows and the pressure seems more severe, open resistance will become general and successive concessions will have to be granted as the only alternative to continuous and expensive industrial warfare. Already, strikes are common in Japan.

A correspondent of *American Trade*, writing from Kobé, Japan, reports a condition of affairs that bears out these views. The newness of the factory system and ill adaptation, as yet, of Japanese laborers to the new conditions are manifest, as the following selection shows:

“Factories are experiencing more difficulty in obtaining labor which can be educated to do their work and the demand for factory hands is constantly increasing. Of the number taken on trial many fail to meet the requirements and new ones are constantly being taken, with the effect that the factories never have a complement of skilled operatives. A lack of system is more and more evident in the work performed by factory hands, due no doubt to the want of physical strength. They cannot stand the strain of constant work demanded of them in operating machinery and further they will not come

under discipline in looking after the machines and a rapid deterioration of spinning machinery follows. The spirit of insubordination is increasing rapidly and is found everywhere.

“ It would seem that the Japanese have not the physical strength to perform continuous labor and the old established system of taking a rest of a quarter of an hour once in two hours has evolved from a lack of strength to perform continuous labor, and insubordination follows when laborers are forced by their overseers to perform continuous work, as that required of machine operatives.”

The following shows how the pot is boiling :

“ The ‘cheap labor’ cannot be controlled, a feature the Japanese never dreamed of, or at least they did not proclaim it, and it is one of the leading causes affecting the establishment of new enterprises.”

Highly unaccommodating, to be sure, is this “cheap labor.” Unwillingness to be “controlled” is without doubt inexplicable and a source of some little indignation to those who look upon cheap labor as almost a direct gift of providence, to be reckoned among the permanent and reliable blessings of any nation so fortunate as to possess it. But to proceed :

“ It is to be noted that during the past year there have been no fewer than thirty-eight strikes in different parts of the country and in these strikes have been represented all classes of labor from the cargo coolie to the servants in the ‘Home Department.’ Many silk and cotton weaving mills have been rendered idle, large bodies of carpenters, cargo coolies, miners, railway porters and men in other walks of life have shown themselves to be sufficiently well organized to obtain the concession of whatever they have taken it into their heads to demand ; for the capitalist in Japan as a rule is a man of small means who wants prodigious returns for his outlay. The leaders of public opinion in Japan are devoting their attention to the present attitude of capital and labor. Bills are to be introduced limiting the hours of labor for factory hands under fifteen years of age, and requiring sanitary inspec-

tion of the mills and living apartments furnished to mill operatives, as the health of mill operators is found to be suffering."

The details of this proposed factory legislation we find in a recent letter to *The Railway Conductor* from Fusataro Takano, of Tokio, who has once or twice contributed to our columns on labor conditions in Japan. He states that a bill is about to be reported in the Diet, embodying the following features:

"(1) Prohibition of child labor under 10 years.

"(2) Limitation of working hours to ten for children under 15 years.

"(3) Prohibition of night work for children under 15 years.

"(4) Limitation of working hours for adults at twelve except under special agreement.

"(5) Prohibition of employment of women and children under 15 years for work detrimental to their health; the works to be thus subjected shall be determined by the Minister of State for Agriculture and Commerce.

"(6) Safety provisions for dangerous machinery.

"(7) Liability of employer in case of accident, fatal or otherwise, of employee in discharging his duty.

"(8) Issue of certificate to each operative by municipal authorities, the same to be deposited with the employer while the holder of the certificate is working for him, and the employer, on the other hand, is required to hire none but certificate holders.

"(9) Inspection of factory construction by the authorities.

"(10) Creation of factory inspectorship.

"(11) Factories to be subjected to the proposed act are those employing over fifty workmen, women and children."

The certificate plan, it appears, is to prevent enticing of laborers away from one factory to another, which is a common practice due to scarcity of labor. Mr. Takano objects to these certificates as hindering free movement of labor and freedom to strike, and no doubt they would have this effect; but on the whole he thinks the bill is probably the "best bargain

procurable" at present. Certainly the capitalists do not favor it, and Mr. Takano says:

"The monster association of cotton spinning operators was the first to declare against the bill, and it has already sent a deputation to the department, basing its opposition on the time-worn plea that the proposed law will deal a death blow to the industry. (The writer has a mind to tell them that if the existing evils of child labor, long hours, etc., are necessary for the existence of the industry, it is for the interest of the nation that such industry should be abolished, and the sooner this was done, the better for the nation.) Another kind of opposition manifested in the camp of employers is based upon that 'sacred' doctrine of *laissez faire*. They say that interference of government is disastrous to the growth of national industry. The comical part of this argument is that among those who are thus arguing there are great numbers who are engaging in occupations which are receiving government subsidies. Still another opposition is advanced by a knowing class of employers, who claim that prohibition of child labor and limitation of working hours will cause great suffering to workers, as if those conditions were great blessings to workers; and that the relation of employer and employee is not so strained as it is in western countries, quite forgetting to note the numerous strikes that occurred during the past year and a half."

Returning to the letter from Kobé, printed in *American Trade*, we find an interesting point which illustrates an important economic truth:

"During the past two years the wages of coal miners have advanced much above their cost of living; but rather than improve their present condition or manner of living they remain away from work and take a 'few days' every now and then, with the result that the output of coal is found to be much less than when wages were lower and as the demand for coal is annually increasing the only alternative is to import it."

Whatever advance in wages has been received by Japanese coal miners is due very much more to the efforts of the factory workers than to their own exertions. The factory

workers have come under the influence of modern conditions and urban life ; the coal miners have not. Consequently, the factory workers have been spurred along to demand higher wages, to cover the rise of prices and more too, while the coal miners would undoubtedly have submitted to the hardships of a considerable rise in prices before making much effort to recoup themselves on the wage side of the situation. But the new factory system has been drawing workers from all over Japan into the cities, while at the same time miners have been in greater demand than ever before, to supply coal for the mills. Mine owners, therefore, have been obliged to pay their men at least sufficient wages to keep them from going to the towns, even though these same laborers would almost never have taken the initiative themselves in any organized struggle for better pay. This inertia on their part is curiously shown in the fact that they refuse to work after they have earned enough to cover the cost of their low standard of living. In preference to earning more they will take a "few days off." This experience is very similar to that of Sir Thomas Brassey, when he was building railroads in India. In the hope of getting more work out of the natives he doubled their pay ; the result was that they would only work about half of each week.

The principle illustrated in the case of the Japanese coal miners is this : that the general rate of wages within any given economic group is determined by the standard of living of the dearest laborers whose services are needed in that group. In Japan, the scarcity of labor is such that nearly the whole empire, probably, can be regarded as one economic group, affected throughout by the same forces and influences. Here in the United States there are very many different groups, each having different wage and price conditions determined within itself. The principle, however, is the same in all cases. What the active, discontented, progressive element demands and is able to command, determines the rate for all the rest within the same group. It is for this reason that immigrants to the United States are able to command American wages in so many industries ; and country artisans, upon coming to the city, receive city wages.

A detailed record of contemporary wages in Japan will perhaps be found useful for preservation and reference. The following statement, taken from a Japanese newspaper, was included in a recent official report from our Consul-General at Yokohama :

Occupation.	November 1897.	November 1895.	Occupation.	November 1897.	November 1895.
	Yen*	Yen.		Yen.	Yen.
Carpenter.....	.70	.40	Joiner.....	.70	.50
Plasterer.....	.80	.60	Cooper.....	.40	.25
Mason.....	.80	.50	Clog maker.....	.40	.25
Sawyer.....	.70	.60	Ribbon maker.....	1.30	1.00
Tile.....	.70	.50	Weaver.....	.40	.25
Bricklayer.....	.60	.40	Blacksmith.....	.60	.45
Mat maker.....	.70	.60	Gold and Silver smiths..	1.00	.80
Paperer.....	.75	.60	Foundrymen.....	.90	.65
Carriage maker :			Ship carpenter :		
First class.....	.60	.50	First class.....	1 00	.70
Second class.....	.50	.40	Second Class.....	.80	.60
Third class.....	.40	.30	Third Class.....	.60	.50
Roofer.....	.70	.50	Gardener.....	.50	.30
Tailor :			Coolie.....	.40	.30
Japanese dress.....	.60	.30	Bookbinder.....	.70	.50
Foreign dress			Sculptor :		
First class.....	1.50	1.20	First class.....	5.00	3.00
Second class.....	1.00	.80	Second class.....	1.50	1.00
Third class.....	.80	.60	Third class.....	1.00	.70

*In November, 1895, the value of the Japanese yen, in American money, was 52.4 cents; in January, 1898, 49.8 cents.

New Views of Domestic Service

L. E. RECTOR

Some months ago a book appeared which, though it may fail of immediate popularity, will be considered authoritative by students of economic questions fifty years hence. I refer to "Domestic Service" by Lucy Maynard Salmon. One who has followed the work of Professor Salmon during the past fifteen years will not be surprised at the author's firm grasp of our present economic questions nor that the presentation has taken such a scientific form. It is the first attempt, in this or any other country, to bring the problems which perplex the household, *per se*, into the great rushing stream of social and industrial overflow, organize them as a part of the greater movement and then treat the subject in the historical and scientific spirit.

That a book of this character has not appeared before and that it appears now—the work of a woman—are equally significant. The labor question, as applied to industrial pursuits, has been a subject of interest we might say almost from the time of the first strike at *Mons Sacer*. It has been a theme for thoughtful discussion in European countries during the past century, and an acute phase has been presented to us in the United States during the last fifteen years. But it is a question which has not touched, consciously, the household nor woman's work. That it is to do so in the future Professor Salmon's work presages.

Professor Salmon has shown in a very striking manner, and has fortified her conclusions by well-digested statistics, that the relation between employer and employee has been dependent, largely, upon the surrounding political conditions. A study of the social status of laborers North and South makes this clear. While the social equality of employer and employee in the New England towns was a matter of "continual amusement" to the foreign visitor, in the South the "social chasm became impassable as negro slavery entirely displaced white labor." Writers like De Tocqueville and Harriet Martineau were able to interpret this condition one hundred

years ago, and attribute it in large measure to the democratic spirit of the age and country. As this democratic spirit has become more wide-spread, a matter of heart as well as of head, culture as well as information, the permanent inequality of master and man has lessened, and the stigma attached to the term man-servant has largely disappeared. Another factor which has tended to bring about the same result may be found in what we call universal education. We are beginning to realize more and more that the future aristocracy will be one of ability and character rather than the old (and largely present) one of birth and wealth. Current novels register this prophecy. No American, who has read Mr. Davis' "Soldiers of Fortune," feels that there is any incongruity in the position assumed by Clay and MacWilliams in the family of the aristocratic Mr. Langham, nor do we evince astonishment that the civil engineer marries, in the last chapter, the daughter of the capitalist. Could this be said of any other country on the face of the earth; could it have been said of us seventy-five or even fifty years ago?

But woman has always resisted the democratizing drift of the ages. This may be on account of a weaker physical organization which has kept her in the rear of the march of civilization; it may be due to the fact that she was destined to be the conservator of that which man acquires; some would attribute it to a radical difference of nature which made her at once the glory and the victim of the Feudal system. Whatever the cause, the fact remains that women as women are, in large measure, responsible for the present social chasm between mistress and maid; for the lack of differentiation in the various parts of her home duties; for the tendency of men to belittle the affairs of the household, as well as for the result of all this, the present complex nature of household management and the lack of flexibility in household employments.

Baudelaire was not far astray when he wrote: "You can never understand woman;" and this factor must not be omitted in any attempt to bring woman's work in line with man's. There are books enough on the evolution of sex: what we need is a treatise on the philosophy of the feminine. Any one who

has studied woman, whether in the class of girls before him or in the cook in his kitchen, must have noted a certain mental misconception, an obliquity of vision amounting at times to a radical lie in the intellect. It is as true of Sappho and of George Eliot as of Katy Mularchy. This feminine twist is partly idiosyncratic to the sex and partly engendered by antecedent conditions. Buddha as well as Christ was born of a virgin; the larger part of the Christian world still worships the mother of Christ. The highest conception of beauty of the greatest beauty-loving nation was embodied in the female form. Man has demanded but one thing of woman—attractiveness. Until the present she has been content with this idealization, and now must bear the consequences in a general unfitness for the work she aspires to perform. A careful study of Professor Salmon's book shows this most plainly. I believe it is possible for a woman to retain her womanliness, acquire the ability to look at things clearly and truthfully and, at the same time, step out of the age of chivalry with its exhalations. Some one has said that the Creator never meant sex to be more than a partial separation of the two aspects of our common humanity. The present bias toward mysticism may be traced to the unfeminizing of a certain portion of our female population. Natural forces struggle to preserve the balance, and mysticism will disappear from our American mentality as woman adjusts herself to the civilization of which she is a part—retaining her womanliness.

These are some of the factors which arise to complicate a question already intricate. The problem will hardly be solved, I think, "when the subject of domestic service is regarded as a part of the great labor question and given the same serious consideration." The difficulties cannot be said to be due entirely to "the attempt to harmonize an ancient patriarchal industrial system with the conditions of modern life." The failure may be traced to the natural weakness of both parties to the contract, as well as to the defective system. Freedom in politics and religion has not solved all the difficulties of our modern life, nor does it seem likely to do so, though much has been gained thereby for our common humanity. The re-

sult of a system can never be predicted with any certainty until we understand the people who are to use the system. The human element always introduces the wave line in the picture, and gives the lie to so many philosophies of history. A straight line is not the shortest distance between two points in the mathematics of the soul. Woman in the past has shown herself even less amenable than man to laws, statute and psychologic, and for this reason the labor question in the kitchen will require a longer time for its solution than will the labor question of the factory and mine. Professor Salmon deserves the gratitude of every home loving man and woman for her recognition of the fact that domestic service needs to be organized as a part of the great industrial problems of the day, and for her clear presentation of the results which have arisen because we have failed to look on its economic side. Here is an opportunity for women, especially the college woman with her knowledge and superior training. In this as in every other field of human activity, progress can be "made only through investigation and the widespread diffusion of the results of such investigation." The "unquiet sex," it is pleasant to note in this connection, has made mankind in general most deeply her debtor, and has most clearly shown her ability in lines of work which conduce to the health and well-being of the household. "Domestic service" points in the same direction, and opens another field for the *euphoria* of the modern woman. It is possible the future may reveal to us that the antagonism of sex is nothing more than the two partial aspects of the one idea. As Hegel would express it, every truth holds its contradiction, and it is from the antagonism in the opposing forces that the development into final unity must come.

Institute Work

Wages *versus* Profits

There is probably no idea connected with economic discussion which is more generally accepted than that the process of wealth distribution consists of slicing up the wealth of society, as it were, into rent, interest, profit and wages. The logical deduction from this is that if any one of these gets more, some of the others must get less. The "Tom, Dick and Harry" illustration so takingly stated by Henry George presents this idea completely. He says:

"The laws of the distribution of wealth are obviously laws of proportion, and must be so related to each other that any two being given, the third may be inferred. For to say that one of the three parts of a whole is increased or decreased, is to say that one or both of the other parts is, reversely, decreased or increased. If Tom, Dick and Harry are partners in business, the agreement which fixes the share of one in the profits must at the same time fix either the separate or the joint shares of the other two. To fix Tom's share at 40 per cent. is to leave but 60 per cent. to be divided between Dick and Harry. To fix Dick's share at 40 per cent. and Harry's at 35 per cent. is to fix Tom's share at 25 per cent." *

This has an obvious seeming, yet there is no proposition connected with economic discussion which is more erroneous, nor more thoroughly misleading in its effect. It follows from this proposition that any increase in rent, profit or interest, implies a decrease in wages; and, conversely, that an increase in wages involves a decrease in rent, interest and profit. This is a relic of the Ricardian idea that "Profits rise as wages fall, and fall as wages rise." Of course, if it is true that a rise of wages necessarily implies a fall in either rent, interest or profit, or all of them, it follows that the capitalist classes have an abiding interest in keeping down wages and, conversely, if it is true that an increase in the aggregate of rent, interest and profits necessarily lessens wages, laborers have a perpetual reason for being opposed to any increase of these forms of capitalistic

* Progress and Poverty, pp. 117, 118.

income. Nothing could more clearly and definitely establish the fact that capitalists and laborers are necessarily permanent industrial enemies.

Fortunately for civilization, despite the fact that this notion is universally believed by all shades of socialists, and is generally conceded by all classes of economists, it is not true in fact or sound in theory. It is, indeed, one of the most radical errors of old school economics. Although the error is a very radical one, it is not unnatural. It seems to be the most natural thing in the world to assume that wages, rent, interest and profits are simply divisions of the general income of society and are all of the same character. Yet, despite its seeming naturalness, this is exactly where the fallacy lies. There is a radical difference in the economic character of wages and the other three kinds of income. Rent, interest and profits are parts of surplus income; that is to say, they are not parts of the cost of production like raw material, tools, etc., but they are the divisions of the surplus remaining after costs of production are paid. In short, rent, interest and profits are of the character of what Karl Marx calls "surplus value." Indeed, there would be no reason for calling them by different names, except for the fact that they go to different classes, as land owners, capitalists and entrepreneurs. Rent, for instance, as the universally accepted Ricardian law teaches, is the surplus product due to the exceptional utility of land which yields more for the same cost than the poorest land with which it competes. It is an accepted axiom in economics that rent of land, therefore, is not a part of the cost of production, and does not enter into the price of commodities. What is true of rent is, obviously, and for the same reason, true of profits and interest.

Our readers are familiar with the doctrine of the cost of production, viz.: that it always means the cost of the dearest portion of the supply continuously furnished. This is exactly what Ricardo taught regarding rent, and what standard economists all accept. It is what Mill incidentally hinted at, and what Walker emphatically affirmed, and is now generally accepted regarding profits. And it is, for all the reasons that obtain in rent and profits, just as true of interest. As we have

said, the only reason for having different names is because the surplus goes to different classes. If the entire instruments of production, land, capital and tools, were owned by the same individual, then there would be no such thing as rent and interest, it would all be profit. Profit is the undivided surplus remaining after all costs are paid. This surplus may be partly due to the exceptional utility of land, it may be partly due to the exceptional utility of capital and machinery, and it may be partly due to exceptional management. If the party who conducts the business does not own the land, or only a part of the capital, of course, in order to proceed, he has to hire the land from those who own it, and also hire the capital. His motive for doing so is that the aggregate surplus will be larger than the stipulated amount that he will pay to the landlord as rent, or to the capitalist as interest, and thus will leave him an undivided profit. Hence rent is obviously a stipulated payment per unit for the use of land, and interest is a stipulated payment per unit for the use of capital. The remainder of the surplus remains as profit to the party conducting the business. Clearly, therefore, it is true of necessity, that an increase of rent or an increase of interest would be a reduction of profit, because whatever the party conducting the business does not pay in rent or interest he has as profits. If he had the land without rent, and the capital without interest, he would have the whole surplus as profit. If it all went to rent and interest, profit would be nil. But whether it is evenly divided between the three, or goes to any two or to any one, it does not affect the price of the product, because it does not affect the cost of production. It affects only the income of some one or more of the participants in the aggregate surplus increment. It is a well known fact that there is land used that receives no rent, and capital used that yields no interest, and that there are business concerns that make no profits. It does not often happen that these three zero elements are all in one concern, but it is always happening that all these zero or non-surplus earning elements are in existence in different enterprises. That is to say, there is always in use in the community what is known as no-rent land, no-interest capital, and no-profit enterprises.

This is not true of wages. There is not, anywhere in the world, any no-wage labor. There is a great difference between the highest wages paid in most advanced countries, and the lowest wages paid in most backward countries, but under no conditions is there any no-wage labor. The reason for this is obvious. It is that labor cannot be had without wages, that is, without paying the cost of the laborer's living. Land can be used without rent, capital can be used without interest, and business can be conducted without profits. There is nothing peculiarly obscure about this. The reason for it is simple and plain enough if we recognize the very obvious fact that wages are radically different from rent, interest and profits, in that wages are always and everywhere an indispensable part of the cost of production. They are necessarily an expenditure or investment previous to the product, and consequently in no way a contingent increment, while rent, interest and profit are contingent resultants from the product, and depend largely upon whether the business is conducted under non-surplus creating, or surplus creating, conditions; which is only another way of saying it depends upon whether the business is producing at the point of the dearest cost, or at some point of cost of production below the dearest; none of which applies to labor.

In view of these facts it will not be difficult to see that wages are not a part of the division of the surplus generally created by the different agencies of production, as the "Tom, Dick and Harry" illustration implies, but that wages are determined by causes wholly outside of these rent, interest and profit creations. These may all be high or low, or one may be high and another low, or one nil, and not affect wages at all. Indeed, it is a matter of every-day experience that concerns which are making no profit, or are unable to pay any interest or rent, have to pay the same wages as concerns which are making large profits and pay high rent and interest charges. The reason for this is that wages are determined by the cost of living of the laborers, while rent, interest and profits are residual incomes, depending wholly on the exceptional productive efficiency of the capitalistic implements or methods employed.

It will be seen, therefore, from this point of view, that the

assumption that high rent, interest and profits mean low wages, or that high wages mean a lowering of rent, interest and profits, is wholly fallacious. If this distinction is kept clearly in mind, the notion which is so much of a bugbear to workingmen to-day, and to uninformed capitalists, that an increase in the income of the one implies a decrease in the income of the other, will forever disappear, as an economic myth. It will then be manifest that the incomes of the two classes, that is, of the laborers and different groups of capitalists, are governed by distinct sets of forces, while the prosperity of either acts advantageously upon the other, and *vice versa*. It is not true that prosperity of the one implies adversity of the other. On the contrary, an improvement in the condition of either tends to promote general prosperity. The condition of wage earners, which is indicated by the size of their wages, is improved only through influences which expand their standard of living, and consequently force up their wages, in the same way that every element of necessary cost forces up the value of the commodity produced. Thus, the forces which equally and permanently raise the wages of labor and improve the condition of the wage class, are social. They are forces which operate upon the social lives, tastes, habits and desires of the wage class, and with every such improvement necessarily comes a larger demand for an increasing variety of products and, hence, enlarged opportunity for capitalistic prosperity.

The income of the capitalist classes comes from a different set of forces. Being the result of surplus increment, it certainly depends on the conditions which make the creation of surplus possible. Economic surpluses arise, not from high or low wages, but from a variation in cost of production between competitors in a given market. If all the competitors could produce only at a uniform cost, as is true in the lowest stages of society, surplus of any kind would be practically impossible. No interest could be paid for capital, and no profit would remain for the entrepreneur, nor could any rent be demanded. The result would be, as is true in some parts of the world, that land would yield no rent, capital no interest (hence capital does not exist there) and management no profit (hence there is no manage-

ment, for each works individually for himself). In proportion as the competitors progress from this point to the use of capital and development of management, variety in the costs of production increases. The improvements and economies accomplished by some are much greater than those of others, hence there is diversity in the per unit cost of production, and this diversity of cost represents, indeed creates, a corresponding diversity of surplus or profit. Necessarily, prices being substantially the same for the same commodity in the same market, surplus is created directly as the cost of production is reduced below that of the most expensive producers. So that, the creation of surplus depends upon the use of improved machinery, better organization, greater skill of management, and not upon reducing wages.

Properly understood, therefore, the wage question and the profit question are quite distinct. Instead of the one being a sort of semi-parasite upon the other—the receiver of wages being interested in low profits, and the receiver of profits interested in low wages—the reverse is true. The profit receivers are, in the large and permanent sense, industrially interested in rising wages and higher standards of social life among the laborers, because this furnishes the two great facts in civilization: first, increasing demand for an increased variety of products, which is the basis of prosperity, and, second, increased intelligence and morality in the community. The laborers are equally interested in the growth of profits and other surplus increments because, first, it is by the increase of these increments that new methods and better industrial conditions are stimulated and developed, and, second, it is the development of these methods and the creation of surplus that makes an increase of wages and lowering of prices, and the expenditure of money for public improvements, possible, without impairing the industrial efficiency of the capitalist classes. It is in this large and permanent social sense that the interests of laborers and capitalists are interdependent and harmonious, and often strictly identical.

We repeat once more, then, that the doctrine that wages, rent, interest and profits are all parts of a common division of the products of industry, is fallacious; and affirm that wages are

essentially different from the other three, that they are a necessary part of the cost of production, while the others are a portion of a resultant surplus, and, therefore, it is not true that the sum that goes to rent, interest and profit means that less goes to labor, or *vice versa*, that the more that goes to wages the less goes to rent, interest and profit. On the contrary, higher wages may, and in the long run do, mean larger increments of rent, interest and profits and, conversely, high rent, interest and profits are not only compatible with but actually minister to the conditions which make high wages possible and easier to obtain.

Work for March

OUTLINE OF READING

The outline of work for March covers sections *b*, *c*, and *d* of topic VIII in the curriculum, as follows :

(*b*) Rent.

- (1) Different kinds of rent.
- (2) Economic difference between rent and wages.
- (3) Popular fallacies regarding effect of rent on wages.

(*c*) Interest.

- (1) Economic character of interest.
- (2) How it differs from wages, rent and profits.
- (3) Its effect on prices.
- (4) Who pays the interest ?

(*d*) Profits.

- (1) What constitutes profits ?
- (2) Effect on prices.
- (3) Effect on wages.
- (4) Why large in some industries and small in others.
- (5) Are large profits a burden on the wage earners and consumers ?
- (6) Whence do profits come ?

REQUIRED READING. In "Principles of Social Economics," Part III, Chapters IV, V and VI. In Marshall's "Economics of Industry," Book IV, Chapters VIII to XIII inclusive; Book VI, Chapters VI to X inclusive. In *Gunton's Magazine*, the Class Lecture on "Wages *versus* Profits."

SUGGESTED READING. In Adam Smith's "Wealth of

Nations," Book I, Chapters VI, IX and XI. In Ricardo's "Principles of Political Economy and Taxation," Chapters II, III, VI, X and XV. In Mill's "Principles of Political Economy," Book II, Chapters XV and XVI: Book III, Chapter XXIII; Book IV, Chapters III, IV and V. In Karl Marx's "Capital," Part III, Chapter VII. In Francis A. Walker's "Political Economy," Part IV, Chapters II, III, and IV. In same author's "Land and Its Rent," Chapter I. Lecture on "Taxation vs. Confiscation," in *Gunton Institute Bulletin* for Feb. 26, 1898.

AIDS TO READING

Notes on Required Reading. Rent, Interest and Profits are merely different phases of one general topic, namely, Economic Surplus. They are the three forms in which the surplus wealth product of the community, that is, the portion not absorbed in wages of labor, is distributed. "Surplus value" should not be confused with economic value; the two are entirely different. Economic value is the ratio in which commodities or labor exchange for each other; in each particular case the ratio is determined by the cost of producing the dearest portion of the given commodity that the market requires. Surplus value is not a ratio; it is a contingent increment. It is that portion of the wealth created in the community which is not entirely absorbed in the cost of its production, *i. e.*, in wages of labor. Manifestly, this surplus does not accrue to all producers, but only to those whose cost of production is less than that of the dearest, or price-fixing, group. These latter get no surplus, and if the cost of production were the same in all cases, nobody would get a surplus. It is only because costs are different for different producers, while the price is uniform throughout the same market, and must be high enough to cover the cost of the dearest whose supply is needed, that any surplus is realized by the others. If the lower cost of some of these competitors is due to superior productiveness or availability of land, then their surplus comes in the form of rent; if due to superior plant and equipment (capital), it comes as interest; if due to superior skill in promoting and managing an enterprise, the

surplus comes in the shape of profits. Generally it is divided among all three factors, in different proportions; but in every industry there is a certain group of producers at any one time who are at the dearest cost-point in some of these three respects and receive no surplus. These are the producers who are constantly on the verge of bankruptcy, and are struggling to keep the price of their product up to the point of at least covering the cost, even though no surplus is realized. Since this is the point where price is determined, and neither rent, interest nor profits enters into cost of production at this point, it is clear that none of these elements are included in the price of commodities, and hence do not, in reality, come out of the consumer.

These are the points, briefly, that are brought out in the current month's reading in "Principles of Social Economics." Three chapters are given; one on Rent, one on Interest, one on Profits. In the chapter on Rent, the Ricardian theory is first taken up, then the amended definition given by Francis A. Walker. While the central idea of the Ricardian doctrine, namely, that rent arises from differences in the productive utility of land, is correct, yet the definition itself, that rent is an amount paid for the "use of the original and indestructible powers of the soil," is shown to be defective. Nor is this defect eliminated by Mr. Walker's re-adaptation of Ricardo's definition. After discussing these points, Professor Gunton states what is believed to be the true law of rent, and traces the cause of rent to its final source, namely, the consuming capacity of a high-wage population. He also shows that to abolish rent would neither increase wages, lower prices, nor contribute in any way to the welfare of the community. This portion of the subject is very important and should be carefully studied; and it is especially desired that questions be freely asked on any point that is not entirely clear.

If the rent question is once thoroughly understood, students will have little difficulty with the chapters on Interest and Profits, since the principle is the same in each case, the difference being only in the application. It is shown, first, that there is such a thing as no-interest capital, just as there

is no-rent land, and that where interest does arise it is because of the superior productiveness of an establishment's plant or equipment, as compared with the least effectively employed capital in that industry. The fallacy of the idea that interest is the "reward for abstinence" is also clearly pointed out.

The same law holds good in the case of profit. Profit is the surplus due to superior managerial talent, and differs from rent and interest only in that it is at all times an indefinite quantity, while rent and interest are, for certain periods at least, stipulated rates of income. In discussing profits, Professor Gunton applies himself chiefly to disproving one of the very greatest errors of classic political economy, namely, that profits and wages are antagonistic elements of distribution, neither of which can rise unless the other falls. It is this pessimistic doctrine which, in reality, gave the basis for the whole socialistic philosophy. If it were true, socialism might indeed be the only escape from the dilemma. In this chapter we are shown the error of this idea, and also of the theory of exploitation of labor developed from it by Karl Marx, in his great work on "Capital." It is also shown that as society progresses the relative proportion of the total wealth product going to profit-receivers tends to decrease, while the proportion going to labor increases. This fact is verified from several different sources.

In connection with this part of the subject, students would do well to remember the *order* in which wealth is distributed among these different factors, namely, wages first, then rent, then interest, then profits. This is so because it is in this chronologic order that the different factors of production come into use, as fully explained on pp. 181, 182, of "Principles."

In Marshall's "Economics of Industry," the six chapters assigned in Book IV do not treat of surplus value, but they have a sufficient bearing on that subject to warrant including them in this month's work. They discuss the advantages of industrial organization, and show the gain to society that has come and is coming from the increasing use of capital and of expert capitalistic management. Two points brought out by Professor Marshall are especially worth noting; first, in Chap-

ter IX, his recognition of the fact that the social features accompanying the life of factory workers are much more important to their mental development and social progress than mere variety of employment, such as agricultural laborers enjoy to a larger extent. Next, in Chapter XIII, Professor Marshall shows that at the present day the production of wealth tends to increase faster than population, thus permitting a gradual increase of material well-being to the individual members of society. We call attention to this, not because it is anything new or doubtful, but simply to show the significance of such a statement, at the close of the nineteenth century, by contrast with the gloomy predictions of Malthus, at its beginning. Then, the thing the world most feared was that population would inevitably outrun the means of subsistence; this thought haunted the minds of most of the early English economists and influenced their doctrines. Now, such has been the progress of capitalistic production that we find the latest in the long line of English economists declaring that the opposite rule prevails, in which he is entirely correct. This is one of the reasons why economics is no longer necessarily a "dismal" science.

In chapters VI to X inclusive, of Book VI, Professor Marshall discusses interest, profits and rent. His treatment of these topics is not particularly clear or definite, and does not seem to reach the heart of the question. He begins by calling capital the result of Labour and Waiting; and here, as in previous instances, we see the influence of the Austrian School "marginal utility" doctrine. In truth, mere *waiting* is not and cannot possibly be a factor in the production of capital or any other form of wealth. Productive effort, applied to appropriate natural objects, is the only means of creating wealth. To say that this effort requires time for its completion, and hence involves some degree of waiting, is simply to state a common truism; but it is the effort, not the waiting, that produces the wealth. Professor Marshall uses *waiting* as synonymous with *saving*, which is confusing, since the two terms ordinarily convey entirely distinct ideas. To regard capital as the result of saving might have been correct in the days of small businesses and small methods but it is entirely

inadequate, as a definition, to-day. Most of the capital now in use is not the result of abstinence or saving but is simply the accumulated profits that have arisen during many years of enormous industrial expansion.

Interest, according to Marshall, is the reward of waiting. This definition we must consider defective, for the reasons just pointed out. Interest, properly defined, is the reward of superior productive capacity as compared with other portions of capital employed in the same industry. Again, Marshall seems to make the expansion or contraction of industry depend upon the rate of interest at which capital can be obtained. Undoubtedly this influence does operate, but only as a reflex, not a primary, force. The primary fact, under modern conditions, is that interest itself depends upon the character and profitableness of industry. In a country where risks are relatively great and margins wide, the rate of interest will rule higher than in an old established section where industries are permanent and competition active and continuous. Interest arises only when capital is employed in production of wealth, and this occurs only when there is an effective demand for such wealth; and this demand, in turn, is effective only when the workingmen, who form the bulk of the consumers, receive high wages.

In discussing profits, Professor Marshall shows that very much of what is commonly called profit should be classed, really, as cost of the proprietor's living. This is particularly true of small farmers, where the margin of profit is often not more than what an ordinary workingman gets in wages. In such cases the cost of the proprietor's living is a legitimate part of the cost of production of the commodity in which he deals, and hence cannot be classed as economic surplus. For reasons already explained, the statement that "the whole of the normal profits enter into true or long-period supply price," must be regarded as erroneous. Profits do indeed enter into the price received by all except the dearest group of producers in any given industry; but it is these latter who determine the price for all, and as that group (which, of course, is constantly shifting in its make-up) is obliged to sell at cost, profit does not enter into the prices the community has to pay.

Marshall regards rent as derived from "Producer's Surplus," which is the gross produce of land over and above what is received from the final "dose" of capital and labor, which will just yield enough to cover the cost of its use. It would appear from this that all land employed in production yields a Producer's Surplus, and hence, presumably, would command rent. In reality the same competitive principle applies here as in the case of interest and profits. Rent arises, not because some portion of the same producer's land yields larger returns than some other portion, but because some portion of all the land whose products compete in the same market has more productive utility than some other portion. The rent is the surplus arising from this superior productiveness, relative to other land in the same economic group. As soon as the farmer enters the market with his products, in competition with others, the fact that part of his land was more productive than some other part would not necessarily have any effect at all on the question of rent or "Producer's Surplus." Unless his total crop were produced at a less total cost than that of the dearest competitors whose product was needed, he would receive no "Producer's Surplus," or, if a tenant, he could pay no rent.

Notes on Suggested Reading. From the chapters suggested in "Wealth of Nations," students will see that Adam Smith draws no clear distinction between profits and interest, but treats one as, practically, a part of the other. This was perhaps largely due to the fact that in his day of relatively small business enterprises, proprietors were the owners of their own capital much more commonly than at present. Interest, in his view, is the same as profits, and is called interest only when the business man uses borrowed stock instead of his own. Smith also makes profits and rent enter into the price of commodities; an error which we have fully discussed elsewhere. Here also we find the fallacy about increase of wages tending to lower profits, and *vice versa*. Most of Smith's discussion on the question of rent has little more than a scholastic interest to-day, since it was so completely superseded by the Ricardian theory.

The reading suggested in Ricardo is important, since it is upon his doctrine of rent that Ricardo's fame chiefly rests. This doctrine being thoroughly discussed in "Principles of Social Economics," no special comment is necessary here. The important points developed by him are that rent is a surplus due to superior productiveness of land, and hence that rent does not enter into price. These are the features that will live, after various errors in his reasoning on this theme have been eliminated.

Ricardo says that profit is the remainder going to the proprietor after paying wages and rent, but he does not apply the marginal rent theory to profit. Elsewhere we have shown that this same law does, in reality, apply to profits and interest quite as truly as to rent, and that no one of these forms of surplus enters into the market price of commodities.

Mill calls profits "the remuneration for abstinence," and the cause of profit is "that labour produces more than is required for its support." From this he reaches Ricardo's conclusion "that the rate of profits depends upon wages; rising as wages fall and falling as wages rise." The first and last of these propositions we have shown to be fundamentally erroneous; the second will be found, upon examination, to be no nearer the truth. Labor, working without the aid of tools and instruments of production furnished by capital, could not possibly produce what is to-day required for its own support, much less could it produce a surplus, nor would it be correct to say that labor and capital together produce more than is required for the support of labor. If cost of production were the same to all producers, competition would prevent any surplus from arising, and the entire product would be absorbed in cost items, all of which are resolvable back into labor or other forms of definite service. The only reason capital can command any return whatever for its share in production is that some of it is able to produce wealth more cheaply than some other portion, while the price is the same for all. The difference in favor of the better concerns is received by them in profits, as long as they remain superior, and no longer. At the price-fixing point, capital, even though it may actually

contribute several times more power and efficiency to production than does labor, nevertheless receives no surplus; the whole product of such concerns goes, eventually, to labor.

It will be seen that Mill, like Adam Smith, makes interest a part of profits. This is confusing, because it necessitates using the word profit in two senses; one, the surplus going to both capital and management, the other, the reward of management only. It is a great gain in clearness, at least, to regard rent, interest and profits as three distinct forms of one general element of distribution, namely, economic surplus.

Mill adopts the Ricardian theory of rent, and carefully elaborates it in his chapter on that subject. He places undue emphasis, however, upon the idea that rent is a monopoly price for land. There is a broad sense in which land might be called a natural monopoly, but it is not for that reason that any part of it yields rent. Land yields rent simply because of some superior element of productive utility, as compared with other land competing with it. The poorest land used in production yields no rent, yet that land is just as truly a "monopoly" as is any other. Except for the wealth-producing capacity of land, it would not yield a penny of rent, whether all of it were monopolized by one man, or were free to everybody.

The chapters suggested in Books III and IV of Mill, treat of the influences that determine interest, and of the effects of the progress of industry and population on rent, profits and wages.

We have suggested some portions of Karl Marx's "Capital," Walker's "Political Economy" and Walker's "Land and its Rent," mainly because of frequent references to these works in "Principles of Social Economics;" and students may wish to read the portions criticised, in full.

LOCAL CENTER WORK

Certainly there will be no lack of interest in this month's topics, among our local centers. Some of the following suggestions may be found useful in preparing programmes of meetings:

Discussion of class lecture on "Wages *versus* Profit," in

March number of Magazine. Paper: How wealth is distributed. Joint discussion or short papers on (1) merits and (2) defects of Ricardo's theory of rent. Debate: *Resolved*, that there is no necessary, permanent antagonism of interest between wage-receivers and profit-receivers. Historical and statistical paper or address on topic: "Do wages fall as profits rise, and rise as profits fall?" Discussion on questions: Why are wages paid before rent, rent before interest and interest before profits? Why are rent and interest stipulated sums, while profits are contingent and indefinite? Why does no form of surplus value enter into prices? Explanation (by member) of similarity between rent, interest and profits, and radical difference between these forms of distribution, and wages. Debate: *Resolved*, that rent, interest and profits are governed by the same economic law. Debate: Is it to the interest of society to preserve or abolish rent, interest and profits? Paper or address: Economic surplus: the great means whereby the world's wealth is increased.

Question Box

The questions intended for this department must be accompanied by the full name and address of the writer. This is not required for publication, but as an evidence of good faith. Anonymous correspondents will be ignored.

Editor GUNTON'S MAGAZINE: As I understand it, you define capital as wealth used in production of other wealth. Does this mean simply what is invested in plant and equipment? Every manufacturer starting in business must have a considerable sum on hand out of which to advance wages to his men, and pay current expenses. Is not this sum capital, and if so were not the early economists right in defining stocks of food as capital?

Student, Pittsburg, Pa.

Certainly, stocks of food, clothing or any other material are capital, so long as they are in the hands of the manufacturer or dealer and are used as a means of making gain. They only cease to be capital when they are transferred to the possession of the final consumer to whom they have become

means of living, and not means of production or means of procuring profit, which is a part of production. In this respect the early economists were entirely right. Indeed, they were right in a great many things. It was only in a few matters like distinguishing man from wealth and capital from personal qualities like the "skill and dexterity of the laborer," which led to considerable misapprehension of the subject. It may be said that the early economists were essentially right with the exception of the relation of labor and wages to the economic movement of society and public welfare. On this they were fundamentally wrong, and to-day that is the most important of all phases of economic discussion.

Editor GUNTON'S MAGAZINE: In one of your Wednesday night lectures recently you objected to direct taxation because it is inquisitorial and offensive, and leads to all the frauds of evasion, and makes people hostile to public improvements. Granted that all this is true; do not the same objections apply to protective tariff taxes, which you so much favor?

M. R. A., New York.

Of course, the collection of tariff duties is often an inquisitorial and offensive proceeding, and if there were any less objectionable way of securing tariff protection we should favor it; but no alternative is apparent. It is merely a question of whether the effect of such protection upon public welfare does not greatly overbalance the disagreeable features of collecting the tax. We believe that it does, many hundred fold. In just the same way, prisons and police departments are in themselves highly offensive institutions, but we have them because the protection they afford is of vastly more consequence to society than would be the sentimental relief of seeing them abolished. In both cases we accept the disagreeable features because they are offset many-fold by the advantages the policy brings.

Direct taxation upon personal property is not, as in the case of tariff or police protection, the only feasible method of securing the desired end. There is no less offensive method of securing customs protection than by having tariff taxes, and no

more agreeable way, at present at least, of guaranteeing order and security than by having police protection ; but there is a less offensive and objectionable way of raising money for public improvements than direct taxation on personal property, namely : indirect taxation. Taxes upon land and real estate are the most indirect of all, because they are most extensively shifted, and thus best distributed throughout the community.

Tariff taxes are by no means so productive of fraud and evasion as are direct taxes for internal revenue. Of course there is more or less smuggling and concealment, but the opportunities for this are necessarily small and detection comparatively easy. Whatever comes in on shipboard is definite, concrete property, and the ascertaining of its existence and value is merely a question of watchfulness of custom house inspectors and good judgment of appraisers. Imported goods cannot escape by any technicalities like changing one's legal residence, or creating fictitious debts, or "swearing off" assessments. In fact, there is probably no place where the government is more certain to intercept all the wealth it proposes to tax in a given way, than the custom house ; and no method of taxation under which so large a part of taxable wealth escapes as direct taxation on personal property within the country.

Protective tariff taxes do not have the effect of making people hostile to public improvements, because such taxes are not, theoretically at least, levied for revenue. Customarily, in our experience, protective tariffs have had revenue as a secondary object, but even if they were wholly for revenue they would fall upon the public in so indirect a way as to be quite incapable of creating hostility to public improvements on that account. Whatever becomes a part of the cost (and hence price) of commodities cannot be separated from the commodities for special attack ; but every penny of a direct tax is seen and felt by whomever pays it, and a definite object of hostility is at once created.

Editorial Crucible

AND NOW there is talk of a tin plate trust, to include more than half of the three hundred mills in the country, and probably as many more as are willing to go in. A few years ago the *Evening Post* proclaimed with untiring zeal and regularity that there was no tin plate industry, nor even a *bona fide* mill, anywhere in the country. When this new trust is consummated and the sensational press begins its customary tirade against it, we really do not expect the *Post* to resume on the old line and declare that there is no tin plate trust. Oh no! The trust will be a great relief to the *Post*. It has had to remain silent on the tin plate subject for several years, waiting until something appeared in connection with it that could be denounced. At last the opportunity seems to have arrived.

THE VICE-CHANCELLOR of New Jersey has declared the laws of that state protecting union labels unconstitutional, because they are special and intended for the benefit of a particular class. Well, then, what about patents and copyrights, factory inspection laws, sanitary regulations, compulsory education, child labor laws; yes, what about state protection of any form of property from fraud or thievery; what about state protection of the orderly classes against the criminal classes? Can the Vice-Chancellor or anybody else mention a single law that does not, in reality, operate more particularly for the benefit of some class than of the whole community? Of course not. If the Vice-Chancellor's theory were sound, all laws would have to be abolished. It is astonishing how easy it is to see the bugbear of "class legislation" when it happens to be some interest of labor that is involved.

THE LOVERING resolution, calling for an amendment to the Federal Constitution which will permit Congress to regulate hours of factory labor throughout the country, is provoking a great deal of discussion; much of it, of course, adverse. It is called "interference with personal liberty," and "paternalism," and "a threatened blow to business prosperity," and so

on. The hostile press seems to have forgotten entirely the fact that in very many of the different states hours of labor are already regulated by law, and with the most beneficial effects. The arguments against national regulation of hours of labor apply equally to those now in force in the states, but even the *Boston Herald* vigorously defends the short-hour system of Massachusetts. Such a measure would not, in fact, be "paternalism" at all, but merely legitimate protection of the laborers' opportunities for decent living and social improvement.

IT IS hardly probable that war will be the outcome of the Maine catastrophe. Of course, many of the circumstances connected with the disaster at first have a very suspicious seeming, but it is quite possible that, after all, it was the result of an internal accident. President McKinley has shown great wisdom and tact in asking an entire suspension of judgment until the result of the investigation is officially reported. This position is very much strengthened by the Administration declining to consent to a joint investigation. If the investigation is conducted exclusively by American authorities the report will be the more conclusive, especially if its finding is that the disaster was accidental. On the other hand, if the facts show that the Maine was destroyed by some force from without, the Spanish government will have to assume the responsibility to the extent of full compensation for the damage. Less than this should not, and of course will not, be accepted, and it is not to be assumed that Spain would seriously resist this demand. If she did, she would have to take the consequences of what must necessarily follow.

WHILE IT IS disappointing, of course, that the full amount of the Government's claim on the Kansas Pacific Railroad could not have been realized, still it is probable that the best bargain possible under the circumstances has been made. The Administration is entitled to no little credit for coming out of this long standing complication some twenty million dollars better off than seemed possible when Mr. Cleveland was negotiating the matter. On the Union Pacific, the full amount of principal

and interest was realized ; on the Kansas Pacific, the principal only. Whether the latter line was worth more or not, it is doubtful if more could have been obtained for it at present, and the only alternative was for the Government to take and operate the road itself. Better have lost the whole amount of indebtedness on both lines than to have thus committed the Government to a purely socialistic policy, and burdened it with problems and functions entirely outside the legitimate sphere of the state. All the proceedings in this matter have been open and aboveboard, and even a good part of the opposing partisan press seems disposed to admit that the Administration has made a sincere and creditable effort to protect the people's interest in the matter. At any rate, it is a relief to have the whole vexatious Pacific Railroad problem finally closed up and dismissed from the arena of public affairs.

THE PROCEEDINGS in the Zola trial have demonstrated how little, comparatively, of genuine freedom and the real spirit of democratic institutions France possesses, despite her nominally republican form of government. Such a travesty upon justice as this whole proceeding was, from beginning to end, would not have been possible in England or this country. After all, whatever the name may be, the real character of social and political institutions is determined by the character of the people, and the character of the people in any given group or nation is reflected from their economic conditions. So long as French industries remain so largely agricultural, and French wages relatively low, there will be less real freedom, less intelligence, less justice and morality in France than in England, no matter what name or form the established institutions of either country may have. To say this is not to make an offensive criticism of France or the French people. Their progress has been remarkable, and the world owes much to their struggles. It is simply stating the truth, however, to say that her progress in civilization has been very definitely less than that of England or the United States, and that nothing but an improvement in the industrial conditions of her people will ever develop those qualities of national character and citizenship

which will make her institutions democratic in fact as well as in name.

IN DISCUSSING the New England cotton situation, the *American Economist* shows good sense and clear economic insight. It recognizes that the necessary trend of the cotton industry is to the South, but also perceives that for a considerable time only the coarser grades of cotton goods will be manufactured in that section. It advises New England manufacturers to delay no longer in preparing their mills for the production of finer grades of goods, such as plushes, velvets, velveteens, chenille curtains, table covers, hose etc., on all of which the Dingley law affords ample protection. Says the *Economist* :

“ It is becoming more and more evident that the Southern mills, by reason of the lower cost of production, can and will control the market for the coarser and cheaper grades of cotton fabrics. New England’s necessity is, therefore, her opportunity. The largest and best market in the world for the finer and more varied qualities of cotton textiles is right here at home. This is New England’s opportunity.”

This is sound advice, and should be heeded ; in fact, the inevitable transfer of cotton cloth manufacture to the South should have been foreseen and prepared for as the *Economist* suggests, years ago.

IT IS currently reported that, whatever may be the outcome of the Maine disaster, the Administration will take some action to end the Cuban war, both on the grounds of humanity and of commercial interest. There is no doubt but that Spain has lost all right to exercise control over any colonial territory where democratic institutions are in making. Her ideas of civilization and methods of government belong completely to the era of despotic barbarism, her influence is stultifying and non-progressive everywhere. Like Turkey, she should exercise a less and less influence upon the civilization and destinies of outlying countries and peoples. She is in process of decay, and should be so treated by the civilized world. There is one

danger, however, greatly to be feared in connection with intervention of the United States in the Cuban conflict ; that is, the danger of annexation. If we should for any cause get into conflict with Spain, the result would necessarily be the segregation of Cuba from Spanish authority. This might, and probably would, be a progressive step ; but it would be injurious alike to Cuba and the United States to annex that island to this country. To free Cuba from Spain is one thing, to annex it to the United States is quite another. It is to be hoped that whatever may be the outcome of the present situation, the limit of interference by the United States will be to set Cuba free from Spain. We had better lose twenty Maine's than annex one Cuba.

THE DE LOME incident is one of the straws which indicate the way the patriotic wind blows. While there may be a few indiscrete persons and journals who would hail with delight anything that would stir up hostilities between the United States and Spain, the great bulk of American journals are conservative and judicious in this respect. But they are firmly and definitely patriotic, resenting in an unqualified manner the insult to the President of the Republic by the Spanish Minister. There are a few, however, who never seem to experience a patriotic impulse. They can scarcely ever speak of public men in this country without some depreciating sneer, especially in comparison with foreigners. The New York *Evening Post* and the *Boston Herald* both promptly come to the front, shielding the writer of the insulting letter, denouncing the man who stole it from the mails rather than the fellow who wrote it. They taunt the newspapers which resent the insulting language of the Spanish Minister with having said similar things themselves, as if that were anything to the point. It is one thing for American newspapers to criticise their own President and quite another to defend the representative of a foreign government in calling the President a "low politician." It is the part of good patriotism to give notice that if there is to be any black-guarding of our chief magistrate we will do all of that ourselves. This is only one of the numerous indications of the utter lack

of national pride and true patriotism which characterizes the Mugwump spirit.

EVENTS ARE marching very rapidly towards crystallization of the relations between Spain and the United States. The De Lome incident contributed not a little to hostile public opinion in this country towards Spain, and this was increased by the tardiness of the Spanish government in disavowing De Lome's utterances. The destruction of the Maine, while at anchor in Havana harbor, following close after, has still further stimulated the hostile feeling, until a very little more would create a war flame. Yet it must be admitted that the American people, under the circumstances, are showing impressively their power of dignified self-control. A few sensational journals are struggling very hard to stir up a war spirit, but, on the whole, the Administration and the press are acting with great conservatism and tact. It is gratifying to notice how unanimously the people are inclined to sustain the Government in its attitude. Though ready for any emergency, they are evidently willing to wait for the official report before expressing any definite opinion. Nothing has more thoroughly demonstrated the conservative character of the American people and their power to not lose their heads in an emergency. Foreigners, and their few sympathizers here, love to ring the changes on our jingoism, but the events of last week have conclusively shown that this sneering epithet is a libel on the American people. They have shown themselves to be very forbearing, almost meek at times, under contemptuous and insulting treatment that many other countries would regard as justifying an appeal to arms. This is not cowardice, as is sometimes mistakenly assumed; it is the forbearance of a strong people who know their power but are reluctant to use it. If an adequate provocation arises, a surprise will be in store for somebody.

Economics in the Magazines

THE FORUM, February, 1898. *The True Meaning of the New Sugar Tariff*. By Harvey W. Wiley. Few aspects of the tariff are so complicated and so little understood by the public as the sugar schedule. Mr. Wiley renders at least one valuable service in explaining the methods whereby sugar is tested, the characteristic features of the different grades, and the effect of progressive rates of duty. He believes that under the present schedule dealers can profit very materially by importing low grades, and proposes the abolition of the No. 16 Dutch Standard test as a dividing line, and use of the polariscopic test only. This last proposition at least certainly seems sensible and just.

SCRIBNER'S MAGAZINE, February, 1898. *The Story of the Revolution*, By Henry Cabot Lodge. The series, of which this article forms one installment, is to continue throughout the year. Enough has already appeared to warrant high anticipations of the completed work. It is not so much that Senator Lodge is giving us new matter or data in his treatment of this well-worn theme, but its value lies more in the fascinating style, imaginative, yet accurate and logical, in which the familiar tale is again put before us. He seems to possess the knack of breathing into his pictures of the men of '76 a life and reality which they do not often possess in the pages of the average history. The tendency to idealize our revolutionary forefathers is not always favorable to historical accuracy, and leaves us with a less vivid impression of their heroic achievements than when they are presented to us the plain, rough, almost unmanageable men they really were.

In this article Senator Lodge describes the Second Congress, the battle of Bunker Hill and siege of Boston, and Arnold's attack on Quebec. He rightly emphasizes the fact that the early completion of the war in New England had much to do with the ultimate outcome of the Revolution.

THE COSMOPOLITAN, February, 1898. *The Utilization of*

City Garbage. By George E. Waring, Jr. An efficient system of sweeping and shoveling was not the only radical improvement in New York's street cleaning department introduced by Col. Waring. One of the most notable achievements of the department was its adoption of a scientific system of garbage utilization, on Barren Island. The reduction works now established there are the largest in the world, and the city is under contract to pay \$89,990 per annum for five years, for having its garbage disposed of in this way. By the utilization process garbage is separated, pressed, steamed and dried, and immense quantities of grease and fertilizing matter are recovered, as well as considerable ammonia and glue. The garbage so treated consists only of waste organic matter, such as kitchen refuse, and of course does not include street sweepings, ashes, etc. Col. Waring believes "that after the present contract shall have expired the city will be able to demand a considerable bonus for the privilege of taking its garbage in lieu of the large sum now paid by it."

He further believes that a similar system of garbage utilization would be found practicable in all cities of not less than 50,000 inhabitants. The problem is still a troublesome one for most cities, and without doubt its solution will be greatly hastened as the result of Col. Waring's practical and successful experiments here in the metropolis. His inevitable removal from office by the Tammany administration was a serious misfortune to municipal reform work in this country.

ENGINEERING MAGAZINE, February, 1898. *Objections to the Municipal Ownership of Public Works.* By T. Carpenter Smith. A sensible argument, logically put together. Mr. Smith apparently does not object to public ownership of franchises, but opposes the idea of a city putting in and operating gas or electric light plants. Neither kind of service is indispensable in the sense that something else cannot be readily substituted, and hence there is really no more reason why the public should go into this sort of industrial undertaking than into other enterprises, like supplying coal or dry goods. With water works the case is somewhat different. Their manage-

ment requires the minimum of complexity, all the processes are slow, and changes are a matter of years rather than of days or even hours as in most business enterprises. Water, moreover, is an absolute necessity to everyone, and public management here affords one important advantage that private control might not, namely, uniformity and continuity of supply and quality in all sections of the city.

Mr. Smith shows how the results of inefficient management in the gas and electric light plants owned by various cities are often covered up in the reports by "making no allowance for interest on cost of plant, charging no taxes against it, not making allowance for the water furnished to it by the city, making no allowance for depreciation of machinery, perhaps providing no sinking fund to take up bonds which have been issued to pay for the plant, charging nothing for wages because the men who already operate the water works also operate the electric light plant, etc." Some of these features were conspicuous in the case of the Philadelphia gas plant. Failure to accumulate any fund for repairs brought that experiment to the point where it would have been necessary to raise several millions by taxation had not the works been leased to a private company.

NORTH AMERICAN REVIEW, February, 1898. *Is Our Educational System Top-Heavy?* By Elliott Flower. Mr. Flower thinks it is. That is, he has the feeling that too much, proportionately, is spent on colleges and various institutions for higher education and too little on rudimentary instruction for the masses. We agree with the latter half of this proposition, but not with the first. There is no danger of spending too much on any grade of real education, high or low. Neither is there any reason to believe that if less money were spent on higher education more would, for that reason, be spent on its lower forms. Nothing is ever really gained by cutting off the top, whether in education or industry or social life. To limit or cripple the forward movement, even though it is shared in by comparatively few, never confers any lasting benefit on the great mass who are coming up after, but the reverse. Of

course, the mere founding of institutions in disregard of the real needs of the environment they are meant to affect is senseless; and there may be instances of this kind in the list of small colleges cited by Mr. Flower. But, as a general principle, the higher the standard of excellence can be set, and the larger the number of radiating centers of enlightenment that can be established, the better it will be for the educational movement as a whole, rudimentary as well as advanced. For, as such institutions multiply throughout the country, public thought becomes familiarized with higher educational standards and unconsciously grows up into a completer appreciation of that finer culture, that healthy, rounded-out development of individual character, which the true civilization demands.

Now the result of this is not, as Mr. Flower seems to fear, that attention is detracted from the humbler forms of education which must, as yet, suffice for the millions. On the contrary, the rapid spread of the higher education idea has really been part and parcel of the whole modern movement for reform and improvement of common school educational methods and extension of common school facilities. Along with this, too, has come the kindergarten movement, aiming to reach still further down, instead of up, and, in the great cities particularly, to save childhood to civilization. Not a hundredth part of what is necessary has yet been done in these lines, but the work is going ahead and, moreover, it is hand in hand with the higher education and the two cannot be separated.

Mr. Flower tentatively criticises the founding of Chicago University, for instance, urging that the money could much better have been spent in lower forms of education. This we doubt. The lower forms of education are necessarily conducted almost wholly by the public and at public expense; therefore, the important thing is to create and keep alive a public sentiment favorable to better and wider education, so strong that taxation for this purpose will be willingly voted and the onward and outward movement applied throughout the whole social fabric instead of in spots, here and there, by private philanthropy. The influence of such an institution as Chicago University upon the educational thought of the coun-

try is a great, dynamic force which is helping to enlarge this public sentiment for universal education and make it effective.

There is no nobler use to which private wealth can be put than the building of these great temples of higher learning, these advance ramparts against ignorance. It is not that a monument is thereby erected to some individual's fame; that does not concern nor interest us; but this we do know, that wherever such an institution appears, there another standard of attainment has been raised and another mighty influence sent out for the ultimate uplifting of the humble and the unlettered about us.

THE ARENA, February, 1898. *The Mission of Machinery.* By Henry Matthews Williams. Mr. Williams welcomes the advent of modern machinery, admits that its extensive use necessarily involves combination of capital, and concludes that, therefore, we must come to public management of industry in order to secure the advantages of machinery to the public. Having settled this, he enumerates the great gains that are to come from public management, as follows:

(1) "Labor strikes will be at an end." True, because to strike against the government would be a criminal offence. Should workingmen become dissatisfied with any of the workings of public management, no organized protest could be allowed. It would be sedition. We are already having a foretaste of this great advantage in "government by injunction."

(2) "Machinery will be enabled to develop its entire capacities." Not nearly so much so as at present, because the one powerful incentive to such development, namely, the possibility of profits, would be gone. For the same reason, almost nothing could be looked for in the way of improvement of machines or methods, or invention of new processes.

(3) "All the waste of advertising would be ended." But all advertising is not waste. Much of it serves a useful social purpose in stimulating consumption and making possible the regular production of new forms of wealth by spreading information about such commodities and thus working up a demand. Certain kinds of purely competitive advertising are

wasteful, but the formation of trusts is largely eliminating such waste.

(4) "The untold waste of competitive methods would be stopped." Here again, the concentration of capital in trust form, for example, is eliminating about all that really is wasteful in competition; while, at the same time, the principle of competition remains in full force as a perpetual stimulus to improvements in methods of production and progressive cheapening of wealth.

(5) "A tremendous waste from fires would be stopped. Under public management warehouses, stores, and granaries would be made fireproof at first—an immense saving." No, they would not, unless the expense were authorized by public vote and, for that matter, if the public desired, it could, under our present system, require by law that all such buildings henceforth erected shall be fireproof. No public management is needed here. Large buildings are, more and more, being made fireproof anyway, as a matter of ordinary business prudence.

Mr. Williams then presents a marvelous argument to show the enormous gains to laborers that would result from public management. He takes up some ten or twelve leading products, but as his line of reasoning is the same in each case we will only consider wheat.

He computes that with the best modern methods three men can produce 2,550 bushels of wheat on 85 acres of land in four days' time,—this covering the whole labor of preparation, seeding, care and reaping. Under public management each laborer would receive the total amount produced by him, namely, 212 bushels per day, which would be reduced by expenses of production to 150. This fairly takes one's breath away, but the most astonishing part of it is that the laborers have all this time quietly submitted to such a system of gigantic plunder as the present one must be. At the present price of wheat, one bushel per day is about what farm laborers really get. Of course, then, somebody else filches the other 149 of every 150 he produces.

Let us see. There are about 35 million acres devoted to

wheat raising in the United States. Last year our total crop was nearly 500 million bushels, or 14 bushels per acre. Suppose, under public management, the yield becomes 30 bushels per acre; this would give a total crop of one billion bushels, or nearly one half the world's total annual consumption. Evidently, then, this would represent an annual wheat production nearly double what could be disposed of under present conditions; but assuming that it were all taken and that the laborers received the equivalent of this total product, what then? Would it be 150 bushels per day? Yes, for four days only, in any one year. In those four days they would have produced nearly double what the world requires of them for a whole year. Then, instead of receiving the equivalent of 150 bushels per day continuously (about 45,000 a year) they would, at the utmost, get only the equivalent of 600 bushels per annum.

Nor could wheat producers be permitted to enlarge their incomes by working at other pursuits the balance of the year, because every other industry would, under Mr. Williams' scheme, be putting out two or three times its present product and more than supplying all possible demand.

There is absolutely no reason to suppose that public ownership would result in the slightest per acre increase in wheat production; in fact, the incentive to such increase being removed, the production per acre would probably be less than now. On the present basis of productivity, with three men to every 85 acres, as Mr. Williams proposes, each worker would get less than 300 bushels per annum. In other words, Mr. Williams' brilliant prospect of 150 bushels per day the year round to each wheat raiser, under public management, is merely a silly fairy tale.

Book Reviews

THIS COUNTRY OF OURS. By Benjamin Harrison, Ex-President of the United States. Cloth. 345 pp. \$1.50. Chas. Scribner's Sons, New York, 1897.

This book is a compilation of a series of articles written by Ex-President Harrison for the *Ladies' Home Journal*. It is written in a very simple, direct and often attractive style. It is in no sense a treatise, nor can it be regarded as a history. It is, rather, a story of how things are done, officially, in the United States Government. As a manual of governmental functions and the relations of the departments of the Federal Government to each other and to the Executive, it is a very excellent book. The information contained in these respects is always explicit, intelligible and usually conclusive. In most instances, just enough history is given to convey an idea of the reason for the thing, as well as the statement of the thing itself. It is an excellent book to put in the hands of young people, and is full of facts that older people often want to know, and oftener would do well to know. It is not at all profound, but it is very reliable and easy to understand.

If one wanted to know the facts about the destruction of the Banks of the United States by Jackson, this would not be the place to go for it, but if one wants to know the duties of the President, the relations of Congress to the Executive, how the President deals with legislative bills, etc., this is just the place to go. "This Country of Ours" is a very readable, reliable and useful book, with which every American citizen would do well to be familiar.

THE LABORER AND THE CAPITALIST. By Freeman Otis Willey. Cloth. 310 pp. \$1.35. Equitable Publishing Company, 143 Chambers Street, New York. 1896.

In this book Mr. Willey aims to discuss without passion or bias the relations of labor and capital, and in this respect he has succeeded fairly well. The spirit of the book is excellent, and the outcome rather surprising; the author may be said to be practically a convert to the idea that economic harmony be-

tween labor and capital is possible. He was once a strong believer in the notion, now so prevalent, that the money power is the oppressor of the masses. This book shows that a great change has taken place in his point of view and conclusions upon the whole subject. The book is not in any sense a profound economic treatise. It is even superficial in spots, but it is a frank, rather off-hand, discussion of the interest that labor has in capitalistic development, and the importance of large industry to popular welfare. It is a book that workingmen can read quite easily and never fail to understand. He cites savings bank statistics very liberally to show that workingmen are accumulating wealth and consequently are not oppressed by capital. While these facts contribute somewhat to Mr. Willey's conclusions, too much importance should not be placed upon savings bank statistics in proving this point. The author shows very clearly, however, in numerous ways, the utter fallacy of the assumption that the growth of capital can take place only by the impoverishment of labor.

Mr. Willey recognizes quite clearly what is so much misunderstood in the community at present, viz., that machinery is not the enemy of the masses, or of anybody, but that it is the great, helpful source of civilization; that it does not create a gulf between the rich and the poor, but helps to make both richer. While this is in no sense a scientific economic treatise, and will probably never become a part of standard literature, it is an eminently straightforward, common-sense book. The assumption, born of social prejudice, which is so general to-day, that a man cannot honestly own a million dollars, is thoroughly exploited, and if the book contained no further contribution than this it would have been worth publishing.

GUNTON'S MAGAZINE

APRIL, 1898

Factory Labor in the South

The recent discussion in these pages of the cotton industry, suggesting that the factory legislation of New England should be extended to the South, seems greatly to have disturbed a number of our southern contemporaries, conspicuously the *Atlanta Constitution*. That journal has recently devoted several editorials to the subject, claiming that the conditions of factory labor in the South are quite as good and, in most cases, better than those of factory operatives in New England. It is unnecessary to say that we hold no brief for the New England mill owners, and have no interest in the success of eastern capital over southern. On the contrary, as we have said over and over again, the cotton industry should go South. The South needs it. As everybody knows, her backwardness is largely due to the lack of manufacturing industries. Yet, like other sections of the human race, the South cannot be permanently benefited to any great extent by the development of industries under conditions which repress the opportunities for a commensurate advance in the social conditions of the operatives and common people in the community.

It is a peculiar feature of the cotton industry that it employs a very large, if not a larger, proportion of women and children than almost any other manufacturing industry. The cotton industry was the first to which the use of steam driven machinery was successfully applied. It was, in fact, the mother of the factory system. With the dawn of this new system the transfer from agricultural and hand labor, with its easy-going, loose methods, to factory discipline revolutionized both methods and conditions of industry. The owners of the new enterprises naturally acted upon their traditional ideas and made the most possible out of the new factory methods. They began by running their factories 14 and 16 hours a day.

They paid no attention of course to the health, education, or social welfare of the operatives working in the mills. It soon became apparent that the new system of industry was undermining the health and depraving the social life of the people. They worked to the point of physical exhaustion, and lived in diminutive huts with little or no sanitary or social appointments. There was no education provided for the children and so the round of life for factory operatives was one of monotony, physical degeneracy, and social and moral stultification.

The first quarter of a century of this experience gave such pronounced and appalling results that the heart of the community was stirred in behalf of the factory operative and the government was compelled to modify the conditions under which factory owners should employ women and children. In 1819 a law was passed forbidding the employment of children under 9 years of age, and restricting all under 16 to twelve hours a day, or 72 hours a week. In 1825 still another act was passed, further reducing the hours of labor of the women and children to 11½ hours a day, or 69 instead of 72 hours a week. The physical as well as moral effect of these acts upon the operatives was sufficiently evident to lead to the demand for another act in the same direction in 1831. This reduced the working time to 11 hours a day, or 66 a week, and included women and all minors of 18 instead of 16 years of age, as provided in the previous act. It also abolished night work for women and all persons under 21 years of age, and extended the previous legislation to woolen as well as cotton industries.

In 1845 a law was passed prohibiting the employment of children under 14 years of age for more than half a day at a time, making attendance at school the other half compulsory. In 1847 this class of legislation culminated in the passage of the ten-hour law. Between 1819 and 1845 numerous other acts were passed improving the sanitary conditions of the factories as well as shortening the working day. From 1847 to 1874 this class of legislation became so popular that it was extended to all classes of factory and shop work, and in 1874 the legal working day was further shortened from 10 hours to 9½.

These measures, known throughout Christendom as the

“English Factory Acts,” which are universally regarded as the most beneficent legislation of the century, were evolved out of the necessities of English factory experience in the first half of the century. The benefit accruing to the operative class and to the general welfare of the community was so obvious that these laws have the unanimous approval of the English people.

The introduction of the factory system into continental Europe has been accompanied by this same legislation as rapidly as the industries have attained any considerable proportions.

By the first third of the century we began to make considerable progress in the development of cotton manufacture. The conditions in the United States were in many respects different from those in England or on the Continent. Our factories were made more airy, machinery was less highly speeded, and a more leisurely habit obtained among our operatives, but, with the development of competition and the increase of precision and discipline, the long-hour system began to be as baneful in New England as it had previously been in old England.

After something over 30 years' experience, Massachusetts followed the course of England and, in 1874, adopted a ten hour factory law. Several years were devoted to the perfection of this measure so as to make it effective; and it was followed by a number of enactments, providing for better ventilation, protection against dangerous machinery and for easy escape in case of fire. Backed up by a State Board of Factory Inspection, the Massachusetts ten-hour law became fully operative and effective.

Between 1880 and 1890 the other states in New England, New York, Pennsylvania and New Jersey adopted similar legislation; Massachusetts having finally adopted a 58 and New Jersey a 55-hour law. Thus, experience in New England and the eastern states with the factory system led practically to the same necessity for protective legislation for the physical, social and moral conditions of the operatives as had been evolved in Europe.

Cotton manufacture and other similar industries, in which

the factory system is employed, are now rapidly arising in or migrating to the South. The real question is, shall the South go through all the depressing and socially bitter experiences of England in the first quarter of the century, and of New England in the second third of the century, before it yields to the inevitable demand of civilization, or shall it take advantage of nearly a century's experience of other countries and begin the factory system on the higher plane that civilization has elsewhere made necessary?

To ask this question is to answer it. No intelligent journalist, employer or public-spirited citizen of the South will pretend openly and frankly to defend the long-hour system of factory labor for women and children, which the experience of every civilized community has condemned as inimical to economic interests as well as to the moral and social welfare of the community. Still, the southern mill owners and journalists are evidently girding up their loins to resist the introduction of this necessary factory legislation into the southern states, as if it were a dangerous, untried policy. It would be unfair to attribute this to special perversity or selfish narrowness of the southern people. In arraying themselves against this obvious tendency of industrial progress and social welfare the southern capitalists are but repeating the policy pursued by their class in Lancashire and New England, and in continental Europe.

The fact remains, however, that time has demonstrated that in every instance the opposition to short-hour factory legislation was an industrial as well as a social mistake. The beneficial effects of the "Factory Acts" and the half-time schooling law with their concomitant legislation of factory inspection, etc., were so marked and conclusive that several prominent English statesmen, who first arrayed themselves against the whole policy of legislative restriction of the hours of labor, were led publicly in the House of Commons to recant their previous opposition and to give their hearty support to the policy.*

Conspicuous among these was Mr. Arthur Roebuck, then

* See Gunton's "Wealth and Progress," pages 305-311.

(1860) Whig Member from Sheffield, who, after announcing his previous opposition to the Factory Acts and recounting the prophesies and promised disasters that were to have followed the introduction of the ten-hour law—which disasters did not come—and reading from a Parliamentary report describing the horrible condition of the English factory operatives, said: "I appeal to the House of Commons, to the fathers and brothers of English women and children, if they will not interfere to put down this tremendous evil. . . . I, at least, will not be a party to the perpetuation of any such atrocities as I find here recorded, and I do hope that the gentlemen of England will not be parties to them, either. . . . Having prevented this misery in the one case, let us interfere to prevent it in the other." (Great cheering.)*

Sir James Graham, who, on a previous occasion, threatened to resign his position in the Cabinet if Lord Ashley's short-hour bill was passed, immediately rose and congratulated Mr. Roebuck on his public and honorable confession, and said: "I am glad that you have read your recantation. I will read mine to-morrow."† Sir James was as good as his word. On the 9th of May he rose in his place and said: "I am sorry once more to be involved in a short-time discussion. I have, however, a *confession to make to the House*. . . . Experience has shown to my satisfaction that many of the *predictions formerly made against the Factory Bill have not been verified by the result*, as, on the whole, that great measure of relief for women and children has contributed to the well-being and comfort of the laboring class, while it has not injured their masters. . . . *By the vote I shall give to-night I will endeavor to make some amends for the course I pursued in earlier life in opposing the Factory Bill.*"

Mr. Gladstone, four years later, speaking of the "Factory Acts" in the House of Commons, said: "It may be said that the legislature is now almost unanimous with respect to the

* Hansard's Parliamentary Debates, 1860."

† This statement of Sir James Graham was publicly repeated by Mr. Roebuck in a speech in the Mechanics' Institute, Sheffield, four years later, May 1864, as reported in the London "Times."

necessity which existed for undertaking it, and with respect to the beneficial effect it has produced both in mitigating human suffering and in attaching important classes of the community to Parliament and the Government."

Notwithstanding all this, the manufacturers of England, while conceding the benefits of the past, renewed their opposition to each new installment of factory legislation. The same has been true in the United States.

Beginning with Massachusetts, the manufacturers, and a considerable portion of the press, as if wholly oblivious to what had occurred in England during the previous 74 years, opposed the introduction of factory legislation; yet, curiously enough, within a decade after the accomplishment of this legislation each state in New England in its turn became not only reconciled to it, but really believed in and accepted it as wise public policy. As we have said, the experience of England at first went for naught with the factory owners of New England, and now the experience of New England seems to go for naught with the mill owners of the South. It is a matter of surprise that a class so uniformly intelligent and in other respects so public-spirited should for a whole century repeat the obvious and admitted mistakes of their predecessors on the same point, in the same way, and for ostensibly the same reason. The same was substantially true of the anti-slavery struggle. Southern capitalists resisted abolition to the extent of Civil War, and yet to-day the whole South is glad slavery is gone, and would not under any circumstances have it reinstated.

There is one hopeful side to the southern situation that has not existed in the previous ones. The opposition to the proposed factory legislation is not based on a bold denial of the virtue or expediency of a ten-hour working day, but rather upon a resentment to supposed outside interference. The most pronounced attacks upon the advocates of a ten-hour law for the South, which have been directed against this Magazine, have not in a single instance faced the proposition as to whether the ten-hour system should or should not be adopted. Instead of endeavoring to show that the twelve-hour day in the South

is a good thing and ought not to be changed, the effort seems to be rather to show that the condition of the operatives in New England is just as bad as the condition of those in the South—as if that were anything to the point if true. Their reasoning as presented by the *Atlanta Constitution* seems to rest upon two propositions :

First, that the conditions and wages of the New England operatives are as bad as those in the South. Second, that it's nobody's business so long as the southern operatives themselves do not rise up and demand the change.

With all deference to our brilliant contemporary and the southern mill owners and statesmen, we submit that neither of these points is well taken. The question is not whether the laborers of New England are better or worse off than their southern brethren, but would the adoption of a ten-hour system in the South be beneficial, which, as we have said, the "Constitution" does not condescend to consider. In support of this statement that the New England operatives are worse off than the southern it makes two distinct averments. One is that by the system of fines the New England "operatives have not been able to secure in actual wages much more than half the money the wage rate stands for. The other half has been systematically filched from the men, women and children, who have actually earned it." The other is that "the houses occupied by the employees in southern mills will compare favorably with those of the eastern mills." These statements are made on the basis of an investigation made by one of the *Constitution's* staff correspondents.

The *Constitution* may have sent its staff correspondent into New England in good faith but, whoever he is and wherever he went, if he made these statements he misrepresented the case. And here we will be quite explicit and ask the *Constitution* to point out the factory in New England where the fining system ever reached 25 per cent., not to say 50 per cent., of the wages of the operatives. Of course, this statement is made to represent the general treatment that New England operatives receive at the hands of the corporations. This is not only unqualifiedly incorrect as a general

statement, but we deny its truth and challenge the proof as representing a single factory. If such a thing existed there would have been revolt long ago. Such a thing would not be endured a week in any factory town in New England. If the *Constitution* is going to propagate that story among its readers we call upon it at once to name the mill and the town, or else take back the statement.

The matter of fines for defective work is in vogue to a slight extent in some of the mills making very fine goods, where the spoiling of the cloth involves a good deal of loss, but no corporation could afford to employ operatives who spoiled enough work to involve the docking of half their wages, and no laborers in New England would stand, right or wrong, any system which resulted in such wholesale deductions.

The other statement, that the houses occupied by the employees of southern mills will compare favorably with those of the eastern mills, also requires a good deal of modification. The *Constitution* knows that the operatives employed in southern cotton mills generally live in small frame, loosely thrown together shanties, most of them not clapboarded nor even whitewashed inside; and usually consisting of not more than three rooms, with practically no sanitary accommodations, never a carpet on the floor, and usually having a bed in the kitchen. This is not the exception, but the rule, and indicates a quality of housing and social life that has no counterpart in New England. We do not say that it is not possible to find a laborer's home in New England with a bed in the kitchen, but it would be so rare as to be in no sense representative, while in the South it is so general as to be thoroughly characteristic.

It is true that 30 or 40 years ago, before the factory legislation was adopted, New England manufacturers did very much as the English manufacturers had done in the first third of the century, and as the southern manufacturers are now doing. They built what is known as "factory tenements" with as little sanitary accommodation as the public spirit of the time would tolerate. Some of those tenements were built in

unwholesome localities without any precautions for health or decency. In some cases the structures were such as to provide for 20 or more families in one building with only a single entrance, not even a back door. The well and the water closets were sunk side by side and, what was more, the operatives were compelled to live in these tenements. If they declined, preferring better houses furnished by outside enterprise, they were discharged and sometimes blacklisted. It was also a practice in New England for the corporation to have what is known as a "truck store," a system which had also previously existed in England. The corporation had a general store in which all the ordinary commodities and utensils required by the operatives were sold, and the laborers were compelled to purchase at these stores, settlements being made at the end of the month by deducting the account from the laborers' wages.

On one occasion, as late as 1875, a strike took place in one of the factory towns in Connecticut and it was found that a very large number of the operatives were actually in debt to the corporation and there was a very considerable number of families who had not drawn a dollar in money for months together, the store account always being equal to the pay-roll. If they wanted a railroad ticket in order to go to the next town they had to get it in the office, and sometimes be asked why they wanted to go; even pew rent was deducted from their wages. All this was true in New England in the 60's. But that state of affairs has disappeared. Of course there may here and there be found a few of those tenements still in existence and occupied by some exceptionally poor families but, in the main, they are gone, deserted, and the houses in which the operatives live are not corporation tenements at all and are not of that character. All this existed under the twelve-hour regime. The ten-hour law came in '74. Then the laws abolishing the truck system came. The enforced education of factory children, provisions for good sanitary conditions in the shops, fire escapes to the factories, ventilation in the work shops, and other conditions of a similar type came and changed the whole character of the operatives' conditions. If the *Constitution* staff correspondent saw the remnants of this period and pre-

sented it as representing the general conditions of to-day he simply perverted all the main facts in the case. He might just as well find a cottage of the 13th century in England and say that it represents the homes of the English operatives in 1898. That whole system of corporation tenements, truck stores, suppression of the right to organize in unions, and wholesale fining for little defects, is gone. It is a part of the last generation, and if here and there a little of it is observed it is but the remnant of a system that has been repudiated.

But all this, which New England has now outlived, is the normal condition of the South. The *Constitution* knows that the truck system accompanies the unclapboarded huts and twelve-hour labor of the southern factory operatives. It must know that there is no provision in the southern states for compulsory education of factory children, that the children are working in the southern mills from eight years of age up, and that factories are fed by little tots that are hardly old enough to enter a New York common school.

We would like to ask the Atlanta *Constitution* if it is proper on any grounds of economics, morality, sociology or self-interest to defend an industrial policy which permits the employment of children in factories, entirely at the caprice of corporations, without any guaranteed opportunity for home life, social intercourse or education. The proof that this subject cannot be left entirely to the irregular impulse of employers is that they continue to-day to provide these unhealthful, unsocial and degrading conditions. The proof that the community should and must step in is seen in the fact that factory owners, except in a few isolated cases, never voluntarily abandoned or even modified these conditions, but yielded only to the force of public demand expressed through legislative enactments.

The second proposition to which the *Constitution* attaches considerable importance is the "none-of-your-business" idea. It says: "We have no objection whatever to the ten-hour law or any other system that the southern operatives and their employers desire. What we do object to most emphatically is the suggestion of certain stupid persons in the East that the organic law of the land shall be amended so as

to admit of the adoption of a federal labor law which will enable New England to compete with the South on more even terms. Moreover, we object to any effort to change the law so long as the southern operatives (who are the ones really concerned) are satisfied with the system under which they are now working."

While, at first sight, this statement has a plausible seeming, it is thoroughly delusive. It confounds cowed acquiescence with satisfied contentment. There is nothing more erroneous than to assume that because poor people do not rebel there is no cause for discontent. If silent acquiescence is the evidence of social welfare, then the masses of India, China and Africa must be adjudged better off than the laborers of England and the United States. Discontent is the evidence of activity and progress.

It is universally true that discontent and demand for reform always emanate from the better conditioned classes in every community. The very poor seldom do much towards bringing about their own improvement. This is true in industry, morals and politics. All the movements among the laboring class, for higher wages, shorter hours, better sanitary conditions or other advantages, have always had to be maintained by the more advanced, intelligent and better paid portions of the class.

The coal-shoveling women of England actually petitioned against the law which prohibited women from working in coal mines. In Massachusetts it was easy enough to get loads of petitions against the adoption of the ten-hour law, signed by women and children, the very ones the law was designed to affect. Whoever heard of slaves agitating against slavery? Whoever heard of people who could neither read nor write demanding the establishment of schools? The contentment of southern operatives is no evidence whatever in favor of the twelve-hour system, or the truck system, or the employment of babies in factories to the exclusion of all educational opportunities and the practical guarantee of another generation of illiteracy, narrowness and political incapacity among the laboring classes. If contentment is to be taken as the standard of su-

periority then the social life and civilization of the working class is at the apex in China, the interior of Africa, and in India. Oh no, it is not silent acquiescence but intelligent discontent that really expresses the wholesome progressive spirit in society. If the operatives of the South can afford to work 12 hours a day in a cotton factory for sixty to eighty cents, to live in unplastered shanties with no carpeted floors, with the kitchen as a sleeping room, and their children never seeing the inside of a school, if southern operatives can afford this, southern civilization cannot; and if southern civilization can afford it, the national civilization of the republic cannot. If the southern operatives are indifferent to the consequences of this progress-arresting factory policy, then the better people of the South must interfere through statesmanship and public policy, if they do not wish to be left further and further behind in the march of civilization; and if the better people of the South insist on ignoring this state of affairs, then the people of the other states have a right, and it is their duty, a duty moreover which they will exercise, to reach this problem through the longer-ranged statesmanship of national policy.

The Atlanta *Constitution* may protest that this is a duty which the states should perform. We say "Yes, provided they will." But if the states refuse, then it becomes a question for the whole nation. It is neither good political science nor good political policy to permit one portion of a nation to systematically persist in perpetuating industrial and social conditions which menace the progress and ultimately must undermine the social welfare and general progress of the whole country.

Is Newspaper Influence Declining?

Since the municipal election in New York city last November there has been a revival, to some extent, of discussion regarding the moral and political influence of the press. The fact has been pointed out that Tammany achieved a signal success with practically no newspaper support and against the almost unanimous opposition of the great metropolitan dailies. The *Tribune*, *Herald*, *World*, *Times*, *Mail and Express*, *Evening Post* and *Brooklyn Eagle* were united in support of Mr. Low and against Tammany; the *Sun*, *Press*, *Commercial Advertiser* and *Brooklyn Standard-Union* entered the lists for General Tracy and against Tammany; the *Journal* championed the cause of Henry George until the latter's death, and Tammany had its support only for the two last days of the campaign. Yet Mr. Van Wyck won by a plurality of 80,000 over Mr. Low, and of about 127,000 over General Tracy.

On the face of the case, this seems like a puzzling phenomenon. The first conclusion, naturally, is that the press is seriously declining in influence and is no longer either a guide or a reflector of public opinion. As might be expected, the *Evening Post* takes this extreme pessimistic view and concludes that the American press is losing its influence with the people, at least on political issues and questions of public policy. It is barely possible that this opinion of the *Post's* finds justification in its own experience of late, but if so, the explanation which it proceeds to offer is hardly adequate. It charges the decline of newspaper influence chiefly to the growth of "yellow" journalism and the lowering of moral standards on the part of certain classes of papers; but, as others have already pointed out, there is here a clear fault in logic. If popular disgust has been roused by the methods of trash journalism, why has not this same moral sentiment resulted in a steady addition of success and influence to the decent, respectable papers, of which the *Post* modestly offers itself, by implication at least, as a perpetual example? Certainly it is a peculiar jumble of reasoning to say that a good thing is rejected because of the badness of a rival product.

Evidently this is a question which must be discussed in no superficial way. Is it true that the influence of the press is declining and, if so, what are the reasons?

Despite the apparent anomaly seen in the New York municipal election, it is probable that the unconscious influence of the press was never greater than it is to-day. The word *unconscious* is used intentionally. The conscious influence of the press, whether in support of Mr. Low or General Tracy, was meant to count for good government and stability of institutions; its unconscious influence has for years been contributing to the disrupting, disintegrating sentiment, politically and industrially, which to-day finds its natural expression in Bryanized Democracy, represented in New York city by Tammany Hall. In other words, the explanation of the apparent, but not real, decline of newspaper influence is that the press has not realized the significance and drift of its own teachings during the last dozen or more years. The public has taken the press at its word, has believed in it, relied upon it, but (and this is what seems to astonish the Journals of Commerce, Evening Posts and Boston Herald) that same public has insisted upon taking the most direct and drastic means of carrying into practical effect the lessons it thus has learned.

The kind of teaching here referred to is not the cheap vulgarities of the sensational dailies; these could never have produced the political results of which the better papers complain. The Bryan and George movements are not made up of men whose morals have been lowered by reading sensational recitals of crime and private scandals. On the contrary, the adherents of these movements are, in the main, as honest, sincere, and genuinely devoted to what they believe to be a righteous cause as is any other class in the community. Indeed, the moral vileness of "yellow" journalism would be quite as well calculated to repel as to attract the well-meaning citizens who have grouped themselves into these various wrong-headed politico-social movements. No, the "better journalism" cannot unload the responsibility for possible social revolution upon the cheap sensations of its less respectable contemporaries.

The kind of newspaper teaching which has been leading the public mind, unintentionally it may be, towards the idea of social revolution has not by any means been confined to the sensational press. It has found its most powerful, bitter and persistent expression in the very papers, the high class, distinctly moral journals, which are now standing aghast at the spectre of revolution and *lamenting the decline of newspaper influence*. It is just because their influence in this regard unfortunately has not declined that they to-day have occasion to warn the public of danger on every hand.

These papers have for years pursued a policy of unrelenting, nay, almost malignant abuse of American capitalists and manufacturers, American industrial enterprises and American public officials and institutions. Now this has not been due to personal spite or ill temper; on the contrary, it has been the backbone of a great political undertaking. It has been the species of warfare adopted as most effective in promoting the free-trade propaganda. No more potent argument against the protective system was available than the charge that practically every manufacturer or business man coming under that system was in effect a robber, that his purposes were malicious, his methods dishonest; and that our representatives and public officials were in a guilty partnership with grasping monopolists with the common object of plundering the community.

This was the propaganda begun by the respectable "independent" press and warmly seconded by partisan newspapers whether "yellow" or otherwise, particularly after the so-called tariff reform issue had been definitely raised by the Democratic President in 1887. All this was food and drink to the rapidly growing populistic and socialistic movements, which were pursuing exactly similar tactics in their attempt to prove the inherent rottenness of existing institutions and the necessity of revolutionary measures.

In this line, then, the influence of the press has been real and powerful, and that influence has been steadily in the direction of undermining popular faith in the integrity of our whole social fabric. The growth of this feeling was tremendously illustrated in the campaign of 1892, when the Demo-

cratic candidate added his personal contribution in the shape of such utterances as that at Madison Square Garden, on the Homestead strike. The election of that year was an impressive tribute to the disrupting, tearing-down power of newspaper influence.

What was the result? Was it, as the promoters of all this social bitterness fondly hoped, a realization of approximate free trade? Not at all. It soon became manifest that the people who had been educated into a deep seated distrust of our fundamental institutions cared very little about a purely negative, abstract, non-constructive proposition like free trade. Long years of newspaper misrepresentation and abuse had established a conviction that the government was being used to rob the masses; it was now sought to retaliate by injuring the so-called classes through the same agency. Instead of a great popular cry for free trade there came a flood of anti-trust laws, investigating committees, state ownership schemes and, finally, a general concentration upon free silver as a means of restoring to the masses the wealth of which they had been plundered, according to a decade of reliable newspaper testimony.

Of course, all this was very astonishing and incomprehensible to the free trade, mugwump press, and, confronted with the looming vision of Bryanism, they promptly changed ground and became ardent defenders of our capitalistic interests. All through the campaign of 1896 they refuted with vigor the "outrageous charges of intimidation and fraud," denounced the anti-wealth demagogy, filled columns in proving the progress of American workingmen, the rise of wages and so on, and assured the farmers that they had been fairly treated and were, in fact, under distinct obligations to the railroads and the philanthropic money lenders of the East. Despite all this they saw the sound money cause narrowly escape defeat and have since witnessed the spectacle of Bryanized Democracy making various gains, notably in New York; and what is their conclusion? Why, that the influence of the press (*i. e.*, their own influence) is declining!

As a matter of fact the real influence, the disintegrating, poison-instilling influence which these papers have for years

exercised, is not declining but has become a detached and growing power of itself. And, strangest of all, ever since the inauguration of the present administration, this same group of journals have largely returned to their old-time task of charging corruption and thievery upon Congress and upon American manufacturers, in connection with the restoration of protectionist policy, apparently unconscious of the fact that the direct influence of this is to strengthen the cause of Bryanism every day that it is continued. No, in this line the influence of the press is not declining.

On the other hand, it is probably true that as regards any line of positive, progressive, constructive policy, our conservative press has very little influence and, for that matter, never had much. Its influence has been negative, critical, destructive, but the people are now demanding some definite, positive plan of reconstruction, and the conservative press has nothing to offer. It is purely on the defensive, but the workingmen care nothing about preserving what these same teachers have convinced them was rotten. They have come to believe that their bread is stale and are demanding a fresh baking; but they are offered nothing but the same old loaf, staler than ever.

There is no question but that certain new and broader forms of public policy are absolutely necessary for the proper treatment of various social problems that have grown out of our recent industrial experience. The capitalist and wages system is not yet perfect by any means. Many of the conditions of labor might and should be easier; hours of labor might and should be shorter; wages might and should be higher; labor organizations might and should have more recognition and friendly treatment; sanitary conditions and residential environments might and should be greatly improved; wage-earners might and should have a system of insurance against old-age destitution; they also might and should be protected from the disheartening competition of cheap, immigrant labor, no less than from the products of such labor, at the custom houses. In all these directions and many others there is room for helpful, progressive societal action. The evils which should thus be dealt with have not been, however,

the products of malicious conspiracy or of legislative villainy, but are simply the outgrowth of new conditions which have not yet been comprehended in their broad, social aspect, and which have been accompanied by friction beyond the power of isolated individuals to remedy. But the press, largely for a political purpose, committed the almost criminal error of seizing upon these temporary and unavoidable maladjustments in the course of our progress as evidences of underlying unsoundness and organized conspiracy, which could be cured only by the adoption of a general free-trade regime. As we have seen, the first part of this was readily believed; the remedy, however, was altogether too cold-blooded, too negative and lifeless,—and it was rejected. What is demanded is a do-something, not a do-nothing policy. Bryanism, with its various revolutionary propositions pointing towards ultimate socialism, has a do-something policy to offer; the so-called conservative press has nothing. It is facing a new situation and its defensive influence is slight, chiefly because its offensive influence has been so powerful and real, and because it now has no programme of construction to replace that which it has sought to tear down.

Nor is this lack of constructive influence confined to the free-trade press. Republican journalism also is largely defensive, and indifferent to the new social problems. It has yet to recognize the labor movement as a necessary factor in the progress of civilization, requiring distinct, rational treatment. True, it supports the protective policy and the Monroe doctrine, but while these have an indirect influence upon the labor question they are not the specific things which the labor movement demands and needs. The Republican press is willing to see immigration restricted, but is making no vigorous and united campaign for such a measure. Its attitude towards trade-unionism is practically hostile; that of the mugwump press is positively so. Neither group of papers, as a class, have anything to say about labor insurance and very little about the right of labor organizations, as such, to confer with employers and be recognized in a representative sense the same as employers are recognized as representing the stockholders for whose investments they are responsible. The

Republican press is favorable to high wages, but suggests no means of promoting or maintaining such wages except the indirect influence of the tariff, while the free trade press either openly advocates low wages (witness the *New York Journal of Commerce*) or at least maintains that no forces can be set in motion to increase them, the whole matter being governed by supply and demand. And, regarding any proposition to reduce the hours of labor, the attitude of the press of both schools is almost uniformly hostile.

Is it strange, therefore, that this dearth of positive, constructive, wholesome public policy operates against the influence of the press in the direction in which it now seeks to exercise that influence? A press which is colorless or merely defensive rarely has influence. Unless it has a definite object in view, unless it represents genuine leadership, unless it is either striking down or building up, the people in a progressive state of society will not follow. For many years a conspicuous portion of the press, with the brief interim of the campaign of 1896, has been and is striking down. Its influence in this respect has been and is tremendous, and it is not surprising, therefore, that so many of the voters in New York city and elsewhere, thoroughly educated in the spirit of disintegration, should go straight into the political camp most nearly representing or promising a practical application of that spirit. Thus we see why the inconsistent conservatism of this same press, in its hostility to Bryanism, possesses so little influence with the great laboring (and voting) class.

This state of affairs will be remedied only when the press appreciates the real situation, abandons inflammatory abuse and misrepresentation on the one hand and, on the other, recognizes the labor movement and its needs, and advocates definite, constructive, rational treatment of the industrial and social issues which now promise to receive dangerous mistreatment from other quarters. It seems hopeless to expect any such wholesome transformation on the part of the free-trade, mugwump press. Whether or not Republican journalism will rise to the emergency is a question for the next few years to answer.

H. HAYES ROBBINS.

Industrial Arbitration in Congress

HON. CARROLL D. WRIGHT

The doctrine of industrial arbitration has been indorsed by the United States Congress by the passage of an act relating to boards of arbitration, approved October 1, 1888. There is now pending and on the calendar of both houses a bill entitled: "A bill concerning carriers engaged in interstate commerce and their employees." This bill, or substantially the same, has passed the House of Representatives twice, but has never been acted upon by the Senate. It has now been reported unanimously by the Senate Committee on Education and Labor and by the House Committee on Labor and, as the features of the bill are somewhat misunderstood, it may be well to analyze it and show wherein it differs from the law of 1888.

Fifteen or more states have laws providing for the settlement of labor disputes by the processes of industrial conciliation and arbitration. State laws, of course, relate to all difficulties which are likely to arise in local industries. The Congress can legislate on the subject for interstate railroads only, except, of course, for the District of Columbia.

The question of constitutionality in the establishment of a Federal board of arbitration has never arisen, for, in accordance with the United States Constitution, article I, section 8, the Congress has power to regulate commerce with foreign nations, and among the several states, and with the Indian tribes. It can, therefore, pass laws for the adjustment of disputes which may arise among common carriers engaged in interstate commerce, and their employees. The act to regulate commerce under which the Interstate Commerce Commission was created has been affirmed in several cases, and the validity of the law itself as a general scheme of regulation has not been seriously questioned in the higher courts. The reason for this is that the Supreme Court has universally upheld the power of legislatures to confer regulating authority upon railroad commissions. Whatever a state may do in the regulation of commerce within its borders, Congress may do in the regulation of

interstate commerce. The scope of the act creating the commission has been stated and its provisions apparently approved, and even to the extent that Congress is constitutionally empowered to clothe the Interstate Commerce Commission with much greater authority than is now conferred upon it, even to the point of fixing rates.*

The act of 1888 creating boards of arbitration is not a very well digested measure. It simply provides for boards of arbitration whenever differences or controversies arise between railroad or other transportation companies engaged in interstate commerce, and the employees of any such corporation. If, upon the written proposition of either party to the controversy to submit differences to arbitration, the other party shall accept the proposition, the railroad company is authorized to select and appoint one person, and the employee or employees another person, and the two thus selected are empowered to select a third person, the three thus selected to constitute a board of arbitration; and the duty of the board is to immediately organize at the nearest practicable point to the place of the origin of the difficulty or controversy, to hear and determine the matters of difference which may be submitted to it in writing, and, after concluding its investigation, to publicly announce its decision, which, with the finding of facts on which it is based, must be reduced to writing, and, together with the testimony taken, be filed with the Commissioner of Labor, whose duty it is to make such decision public as soon as the same shall have been received by him. The act provides for proper oaths of office, the taking of testimony, etc., but the duties of the board are ended when it has reached its decision and publicly announced the same, as provided. Neither party is in any wise bound by such decision. The object of the act is simply to give moral emphasis to the claims of one or the other of the parties, as the facts may determine.

Another feature of the act of 1888 is the authority given

* *K. & I. Bridge Co. v. L. & N. R. Co.*, 37 Fed. Rep. 567, and in re *Brimson*, 154 U. S. 447; *Railroad Commission cases*, 116 U. S. 307; *New York & New England R. Co. v. Bristol*, 151 U. S. 556; *Regan v. Farmers' Loan & Trust Co.*, 154 U. S. 362; *Nebraska Freight Rate cases*, 64 Fed. Rep. 165; *Tex. & Pac. Ry. Co. v. Int. Com. Com.*, 162 U. S. 197; *Freight Bureau cases*, 167 U. S. 479.

the President to select two commissioners, one of whom must be a resident of the state or territory in which a controversy arises, who, together with the Commissioner of Labor, shall constitute a temporary commission for the purpose of examining the causes of a pending controversy, the conditions accompanying it, and the best means for adjusting it. This commission must immediately report to the President and Congress, when its duties cease. A board of arbitration as provided by the act has never been called for, and only in one case has the board of investigation been created. This was on the occasion of the great Chicago strike in 1894. The act very clearly recognizes the principle of industrial arbitration as it may be applied to carriers engaged in interstate commerce, and their employees.

The pending bills—and they are identical—go much further than the act of 1888. They have been carefully drawn, thoroughly scrutinized, and all the provisions systematized. They may be spoken of as one measure.

The platform adopted by the Democratic party at its national convention in 1896 contained a plank in favor of the arbitration of differences between employers engaged in interstate commerce, and their employees, and recommended such legislation as might be necessary to carry out this principle. The platform of the Republican party adopted at St. Louis June 18, 1896, contained a plank favoring the creation of a national board of arbitration to settle and adjust differences which may arise between employers and employed engaged in interstate commerce.

Thus it is seen that a large number of individual states, by positive legislation; Congress, by the act of 1888, and the two great political parties by their platforms of 1896, have indorsed the principles of the pending bill. This bill (Senate 3662 and House 4372, 55th Congress, 2d session) applies only to any common carrier or carriers and their officers, agents, and employees engaged in the transportation of passengers or property wholly by railroad, or partly by railroad and partly by water, for a continuous carriage or shipment from one state or territory of the United States, or the District of Col-

umbia, to any other state, etc. It excepts masters of vessels and seamen as defined by law, and it defines "railroad" as including all bridges and ferries used or operated in connection with any railroad, and also all the road in use by any corporation operating a railroad, whether owned or operated under contract, agreement, or lease; and it defines "employees" as all persons actually engaged in any capacity in train operation or train service of any description, and where the cars upon or in which they are employed are held and operated by the carrier under lease or other contract, the carrier to be held responsible for the acts and defaults of such employees as if the cars were owned by it and the employees directly employed by it, without regard to any provisions of contract to the contrary, such contract being binding only as between the parties thereto, and not affecting the obligations of the carrier either to the public or to the private parties concerned. Under these provisions employees engaged in operating cars owned by great freight line companies and by palace car companies are included. The bill does not apply to employees engaged in the operation of street railroads.

The bill follows the declaration of the act creating the Interstate Commerce Commission relating to freight rates—that is, that all freight rates must be reasonable and just—for it provides that the wages paid by carriers and the rules and regulations governing employees shall be reasonable and just. Thus, if employees considered that their wages and the rules and regulations governing them were unreasonable and unjust, they would have a cause for complaint and an issue to be submitted to the board of arbitration. This is a vital principle, on which, should the bill become a law, will turn its chief value, for if a board of arbitration should, through the facts and information secured by it, determine that wages or rules and regulations were unreasonable and unjust, and went no further, the moral attitude of the two parties would be clearly defined and the force of public opinion would apply.

After having made this declaration, which is practically a bill of rights to labor so far as wages and rules are concerned, the bill attempts something not contained in the act of 1888

and that is the application of the principles of conciliation, the efforts under this to precede all processes for the creation of a board of arbitration. The bill provides that when any controversy arises which interrupts or threatens to interrupt the business of the carrier, the chairman of the Interstate Commerce Commission and the Commissioner of Labor shall, upon the request of either party, and with all practicable expedition, put themselves in communication with the parties to such controversy and use their best efforts, by mediation and conciliation, to amicably settle the difficulty; and if all such efforts prove unsuccessful, these two officers shall at once endeavor to bring about an arbitration of the controversy as provided in the bill.

Herein the act recognizes another vital principle—the desirability of avoiding, by conciliatory methods, an open rupture and an issue which must be settled by arbitration. Mediation and conciliation should always be resorted to in the first instance, and arbitration only when the conflict is really on. Every effort that will prevent an open rupture is in the interest of good order and conserves the moral attitude of all parties. It also appeals to their highest instincts of honor and manly action, and if the parties can be approached in the spirit of judicial impartiality and in the interest of the public, it is hoped by the friends of the bill that the declaration of an industrial war can be avoided. The instances of the successful application of this principle indicate that it should be extended. Whenever managers and employees have come together for the purpose of informing themselves of each other's position, and each has listened to the arguments of the other and the facts relative to prevailing conditions have been thoroughly understood, the parties have been able to settle the matters pending between them without public interference and without public inconvenience.

The bill provides, further, that whenever the efforts to settle the difficulty by mediation and conciliation shall fail, the controversy *may* be submitted to the arbitration of a board of three persons, one of whom shall be named by the carrier or employer; another by the labor organization to which the

employees interested belong, or, if they belong to more than one, then by that one which specially represents the employees of the same grade and class engaged in services of the same nature as the employees directly interested; or when the controversy involves two or more classes and grades of employees belonging to different labor organizations, then the second member shall be agreed upon and designated by the concurrent action of all the labor organizations involved. The two persons thus chosen must select the third commissioner of arbitration; but if these two cannot agree upon the third, and in the event of their failure, within forty-eight hours of their first meeting, the third commissioner shall be named by the chairman of the Interstate Commerce Commission and the Commissioner of Labor. This provision would prevent delay, through captiousness or for other reason, in naming the full board.

After the board is constituted there shall be a submission to it in writing, signed by the parties to the controversy, of the questions to be decided. This submission must contain five stipulations, which constitute the agreement of the parties, and in which they consent, first, that the board shall commence its hearings within five days from the date of appointment of a third commissioner, shall find and file its award within twenty days, and that pending the arbitration the status existing immediately prior to the dispute shall not be changed. By this agreement, which is a prerequisite to the whole work of the board, the public is protected against the inconvenience which might arise from a disruption of the relations between employer and employee.

Second. That the award of the board shall be final and conclusive upon both parties, unless set aside for error of law apparent on the record. By this either party has recourse to a proper method of procedure should it feel that there has been an error of law committed on the part of the board.

Third. That the parties will faithfully execute the award, and that the same may be enforced in equity so far as the powers of a court of equity permit; but no person shall be punished for his failure to comply with the award as for contempt of court. Thus the independence of the parties is preserved.

Fourth. That employees dissatisfied with the award shall not, on account of such dissatisfaction, quit the service of the employer before the expiration of three months from the date of such award without giving thirty days' notice in writing of intention to quit; and that no employer dissatisfied with the award shall dismiss any employee or employees on that account before the expiration of three months, etc., nor without giving thirty days' notice of intention to discharge. By this specific agreement the continuity of business is secured, as also the prevention of action through undue haste or the excitement which may prevail at the time of the disruption.

Some opposition to this feature of the bill has been aroused on account of the suspicion that the provision is for involuntary servitude, but this objection amounts to nothing; for if the public is to be considered at all and the status preserved there must be some provision for due consideration and for a specified time during which the status shall continue. Much harm is done in all strikes through actions taken under the excitement or impulse of the moment when the parties are aroused and even angered. The fourth stipulation of the submission would prevent all this and enable the parties to consider calmly the real situation and their own interests as well as the interests of the public.

Fifth. That the award shall continue in force for the period of one year, and that no new arbitration upon the same subject between the same employer and the same class of employees shall be resorted to until the expiration of the year, provided the award is not set aside for error of law.

It must be remembered that neither party can arbitrarily summon the other before a board of arbitration. It has been stated time and again that the pending bill provides for compulsory arbitration. This is not true in any sense whatever. The stipulations just recited must be agreed to voluntarily, or else there is nothing to submit to the board; but when the parties agree to the submission through their own will and motion the board has certain powers and the award has some binding influence and effect over and above that moral influence which any decision carries in the mind of the public.

The bill provides for the entering of judgment, the filing of exceptions thereto on account of errors of law, and appeals when such errors are alleged to exist ; and when an appeal is made to a circuit court the determination of the court shall be final.

The bill provides, further, that the parties may agree upon a judgment to be entered disposing of the subject-matter of the controversy, as is usual in cases of all arbitration or reference matters in ordinary controversies ; and when such judgment by agreement shall have been entered it must, of course, have the same force and effect as if entered upon an award.

When the agreement is executed by employees individually instead of by a labor organization as their representative, the bill protects an employer against the naming of a third arbitrator by the chairman of the Interstate Commerce Commission and the Commissioner of Labor unless upon evidence satisfactory to them it be shown that the employees signing the submission represent or include a majority of all employees in the service of the same employer, and that the award which may be the result of the arbitration can justly be regarded as binding upon such employees.

The pending measure contains another declaration or bill of rights in providing that during the pendency of arbitration it shall not be lawful for the employer to discharge the employees except for inefficiency, violation of law, or neglect of duty ; nor for the organization representing the employees involved to order, nor for the employees themselves to unite in, aid, or abet strikes or boycotts against the employer involved in the controversy.

The bill makes another very important provision, which is that every incorporated body of employees must provide in its articles of incorporation and in its constitution, rules and by-laws that a member shall cease to be such by participating in or by instigating force or violence against persons or property during strikes, lockouts, or boycotts, or by seeking to prevent others from working through such means ; but it exempts members of such corporations from being personally liable for the acts, debts, or obligations of the corporations, and the cor-

porations themselves from being liable for the acts of members or others in violation of law; and, further, that such corporations may appear, by designated representatives, before the board of arbitration, or in any suits or proceedings for or against such corporations or their members in any of the Federal courts.

The direct result of this wise provision will be that if an incorporated trades union, for instance, wishes to appear before a board it must show that it has the proper constitution, rules, and by-laws in accordance with the provisions of the act. This means recognition for the union and standing in the courts.

The bill also corrects another important matter in providing that when receivers who have been appointed by Federal courts are in possession and control of railroads the employees upon such roads shall have the right to be heard in such courts upon all questions affecting the terms and conditions of their employment, through the officers and representatives of their associations, whether incorporated or unincorporated, and that there shall be no reduction of wages by receivers without the authority of the court after due notice to such employees.

Every workingman in the United States is interested in the passage of a bill containing such a provision as this. At present organizations cannot appear through their officers in a court where their own affairs are being adjusted; they have no legal status. Should this bill become a law, however, they would have the status of any incorporated body or of any individual. Once settle this principle by statutory provision for employees of common carriers and it will be extended, and rapidly too, to every other class of employees.

Under the bill employers must not require an employee or any person seeking employment, as a condition of such employment, to enter into an agreement, either written or verbal, not to become or remain a member of any labor corporation, association, or organization; nor shall he threaten any employee with loss of employment or unjustly discriminate against any employee because of his membership in such organization or association; nor shall the employer require any

employee or person, as a condition, to enter into a contract whereby he shall agree to contribute to any fund for charitable, social, or beneficial purposes, or agree to release the employer from legal liability for any personal injury by reason of any benefit received from such fund beyond the proportion of the benefit arising from the employer's own contribution thereto; nor shall the employer, after having discharged an employee, or the quitting of the employee, attempt or conspire to prevent him from obtaining employment. All such actions are declared to be misdemeanors, and upon conviction the employer shall be punished by a fine of not less than \$100 nor more than \$1,000.

These are the main features or principles involved in the bill providing for conciliation and arbitration now pending in Congress. Of course, the bill provides for all the matters of expense of witnesses, etc., and repeals the insufficient act of October 1, 1888. The bill is practically a bill of rights to railroad labor, protecting the employer where he should be protected, but recognizing the dignity of the employee and protecting him in his rights. It is a bill in the interest of the public as well, for should it become a law and its provisions be applied, no controversy could result in stagnating trade or preventing the continuous operations of the great railroads of the country. The bill rests upon the highest principles of justice, equity, and public welfare.

There are five great orders of railroad employees—the Order of Railway Conductors, Brotherhood of Locomotive Firemen, Brotherhood of Locomotive Engineers, Brotherhood of Railroad Trainmen, and the Order of Railway Telegraphers. All these great bodies, through their chief officers, have urged the passage of the bill. They say in their written memorial to Congress that after a very careful consideration of the entire question they have no hesitancy in urging a favorable report upon the bill, and hope that it may speedily be placed upon the statute books of the Federal government. They know full well that the bill, should it pass, cannot be considered as a panacea for all interstate labor difficulties, but they know that it will become a great steadying influence in the conduct of

all controversies, dignifying and raising them above the realms of mere quarrels. They believe in conciliation and mediation, and they believe that if such beneficent efforts fail some proper tribunal, if supported, can bring order out of chaos and adjust matters in dispute in a satisfactory way. They are willing to submit to the obligations on their part as provided by the bill, and they see no reason why railroad corporations should not take like obligation on their part. It will steady all the forces involved and afford a powerful and even effective balance-wheel in interstate controversies. In the interest of successful railroad operation, which must be preserved in order to have our industries properly carried on—and such successful operation comprehends managers and men—and in the interest of the public, some such measure as that now pending should be enacted into law.

Wage Changes in England

The British Board of Trade has recently published its *Second, Third, and Fourth Reports on Changes in Wages and Hours of Labor in the United Kingdom*. These reports cover most of the important industries for the years 1894, 1895 and 1896; the First Report covered 1893. The information for all four years is summarized in *Bulletin No. 14*, issued by the Department of Labor, Washington.

Some of these facts we think will prove of interest to our readers, besides being worth preserving for reference purposes. The object of GUNTON'S MAGAZINE is, not merely to discuss economic and political questions in theory, but to supply its readers from time to time with such items of economic and sociological information, whether in the United States or the antipodes, as may possess any special significance or throw light on current problems. In our February number, for instance, we gave some facts about labor in Belgium, Holland, France and Russia; and in March a discussion of labor conditions in Japan.

From the Board of Trade reports just mentioned, for Great Britain and Ireland, it appears that 1893, 1894 and 1895 were relatively bad years for English workmen, and 1896 relatively good. This statement regarding 1893, however, needs some qualification.

In that year 142,364 workpeople in the industries covered by these reports received increases of wages, while 256,473 sustained decreases. The rate of increases, however, was considerably larger than that of the decreases; thus, the average increase per employee was about 81 cents, the average decrease only about 20 cents. This would give a net average increase of about 15 cents. The report in question, however, in obtaining the net increase includes some 151,000 employees whose wages were changed but remained the same at the end of the year as at the beginning, thus giving an average increase per employee of only 11 cents. We do not understand the reason for this peculiar computation; 15 cents appears to us to be the correct average increase.

Most of the decreases occurred in the metal, engineering and shipbuilding, mining and quarrying, and textile industries, but the amount of decrease was very small. For instance, nearly 51,000 in the textile industries had their wages reduced 11 cents per week (average). Nearly 104,000 in mining and quarrying sustained an average reduction of $15\frac{1}{2}$ cents per week; and wages of over 95,000 in the metal, engineering and shipbuilding trades were reduced, on an average, 30 cents per week. On the other hand, 40,000 in the building trades received an average weekly increase of $50\frac{1}{2}$ cents; nearly 76,000 in mining and quarrying received \$1.14 per week increase, and over 10,000 government employees, $38\frac{1}{2}$ cents increase.

Laborers in mines and quarries suffered severely during all three of the succeeding years. In 1894, nearly 438,000 in that group had their wages reduced, while only 98,491 received increases; the net average decrease per week for all employees being about 42 cents. The metal, engineering and shipbuilding trades also suffered in 1894, though less than in 1893; wages of over 39,000 employees were decreased in 1894, and about half that number (18,344) received increases; the net average decrease being about 16 cents per week. On the other hand, the building trade employees again prospered; 32,618 received increases, and only 101 had their wages lowered: the net average increase was $34\frac{1}{2}$ cents per week. The textile industries showed considerable improvement; there were increases to 8,662 employees, decreases to only 3,936; average net increase, about 11 cents per week. Over 9,000 government employees received increases; only 80 had wages lowered; net average increase 36 cents per week. But the total of all the industries reported shows, for 1894, only 175,615 increases, against 488,357 decreases; giving a net average decrease of 33 cents per week.

There was but little improvement in 1895. Over 313,000 miners and quarrymen had their wages reduced, while only 14,127 received increases. The net average decrease was 46 cents per week. In the metal, engineering and shipbuilding trades, wage changes resulted in a net average increase of half a cent a week; though the decreases affected the larger num-

ber, viz., 26,431, as against 18,392 who received increases. In the building trades, 24,431 received increases and there were no decreases; average increase amounted to 41 cents per week. Government employees received a net average increase of 39 cents per week; there being nearly 7,000 who received increases while only 96 had wages lowered. But for the extreme depression in mining and quarrying, the total of all industries reported would have shown a general increase of wages for 1895; as it was, there were 351,895 decreases and only 79,867 increases; net average decrease per employee, about 31½ cents.

In 1896 there was decided improvement, though the miners and quarrymen again suffered general wage reductions. Only 3,961 in this group received increases; while 149,175 had to accept lower pay. The reductions were very slight, however; the net average decrease being less than 13 cents per week. All the other industries reported show wage increases. In the building trades there were increases to nearly 89,000 employees, decreases to only 24; net average weekly increase, 50 cents. In the metal, engineering and shipbuilding industries there were increases to 240,777, decreases to only 13,043 employees; net average increase, 37 cents per week. Textiles, clothing and miscellaneous, all showed increases. Government employees to the number of 14,282 received increases; only 241 sustained decreases; the net average increase was 29½ cents. The total for all industries reported shows that 382,225 employees had their wages increased, while 167,357 sustained decreases. The net average increase was over 21 cents per week.

The two conspicuous features in this record are the prolonged depression and successive wage reductions in the mining and quarrying industry, and the steady prosperity and wage increases in the building trades. Probably both these tendencies were largely the result of exceptional conditions; but, for a partial cause, we may reasonably look to the effect upon the workingmen of these widely different types of industry. Miners and quarrymen lead lives of social isolation, and the conditions of work are such that only the lower grades

of labor are normally drawn to it. Hence the standard of living of the group is lower, their power of resistance much less, their organizations not ordinarily compact, united and aggressive. Therefore, when a depression comes they are ill-prepared to resist the pressure for lower wages, and only make a determined fight when they are practically face to face with starvation. This fact was well illustrated in the great coal miners' strike in this country, last summer.

But in the building trades all these conditions are reversed. Workers in these trades come directly under the stimulating influence of urban conditions, while the nature of the work itself, requiring considerable skill and intelligence, attracts higher grades of workingmen. They are therefore much more independent; their standard of living is high, and they will form strong organizations and make a determined struggle before they will consent to accept any wage reduction. Workingmen's unions in these trades are aggressive and powerful, and the position of strength they hold with reference to their employers is seen in the successive wage increases.

The reports from which we have been quoting show the changes in hours of labor as well as of wage rates. Each year shows a net average decrease in hours. In 1893, over 33,000 employees had their hours of labor decreased; in 1894, 77,000; in 1895, 21,448; in 1896, 34,655. Hours were increased in 1893 for 1530 employees; in 1894 for 128; in 1895, 1,287; in 1896, 73,616. The figures for 1896 are misleading, however; since nearly all the employees whose hours were increased were in the building trades, which fact suggests the probability of some special circumstances affecting those trades in that year. The average amount of increase (20 minutes per week) is quite insignificant. It may have been due to some unusual press of work in some parts of the United Kingdom, during which the employees agreed to work a little longer in consideration of more wages. Certainly it cannot be supposed that the workingmen in these trades were compelled to accept a permanent longer hour system, for during the same year 89,000 of them were able to secure increased wages, while in each previous year wages had been increased and hours of labor de-

creased. The whole trend has been steadily in the direction of a shorter working day.

It is interesting to note that the eight-hour system adopted for government employees in 1894 did not result in any decrease of their wages; on the contrary, it was found that they accomplished quite as much as before, and their wages rose, each year. Of the 77,000 whose hours of labor were decreased in 1894, 45,313 were government employees.

The net average reduction for all the industries reported was: in 1893, 1.99 hours per week per employee; in 1894, 4.04 hours; in 1895, 1.94 hours; in 1896, .73 hours.

Of course, in the industries which suffered wage reductions, it is probable that any reduction in hours of labor merely reflects in another way some depression in that industry. When business is very dull it is often customary to work short hours at reduced pay, in preference to discharging large numbers of employees. In the building trades and government service, however, and perhaps in the metal, engineering and shipbuilding trades in 1896, the reduction of hours represented a definite gain to the workers, because it did not, in general, involve an accompanying decrease of wages; on the contrary, there was an average increase.

Agricultural laborers and railway employees are not included in the foregoing statistics, as the facts covering them were very imperfectly collected. It is stated, however, that the general tendency of agricultural wages during 1894 and 1895 was downward, and in 1896 slightly upward. With regard to railway employees, there was a slight upward tendency in wages and a slight decrease in hours of labor. This is the normal movement which should be taking place in all industries; and will, in fact, far more regularly and certainly than now, as industry becomes more widely and effectively organized. Only in this way can the depressions resulting from excessive competition and haphazard adjustment of supply to demand be avoided.

Foreign Labor Statistics Criticised

In our February number we published a few items about European labor conditions, in an article entitled "Recent Foreign Labor Statistics." We have since received a letter from a correspondent, criticising two of our conclusions in that article as unwarranted. His first criticism is as follows:

"On page 101 of the magazine, after giving the tables showing wages of laborers in Belgium, you conclude that the laborers in that country receive only one-third as much as do laborers in the same trades in New York City. You then go on to show that this substantiated your former statement that the character of the institutions of a nation can be told by the rate of *real* wages received by its inhabitants. Certainly you can judge of the institutions of a country by the rate of *real* wages, but you have not compared these but simply quoted the *nominal* wages. The only information we can gather from these tables is that *nominal* wages in Belgium are low as compared with *nominal* wages in New York. To compare real wages in the two countries would we not have to determine the prices of bread, clothes etc. and compare those as well?"

His second criticism applies to our comments on the fact that in agricultural Russia considerably more is paid for the labor of a horse than for that of men, and two or three times as much as for the labor of women. On this point he says:

"Because the day's labor of a horse costs more than that of a man, you seem to be horror stricken, but it must have been by some Sherlock Holmes instinct that you were keen enough to deduce from that one fact that the inhabitants are 'sodden, stagnated' etc. If you are correct in deducing such a conclusion from that fact, those same adjectives must apply to our New England inhabitants, for I find that in nearly all our states the price per diem of a horse or mule is equal to the wages of the man and sometimes exceeds them. It seems to me that this must be explained by some better reason than that the standard of living of New England mules is higher than that of New England farmers."

In a certain sense, perhaps, our correspondent's criticisms

may be just. As a matter of fact, both of our conclusions, to which he refers, were entirely correct, but possibly we should have stated more explicitly the grounds upon which these conclusions were based. The fault, if fault there be, is not that we have made any erroneous statement, or drawn any false conclusion, but simply that we were more concerned in impressing in a new way some important truths often before demonstrated than in elaborately proving them over again by means of complete syllogisms. Our purpose was not to make any exact, scientific comparison between industrial conditions here and abroad, but simply to illustrate certain broad, general tendencies by means of some facts of so striking a character as to show upon the face of the case that while qualifying considerations doubtless existed they could not be of sufficient importance to offset the main statement.

So manifestly was this the case that our correspondent's criticisms seem to have, almost, the flavor of quibbling. If his complaint is merely that the article in question does not contain a complete logical demonstration of the points brought out, then our reply is that nothing of the sort was attempted. We merely sought to illustrate in a general way certain familiar truths.

With reference to Belgium, we showed that nominal wages in the leading trades in Brussels average about one-third what is paid in the same occupations in New York City. But we did not pretend to deduce from this that laborers in New York are three times better off than those in Brussels, as our friend seems to imply. Of course the cost of living is less in Brussels, but in nothing like the same proportion that wages are lower.

Prices in the United States might be double those in Belgium and still leave American workingmen distinctly better off than the Belgians. We were particular to use the term "real wages," for the very purpose of indicating that while the wage figures given implied a considerable difference in labor conditions, they should not be interpreted to mean that American laborers were *three times* better off than Belgian laborers.

We are not in possession, at present, of complete price

statistics for Belgium, but attention may be called to certain general facts. Rent is very much lower, perhaps one-half or two-thirds less than here. The houses and apartments occupied by the same classes of laborers here, however, are very much superior. According to the famous Engel law, rent consumes only about 12 per cent. of an income, whatever its size; therefore, even if rents in Belgium were only one-third what they are in New York, this item alone would not come within a twelfth of covering the difference in wages.

Clothing probably costs somewhat less in Belgium than in the United States, but the difference, quality considered, is not marked. Within the last few years good clothing in this country has become almost as cheap as in England, and certainly Belgium cannot manufacture clothing, of equal quality etc., more cheaply than England.

The latest statistics we have of prices of food, etc., in Belgium are for August, 1896, taken from the Belgian "Revue du Travail" an official publication. The principal commodities cost, in Brussels, as follows (U. S. money):

Wheat bread, 2 cents per pound; coffee, 28 cents per pound; milk, $2\frac{1}{2}$ cents per quart; eggs, $18\frac{1}{2}$ cents per dozen; butter, 25 cents per pound; beef or veal, $17\frac{1}{2}$ cents per pound; mutton, 14 cents per pound; pork, $15\frac{1}{3}$ cents per pound; sugar, $8\frac{1}{2}$ cents per pound; cheese, 21 cents per pound; petroleum, 9 cents per gallon; coal, 22 cents per hundred pounds.

It will be seen that these prices average fully as high as in the United States, some of them being decidedly higher than here.

On the whole, it seems apparent that the cost of living in Belgium, for the same class of expenses, cannot possibly be more than one third less than in the United States; probably it is not more than one quarter less. That is, if money wages in Brussels are to New York wages about as \$1.00 to \$3.00, the former would really be equivalent to \$1.30, because of the greater purchasing power of money, and the true comparison would be \$1.30 to \$3.00. With so wide a margin as this, it is evident that a material reduction could be made in the estimate of New York wages, and of Belgian cost of living, with-

out weakening in any way the conclusions which our friend criticises.

Now, as to Russia: our correspondent is mistaken in saying that our conclusions regarding the inferiority of Russian civilization were drawn from the "one fact" that horse labor costs more there than human labor. That conclusion was drawn from the whole preceding statement of facts, including the amount of wages paid and the fact that women are regularly hired for farm labor. This will be clear, we think, if our critic will re-read the paragraph in question. The fact that men's wages average from 23 to 34 cents per day, and women's from 10 to 16, is quite as significant of a low civilization as is the comparison with what is paid for horse labor. Doubtless some of the staple commodities used by Russian peasants are cheaper than in the United States, but any general comparison of the cost of living is practically impossible because a large proportion of the comforts and conveniences commonly enjoyed here are not used by the Russian peasant at all—being simply beyond his reach.

But, passing this, we must decline to accept our critic's statement regarding the relative cost of human and horse labor in New England. Of course, if he is comparing the rates charged for city livery horses with wages of farm laborers, the statement may be correct; but such a comparison is absurd. Nor is it even permissible to compare the price paid for horses and men on the farms, in New England, in the way they may be compared in Russia, for this reason: In Russia, as is evident from the table quoted by us, the hiring of horses for farm labor is a customary and regular business, almost as much so as the hiring of men and women. Hence, it has undoubtedly become subject to ordinary competitive conditions, so that the price paid is a fair indication of the cost of maintaining the animal; just as the real wages of men and women everywhere, under normal conditions, is a fair indication of their cost or standard of living. But the hiring of horses for farm labor in New England is the exceptional rather than normal and customary thing. Nearly all farmers own their own horses, and farm laborers are not hired "with horse" simply

because they have no horses ; their own labor is all they have to sell. Horses are occasionally loaned by one farmer to another, in exchange for produce or service ; but when horses are hired for farm labor it is for some exceptional cause, and hence they probably do command a somewhat exceptional price. A man who furnishes another with a horse, as a semi-favor or in a temporary emergency, usually charges and receives a price considerably higher than would be paid if he were in the business of hiring out horses for farm labor. Such a price, therefore, does not accurately represent the cost of maintaining the horse ; it is a special arrangement, and other than normal price-fixing conditions enter in. But in Russia, where it is evidently the customary thing to hire man and horse together, the price for the horse may fairly be taken to represent its cost of maintenance, as the man's wages represent his.

Of course the expense of maintaining a horse on a New England farm is merely a fraction of the expense of hiring a farm laborer, furnishing him with board and lodging and money wages besides. Even were it possible to collect statistics of the cost of maintaining farm animals, it would be unnecessary to quote them in proof of this statement.

In view of these facts we reaffirm the statements criticised by our correspondent ; and believe that any candid analysis of Russian conditions will support our conclusions in the matter.

Institute Work

Social Reforms

The movement for social reform takes on several phases ; one is socialism, another is free land, or single tax, another is populism, and another is labor organization. The lesson this month relates to the first two ; the other two will be taken up next month. Each of these are general groups and include within them numerous minor movements, differing somewhat in detail.

Socialism includes the organized efforts to improve society by transferring the control and ownership of industry from private hands to the government. Whatever name it may go under, any effort to accomplish this end is socialistic and properly is a part of the movement of socialism. We often make a mistake by speaking of anarchy and communism and socialism as if they were all one and the same thing. This is not at all so. Anarchy is the very antithesis of socialism. Socialism contemplates the overthrow of individual enterprise and substitution of government control, while anarchy contemplates the overthrow of all government enterprise and controlling supervision, and the substitution of individual effort, even to the police function of protecting life and property. In short, socialism is a doctrine of all-government and anarchy is a doctrine of no-government.

Communism is different from either. It contemplates common ownership of consumable wealth—the products of industry ; that is, the use in common of the ordinary commodities of life. Socialism differs from communism in that it maintains the individual ownership of consumable commodities and asks for the public or collective ownership only of the tools and implements (capital and machinery) by which the consumable commodities are produced.

The history of socialism is the history of modern industrial development. Its growth has been chiefly stimulated by the defects of the English system of political economy. The early theories of English economists regarding labor and the consumption of wealth so neglected the interest of labor and justified social indifference to the laborer's condition as practically

to make low wages an economic virtue,—which created an economic revolt. The fact that the shortsighted attitude of an extremely unsentimental employing class found justification in this doctrine of economists and policy of statesmen created the impression, which ultimately grew into a definite conviction, that the system under which that could take place must necessarily be vicious. The history of every popular movement to improve the condition of labor was found to be in direct antagonism to the teachings of political economy. Instead of the science of economics helping to improve the social condition of the masses it seemed to be the handmaid of capital and the stimulator of oppression.

This led to a new theory. It was seen that the employers who pursued this policy were not necessarily bad men ; that they sympathized with the poor, though always acting against them. The conclusion was reached that the evil was not in the capitalists but in the system under which modern industry is conducted. A number of writers, culminating in Karl Marx, developed the theory that the real cause of the evil lay in the fact that the profits of industry all go to the owners of capital or the instruments of production. Since it was impossible to take this profit away from them after they had once received it, without violating the equities of society, the only way to reform this evil was to transfer it from private hands to the state. Since all the injustice that is practiced upon labor and the community consists in taking what belongs to laborers in the form of profits, interest and rent, and since these would all go to the public if the state owned the capital, machinery and land, the real way to solve the problem was to establish public ownership of all means of production, which is the kernel of the theory of socialism. The object of this is to secure to the masses what the capitalists now unjustly take from them. This being done, all the demands of justice, according to socialism, would be satisfied.

This theory, however, overlooks several important facts in the situation. It assumes that labor produces all wealth, which we have shown over and over again is not true.* It also en-

* See "Wealth and Progress," pp. 15-22; "Principles of Social Economics" pp. 63-89, 251-262; Institute Bulletin No. 10 "Is Socialism Feasible?"

tirely overlooks the fact that the tendency of competitive industry is to distribute profits, interest and rent to the community through lowering the price of commodities, increasing wages, and public improvements. As frequently pointed out in these pages, this process of distributing the margins, or what some call the unearned increment, is constantly going on. To-day's profits are given to the public in to-morrow's reduced prices.

In 30 years the price of steel rails has been reduced from \$158 to \$24 a ton. Thus, \$134 a ton which, but for the lowering of prices, would have gone to the capitalists in profits, has gone to the community in the reduced price of steel rails. The same is true of cotton cloth which 40 years ago was over 12 cents a yard and is now less than 3 cents a yard. But for the lowering of price the 9 cents a yard, which the competitive principle distributed, would be still going to the manufacturers as profits. The truth is, that this so-called unearned increment is constantly being distributed to the public, but it is so distributed as not to destroy the incentive for its own increase, which its arbitrary confiscation by the state would do. This fact socialism entirely ignores and proceeds upon the assumption that profits are not distributed to the public at all, but permanently remain the income of capitalists.

Another fatal defect in the socialistic theory is that it assumes that profits are extracted or deducted from wages; in other words, if there were no profits all that the capitalists now receive would go to the laborers in wages. This, as we have repeatedly explained, is wholly fallacious. Profits are not a deduction from wages but, in reality, an extra increment of production drawn from nature. Wages are just as high or higher in competing industries where the concern makes profits as in those where they have no profits. The fact is, as explained in our last month's lesson, wages are paid, not according to the profit made, but as a part of the necessary cost of undertaking the enterprise. Profits are the difference between the cost per unit of the product of the poorest producers and of that of the better. Every economy or increased efficiency of a competing producer which reduces the cost per unit of his product below that of his dearest competitor is so much profit, but in no way

diminishes the wages. As we have said, these are the same in the concerns which make profits and those which make no profits. It can hardly be expected that a theory which is based so completely upon a misconception of the economic facts involved could lead to rational and workable social reforms.

But perhaps the most serious objection to socialism is that its tendency is to destroy all incentive for any exceptional thought or invention whatever to create any increments of surplus or profit, as it would tend to remove the responsibility and management of industry from the hands of experts, who are developed by individual ownership, by transferring it to managers elected by popular vote, which, as demonstrated in all political institutions, seldom secures the services of the best, but usually only of mediocre talent.

The single-tax doctrine is a form of socialism, though much less scientific and consistent. It takes no exception to the doctrine of interest and profits, but makes war only upon the rent form of surplus increment. This theory assumes that all the evils of society arise from private ownership of land. All laborers would have employment and poverty would be unnecessary if private ownership of land were prohibited. This it proposes to accomplish by a single tax, which shall be so levied as to confiscate the entire value of land. This notion, for theory it can hardly be called, presupposes that if all private title to land were abolished (which, of course, means that all land would become public property), then wages would rise, employment increase, and justice prevail.* The disadvantage of this claim is that there is no experience anywhere to support it. Time was when all land belonged to the state or community, and there was no private ownership at all. Yet, wherever that exists, poverty is greatest and civilization the lowest. Despotism, superstition and the most primitive means of existence always prevail wherever common ownership of land is found. Indeed, that was one of the characteristics of primitive society, and among the earliest steps towards civilization was the private ownership of land. That preceded the wage system, the right of private contract, or even the most elemen-

*See "Wealth and Progress" pp. 60-70.

tary form of representative government. History is all against the claims set forth by the single tax.

Work for April

OUTLINE OF READING

This month we begin our consideration of Social Reforms. The work assigned covers sections *a* and *b* of topic IX in the curriculum, as follows :

IX. SOCIAL REFORMS.

(a) Socialism.

- (1) Its history.
- (2) Its theory.
- (3) Its practical effects.

(b) Single Tax.

- (1) What it means.
- (2) Its probable effect.
- (3) Its literature.

REQUIRED READING. In "Principles of Social Economics," Part IV, Chapter II. In "Wealth and Progress," Part III, Chapter I. In Marshall's "Economics of Industry" Book VI, Chapters XI and XII. In *Gunton's Magazine*, the Class Lecture on Social Reforms.

Also, President Gunton's lecture on "Is Socialism Feasible?" published in *Gunton Institute Bulletin* No. 9, January 29, 1898; and lecture on "Taxation vs. Confiscation," published in *Bulletin* No. 13, February 26, 1898.

SUGGESTED READING. In "Principles of Social Economics," Part III, Chapter IV. President Gunton's lecture on "Henry George, Economist and Reformer," published in *Gunton Institute Bulletin* No. 1, November 20, 1897; lecture on "The Coming Social Conflict," in *Bulletin* No. 8, January 22, 1898; and lecture on "The New Democracy," in *Bulletin* No. 14, March 5, 1898. Pamphlets on "Economic Basis of Socialism" and "Economic Heresies of Henry George," by George Gunton; supplied from *Gunton Institute* office. In Herbert Spencer's "Illustrations of Universal Progress," Chapter X. Those who wish to make an exhaustive study of the philosophy of socialism are referred to Karl Marx's "Capital" (generally

known as the "Bible of socialism"); Professor William Graham's "Socialism New and Old;" "Socialism, The Fabian Essays" edited by G. Bernard Shaw; "Socialism From Genesis to Revelation," by F. M. Sprague; and "Socialism, Its Growth and Outcome," by William Morris and E. Belfort Bax. On the single-tax question students are referred, of course, to Henry George's "Progress and Poverty." We would also suggest Chapter III, in Francis A. Walker's "Land and its Rent." Anarchism, the antithesis of socialism, is only very slightly discussed in the present course, but students desiring a very fair and relatively complete statement of the philosophy of anarchism, history of the movement, and scientific criticism of its principles are referred to "Anarchism, Its History and Theory," by E. V. Zenker; published by G. P. Putnam's Sons.

AIDS TO READING

Notes on Required Reading. The theory of socialism is that all the instruments of production should be owned and operated by the people collectively, that is, by the state. It is important, therefore, at the outset, to have a clear understanding of the nature of the state; what it is, what are its proper functions, what are the natural limits to its action, and so on. For this reason we have prescribed the chapter on "The State; or, the Nature and Function of Government," in "Principles of Social Economics," though that chapter is properly a part of our next year's work, on "Political Science," and will be taken up again at that time. In this chapter Professor Gunton outlines the difference between the state and society, shows the relation of the state to the individual, and then enters upon a careful analysis of the nature of the state, discussing the social organism theory of Plato, Hobbes, Rodbertus, Marx and Spencer. He brings out very clearly the curious fact that Herbert Spencer, in attempting to prove that society is an organism, lays a logical foundation for the doctrine of socialism, though Spencer himself is perhaps the most conspicuous enemy of public as opposed to individual activity. He carries this so far as even to oppose public school systems, public coinage of money, etc.; yet, in his argument that the

state is an organism he is logically, if unconsciously, a socialist.

The balance of this chapter is devoted to building up a constructive theory of the state, from the standpoint that it is an organization rather than an organism; that is, the unit, to whose improvement all effort should be directed, is the individual (or family) rather than the state. The state is simply an organization of individuals for the doing of certain things which can be accomplished better by collective than by individual effort. This is at once a definition of the state and a test of its sphere of action. As civilization advances the tendency should and will be for the state actually to *do* less and less for the individual; but it may, of necessity, always continue to exercise its chief and most important function, namely, to secure and protect the opportunities for individuals to do for themselves. This standpoint makes possible a rational and practical view of the sphere of governmental action, the object of statesmanship and the duties of citizenship; it equally avoids the extreme radicalism of the Spencerian idea that the state should do practically nothing, and of the socialist theory that it should do everything. The state, in the true view, is essentially a protective, not paternalistic, agent.

With this general preparation we are ready to take up our study of socialism, and, for that purpose, pass to the chapter assigned in "Wealth and Progress." Here we find a discussion of "Popular Remedies for Social Evils." It is shown, first, that political institutions are the result, rather than the cause, of industrial conditions; hence that political liberty grows out of industrial progress, rather than industrial progress out of political liberty. This general fact leads to the conclusion that industrial reform cannot be secured by the mere arbitrary overthrow or revolutionizing of political institutions, as proposed by anarchism and socialism. As fast as the evolution of industrial and social institutions requires it, all necessary political reforms or readjustments will be and are naturally developed; and any political experiments which do not come in this way cannot be permanently successful.

In the second section of this chapter it is shown that all propositions of social reform by means of arbitrary abolition of

rent, interest and profits, are based upon fundamentally wrong principles. There is no possible way in which such action could permanently increase the income of the working people ; on the contrary, it would take away the main incentive for a continually increasing production of wealth, from which alone a larger income for laborers can be derived.

In the remaining portion of this chapter Professor Gunton discusses at some length the inadequacy of socialistic methods. He points out that the various schemes of colonization, co-operation and socialism are attempts to anticipate, rather than to promote, social evolution. The proper work of the social philosopher is not to determine what the final, perfected state of society is to be, but to ascertain the laws of social progress and discover means of working in accordance with them, in the knowledge that we shall thus be moving towards the true end, whatever its particular form may prove to be.

We are shown the theoretical weakness of co-operative and socialistic schemes, and the practical failure of all such experiments wherever they have been tried. The reasons for such failure are pointed out in detail. Particular emphasis should be laid on the point that democratic control of industry necessarily means that the most expert skill and talent will not, except by chance, be secured ; because democratic choice always involves a midway compromise between the most competent and least competent groups of electors. As has often been noted, the keen, expert, successful promoter and manager of industry is seldom sufficiently popular to be elected even to a minor office.

Marshall does not discuss socialism, but we have assigned two chapters in his "Economics of Industry," in order that students may be able to complete the volume this season without interruption. These two chapters are in the nature of a summary. In the first he gives a "General View of Distribution" and in the second discusses "The Influence of Progress on Value." Students will have discovered by this time that in discussing certain kinds of economic problems Marshall adopts a somewhat short-range method ; that is, he treats of the conditions surrounding a private business enter-

prise and determining the action of an individual employer, much more fully and clearly than he explains the operation of general laws governing price, wage and other conditions in the markets of a community or nation. On the latter class of topics his discussion is largely in the nature of general observations and seems to lack somewhat in precision. In other words, while analyzing certain economic forces very carefully, he often stops just short of showing the results of the interaction of those forces in society. Students will find Marshall valuable more for his analytical work than for constructive outlining of positive economic principles.

We would call special attention to a few points in these chapters. On page 346, for instance, he shows how the benefits of England's great industrial developments are now being extended to the whole world; so that backward countries, by adopting her methods, will soon be manufacturing for themselves and thus starting on the road to modern civilization.

Again, on page 349, he calls attention to the important fact that town' house rents, nominally dear, are not so in reality when the social and other advantages secured in the occupation of such property are considered. What is paid for, in the case of residence property, is a social gratification or utility, and whether the real rent is high or low depends upon the relative amount of such social utility afforded. From this standpoint, the rent of city residence property may often be comparatively low. Marshall goes on to show in some detail the gross inferiority of house accommodations in earlier times and says, very truly, that much of the popular belief that house rent has risen is due to imperfect acquaintance with former housing conditions and of the improvements latterly realized.

On page 359 he points out that, while great fortunes are often realized by the "supreme economizing force of (a) great constructive genius," the bulk of the new forces of improvement in society "are telling on the side of the poorer class as a whole relatively to the rich." And he emphasizes the serious fact that pessimistic exaggerations of the evils of our own age

simply "tend to the setting aside of methods of progress, the work of which if slow is yet solid."

In his discussion of wages, immediately following, he overlooks the real way in which the standard of living affects the matter. Students who have followed the course thus far will appreciate this at once. Marshall's idea is that an improvement in the standard of living, or a reduction of hours of labor, can only be economically beneficial when it increases the productive capacity of *the laborers*, by giving them greater endurance, freshness, skill, etc. From this standpoint he, of course, reaches the conclusion that the influence of such reforms must be relatively limited, and that in large classes of industry they cannot be applied at all.

The secret of this matter is, however, that while better living and shorter hours do undoubtedly improve the laborers' efficiency, the real increase in production comes from better machinery rather than harder work by operatives. The better machinery comes into use, constantly, in response to increasing consumption of its products; and short hours and better wages mean just that increasing consumption of wealth by the masses. Thus, while the pressure for higher wages and shorter hours forces improved productive methods into use, as a necessary economy, that very introduction of improved methods makes possible the larger wealth production from which the increased wages can be paid. This is the way in which the standard of living determines wages, and transfers an increasing proportion of the world's productive effort from human beings to machinery.

The balance of the required reading for the month bears directly on the curriculum topics. In the class lecture in the magazine President Gunton discusses both socialism and the single tax; while the two Bulletin lectures treat the same subjects at greater length.

Notes on Suggested Reading. We would strongly recommend that students re-read the chapter on Rent in Part III of "Principles of Social Economics," in connection with this month's study of the single-tax proposition. It is important to have a clear understanding of the law of economic rent and

its effect upon the community, before considering the merits of Mr. George's plan of confiscation. The Bulletin lecture on "Henry George, Economist and Reformer," the pamphlet "Economic Heresies of Henry George," and Chapter III of Walker's "Land and its Rent," all deal directly with the single-tax scheme; and, of course, students who wish to get the full statement of that proposition should read George's "Progress and Poverty."

The literature of socialism is much more voluminous. The text book of socialist doctrine is Karl Marx's great work on "Capital," but students will be able to get a very clear statement of the case in other and less exhaustive treatises. The keynote of Marx's argument is his discussion of surplus value, which is critically analyzed in Chapter VI of Part III in "Principles of Social Economics." This point was taken up in our March work and might be profitably reviewed at this time. The Marxian doctrine is also treated at length in Mr. Gunton's pamphlet on "Economic Basis of Socialism."

Those who wish to get the most concise statement of Herbert Spencer's social-organism theory, before referred to, should read Chapter X of his "Illustrations of Universal Progress." Of the remaining books suggested, all are favorable to socialism except "Socialism New and Old" by Professor William Graham, M. A., of Queen's College, Belfast, Ireland. The latter work is not entirely satisfactory, but contains many good features, and accurately traces the development of the socialist movement.

LOCAL CENTER WORK

Socialism and the single-tax proposition will afford ample subject matter for debates, papers, etc., in local centers. Here are a few suggestions:

Review of February and March work on "Distribution," covering Wages, Rent, Interest and Profits. This will be found a valuable preparation for the present month's work, which deals with propositions for radically changing the methods of distribution. The review work can be done either by

means of quizzes or examinations or preparation of short papers on special points.

Professor Gunton's class lecture in the magazine should be read and discussed; and, if possible, debates should be arranged between the brightest and readiest speakers in the different centers and local advocates of socialistic or single-tax doctrine. Where this is not feasible, debates can of course be held, as usual, between members of the local center itself. Topics will naturally suggest themselves:—*Resolved*, that the state should own and operate all the instruments of production for the benefit of the people; *Resolved*, that there should be but one tax and that on land and equivalent to its rent; and so on.

Short papers might be prepared or remarks made on such topics as: Historical sketch of socialism; Is modern evolution tending towards socialism?; The true function of the state; The economic theory of socialism; How would socialism work in practice?; Difference between socialism and anarchism; History of co-operative experiments; What is the cause of rent?; Would the single tax abolish poverty?; Advantages of private land-ownership; Does justice require public confiscation of land values?; How does rent affect wages?; Practical effects of the single tax.

For an additional debate topic we would suggest: *Resolved*, that co-operation or profit-sharing contains the true solution of the labor problem.

THESES

Next month we shall publish a number of topics upon which students are expected to prepare short theses, as a test of thoroughness of the work done during the past season. The theses should be forwarded to this office within a given time (which will be specified) and such of them as may possess sufficient merit will be held for possible publication.

Question Box

The questions intended for this department must be accompanied by the full name and address of the writer. This is not required for publication, but as an evidence of good faith. Anonymous correspondents will be ignored.

Editor GUNTON'S MAGAZINE: Is not the general rate of interest for given classes of securities at any given time mainly determined by the supply and demand of money of-

ferred for loan? In London and New York, at present, interest is lower than for several years, though business is much more profitable. Does not abundant capital explain this? Every change in imports and exports of gold at once affects interest rates. Also, why is interest in the West, where business is so much less profitable, twice as high as in the East, if it is not because money is scarce out there?

W. P. B., Rochester, N. Y.

The rate of interest for any given class of securities is a composite resultant. Interest is a portion of profit. No matter how abundant or how scarce money may be no interest will be paid for it unless it can be so employed as to produce a surplus greater than the interest. Next to this, the element of risk probably exercises the greatest influence on individuals. Where risk is great the rate of interest is very high. That is one reason why the rate of interest is so high in the West; another reason is that the banking facilities, which are the means of furnishing money, are very expensive in the West,—which is another way of saying that the cost of furnishing capital in the West is higher than in the East. The interest on government securities is the lowest, for the reason that there is practically no risk. No attention is required from the owner of such investment. He can go to Europe or Asia and collect his interest when the time comes around. Interest is really a portion of the probable or anticipated profit that is offered for the use of capital. It will rise, like the price of commodities, according to the difficulty of obtaining the capital, up to the point of absorbing all the anticipated profit. If the cost of obtaining the capital is great or the probable profitability of the enterprise, which is another form of risk, is doubtful, then the interest will be high. It is exactly like the rate of insurance, which increases according to the probability of fire, and diminishes with the security against fire. Interest falls to the point of minimum responsibility and maximum security, like investments in British consols or United States bonds.

Editor GUNTON'S MAGAZINE: Is the term "surplus

value" a correct expression? Value, I understand, is an exchange ratio; but surplus value, as used by Marx, does not mean a *ratio* but a *sum* left over, after costs are deducted from market price. Is not "economic surplus" a better term in this connection?

Institute student, New York City.

Perhaps economic surplus is a better term than "surplus value," although surplus value is a correct expression. Our correspondent is mistaken in assuming that "surplus value" as used by Marx does not mean ratio, but a sum left over. All value is a ratio, and the surplus value, (*i. e.*) the value above the cost, is exactly like the value equivalent to cost. The word "surplus" only means that there is more value resulting than was invested, the difference being surplus. For example, if the cost of a given product was 20 units and the resultant 25 units, 5 units would be surplus. If the units were pairs of shoes, each of the extra 5 pairs would have the same value as any other pairs. The value per pair would be the same in each of the 25 units produced as in the 20 units invested. There would simply be more value. Or, as Marx correctly says, 5 units of value is surplus or "surplus value."

Editor GUNTON'S MAGAZINE: In your March number you say that in all industries there is a point where neither rent, interest nor profit is realized, though this may not be true of any one concern; some may pay rent, but no interest or profit, and so on. But if there is any surplus at all, must it not go, first to rent, then to interest, then to profits? How could any concern, hiring its land and capital, pay profits but no interest, or pay interest but no rent?

H. C. S., Brooklyn, New York City.

No concern that hires its land and capital can have a profit without paying rent and interest, because these are prior claims to profit. Profit, being the undivided remainder, cannot exist until the others are satisfied. But if a concern owns its land and its capital then it may have profit without paying rent or interest. There are numerous cases, probably in every

state, where parties own the land and what little capital is employed, and have no profit. They simply get enough to furnish their living. In those cases there is no surplus at all. The value of the product barely equals the cost of production. Nothing we said in our last issue implied anything different from this. In the no-surplus cases cited a margin of 5 per cent. would all go to profit. If they had to hire the land or capital at a rent or interest equal to 10 per cent. they would have 5 per cent. loss and go to bankruptcy, because the stipulated portion of the surplus paid to others for the use of land and capital would be greater than the aggregate surplus created.

Editor GUNTON'S MAGAZINE: If rent is determined by different degrees of productiveness of land, what determines house rent? The residence district of New York is not in demand for business purposes, hence it cannot have a reflected value. Nor does the cost of maintaining residence property anywhere near equal the rent. Is it not because there is a natural limit to the supply of certain sites, so that they command a monopoly price up to the margin of their utility to the consumer? Subscriber, New York City.

House rent, or the rent of land for residence purposes, is determined by the same principle and conditions as is the rent of land for agricultural or business purposes. In both cases it arises out of the different degrees of productiveness of the thing supplied. If it is farm land, then it is the different degrees of productiveness in farm crops. If it is for manufacturing or mercantile purposes, it is the different degrees of utility afforded for those purposes; in both cases the rent being the difference between the land furnishing the greatest utility and that furnishing the least. Now, in the case of house rent, or residence land, the principle is just the same; only, the purchaser pays for a social utility instead of the means of furnishing or producing a salable utility; in the same way that the different seats in a theatre command different prices. Some land will command no rent at all for residence purposes, because it yields no social utility over what

can be had from land rent-free. The same is true of business or farm land. Of course house rent involves another element, viz., the cost of the house. That part of house rent is exactly like the price of a manufactured product and relates directly to the cost. So that, house rent is not all margin, but only that part of it which is due to the exceptional utility of the land is economic rent. The other is definitely cost and price, but that element which is purely rent is determined, as we have said, just the same for residence land as for farming and mercantile land.

Editor GUNTON'S MAGAZINE :

Dear Sir: Did the Standard Oil Company oppose the great pipe-line system and other improvements and adopt them only by the force of circumstances?

Fall River Student.

No, the Standard Oil Company never opposed the pipe-line system; it never had any interest in doing so. On the contrary, with the exception of a few short pipe lines, it developed the pipe-line system, because the railroads would not give sufficiently cheap transportation. It is true that for a time the railroad companies gave the Standard Oil Company a rebate on its transportation, but the companies finally pooled their interests and decided to share in the profits of the Standard's business, whichever road got it, and enforce the payment of a rate which the Standard thought was too high. Consequently, in order to get cheaper transportation, the pipe-line system was developed at a great outlay of capital.

Editorial Crucible

PERHAPS IT was only to be expected that yellow journalism would cast upon the President's peace efforts the implication of improper capitalist and "Wall Street" influence; nevertheless this sort of thing is peculiarly exasperating just now. As a matter of fact, the money lenders would be the very ones to profit by the bond issues war would necessitate. It is only natural that business interests, great or small, should dread such an upheaval as war would bring, and it is no reflection whatever upon the Administration's integrity that it recognizes the force of that sentiment. The President may be mistaken in imagining that further parleying will avail, but to attempt to destroy public confidence in the head of the nation at this critical moment is no less treasonable than the pro-Spanish railing of the *Evening Post* itself.

IN ITS eagerness to attack Senator Lodge and uphold the Cleveland regime the New York *Evening Post* has gotten itself into sore trouble. Usually it has a friend in the *Boston Herald*, but in this instance the *Herald* makes bad work of the *Post's* statements. The *Herald* shows conclusively that in the *Post's* attack on Senator Lodge it "blundered" in its facts, and, when it found that it was utterly wrong, instead of honorably apologizing, it proceeded to make an attack on another point, upon which the *Herald* shows it "blundered out of whole cloth." In conclusion the *Herald* says: "Our contemporary has been very unlucky in its assaults upon the junior Senator from Massachusetts. We advise it to let him alone until it can furbish up an accusation that will come within gunshot of the facts." Things have come to a pretty pass when the veracity of the *Evening Post* is thus ruthlessly treated by its Boston twin. If the *Boston Herald* will talk like this about the integrity of the *Post*, what may we not expect of people who call a spade a spade?

THE TENDENCY of capital to concentrate in larger and larger corporate concerns continues at an increasing pace. Ac-

ording to the *Journal of Commerce*, 200 organizations of the trust order now exist in the United States. They jointly possess capital stock and bonds amounting to \$3,662,000,000, which is equal to more than 50 per cent. of the aggregate capital invested in the United States in 1890. This fact is viewed with alarm by the *Springfield Republican*. It sees in it monopoly, plunder of the public by exorbitant dividends, temptation for new monopolies to arise, which will create a disastrous competition and ultimately end in the ruin of all and prepare the way for state ownership.

Our Massachusetts contemporary seems to be unnecessarily alarmed. We fear it draws its reasoning from the inflated predictions of "New Democracy" literature rather than from the cool induction of what has actually taken place. All that the *Springfield Republican* half hysterically predicts has been prophesied with every period of capitalist re-organization and development since the power loom and spinning jenny were invented. Every new labor economizing device and every improvement in productive organization, which in any way increased the aggregation of productive capital, has been accompanied by the same kind of pessimistic foreboding, and it has not been confirmed in a single instance. Oh no, Mrs. Shipton, the world isn't coming to an end just yet.

ENGLAND APPEARS to be occupying a position among the nations of Europe in relation to the Eastern question very similar to our position in relation to Cuba. She is far and away the most advanced and the strongest power in Europe. While she is prepared for war, her influence is all for peace. Whatever may have been her policy heretofore, it is not now territorial conquest but equal industrial opportunity for western nations in oriental markets. Although England proper is seemingly insignificant in comparison with some other nations, her authority and influence is greater than that of any other country. Her dominion covers over eleven million square miles of the earth's surface, an area, according to the *London Spectator*, equal in the aggregate to fifty-five times the area of France, and, although some part of the population has never

been very accurately counted, it is estimated to include about one-fourth of the whole human race. It is very clear, therefore, that with her resources, extensive influence, advanced position of industry, government and civilization, the welfare of mankind demands that English influence rather than Russian should dominate the policy under which western civilization shall make its inroads in the Asiatic countries.

In this hemisphere we occupy a similar position. In relation to Cuba our policy is peace, industrial development and political freedom. That of Spain is repression and despotism. If we have to fight it will be that peace may be established, and the opportunity for industrial development be secured. If England has to fight in the far East, it will be for substantially the same reason. There is every reason why England and the United States should be, not merely friends, but real allies in their policy and influence among the nations.

THE SUB-COMMITTEE on banking and currency in the House has at last reported a compromise currency bill. Like all compromise bills it is unsatisfactory, but it is perhaps as good as could be gotten through the present Congress. The state of financial opinion in Congress, and for that matter in the country, is not sufficiently clarified to create any hope that a very good bill could be passed.

This bill is made up mainly of the features of the Gage bill, the Fowler bill, the Walker bill, and the Indianapolis Convention bill. The Walker bill, though somewhat complicated in its details, was the best bill of the four, and far better than the one reported by the Sub-Committee. The present bill has taken from the Indianapolis measure the 5 per cent. security fund, a feature of no real consequence in a good banking measure. It has taken from the Gage bill the feature of the right to issue notes equal to the full amount of the capital, and from the Fowler bill the method of progressive taxation of note circulation in excess of 60 per cent. of bank capital, making the tax 2 per cent. on issues in excess of 60 per cent. of the capital and of 6 per cent. on issues in excess of 80 per cent. of the capital. This, while granting the banks the right to issue notes

against assets makes it practically impossible by the heavy tax.

The bill provides for the redemption of standard silver dollars in gold, a provision that is not at all necessary, and will make every silver man a deadly enemy of the measure. From the Walker bill it takes what is really the best feature of the bill; viz., the provision for retiring the greenbacks and substitution of bank notes, thus making the banks assume the responsibility of redeeming the greenbacks in gold. This feature relieves the Treasury and the nation from that constant bugbear, the gold reserve. It also practically relieves the government of the greenback debt. Altogether, it is a bungling measure, but it has several features which make it head toward improved methods of banking, and perhaps had better be passed since at present a better measure might not have so good a chance of becoming a law.

AS WE GO to press the war clouds thicken; yet, it is obvious that the President is using every power at his command to prevent such a calamity. It is difficult to see, however, that a peaceful outcome of the Cuban problem can be possible unless either Spain backs down or the United States consents silently to watch Spain's brutal treatment of the Cuban people. If civilization means anything, there must come a time when it will be regarded a crime for a strong nation to stand by and watch with indifference the heartless and indefinite torture of a small island country by a larger and aristocratic one. It was the scandal of Europe that the Christian nations stood by and permitted the Turks to murder the Armenians, until at last this sentiment became too strong to withstand and a pretence of interference was undertaken by the "Concert of the Powers."

The case of Cuba is far worse than that of the Armenians. Spain has demonstrated her utter incapacity to suppress the Cuban rebellion. She has practically abandoned any attempt to govern Cuba, even by war methods, and has resorted simply to an indescribably brutal and heartless method of starving the population. Not merely starving the insurgents, but starving the loyal population for fear in their very industry they might

perchance involuntarily furnish support to the insurgents. The trocha method is neither more or less than converting peaceful, loyal towns into Andersonville and Libbey prisons. Hundreds of thousands of these innocent, well-meaning, loyal peasants are thus being made into prisoners of war and starved to death without a blow being struck or a creditable effort of any kind being made either to suppress the rebellion or govern the country independently of it. This is not war ; it is a systematized effort to destroy the resources and starve off the population of the island, with a fiendish malignity never equalled by the lowest savage tribes. It has no justification on political, moral, industrial, religious or any other grounds. It is a performance that should not be tolerated in Christendom. For a powerful, free nation to look on and permit this cowardly and unmitigated barbarism to continue is in reality to be a party to it.

Civilization stands for peace, but not peace at a price which shall permit the indefinite infliction of such debasing and revolting cruelty upon a small industrial community merely because it aspires to political freedom. The voice of Christendom will sustain the hand which intervenes to stop such ghastly work.

ALTHOUGH THE signs on the surface all seem to point to war, the real forces behind the scenes favor a peaceful solution of the Cuban problem. While Spain is haughty, insolent and brutal, she is not unconscious of the moral as well as financial and military weakness of her position. There is not a single nation in Christendom that is or would be outspokenly in favor of Spain. The London *Spectator* really voices the consensus of the best opinion of Europe when it says :

“ We have no antipathy to Spain, but rather wish her well. But she cannot regain her health as a State as long as she is wasting her blood and treasure on Cuba. Unless the amputation of the Cuban limb takes place speedily, the whole body of Spain will be poisoned. But though we wish to see Cuba separated from Spain, for the sake of Spain, this is not our strongest reason for desiring American intervention to put an end to the insurrection, and to give Cuba her freedom. The condition

of the island is at this moment so terrible, and has been so appallingly miserable for the last three or four years, that as one reads even moderate and well-balanced accounts, such as that in this month's *Blackwood*, one wonders whether even in the Thirty Years' War itself 'the negation of God' was ever more effectually carried out by human beings."

The suggestion of an armistice until October, which it is intimated that President McKinley is disposed to favor, may properly be taken as evidence of the desire on the part of Spain to end the Cuban conflict without war with the United States; yet, too much confidence should not be placed in this overture, if it has really been made. An armistice till after the rainy season would enable Spain greatly to recoup her forces and strengthen herself for a renewal of the conflict in the fall. For the insurgents it would be no such opportunity. They are living on the produce of the country, contributed mainly under the enthusiasm created by the belief that they are fighting for Cuba's freedom, but let hostilities be suspended for five months and this enthusiasm may be expected greatly to wane, if not to die, so that a renewal of hostilities would find Spain in a much stronger position than at present. The only conditions upon which an armistice should be accepted or recommended by the United States is, that negotiations may be undertaken with the definite understanding that the outcome will be freedom for Cuba. Anything short of that, as a definite basis for negotiation, is really worthless, for the time has passed for any solution of the Cuban question short of the effectual end of Spanish authority on the island.

Economics in the Magazines

THE FORUM, March, 1898. *State Control of Political Parties.* By Hon. Frank D. Pavey, New York State Senator.

The significant point of Senator Pavey's article does not lie in any particular recommendation which he makes, but in the evidence afforded that he has not been captured by the non-partisanship idea. In the reaction from certain abuses of partisan politics the tendency has been to go to the other extreme and demand abolition of all partisan action, beginning with municipal affairs and probably extending to wider fields later on. Senator Pavey has been generally known as one of the anti-organization men in New York politics, but it is evident from the following that he recognizes the importance and necessity of party organization as the only feasible method of accomplishing political results:

"The widespread interest in the subject is the best test of its gravity in our political life. Every advance will be resisted by the combined force of the managing politicians of every party and the non-partisan independents. One seeks to control, the other to destroy, all party action. One is vicious, the other mistaken, in its opposition. The fibres of American political life are closely intertwined with the framework of great political parties. The one cannot be destroyed without cutting down the other to its very roots. This fact must be recognized and not decried. The state must protect these great engines of political action from internal decay or external destruction."

ENGINEERING MAGAZINE, March, 1898. *English Railway Fares, and Their Influence on Traffic.* By W. J. Stevens. This is an interesting article, comparing American and British railway rates. The British statistics do not enable one to learn the average rate per passenger per mile, but the writer says: "As regards the average charge per mile, there does not appear to be much to choose between American and British railways." The average length of a journey in Great Britain is about nine miles; in the United States $24\frac{1}{2}$ miles. In this country the

average receipt per passenger per mile has decreased from 2.356 cents in 1884, to 2.034 cents in 1896. It appears that the accommodations furnished for third class travel in England have been considerably improved, so that second class accommodations and rates will probably become non-existent before long, as they are already in Scotland.

It should be remembered, in connection with Mr. Stevens' statement that the bulk of third class fares are under a penny a mile (2 cents, American money,) that the average American travelling facilities are considerably superior to English third class accommodations, and also that the immense amount of low rate city travel, commutation and other short-trip business in England, operates to reduce the average rate; while the figures quoted for the United States include a much larger percentage of long distance travel, a good part of which is over western and southern roads, where the rates necessarily are relatively high.

LIPPINCOTT'S, March, 1898. *The Status of American Agriculture.* By George Ethelbert Walsh. Mr. Walsh argues that the remedy for agricultural depression lies in more scientific farming. That this is one of the remedies there can be no doubt. An improved banking system, giving better financial facilities, is another; and extension of manufacturing industries throughout the agricultural regions, which means an increased market for farm products and wider diffusion of urban influences, is another. Perhaps Mr. Walsh states his case best in the following extract: "The new farming has its superstructure built upon strict business principles that obtain in the world of general commerce and industry. It is just as much a question of profit and loss with the farmer as it is with the merchant. How much can he make out of one acre, five acres, one hundred acres? He must be a seller as well as a producer. The man who operates a factory spends as much time in finding good markets for his articles as he does in manufacturing them. When the market is glutted he economizes his expenses, and when prices fall he endeavors to produce his commodities at less cost. Every new invention is likely to

make his machinery and plant obsolete, and he must be prepared for such a contingency. Other articles superior to his may crowd him to the wall, and there is only one of two alternatives,—failure, or a change in his system which will enable him to improve the quality and nature of his goods. In an industrial age like this there is no reason why agriculture should be exempt from the same laws. And it is not.”

This is a sensible and true, even though it be a less attractive programme than the Populist idea of making everybody rich by law.

AMERICAN JOURNAL OF SOCIOLOGY, March, 1898. *Official Statistics*. By W. M. Stuart. This is a reply to certain criticisms that have been rather freely made on the government's official statistics, especially as regards wealth, production and wages. Although Mr. Stuart does not refer to any special criticism, he evidently has in mind the numerous captious and inconsequential articles contributed by H. L. Bliss to the *Journal of Sociology* and other publications during the last few years.

One of the most frequent criticisms on the census statistics is, that large classes of facts were included in the report for 1890 which were not covered at all in 1880; the result being to show a large percentage of increase, which in reality did not occur. Mr. Stuart shows that wherever the figures for the two censuses are compared, all classes of facts in the 1890 census that were not included in 1880 are deducted from the 1890 total, so that comparison becomes entirely proper.

In the matter of wages, Mr. Stuart says that the best statisticians in the world have agreed that the *average* number of employees per annum in an establishment should be taken, rather than the highest or lowest number. To take the average number shows about the number of positions occupied in any given concern during the year. There are so many changes and transfers on the part of individuals, that any other method than taking the average number of employees would be nearly valueless. Moreover, this was the method employed in both censuses; hence, the results in that respect at least, are fairly

comparable. There are some differences in classification in 1890; but, after taking out all possible sources of error, it still appears that the average wage per employee in 1890 was at least \$429.47, which is nearly \$84 more than in 1880. Finally, Mr. Stuart refutes the claim (though refutation is hardly necessary) that the census figures were purposely manipulated to deceive workmen and others regarding the industrial conditions of the country. Such a charge is as silly as it is false.

YALE REVIEW, February, 1898. *Agricultural Depression in England.* By J. H. Hollander. This is a brief summary of the reports of the Royal Commission on Agriculture, appointed in 1893. Speaking of this report, Mr. Hollander says: "The existence of agricultural depression in Great Britain, varying in intensity in different districts but nowhere entirely absent, was therein recognized. In duration it was stated to have 'existed and increased in intensity throughout the country for the last 12 or 15 years.' In duration it was found in many districts to have reached 'a stage so acute that the consequences have already become most disastrous,' while in the aggregate it constituted 'a great national calamity.' The overwhelming weight of evidence indicated as the chief cause of the prevailing depression 'the heavy and, generally speaking, the progressive fall which has occurred in the prices of agricultural produce.'"

The report attributes this fall in prices largely to increasing foreign competition. "In nearly every case there has been a general correspondence between the fall of prices and the intensity of foreign competition. . . . British wheat now constitutes barely twenty-five per cent. of the total quantity consumed in the country."

A great number of recommendations are made for relief of the situation, ranging from bimetallism to various modifications of tax laws and rental regulations. There is no good reason why Great Britain should not impose a protective tariff on certain classes of farm products, sufficient at least to raise agriculture to the plane of decency, and give English farmers a chance to introduce some of the modern improved methods

of production which now give so great an advantage to their competitors. But, of course, nothing of this sort was hinted at in the report, though the recommendations that were made were really applications, in a different way, of the general protective principle which underlies nearly all societary action.

THE CHARITIES REVIEW, February, 1898. *Charity and the State*. By Frederick Howard Wines. The underlying idea of Mr. Wines' article seems to be that the dispensing of charity is properly a duty of the state. With this view we agree; that is, so long as charity is necessary at all, we believe it should be given through public rather than private agencies. Rich manufacturers or corporations are prone to think that a contribution to the funds of a private charity organization society discharges their whole duty with reference to social problems, besides creating a not displeasing reputation for philanthropy and public spirit. Now, this is not in itself necessarily discreditable, but our objection is that it serves to turn the attention of these men away from propositions dealing with the fundamentals of the labor question in such a way as to remove the need of any charity at all. On the other hand, if the expense of charity is met by public taxation, they then feel it as an obnoxious burden, rather than as a means of exhibiting praiseworthy generosity; and, perforce, become more interested in dealing with the causes of poverty than with its alleviation. Our wealthy men would be far more likely to take an interest in short hour and labor insurance propositions, and in efforts designed to stimulate high wage movements, if the burdens of enforced idleness fell upon them in the shape of a matter-of-fact, unsentimental tax, instead of as a means of gaining public esteem through voluntary contributions to charitable work. We do not mean to charge that these motives are always present, even in a majority of cases, but there is no question that the underlying tendency is in the direction indicated.

Mr. Wines draws a clear distinction between public and private functions, and says that the ideal is neither in the extreme non-interference idea of Herbert Spencer, nor in the ex-

treme paternalism of socialism, but "a ground intermediate between these extremes."

Of the socialistic idea, he says very truly that "with the abolition of private property the most powerful incentive to individual effort would be extinguished, civilization would disappear, and the race would relapse into a state of barbarism."

The true function of the state is admirably stated by him to be "the improvement of social conditions, by legislation based upon social experience and adapted to check the operation of causes which generate and perpetuate conditions unfavorable to the public welfare." Charitable work, so long as charity is necessary at all, comes under that head. Says Mr. Wines: "Organized charity has been sarcastically defined to be a declaration on the part of A that B ought to help C. The state alone has the right to make this declaration, in its judicial capacity, since it determines the obligation of every citizen to every other citizen; and it would be criminal for it, in case of necessity, to fail to make and enforce it."

This is a thoroughly sound position, and is especially gratifying in that it comes from the editor of a magazine published by a private charitable agency:—The Charity Organization Society of New York City.

NORTH AMERICAN REVIEW, March, 1898. *Patriotism: Its Defects, Its Dangers and Its Duties.* By the Rt. Rev. Wm. Croswell Doane, Bishop of Albany. It seems to us that it is rather more important, now-a-days, to talk about the need of patriotism than of its dangers and defects. We are so constantly flooded with doleful Mugwump caution against being too patriotic and caring too much for our own interests and honor, lest we hurt the feelings of somebody else, that it really would be a relief, once in a while, to see some prominent man come out in a magazine article and vigorously defend thoroughgoing, old-fashioned patriotism. It is true, very much of Bishop Doane's article is patriotic in a high and true sense, but it seems to us that in emphasizing the brotherhood of man idea so strongly, he perhaps loses sight of one of the great underlying principles of society, viz. that all progress is in groups,

not *en masse*; and that group or nation which best develops its own highest capacities is thereby best fitted to do the most for the whole human race. Simply to throw down all barriers and, if necessary, come down to the level of the lowest, in order that they may be equal with us, is not to help them, but to set everybody back.

Bishop Doane is entirely right in condemning any attempt to "foster American hatred of England." The only trouble with this general idea is that when it comes to any practical test of patriotism, involving clash of interests between our own country and England, men of his type of mind are apt to insist upon their idea of peace and altruism to the extent of opposing any vigorous and honorable upholding of our side of the case. They are even ready, very often, to weaken in every way the position of our statesmen and diplomats. We do not believe the American spirit is characterized by any disposition to be offensively aggressive in our relations with other powers. Its extreme conservatism and reserve in the recent complications over the Maine disaster disproves the charge of "jingoism." This "jingoism" and "exclusiveness" seems to be what Bishop Doane considers the gravest defects of our patriotism. In this respect, however, we think he radically misinterprets the real American spirit.

Recollections of the Civil War. By Sir William Howard Russell, LL.D., Special Correspondent of the *London Times*. This is the second in a series of articles which is proving to be very interesting reading. The author is giving the results of his personal experiences in the South during the early days of the Civil War, and is throwing a great deal of light on the spirit of intense animosity that prevailed there during the time the slave states were passing their secession ordinances. In one paragraph he quotes a statement made by Senator Wigfall at that time, which shows again the truth of the assertion we have often made, that after all it was a fundamental difference of economic conditions that lay at the bottom of the great rupture between the two sections.

Book Reviews

STUDIES IN GENERAL HISTORY. By Mary D. Sheldon. D. C. Heath & Co., Boston, 1898. 556 pp. Introduction price \$1.60.

As an example of the art of condensation, this little volume is a masterpiece. There is nothing in the line of literary embellishment, and very little discussion of the underlying causes of great historical movements and changes. It is a veritable encyclopedia of information, and will make a useful book of reference. The author, Miss Sheldon, was formerly Professor of History in Wellesley College, and recently teacher of history in the Oswego Normal School, New York. She has evidently devoted a great amount of research and painstaking care to the preparation of this history. It is freely illustrated with representations of the great works of art and architecture in each of the great historical ages, and has, also, a number of good colored maps. It begins with studies on Egypt, Persia and Asia Minor; takes up Greece and Rome quite exhaustively, then follows the reconstruction period of the middle ages, down to the French Revolution, and closes with a brief study of 19th century conditions.

A valuable feature of the book is its numerous tables, giving very briefly the important facts about the great men, poets, philosophers, statesmen, soldiers, rulers and reformers in each period. At the end of each chapter is a list of questions. These, of course, are of interest only to the class-room student. This is not a book to be read through in a hurry; it is an uninterrupted procession of facts, given in the briefest possible way, and whoever masters the contents of this volume will have a very fair notion of the leading facts of the world's history. For detailed information on any particular period, he will, of course, have to go to other sources.

OUTLINES OF SOCIOLOGY. By Lester F. Ward. The Macmillan Company, New York, 1898. Cloth, pp. 293.

It is always safe to expect something worth while from the pen of Doctor Ward. His *Dynamic Sociology* and *Psychic Fac-*

tors of Civilization were important contributions to the truly scientific and philosophical consideration of sociology. He has the true scientific spirit which has characterized Spencer's work, without the paralyzing spirit of *laissez-faire*, so deadening to the sociological discussion of the author of *Synthetic Philosophy*. Doctor Ward combines philosophical warmth with scientific precision, and so lends a constructive force to sociology.

While giving full recognition to the importance of studying science for the sake of knowledge, Doctor Ward admits what has been frequently emphasized in these pages; namely, that the object of scientific knowledge is to furnish a guide for wiser human conduct and the permanent and ultimate increase of human well-being. He approvingly quotes (p. 203) the following from Doctor Cunningham, on economics:

"Economic science is wholly practical, it has no *raison d'être* except as directing conduct towards a given end: it studies the means leading towards that end not merely for the sake of knowledge, but in the hope of guiding men so that they may pursue that end in the most appropriate way: it is not content to describe the principles that have actuated human conduct, but desires to look at these principles in the light of after events, and thus to put forward the means that are best adapted for attaining the end in view."

Admitting that the purpose of sociology is the betterment of society he proceeds to discuss what constitutes betterment, and says (p. 203):

"There is really only one test of the comparative goodness, i.e., the better or worse, in anything, and that is what may be called the ethical test, viz., the degree of satisfaction that it yields. One thing is better than another if it yields a greater amount of satisfaction. It comes down to the agreeable and the disagreeable as the positive and negative states. What is more agreeable is better. What is more disagreeable is worse. The agreeable is the good. The disagreeable is the bad. Looking at the condition of society as a whole we see that this is the test of utility and the basis of economics. The positive social state is the 'pleasure economy' of Patten. The 'end in view' of Cunningham is the 'greatest happiness' of

Bentham. Social betterment is the passage out of a pain economy into a pleasure economy, or from an economy that yields only the satisfaction of physical needs to one that fills out the higher spiritual aspirations. Social progress is that which results in social betterment as thus defined, and all the other supposed ends are either simply means to this end or they are names for the various aspects of it. . . . The real answer, then, to the question as to the purpose of sociology is: *to accelerate social evolution.*" This is at once frank, wholesome and virile. It puts sociology on the basis of practical science, whose object is affirmatively to contribute to the increase of human welfare. At first sight this pleasure and pain doctrine of societary movement may seem narrow and, to some, even gross. If left at this point there might be some ground for this view, but whether social conduct on the "pleasure economy" or "greatest happiness" basis leads to merely carnal and physical enjoyment, or it leads to truly ethical and spiritual aspirations, will depend entirely upon the degree of social progress that has taken place. If a people is kept, through the conditions of industry and government, or environing influences, in a state of poverty, primitive simplicity and narrow social life, the gratifications sought will be of a crude, carnal character. On the other hand, in proportion as the social life of a people differentiates and increases in complexity, the plane of desires and satisfactions rises from the crude physical to the refined social, ethical and spiritual. This leads directly to the wholesome, optimistic and practical conclusions; first, that the function of sociology is ultimately to render positive aid to social betterment; second, that this can be done only through the medium of pleasure and pain experiences; and, third, that the ever ascending plane of "greatest happiness," increased expansion of ethical conduct and spiritual aspiration, can come only through the increasing diversification of social experiences and opportunities, which should ever be the object of public policy, whether industrial, political, ethical or social.

GUNTON'S MAGAZINE

ECONOMICS AND PUBLIC AFFAIRS

A War for Peace

The present war, which virtually began on April 20th when Spain insolently gave the United States Minister (General Woodford) his passports, is the first war that was ever inaugurated by one country solely in the interest of peace, industry and freedom for another. In taking up arms against Spain for the freedom of Cuba, without any ulterior motive of territorial acquisition or material reward, the United States occupies a higher plane of international hostility than was ever before occupied by any nation. This is an important contribution to the ethics of war. It furnishes for the first time a moral and humane principle for international conflict, the influence of which will be felt over the entire globe.

Spain is making much ado about her willingness to make concessions to avoid war, her anxiety for peace, in fact, her eagerness to surrender everything but her honor. The fact is that in the light of morality, peace and all that makes for civilization, she has surrendered nothing but her honor. She is appealing to the world to witness her so-called willingness to make sacrifices for humanity, as if oblivious of the fact that all Christendom has been witnessing her horrible inhumanity, her infliction of havoc, desolation, pestilence and famine upon the people of Cuba these last three years.

So long as the United States looked on with only peaceful shudders at her cold-blooded iniquity, Spain showed no sign of willingness to make any concessions whatever toward freedom and peaceful methods of governments. It was not until the last thread was broken and further endurance of her barbarous conduct was impossible ; it was not until civilization itself revolted at her conduct, that she showed the least sem-

blance of willingness to do anything but oppress, starve and butcher the people of Cuba and destroy the resources of industry in the island.

The talk of honor and insulted dignity by such a country with such a history and such conduct, at the close of the nineteenth century, is very much like a horse thief resenting reflections on his integrity. Such honor is not the honor of civilization, justice and humanity, or the equities of human life; but it is the honor of the barbarian whose chief pride consists in his power to plunder and oppress others.

Spain has vainly tried by all the arts of hypocrisy, in which she is an adept, to convince the world that she is the injured, innocent victim of the United States; that if war were to take place she would not be the aggressor, as if her intolerable conduct in Cuba and her dastardly treachery in blowing up the *Maine*, or permitting it, were not crimes against humanity, decency, honor and civilization vastly worse than any open declaration of war could be. Treachery such as characterized the blowing up of the *Maine* is so much beneath war in depth of depravity that its perpetrators are hardly entitled to be treated as anything but pirates and brigands.

She has had all the warning that a criminal could ever expect. For three years she has been tacitly and actually notified that she must bring her uncivilized treatment of Cuba to an end. Two administrations have warned her of the fact that if she did not close the horrible tragedy being perpetrated on that island, decency, self-interest and humanity would compel the United States to interfere, but all to no effect. She grew worse instead of better; became more brutal and less effective as the months and years passed by. Because we never had interfered she impudently and arrogantly assumed that our admonition could be ignored and our warning treated with contempt. She continued going from bad to worse until the results of her inhumanity shocked the entire civilized world, and ultimately made intervention inevitable. And now that the unavoidable result of her cowardly conduct has come, she is whining before the world and trying to pose as an innocent

creature who is struggling only to save her so-called honor, which in reality she forfeited three hundred years ago.

Of course, it may be said that a war between Spain and the United States is an unequal contest, that the outcome can be seen from the beginning,—which is the utter defeat of Spain and her banishment from this hemisphere. But this in no wise affects the situation. The United States is not going to war with Spain merely for a trial of strength but because Spain has become an unendurable nuisance and a dangerous menace in this part of the world. When a community through its police force, takes a burglar, murderer or other ruffian and removes him from society, it is not objected that the criminal was overpowered by a superior force; but the act is commended because it rids society of an element dangerous to its peace and safety. So the present war is not to show that the United States is stronger than Spain, but rather to rid this hemisphere of a standing menace to the peace, prosperity and progress of both Cuba and the United States.

It is too late now for Spain to be in favor of peace, except on the promise of good behavior. She is an excellent illustration of the truth of the ditty that :

“ When the Devil is sick, the Devil a saint would be,

“ But when the Devil gets well, the devil a saint is he.”

Her past history shows that she cannot be trusted. She promised Cuba autonomy at the close of the last revolution, but when the Cubans laid down their arms she forgot all her promises and the autonomy granted was the veriest sham. Under this so-called political reform at no time have there been more than six, usually not more than three, Cubans elected to the national Cortes, which conclusively shows the hollowness of the pretended political autonomy. Her treachery is so vile and manifest that Cuba will not again take her word. The Cubans who want freedom are willing to die in the struggle for independence rather than again take the word of Spain. Treachery and cunning hypocrisy, coupled with wanton brutality and love of oppression, appear to be permanent elements of her very character.

It is in the nature of things that when civilization and

barbarism meet either barbarism must take on the higher qualities of civilization or must ultimately recede and disappear. For generations and even centuries Spain, with her mediæval propensities, has been more or less in conflict with the growing influences of civilization. Instead of taking on the spirit of the new era she has crystallized the viciousness of the Dark Ages; instead of modifying her conduct and character and joining the procession of modern civilization she has cherished the conceit born of her barbaric traditions, defying the broader humanities and higher moralities of modern civilization. Persistence in this course has at last made her intolerable. She has shown her incapacity to grow, and demonstrated the necessity of her removal.

True to her barbaric instincts, she tries to regard the criticism of her conduct as a reflection upon her honor. She has shown to the world that all the peaceful efforts of diplomacy, all the moral influences of neighborly suggestion, have no effect upon her; that there is only one way to end her intolerable career in this hemisphere and that is forcefully to eject her.

She could easily have avoided this by treating Cuba decently; by keeping her word when she promised to give them autonomy; still later, by making reasonable political concessions to the growing spirit of democracy in the island, or by giving to Cuba the same kind of common fairness that other European nations give to their colonies. And even now she might have avoided it if she had not reduced the peaceful inhabitants of Cuba to a state of pestilence and starvation by wantonly driving them from their farms, helplessly to die and rot in the towns. She might even have postponed the evil day if she had not exhibited that dangerous treachery and revolting cowardice in anchoring the American battleship *Maine* over a submarine mine and blowing it up in the night, a thing which has hardly a parallel in human history. There is still one way left by which she can escape the horrors of war she now pretends to so abhor. It is to peacefully evacuate Cuba and make a proper apology and offer adequate indemnity for the *Maine* disaster.

This, of course, she will not do. If she had the decency

to do this she would have had the decency long ago to have abandoned her brutal policy in Cuba, and have made the Maine disaster an impossibility in Spanish waters. But no, she has shown herself devoid of the finer instincts of justice, humanity and fairness and, like the unregenerate barbarian, only susceptible to the influence of superior force.

It is useless now for Spain to whine and cry about war. She has made war inevitable. She has forced war upon us and she must take the consequences, which will be her final banishment from this hemisphere.

We have not sought war, but tried to avoid it. The United States is seeking no advantage of territory or political power. We are seeking nothing but the decencies that civilization demands. We have reached a point where longer to look on and witness the inhumanities of Spain at our very threshold is itself a crime against civilization, and longer peacefully to stand by and look on is to become partners in the crime.

So far as the United States is concerned, this is a war for the peaceful evolution of an industrial civilization in an American country. By removing Spain from this hemisphere we are but removing the last fibrous roots of a monarchical cancer from the political body of the New World, and making the free development of democratic institutions possible.

England and America

In the affairs of nations as of individuals there periodically arise occasions for a revision, sometimes a new classification, of one's friends and acquaintances. Of course the intimacy and friendship of communities and nations necessarily rests upon the similarity of their interests, institutions, character and civilization. Hence, when an important crisis arises in which the various communities or nations have an interest, their friendship and alliance is sure to be developed according to their affinity or common interest in the general outcome. One of such crises, very few of which occur in a century, is now upon us.

For a long time England has been the leader of trade and commerce, factory methods and representative government, in Europe, and the missionary of this type of civilization in the Orient. In carrying the means of trade, commerce and manufacture into the East she has not only increased the opportunities for her own trade but has enlarged them for all other countries. She has practically opened the markets of the East to the industries of Europe. In this way countries like Russia have acquired advantages which their own policy would not, and for a long time to come could not, have created. As is usually the case, success begets jealousy, especially among inferiors. So we see that Russia, a country which has not yet risen to the threshold even of representative government, is threatening to destroy and drive out English influence in China, and ultimately in India and Asia generally. This of course points to a crisis in the grouping of friendships and alliances among the European powers. In the East, England stands for open markets and the right of western nations equally to participate in the trade and commerce of that section. Russia stands for conquest, the partition of China, for closing the gates of eastern commerce to English, and ultimately Anglo-Saxon, influence. The indications are that the most backward and purely despotic countries will directly or indirectly ally themselves with Russia, because they have more in common with Russian types of institutions and civilization

than with the democratic spirit and tendency of English institutions. In fact, as the representative of an industrial as against a military type of institutions and civilization, England finds herself almost alone. Indeed, it is not at all improbable that she may have to fight single-handed to prevent the peaceful influence of industrialism from being suppressed by the militarism of Russia and her allies. In many respects, therefore, England occupies a similar position in Europe to that which the United States holds in this hemisphere.

For several centuries she has been the leader of industrial progress, political and religious freedom in Europe. She substituted the wage system for feudalism; she developed the right of free speech and a free press; she gave the world the factory system and established representative government. Every step in advancing civilization from Magna Charta to popular suffrage and from chattel slavery to recognized, responsible trade-unionism, has been developed in England. She was the first, and is to-day almost the only nation in Europe, that has progressed out of a military into an industrial type of civilization. She has passed out of the period of mere conquest and represents pre-eminently the desires and interests of peaceful industrial development and representative institutions the world over. In this respect her position is almost identical with our own. This country is the leader and representative of democratic civilization in the Americas. Our type of institutions, national life and character is distinctly industrial and not militant. The Monroe doctrine, which expresses the principle of our public policy, is the assertion of peaceful recognition, encouragement and support of the establishment and growth of a democratic type of institutions throughout this hemisphere. Our policy is averse to conquest and pre-eminently opposed to military coercion, but emphatically in favor of the greatest opportunities for every American country to be unmolested in its efforts to acquire industrial development and political self-government.

Our relation to Spain in the case of Cuba is in many respects very similar to England's relation to Russia in the case of China. England wants no conquest in China. She

wants no division of territory or political control. What she asks, and what she may have to fight single-handed to maintain, is that the opportunities for free action of the industrial and commercial influences of western civilization shall not be closed, and China be dominated and practically controlled by the despotic influence of Russia. In the case of Cuba our interest and attitude is not conquest, not political interference or industrial coercion, but simply to protect the opportunities for industrial development and political freedom against wanton and brutal suppression by the blood-stained hand of despotic Spain. The influence of Spain in Cuba is even worse than that of Russia in China. Spain is more like Turkey. She is on the wane. She has had Cuba for centuries and her influence has become more and more impotent and injurious. She has lost the power to govern Cuba, being able only to harass, impoverish, and brutalize her population. Her treatment of the insurgents has ceased to be war and has become only a refined method of reducing a nation to starvation. In demanding that this exhibition of impotence, cruelty and brutalism shall come to an end and that Cuba shall have an opportunity to govern herself the United States is but asking what common humanity, the decencies of civilization and the principles of political progress imperatively demand.

Of course it will not be surprising if the despotic and purely military countries of Europe dissent from our attitude towards Spain in the matter, though they may not feel constrained to interfere. On the other hand, it is quite natural that England and the English people should be in full accord with the policy of this government in demanding that the disgusting spectacle Spain has presented to civilization in Cuba shall end. The whole world knows that this country has no selfish interest in Cuba, that its whole motto is peace. Indeed, so persistently have we pursued the peace policy that we have neglected to make more than the minimum preparation for war. The present war with Spain is a war in the interest of peace, the final outcome of which will probably be the overthrow of the Spanish dynasty and disintegration of one of the most brutal and barbarous nations in Europe. It is quite

natural, therefore, to find England in sympathetic accord with the position of this country. It is encouraging and gratifying to see evidence daily accumulating that such is the case. If Spain has any sympathizers in Europe they will be found among the more backward and superstitious countries, like Austria for instance. This is encouraging, not merely for the United States and for Cuba, but for civilization.

There are many things in which the interests of the United States and England are not identical; but these points are industrial and relate only to the development of our domestic industries. In the matter of our attitude towards the growth of representative government and religious freedom, and emancipation of backward sections of the human race from the thralldom of hand labor and of poverty, superstition and despotism, the impulses, desires and policy of England and the United States are substantially identical. The progress of civilization demands that the influence of nations like Turkey and Spain should be curtailed and reduced to *nil* as rapidly as possible, and that the more virile, barbaric nations like Russia should not extend their influence over new sections of the human race until they have developed industrial and political institutions in their own country to the point at least of factory methods and representative government.

In the new formation of political friendships, therefore, which the present crises in Asia and our war with Spain may finally develop, England and the United States should very naturally become allies. Not allies for war, not allies for conquest, not allies for punishment of past offences or extraction of future rewards, but allies for civilization—allies whose joint influence will be cast in favor of every effort for industrial and political freedom the world over. If the joint influence of England and the United States were assured in favor of the peaceful development of industry and democratic institutions and against the wanton conquest of weak nations to justify the mere military appetite of despotic dynasties, a great advance would have been made towards abolition of war and substitution of industrial for military civilization, by peaceful methods.

Spain and Cuba—A Few Facts

The history of Spanish dominion in Cuba covers a period of almost exactly four hundred years. Discovered by Columbus in 1492, and twice revisited by him, Cuba was, before 1520, the site of several flourishing Spanish colonies. It was in 1519 that a band of settlers crossed from the southern shore of the island and founded Havana, the future metropolis of the West Indies and political center of Spanish authority in this hemisphere.

Spain was at this time at the very summit of her national career. The union of all the independent kingdoms of the peninsula had just been accomplished under Ferdinand and Isabella, and in the succeeding reign the immense colonies of Peru and Mexico were added. But Spain could not stand prosperity. Ingrained in the very temperament and character of the Spanish race was (and is) the haughty, cavalier spirit; and this, once in possession of imperial power, became arrogant and cruel tyranny. Military prowess and political sway were everywhere held superior to the common rights of humanity. For the arts of peace, as a source of national greatness, Spain has ever had a profound contempt. Conquest—not of nature but of other men—was the ideal. A nation erected on such a basis could not endure. Decay and decline were inevitable. From the Inquisition, the hideous barbarities of Philip II, the expulsion of the Moors with their industries, the Great Armada and the devastation of Holland, to the humiliating War of the Spanish Succession was a rapid and easy step. Spain had become a second-rate power and, despite some temporary revivals, she has steadily dropped behind in the onward march of civilization until to-day in all Europe only the Turks stand lower in the scale.

The population of the Spanish peninsula at the close of the nineteenth century is not materially larger than it was one thousand years ago, under the Moors. Then, it was estimated at 20,000,000; now it is about 22,000,000, of which Spain has 17,500,000 and Portugal the rest. Ever since the wars of Philip II and the expulsion of the Moors the country has been impoverished and industrially stagnant.

As a nation, Spain has not yet advanced beyond the agricultural stage. Nearly 75 per cent. of her people are engaged in farming; their methods are of the most primitive sort and the results comparatively meagre. Stock raising and mining are important industries but, like agriculture, are of the rural, isolating, and socially non-progressive type; that is, in their influence upon the lives and individual development of the people engaged in them. Only 3 per cent. of the Spanish people are employed in manufacturing; contrast this with the 60 per cent. (approximately) classified under manufacturing and other non-agricultural industries in the United States, and the 85 per cent. in England. The natural consequence of this dearth of manufacturing industries is marked absence of large cities and towns. Madrid, the largest city, has less than half a million population, and there are only four other cities in the whole kingdom having more than 100,000; viz., Barcelona, Valencia, Sevilla and Malaga.

The poverty and low state of social life and civilization of the Spaniards is indexed quite accurately by their wage rates. For instance, the average weekly pay of a bricklayer in Spain (Malaga) is \$3.80; in the United States, \$21.18; of a mason, \$3.30 in Spain, \$21 in the United States; of a carpenter, \$3.90 in Spain, \$15.25 in the United States; of a blacksmith, \$3.90 in Spain, \$16.02 in the United States; of a tinsmith, \$3.00 in Spain, \$14.35 in the United States; of printers, \$4.50 in Spain, \$16.42 in the United States; of laborers, porters, etc., \$2.75 in Spain, \$8.88 in the United States. While rents and possibly prices of a few native products are lower in Spain than in the United States, the difference comes nowhere near equalling the wide disparity in wages. Moreover, in a comparison of this sort the quality of the living must be considered as well as the nominal cost. Thus, lower rents nearly always imply inferior accommodations, and, to the average Spaniard, most of the comforts and conveniences in ordinary use here are unattainable luxuries. That the low rate of Spanish wages does really mean a proportionately low consumption and low standard of living is substantiated by one or two significant facts of another character; for instance, the per capita annual consumption of woolen goods in Spain is only 9 shillings' worth, as

against 19 shillings in the United States; of sugar, 5 pounds per annum in Spain, 43 pounds in the United States; of beef, 16 pounds per annum in Spain, 62 pounds in the United States; of all meats, 49 pounds in Spain, 120 in the United States; of butter, none in Spain, 16 pounds in the United States; of coffee, 4 pounds in Spain. 115 in the United States.

According to the latest statistics obtainable on the subject, two-thirds of the adult population of Spain is illiterate. Only 34 per cent. were able to write, in 1881. At that time Spain was spending about \$6,000,000 per annum on education, or about \$3.75 per pupil, as against \$8.60 per pupil in the United States at the same time. The state religion is Roman Catholic, and practically the entire population profess that faith. Only limited freedom of worship is granted to Protestants; their services must be entirely private and cannot be publicly announced.

The financial condition of the Spanish government is most deplorable. Not since the restoration of the present dynasty, in 1874, has there been a surplus in the annual accounts. Lotteries, monopolies, mortgages of state properties, and various forms of special taxation have been resorted to, in vain. The enormous national debt, chiefly a relic of the former Cuban rebellion and internal uprisings, amounted in January, 1893, (according to a writer in *Harper's Weekly*) to some 7,136,395,090 pesetas; nearly six millions of which bore an annual interest charge of 271,150,858 pesetas.

The above grand total included an estimated 250,000,000 of Cuban debt: this item alone, on January 1, 1898, had increased to 1,448,400,000 pesetas. The total debt, on January 1, 1898, is estimated at about 8,550,000,000 pesetas, most of which bears interest at 4 per cent. The annual charges are largely increased, however, by redemptions and loss in exchange on foreign payments; so that the total annual cost of the debt is about 527,000,000 pesetas. Spanish bonds are so depreciated that the buyer actually receives more nearly 6 per cent. than 4 on his investment.

Some idea of the magnitude of this burden resting upon the Spanish people can be gained by a comparison with our

own situation. Their national debt per capita is about 486 pesetas, or \$94 in American money. Mulhall, a few years ago, estimated the wealth of Spain at about \$455 per capita; perhaps by this time it could be placed at \$460. The per capita debt of the Spanish government, therefore, is more than 20 per cent. of the per capita wealth of the entire nation.

The debt of the United States government, which in 1866 amounted to two and three-quarters billions of dollars, stood in January, 1898, at (net) \$1,011,701,338.64, including the greenbacks. This would be a per capita indebtedness of about \$14. The per capita wealth of the United States was, in 1890, \$1,036; now it is of course greater, but, even on the 1890 basis, the per capita indebtedness of the government to-day amounts to only $1\frac{1}{2}$ per cent. of the per capita wealth of the nation. The per capita interest charge on this debt amounted, in 1896-97, to about 53 cents; in Spain the annual cost of the public debt is nearly \$6 per capita.

Spain's foreign possessions, at one time including nearly all of South America and a good part of the northern continent, have now dwindled to Cuba and Porto Rico in the western hemisphere, the Philippines in the East, and small holdings in Africa; the aggregate population of all her colonies being less than 11,000,000. Her former possessions were lost, chiefly, by persistent rebellions on the part of the colonists themselves, goaded to desperation by the oppressive tyranny of Spanish rule. The same result is now in process of accomplishment in both Cuba and the Philippines, and due to the same cause.

The standing army of Spain numbers about 352,000 men, over 200,000 of whom have been sent to Cuba and nearly 40,000 to the Philippine Islands. The first reserves number about 160,000 men, and the second reserves 1,000,000; giving a total available war strength of 1,512,000 men. As compared with the United States, Spain's standing army is much the larger; ours numbering less than 28,000 men. The total available war strength of the United States, however, is overwhelmingly superior; there being some 10,140,000 liable to military service.

The navy of Spain (not taking into account any recent

changes or additions) consists of one battleship of the first class, 2 battleships of the second class, 2 non-sea-going coast defence vessels, 8 armored cruisers, 12 protected and partially protected cruisers, 4 unprotected cruisers, 11 gunboats of the first class, 13 gunboats of the second and third class, 17 torpedo boat destroyers, 11 torpedo boats of first class, 28 of second class and 9 of third class, 25 despatch, training, transport and repair boats, tugs, etc., and 14 subsidized vessels. The United States navy is superior at every point except in torpedo boats and torpedo-boat destroyers.

The history of Spanish dominion in Cuba has been one long chronicle of misrule and oppression. After subjugating the island, early in the 16th century, she proceeded to enslave the natives, a policy which soon exterminated them. Negro slavery was promptly established, however, and continued for nearly four centuries, becoming finally extinct in 1887. The African slave trade continued in Cuba for some years after it had been formally prohibited by leading European nations and the United States.

The Spanish policy of extortion first assumed really burdensome proportions with the establishment of a tobacco monopoly in 1717. This led to the first serious uprising of the colonists,—a forerunner of the successive rebellions that were to mark the subsequent history of Spanish control of the island. Several of these uprisings occurred during the first quarter of the nineteenth century, and, by that time (according to Louis Edward Levy, editor of *Raimundo Cabrera's Cuba and the Cubans*) the people of the island had become divided into two distinct and hostile parties, the Cuban and Spanish. Needless to say, this division has continued ever since and the lines of cleavage become more and more sharply drawn. In the desperate and bloody rebellion of 1868-78 the long pent-up wrath of the colonists broke forth with such fury that Spanish sovereignty very narrowly escaped complete overthrow, and was maintained only at enormous cost. That rebellion cost Spain more than \$300,000,000 in cash, besides some 8,000 officers and 200,000 private soldiers. It was a war characterized by indescribable cruelties; among which the Havana theatre massacre of May, 1810, and the execution of

the eight boy students of Havana who defaced a Spanish tomb, stand out as lasting monuments to the capabilities of the Spanish character. The existence of the same villainous spirit to-day is shown in the extraordinary precautions that have been necessary to guard American diplomats and citizens from mob fury, both in Madrid and Havana.

The Ten Years' Rebellion cost fully 50,000 Cuban lives and perhaps \$300,000,000 of damage to the island's resources. Nothing but the most intolerable abuses could have steeled a people to endure such sacrifices for the sake of freedom. The present rebellion has been in many respects a duplication of the former one, except that nothing in the Ten Years' war equalled the unspeakable horror of starving 200,000 peaceful non-combatants to death, in prison camps, for no crime, but solely in order that the active rebels might, if possible, be starved out as well. The rebellion has already cost Spain nearly \$300,000,000, besides greatly diminished Cuban revenues and destruction of Cuban resources; to say nothing of the Spanish soldiers who have met death in Cuba through disease or in battle.

Cuba is marvellously rich in natural resources, particularly in the line of agricultural capacity. The island is about 150 miles long, and averages 50 miles in width; the area being about equal to that of Pennsylvania. Sugar and tobacco are produced in immense quantities; it is estimated that Cuba has sufficient sugar raising capacity to supply the entire western hemisphere. Of course all sorts of tropical fruits, etc., are produced in abundance, and if the island could have a sufficiently long era of peace the coffee crop would become one of great importance, as it was prior to the rebellion of 1868. Cuba also has extensive deposits of iron and copper, and about 13,000,000 acres of as yet unbroken forest.

The population of the island, estimated at 1,700,000 before the present revolution broke out, is probably not more than 1,525,000 to-day. Of these about 1,000,000 are white, 475,000 colored, and, say, 50,000 of other races. In 1810 Cuba had a population of 600,000, of whom only 274,000 were whites, as against 326,000 blacks. About 212,000 of the negroes were slaves. The colored race comprised 54 per cent.

of the population in 1810; now only about 30 per cent. There is little danger, therefore, of negro domination in Cuba, should the island become self-governing; and comparisons with Hayti, which is 75 per cent. negro, are entirely inadmissible. In the decade 1877-1887 the non-Caucasian population of Cuba decreased by 7,062; the whites increased about 100,000.

As regards illiteracy, the white population of Cuba is in practically the same situation as that of Spain. About 35 per cent. know how to read. Of the colored population fully 88 per cent. are illiterate. The showing is not a creditable one, but we should not forget to place the blame where it chiefly belongs. Spain has never provided anything like adequate educational facilities for Cuba. The enormous taxation extorted from the island has been mostly spent on extravagant salaries and for purely Spanish purposes. In 1877 there was one school in Cuba for every 1,520 inhabitants; in 1887 one for every 1,517. In other words, Spain made no move whatever towards increasing the educational facilities of the island during the decade.

The bulk of Cuba's foreign commerce is with the United States. Thus, in 1893-94, out of a total of \$100,767,612 worth of products exported from Cuba and Porto Rico (nearly all from Cuba) \$78,813,895 worth came to the United States. Our total trade with Cuba for that year amounted to \$102,864,204; in 1896, owing to the rebellion, it had dropped to \$47,548,610; and, for the nine months ending March 31, 1897, to \$14,926,817. In other words, the perpetuation of the Cuban struggle has nearly ruined our foreign trade in that quarter.

Whether or not the Cubans are fit for self-government can be determined only by experience; certainly they are much more so than the inhabitants of Hayti, which is already a republic. From our standpoint, probably, Cuba would set up a very inferior sort of democracy, but it ought to have the opportunity, at least, of making a beginning in the line of free political institutions. Certainly it will never come any nearer capacity for self-government if Spanish administration of its industries and education is to continue.

Relation of Economics to Politics

In reviewing some contemporary publications, a month or so ago, we called favorable attention to the *Loc motive Firemen's Magazine*, organ of the Brotherhood of Locomotive Firemen; and said that such publications "could hardly find a more useful field of work than that of economic education especially on various phases of the labor question," etc. The editor of the *Firemen's Magazine*, in its last issue, endorses this suggestion but appends certain criticisms which, from their general nature, seem to call for a brief statement on our part. Clearly he has entirely failed to understand our position on public questions, for his complaint is that GUNTON'S is a partisan organ. We take up this point the more willingly because we believe that our work should appeal to and interest railroad men, as a group; and one of the conditions of this is, of course, that they do not misunderstand the point of view from which we discuss political and economic problems. The criticism referred to is as follows:

"In the current issue of GUNTON'S MAGAZINE are some of the best thoughts, expressed in the best language, on economics. The contributed articles and editorials are edifying and interesting, but seem to be written with the understanding that when the usages of the Republican party and the laws of economics are at variance, the latter, like Joshua's sun, will be commanded to stand still until the argument is clinched. . . .

"In the current issue of GUNTON'S MAGAZINE is an unsigned article, presumably an editorial, in which is advocated a Constitutional amendment which will give Congress jurisdiction over factory and workshop laws, so that the manufacturers of all the states will be placed on an equal footing in all the states; so that villainous employers cannot work little children twelve and fourteen hours a day in some states, thereby causing reductions in wages in other states; in fact, the article is timely and deserving of attention from *all the people*. But partisan prejudice is so deep-rooted in the think-box of the author that he never for a moment expects the millions of democrats, populists, prohibitionists, single-taxers, socialists,

etc., to be interested, therefore entitles the article 'Will the Republicans Do It?' and says that 'the South, industrially, socially and politically, is the most backward point in the United States.' We can well understand why the author asserts that the South is backward industrially. The millions of ex-slaves and their progeny keep the standard of labor and wages 'backward.' If the writer embraces this same element in his 'socially' backwardness of the South, we feel that he is adhering to the truth; but when he arraigns the South for being 'politically the most backward point in the United States,' the motive power of his acumen is exposed—as vividly exposed—as when the little boy tore his pants while sliding on his grandpa's cellar door. According to this dispenser of economic truths, the states of New York, New Jersey and Illinois sometimes suffer from the same dreadful disease. In its department labeled 'Editorial Crucible,' everything that is alloyed with populism, or democracy, or socialism turns to sordid dross, while everything that smells of republicanism is gleaming Klondike gold."

We have encountered this kind of criticism several times, though not always in the same form. Last fall, for instance, the *Boston Herald* described us as an "organ" of trusts and political machines; an absurdity which we characterized rather distinctly in our November number. Indeed, it is astonishingly difficult nowadays to take a decided stand or express a positive opinion on any subject without being charged with representing some interested individual or organization, in the capacity of mouthpiece.

GUNTON'S MAGAZINE is not an organ of the Republican or any other political party. It believes thoroughly in parties, but only as means of accomplishing results, not as ends in themselves. It would have no man a partisan for any other reason than that some political organization represents a set of principles for the conduct of public affairs with which he, in general, sympathizes. From this standpoint, to be allied with a political party implies, not narrowness or bias, but good citizenship and willingness to work for one's convictions as well as merely to hold them. But there is no sacredness in a

party *per se*; if at any time it ceases to represent sound principles and tendencies let it be reconstructed or overthrown, whatever its name or traditions. In a high sense, every man should be an independent; in an equally high sense he ought to have intelligent opinions on public questions and be willing to work for their adoption, through the necessary medium of political organization. If no existing party represents his ideas, or ever seems likely to do so, let him start a new one. To withdraw from all organized effort or collective action simply because of some fancied odium attaching to the name "party" is to cut one's self off from the only feasible method of getting an idea tested or a principle adopted in public policy.

GUNTON'S MAGAZINE stands for a certain body of economic and political doctrine, and will continue to do so entirely irrespective of what any political party may advocate or fail to advocate. It happens that the general principles of the Republican party are more in harmony with our views on public affairs than those of the Democratic or Populist organizations. There are many important respects, however, in which the programme of the Republican party is seriously deficient, and if it does not broaden and extend its underlying principles to certain new classes of industrial problems that have arisen in recent years the party will almost inevitably encounter shipwreck. The political attitude of GUNTON'S MAGAZINE has been consistent with these two general facts. Because the fundamental theory of government underlying the Republican party makes it the natural instrument for carrying out certain social and industrial reforms for which we primarily stand, we have, in general, thrown our influence with that party. We are unable to discover any scientific, economic or moral reason why, under these circumstances, we should not. If the Republican party abandons its moorings and the Democracy, by some strange metamorphosis, comes to the point of advocating the general policies for which we contend, we shall support the Democratic party with equal vigor.

But, just as strongly as we have endorsed the Republican party's general attitude, we have criticised its shortcomings and urged upon it the necessity of more advanced action along

certain very important lines. We have insisted that the party could not any longer expect to rely on its past achievements and win future campaigns on Civil War issues. We have pointed out in almost every issue that, while maintaining the cause of protection and sound money, the party must give heed to the new questions of recent development, affecting in different ways the interests of laborers, farmers and capitalists. We have warned the Republican party of the danger of remaining silent on the different aspects of the labor movement, —shorter working hours, recognition of trades unions, abolition of "government by injunction" as at present applied in case of strikes, nationalization of labor insurance, restriction of immigration, and so on. We have urged upon it the necessity of giving financial relief to the farmers by means of a scientific banking and currency system. We have tried to show the folly of committing the party to a policy of anti-capital legislation and warfare on trusts—the modern product of capitalistic evolution, whose effects and tendency are so greatly misunderstood. We have repeatedly prophesied that if the farmers and laborers find themselves unable to secure attention for their problems from the Republican party they will go elsewhere, and perhaps try an experiment of monetary depreciation or state socialism.

Exactly in line with this policy we urged upon the Republican party the necessity of taking up the national ten-hour movement, in the article criticised by the the editor of the *Firemen's Magazine*. We have no doubt whatever that large numbers of Democrats and others would approve such a policy, but, for the sake of promoting concrete action, we are endeavoring to press the matter upon a definite political organization. Individuals who already believe in the proposition need no spurring, but the important thing is to get it recognized and endorsed by some organized body capable of carrying it through to success. Now there is a definite reason why we address this issue to the Republican party and not to the Democratic. It is this :

The fundamental principle of the Democratic party is one of hostility to all legislation of this character. The basic theory of that party is that there should be the minimum of gov-

ernment interference with private affairs. Its motto has always been: "That government is best which governs least." Its underlying theory is that of old-time English economics,—*laissez faire*; let things alone, free competition will work out the best results and only the fit will survive. Consistently with this theory it stood for the doctrine of states rights as against the federal idea, has fought all great national enterprises, has opposed the protective system, demanded the least possible public expenditure, whether for desirable public improvements or whatever, and so on. Especially it has made a bugbear of what is called "class legislation," using that as a general rallying cry against a large proportion of the best constructive measures in the history of our national and state legislation. The leading exponents of its doctrine, in the press and colleges, have steadily argued against labor organizations and opposed labor legislation in the several states of the North and East, the short hour laws, for instance, factory inspection acts, limitation of child labor, and so on.

The Republican party, whatever may be its shortcomings in practice, is based upon a different type of political theory. It logically inherits the federalist doctrines of Washington and Hamilton. It believes that the state is good for something more than mere book-keeping and preservation of order. While standing for complete political liberty of the individual it believes that the government should be sufficiently well organized and powerful to do whatever things the people decide can be done more efficiently by collective than by individual action. Its test of good government is the quality of legislation, not the quantity. From its beginning it has been the champion of the national, as against the states-rights, idea. Instead of having non-interference as an underlying and guiding policy, its theory has been to do whatever the general public welfare demanded, in accordance with the principle laid down by the fathers in the preamble to the national Constitution. Acting upon this principle it abolished human slavery, reconstructed the Union, opened up the great West, guaranteed the national credit, established a system of industrial protection and, in many of the states, furnished the backbone of whatever has been accomplished in the way of progressive labor legislation.

Thus there is a fundamental difference between the types of political theory represented in the two great parties. We are urging the Republican party to take up the ten-hour matter simply because its underlying principle of government makes it the natural and logical champion of that type of legislation. No root doctrine of non-interference holds it back. Certainly it would be time wasted to attempt to get such a reform enacted through the instrumentality of a political organization opposed on fundamental principle to all legislation of this class. It is a significant confirmation of our position in this matter that practically all the support this movement has received thus far has come from Republican sources, while the Democratic papers of the South, almost unanimously, are violently opposing it and repeating the very sort of arguments which we have instanced as lying at the bottom of Democratic political theory.

We would say, in passing, that our contemporary misunderstands our reference to the political "backwardness" of the South. This description was based, not upon the mere fact that the South is Democratic, but upon the general condition of political unfitness growing out of a relatively lower grade of civilization. The race problem and the nature of southern industries are jointly responsible for this. So large is the proportion of inferior population that wholesale disfranchisement is the only means of preventing it from dominating southern political institutions.

GUNTON'S MAGAZINE, then, is not an organ of any political organization. It endeavors to discuss public questions solely from the standpoint of sound economic principles. It places economic laws and societary needs before any and all exigencies of party politics. At the same time it recognizes the fact that certain classes of reforms can be accomplished only through organized political action, and is willing to promote their accomplishment in that way. It does not believe that to hold definite opinions is unscientific, nor that to be useful in practical reform effort is to impair the reliability of economic teaching.

Editorial Crucible

THE ENTRANCE of Charles Emory Smith into the Cabinet, as Postmaster General, is a real addition to the strength of the administration. President McKinley's Cabinet was not built on a war basis. It was essentially a peace Cabinet, well calculated to promote harmony in the Republican Party and command the confidence of the people; but war is not peace. It often takes a different type of personality to be strong in war than to be successful in peace. It may be necessary to further re-organize the Cabinet with this fact in view. If several Cabinet changes should occur that ought not to be taken as any sign of weakness or discord in the administration, but a rebuilding with a view to the new work to be undertaken.

Charles Emory Smith is the right kind of timber for a strong war Cabinet. He represents the best elements in politics. He is a thorough partisan, and at the same time is brimful of the national spirit. While a man of considerable caution, he is emphatic, fearless, and energetic. President McKinley could not have called a better man to the Postoffice portfolio, nor a warmer, more helpful ally in the work of a war administration.

SO FAR AS we know there is only one newspaper in this country, certainly only one in New York, which is not patriotic enough to support the government in its war with a foreign foe. The *Evening Post*, in its utter lack of patriotic sentiment, stands alone among the American press. It continues to sneer at the administration, at the army, at the navy, and to ridicule the patriotic spirit abroad among the people, as if it were a veritable hireling of the Spanish government.

Discussion of propositions before they are acted upon is legitimate. It is perfectly proper to oppose a war policy before the final step is taken; but when war is declared and hostilities have begun a paper or person who tries to belittle the efforts of the government, the army or the navy, or ridicules the people for their enthusiasm in supporting the national cause, is verily guilty of treason. There is no room now for two opinions on the war with Spain, and if the *Post* continues

in its treasonable course it may find some day that there is not room for two opinions on the *Post*. The American people are very forbearing; almost unlimited latitude is given to criticism, to the extent even of libelous attack, but to aid the enemy in time of war is very near the borderland of toleration. The paper which cannot support the government and the nation against a foreign enemy in time of war has no right to exist until peace is declared.

MR. WANAMAKER, who is admittedly the most successful business man in the retail trade of the United States, has conclusively shown that he is no less of a patriot than a merchant. He has volunteered to organize a company to go to the war, and lead them personally if needs be. In addition to that, he has issued a notice, both in Philadelphia and New York, that all National Guardsmen in his employ who may volunteer for service can resume their positions upon return, and while absent their salaries will be paid to their families or representatives; also \$1,000 insurance will be paid to the heirs of all employees who may lose their lives in the service.

This is the proper attitude for patriotic employers to take. There are thousands, if not millions, of able-bodied men who would go to the war if their services were needed but are quite fearful of not being able to earn a living on their return. This was one of the great disadvantages after the Civil War. Young men who have good positions keenly realize that it might be difficult to get as good situations on their return. To go through a real fighting campaign under good conditions—to say nothing of facing an adverse climate under bad conditions—is apt to unfit a man for business. In no case is it likely to improve his capacity for business. Therefore it is an important fact to know that on returning from the war he can resume his old position.

A great many other business men have since followed the same course and, if this is generally adopted, it will add much to the readiness with which men respond to the call of the government for troops, and show that the employing class of the

United States is not less patriotic than the employees. Every employer should follow Mr. Wanamaker's example.

IT IS GREATLY to be regretted that Bishop Potter should lend his name and influence to the appeal to workingmen circulated by Bolton Hall and the single taxers, for the sake of stirring up an anti-patriotic sentiment against the Cuban policy of the government. The following is a specimen of the tone and character of the petition :

“Could anything be more foolish than to drop the great fight [agitation for single tax] and take up the smaller one. If there is a war, you will furnish the corpses and the taxes, and others will get the glory. Speculators will make money out of it—that is, finally out of you. Men will get high prices for inferior supplies, leaky boats, for shoddy clothes and paper shoes, and you will have to pay the bill, and the only satisfaction you will get is the privilege of hating your Cuban-Spanish fellow-workmen, who are really your brothers, and who have had as little to do with the wrongs in Cuba as you have.”

The indifference to national spirit, the unpatriotism and class animosity amounting almost to treason, breathed through every syllable of this paragraph, is not merely discreditable but it is untrue and uneconomic as well as unpatriotic. For Bishop Potter to sign an appeal to workingmen containing such utterances as these is something more than discouraging. To appeal to workingmen to oppose the government in its contest with a foreign enemy, when its attitude is wholly and unqualifiedly in favor of the freedom of an oppressed people struggling for freedom, on the poisonous plea that the workingmen alone will furnish the corpses and pay the taxes while others will get the glory and speculators will make money, is a spirit of most sordid selfishness and reflects the lowest type of market-place greed and cowardly selfishness.

In the first place it is not true, and Bishop Potter ought to know that it is not true, that the workingmen will either furnish all the corpses or pay the taxes. On the contrary, the business men, clerks, and well-to-do classes are furnishing a very

large portion of the volunteers, who run the risk of being corpses, and the property of the country, owned by the wealthy classes; will have to pay the taxes if Spain does not. If there is loyalty and patriotism enough throughout the country to win this struggle the taxes will have to be paid by Spain.

But the idea of taking this time and this method of poisoning the minds of workingmen, not only against capitalists and business men, but against the very government itself, and trying to extinguish the spirit of patriotism in order to promote a hairbrained hobby like single tax, is discreditable to ordinary citizens to say nothing of one of the highest functionaries in the richest church in the country. Nothing could be better calculated to inspire distrust, social hatred and ultimate disruption than to discourage the growth of a national spirit and patriotic impulse among the workingmen of the nation, and especially on the plea that they alone are to be made the catspaw of the situation. Such a statement is economically untrue, and such an appeal is socially and politically discreditable to every signer.

MONTH AFTER month the editor of the *Arena*, Doctor Ridpath, pours forth his soul in streams of brilliant rhetoric about the "evil powers" that dominate modern society, the reign of the Shylocks, the death struggles of democracy and the hideous fate that awaits us all unless heroic doses of Bryanism and free silver are promptly applied. In the April *Arena* he gives us a glowing picture of Jefferson, Jackson and Bryan, as three special instruments of Providence sent to rescue the republic from the pit of imperialism and wealth-despotism towards which it has constantly tended to gravitate. Whoever presumes to offer any defense of our modern industrial system is, to Doctor Ridpath, either a dupe or a liar. He regularly announces with a great show of righteous indignation that he proposes to indulge in "plain talk," as though all liberty of conscience and expression were practically confined to the editorial office of the *Arena*. Indeed, he modestly calls the *Arena* the "one unmuzzled organ of Public Opinion."

Doctor Ridpath needs a straight dose of his own "plain talk" medicine, and we are disposed to administer it. The

whole socialistic crusade of that magazine rests upon three or four general assertions which can be truthfully characterized in very brief space.

First: the charge that there is a "gold trust," occupied in cornering the world's money in order to depress prices and enrich bondholders, is a lie. The thing is an utter impossibility, and would only be attempted by a set of idiots anyway, since money yields no return to its owners when it is cornered but only when it is freely loaned out at interest.

Second: the charge that modern concentration of capital in large enterprises has robbed consumers in higher prices, and laborers in lower wages, is a lie. The economies and multiplied productiveness of modern industry have given us exactly the reverse.

Third: the charge that political liberty in this country is dead is a lie. Never was the sacredness and secrecy of the ballot so effectually guarded as to-day. Never was intimidation so difficult, and dangerous to its perpetrators, as to-day. Never was it so necessary to use argument instead of money to carry elections as to-day. That we are constantly tending towards more freedom instead of less is so obvious that we wonder at the hardihood that can deny it.

Fourth: the charge that our press is "muzzled" by capitalistic influence is a lie. Rare indeed is it to find a newspaper that is not flaying trusts and corporations and political bosses nine tenths of the time, quite as savagely as does the *Arena* itself. If the press is a hireling of the "money power" it has a singular way of showing it.

Each of these charges—and there are others—is (to adopt the *Arena's* own frankness) an unmitigated lie; we defy that publication to support any one of them by facts. It is time these outrageous misrepresentations, masking under the cloak of honesty and liberty, were called by their right name. They constitute an insult to American citizenship and patriotism, and put a ball and chain on American industrial, political and social progress.

ONE OF THE most encouraging aspects of the present con-

flict between Spain and the United States is the attitude of England. England is the greatest maritime power in the world. Next to the United States she is the richest and most advanced nation in industry, commerce and government. The English press, the English people, and the English government have for months shown a growing interest in and sympathy with the position of the United States in its attitude toward Cuba. The truth is, we are doing just what England would have done had she been in our position, only in all probability she would have done it much more quickly.

This unmistakable evidence of sympathy between England and the United States at this time is the more remarkable because we acquired our independence through a revolution against England; we have since then been at war with England and, during our Civil War, we were very much offended at the attitude of England in recognizing the South as belligerents. Our international trade policy has been diametrically opposed to that of England. All of these things have contributed to an adverse public opinion on England, in America, and of America in England. Our foreign policy has been interpreted in England as specially hostile to British trade, and the eagerness of English public opinion to see us adopt free trade has been regarded here as highly detrimental to American interests. Yet, despite all these influences which seem to make for a hostile feeling between the two countries, England has definitely risen above all such considerations and, as a nation, has shown a pronounced friendship for the United States, and almost a partisan interest in our cause. This will do much to cement a genuinely friendly feeling between the peoples of the two nations. The fact that England's goodwill is shown at a time when we are entering upon a war with an European nation makes it doubly significant. Moreover, this attitude of England has done much to make all the other powers of Europe at least strictly neutral.

England and the United States are undoubtedly the two strongest nations in the world. They represent more wealth, more intelligence and a higher plane of civilization than do any other nations and, combined, they exercise and can exercise more power over the destinies of humankind than any three

nations in the world—perhaps any six. This friendship, besides being an important fact in the world's civilization, may, and probably will, do much toward modifying the extreme economical attitude in both countries. With a real friendly feeling in England for America, the English mind will doubtless become more open to the consideration of a protective tariff and treat it, not as a policy of predatory greed, but as an economic policy which may possibly have some meritorious points worthy of consideration, or the American people would not adhere to it with such tenacity; and, on the other hand this friendliness may modify the attitude of the American people toward the English policy of free trade, at least so that we shall recognize that while that policy could not be adopted in the United States at present, the English do not maintain free trade from merely heartless motives and a greedy desire to undermine the industry and trade of other countries. While it is not to be either expected or desired that from any international good feeling we are to become free traders and the English protectionists, it would be a great advance in the state of economic opinion of both countries if the merely anti-English and anti-American feeling should be wholly eliminated from the discussion of international industrial policy

CIVICS AND EDUCATION

What to Do for the Slums*

How to deal with the social conditions in the slums of our great cities is perhaps the most serious problem in municipal affairs. It is more than a municipal problem; it is a matter of national concern. This is because the integrity of our whole political system rests finally upon the social character and intelligence of the people who have the power of choosing public officials and determining public policies; and the great cities, particularly the poorer quarters, are more and more coming to be the decisive factors in our electoral contests. The question is even broader yet: Civilization has something to fear from these survivals of barbarism in its midst, and common humanity demands that in some way or other the pitiable conditions of life in the slum quarters shall be relieved. Property will be insecure and government corrupt as long as our institutions are undermined by these pits of extreme poverty and ignorance.

In the old Eleventh Ward of New York City there is a section containing an average population of 995 to the acre. As far as is known this is the most densely populated spot on the earth. In Bombay there is a quarter containing 760 inhabitants to the acre, and in the old section of Prague, Austria, there are 626 to the acre. These are the nearest approaches to New York in respect to density. The Tenth Ward of New York, right in the heart of the east side, with a total population of 68,383, has an average of 622 inhabitants to the acre. Manhattan Island as a whole is the most densely populated urban territory in the world, having an average of 143 to the acre, as against 125 to the acre in Paris, 113 in Berlin and 58 in London. Yet it does not necessarily follow from this that New York is the most crowded city in the world as regards actual living space. Tenement-houses in New York are built much higher than in any other city, so that, when actual floor

* This article was furnished by Professor Gunton to the *New York World* of April 17th, 1898.

space is considered, the overcrowding is not so bad as in the large European cities. In Glasgow, for instance, according to the report of the Gilder Tenement House Commission of 1894, "nearly 18 per cent. of the population of that city in 1891 slept and cooked and lived in a single room for each family."

Nevertheless, the situation in New York is bad enough and deserves no apologies. More than half the population of New York lives in its 35,000 to 40,000 tenements, a large number of which are simply old dwelling houses remodeled and extended in absolute disregard of sanitary and health conditions. These "double-deckers" are what the Gilder commission called "the one hopeless form of tenement-house construction." A five-story twenty-five-foot building of this nature frequently harbors between 100 and 150 human beings, who, needless to say, are as homeless in the real sense as beggars walking the streets.

The east-side problem is greatly complicated by the fact that so large a part of the population is of foreign origin. The Tenth and Seventh Wards are practically solid masses of Russian and Polish Jews, the Fourth and Fourteenth of Italians, while the First Ward is populated chiefly by the Irish and Germans, the Sixth by Italians and Jews, and so on. About 43 per cent. of New York's population was, in 1890, of foreign birth, while 76 per cent. had foreign born mothers. In the slum district of New York 63 per cent. of the population was foreign born, from which it is evident that nearly all the east side inhabitants are at least of foreign parentage. These people are largely ignorant of our language and have no comprehension whatever of our political institutions. Even the Fire Department finds danger from fires in that section greatly increased by the inability of the people to understand orders. Not only are these people ignorant of our own language, but 58 per cent. of the east side foreigners are positively illiterate.

It is not to be inferred that the problem is being neglected. On the contrary, the work of the Tenement-House Commission of 1894 has been productive of many important and lasting reforms. Through its efforts a law has been secured permitting the condemnation of all tenements unfit for human

habitation either by reason of location, construction or sanitary condition; and under this law nearly all the abominable rear tenements in which the death rate used to reach 60 and 70 have been abolished. Several blocks of old rookeries have been destroyed and small parks have taken their place, recreation piers have been constructed, playgrounds for all new school-houses provided for and better sanitary inspection secured. Numerous provisions of the Tenement-House law of 1895 regarding ventilation, fire-escapes, wall paper, dark halls, over-crowding, limitation of area covered by tenements, etc. have paved the way for substantial reforms and insured marked improvement in all tenement-houses of future construction. Much has been accomplished in the way of remedying the unsanitary conditions and long hours of labor in bakeshops, and some progress, at least, seems to have been made in dealing with the sweat-shop evil. Still, the problem as a whole remains and requires careful study and positive treatment. What, then, can be done?

In the first place the nature of the problem ought to be clearly understood. As before hinted, the slums are not a product of modern civilization, but are a survival of barbarism which civilization must and will eliminate. In the Old World the slum districts represent the urban conditions of long ago, intensified by constant additions of poor and ignorant rural peasantry. In this country they are almost entirely of outside origin and represent simply an injection of mediæval semi-barbarism into modern conditions of life. A slum district would be an impossibility among people entirely the product of American social, industrial and political conditions. They would simply refuse to be overcrowded; refuse to live in vile, unsanitary quarters; refuse to accept starvation wages; refuse to be terrorized by ward bosses and cunning padrones and penurious landlords. They would disrupt society before submitting to any one of these things. Not so with the European peasant, in whom centuries of poverty and oppression have bred a stolid indifference and a settled habit of cringing obedience.

Therefore, if we are ever to solve the slum problem, we

must do so upon the principle of protecting the new and higher against the old and lower. No elevation of our present east-side population will ever abolish the slums as long as there is a constant stream of European degradation flowing in at the bottom. Immigration ought to be radically restricted for a considerable period of years and an adequate selective test permanently established. This might seem a harsh measure, yet it is doubtful if the slums of New York are any great improvement on the small farms and sweat-shops of Europe. These people simply re-establish here the conditions of their former life, and there is little to choose between one variety of barbarism and another. It is altogether the wiser and more humane policy to compel Europe to attend to her own slums and her own poor, rather than allow her to shirk that responsibility by packing off to this country the products of her mediævalism and neglect. European poverty will never be abolished until the conditions that create it are positively dealt with at home. It is a crime to America and no kindness to Europe to permit modern advancing civilization to be retarded and undermined by the very conditions it is seeking to outgrow, and which humanity demands shall be outgrown and abolished.

Having stopped the influx of slum-making population, the ground will be clear for applying scientific measures to the east side conditions on a broader scale than has heretofore been attempted. What is needed is not charity, nor paternalism, nor arbitrary redistribution of wealth, but such measures as will prevent the possibility of over-crowding and unsanitary housing and stimulate the people to desire and strive for a higher standard of living.

More drastic powers should be given the Board of Health with respect to condemnation of unfit habitations.

Still larger provision should be made for sanitary inspection and vigorous enforcement of the laws requiring proper construction, ventilation, drainage, light, water, fire-escapes and other necessary requirements of safety, health and common decency.

The east side streets should be cleaned as scrupulously and as often as Fifth avenue or Broadway. No matter what

it costs, no part of New York should be one whit behind Paris, which is the world's model in clean streets. The effect of clean streets upon the residents, especially in suggesting and encouraging similar cleanliness within doors, is worth to the city many times the expense of sweepers and drivers.

The new parks and recreation piers already projected should be carried to completion without delay and new ones added. Public baths ought to be established in several quarters. In this respect New York is far behind English and German cities, and even behind several smaller American cities.

Free public kindergartens ought to be established all through the east side, indeed in all parts of the city. The value of such a step cannot be overestimated. Probably the present generation of east siders is not capable of any very radical personal improvement, but our hope of the future lies with the children of to-day. Let the first few years of every child's life be subject to the refining and stimulating influence of the kindergarten, and the next eight or ten years be spent in the public schools, and in a generation the slum situation would be revolutionized. The immediate influence, too, would be enormous, because of the new and purer ideas, tastes, habits and desires that the child carries from the kindergarten into the home and seeks to have realized there. It is through these quiet, almost imperceptible, psychic influences, rather than by coercion or brass-band enthusiasm or class warfare, that the most far-reaching social, political and moral changes are wrought. In the very weakness of the child may lie the strength of a better civilization.

Of course it is idle to expect much progress in these directions under a municipal administration having an eighteenth century viewpoint on education, public improvements and social reform. Nevertheless, these are the lines along which pressure should constantly be brought to bear and future efforts directed.

Another line of reform—no home ought to be a workshop or contain a workshop. All kinds of manufacture, whether of clothing or whatever, ought to be done in factories, and the homes preserved for social and domestic purposes. The sweat-

ing system is not indigenous, it is brought here by immigrants from countries that have not yet got beyond the old hand-labor, pre-factory system of industry. So long as these people are here and the law does not interfere, contractors will not hesitate to give out home work and thus perpetuate the sweating system. The great trouble has been to devise a legal remedy that would not be unconstitutional. If, however, it is constitutional to tax liquor saloons, why would it not be constitutional to tax the owner of any tenement containing a home sweatshop to the full amount of the rent? Do this and the landlords themselves could safely be left to root out the sweatshop evil. Temporarily it might inflict some hardship on the workers, but the readjustment would quickly take place. Contractors would have to take their work to the factories, and the former home workers would have to be employed there, since there would be no diminution in the amount of work to be done. This would also enable the laborers to organize more effectively for better wages, and if this temporarily increased the cost of clothing the community could well afford that much contribution to civilization and humanity.

The valuable work of the University Settlement Society ought to receive public encouragement and support sufficient to permit of larger efforts in the same direction. Much is to be hoped, also, from the various model tenement experiments which are demonstrating here, and have fully demonstrated in London, that well-planned sanitary buildings, with plenty of light and air and water, and decent accommodations, can be made quite as profitable as the foul rookeries of the old tenement-house system. The development of rapid transit is another factor that will eventually do much to relieve the slums by permitting laborers to live in the suburbs and give their children the benefit of healthy outdoor life. It is important, however, that those who go into the suburbs should not take up with less commodious and sanitary quarters than they left in the city—a misfortune that is likely to result when men of small incomes are encouraged to build houses of their own. This usually means an inferior building and a heavy burden of debt for many years; limits the laborer's freedom of action in

wage matters, and makes him an enemy of local public improvements, because of the taxes involved. The important things for the workingmen are a good home, freedom of action and increase of public improvements. All these are much more surely realized when capital supplies the houses and carries the responsibility for them.

There is no one sovereign remedy for the slum situation, but there is a general principle which should govern whatever reform efforts are made. That principle is to give opportunity for and stimulus to self-improvement. Character cannot be created by law, but it is the duty of society to see that the indispensable conditions of character development are secured to all its members. While this must be a somewhat gradual movement, it can be greatly aided by a public policy demanding effective restriction of immigration, suppression of sweatshops, prohibition of the use of unwholesome buildings for tenement purposes, the establishment of rapid transit, an eight-hour working day and free kindergartens as a permanent part of the public school system. If the press and public opinion and labor organizations would unite for the carrying out of this policy, together with the constant increase of public improvements above suggested, a real beginning would be made toward the ultimate solution of the slum problem.

Tammany and Public Improvements

The extent of the calamity that befell New York City last fall is now beginning to be appreciated. Formerly the chief danger from Tammany Hall was the positive corruption that disgraced its administration of public affairs; to-day we seem destined to suffer most of all from the disastrous policy of stagnation it is imposing upon us in every direction.

We do not mean to imply that Tammany ever favored public improvements, nor that it has latterly become honest; but merely that its non-progressiveness and dishonesty have now changed places in relative importance. Without doubt all the faithful will be adequately "taken care of" and bribery and blackmail will again crop out, in some modified and perhaps more gentlemanly form, but, after the experience of the last few years and the education of public opinion on the subject, it is inconceivable that Tammany can return to any such heyday of plunder as characterized the old regime. To-day, however, it is planting its unwieldy shape squarely in the path of progress and warning back all who come that way. Guided by an idiotic, eighteenth century notion of economy it is straining every nerve to make this great metropolis turn its face to the past—and it has a four years' lease of power! It is in this attitude that its chief title to public execration now lies.

The Mayor, in the absence of any previous record of statesmanship, is striving to make one. He has two particular hobbies—parsimony and boorishness. Thus far he has contrived to ride them both with equal skill. In the simple act of berating any public official who presumes to suggest a new civic expenditure he combines the two traits very effectively. He seems to be profoundly impressed with the importance to civilization of his "wholesome Dutch stubbornness" in resisting every step in progress that costs an extra nickle. Presumably he is not blind to the great vote-making power of an occasional insult to gentlemen of education and broad culture who may have the hardihood to visit him on public business.

Just at present the great bugbear that is kept on constant exhibition is the city's debt limit. The Corporation Counsel

has rendered a convenient opinion showing that the debt limit has already been exceeded and hence, of course, no new obligations can be incurred. This effectually heads off the underground rapid transit plan and therefore is, doubtless, satisfactory to some of Tammany's clients. But it affects the public even more seriously in that it also shuts off nearly all the lines of improvement in the way of schools, parks, recreation piers, libraries, etc., projected during the last municipal administration.

The great public library enterprise has been effectually blocked. For years New York has looked forward to the day when the metropolis should have a library adequate to its needs and a credit to its higher life. At last the realization of that hope seemed at hand. All the legal technicalities in the way of consolidating the Astor, Lenox and Tilden library foundations into one great public institution had been overcome; permission to use the old reservoir site at Fifth Avenue and Forty-second Street had been secured, and the state legislature had authorized New York city to spend \$2,500,000 on a library building. Plans for a beautiful and imposing structure, admirably adapted for the purpose, had been adopted. Everything was ready, and the library trustees called on the Mayor to obtain his influence, if possible, in favor of an issue of bonds to the amount of \$150,000 for the removal of the old reservoir. Here is the Mayor's reply, as reported in the *New York Tribune*:

The city cannot issue bonds for any purpose. Here is a statement of bonds authorized by the Board of Estimate of the last administration. The total is \$21,000,000 of bonds authorized and unissued. Add these to the other debts of the city, and we have reached the constitutional limit of debt. . . . This situation is due to no fault of mine, and I am not saying this because you appear for the library that is to take \$3,000,000 or \$4,000,000 worth of city land that ought to be used for park purposes. The situation was created by the extravagance of the last administration. If your bond issue is in this list of \$21,000,000 you will be reached in time, but the East River Bridge comes first.

The \$150,000 was not in the list, and so the library plan comes to a standstill. The Mayor's whole attitude has been distinctly hostile to the library project. From his comment

on the proposition to take "city land that ought to be used for park purposes" one would suppose that the library was an institution for private profit, and that its promoters were engaged in a species of franchise grabbing for personal ends. Of course, the library is and will be purely a municipal affair, for the free use and benefit of all the people; and in building on the reservoir site the city will be simply making use, for its own purposes, of a piece of land now encumbered with a useless and unsightly pile of stone-work. The land is not needed for a park because Bryant Park immediately adjoins it and is sufficient for all present purposes. Tammany's sudden indignation at the remote suggestion of giving away city property for public library purposes is especially refreshing in view of previous experience in the matter of street railway franchises.

But the library is not the only public improvement to suffer. A deputation of citizens recently called on the Mayor in regard to certain small parks projected by the last administration. They were informed that nothing could be done on account of the city's debt limit. So no more small parks.

Of course, on the same pretext, any extensive increase of educational facilities is blocked, and the rapid transit problem is remanded to the Manhattan Railway Company to solve in its customary broad-minded way. Street improvements, likewise, must be suspended. The Mayor has just vetoed a bill appropriating an extra \$25,000 for the 1898 work of the Normal College.

We cannot discover, however, that this excessive fondness for economy is being allowed to injure Tammany's revenues. A sample illustration of how this matter works is the case of the Castle Garden Aquarium. This institution is peculiarly one requiring expert scientific management, not only to make the exhibit creditable and maintain it so, but to save constant waste of money. A great deal was wasted, through ignorance, in establishing this aquarium, until Dr. T. H. Bean, an expert in the line, was made superintendent. Dr. Bean's administration was highly satisfactory, but his salary was more necessary to Tammany than a first-class aquarium to the public—and the Doctor was deposed, without charges of any kind.

A mediocre politician is the new superintendent. There is no evidence that he even knows what the term pisciculture means. The future management of the aquarium will be a shining example of the hypocritical farce of Tammany economy.

So here we are, a poverty-stricken community, tied hand and foot, and unable for several years, probably, to carry out even a moderate system of public improvements. The latest development is the stoppage of work on nearly all contracts already let. Some technicality has been discovered which leads the Controller to suspect that at the time these contracts were authorized the city's debt limit may possibly have been reached. As there seems to be no way of determining this point nobody knows whether the work can be legally continued or not.

This constitutes a very serious situation. The steady continuance and growth of public improvements and educational facilities in the metropolis is a matter of far-reaching consequence. To a large extent the social and political integrity of the nation depends upon proper solution of municipal problems, and such solution must be along the lines of progression, not of retrogression. Yet here we have, in absolute control of the second city in the world, a political ring bent on a policy of stagnation and repression along every line. If this is adhered to for any length of time the results may be disastrous.

Of course we do not pretend to say that the debt limit should be exceeded, or any illegal measures taken for the sake of carrying on public improvements. We shall not attempt to discuss the legal aspect of the case, nor express an opinion on the soundness of the Corporation Counsel's report regarding the city's debt limit. It may be that the effect of consolidation has been to wipe out a good part of the available debt margin, especially since a large amount of town and county debts has now been transferred to the city. If the debt limit has been reached it is due to this cause, not to any carelessness or reckless extravagance of the previous administration, as is sneeringly charged by the Tammany leaders.

Our criticism does apply, however, to the spirit in which

the emergency is being met. Instead of endeavoring to find some way to avoid blocking the progress of New York for a term of years, Tammany seems rather to rejoice over the situation. It is excessively eager to magnify every possible technicality and give the maximum weight to every legal interpretation that seems to head off any further line of expense. The only apparent motive in this attitude is to make political capital; first, by discrediting the previous administration, second, by so curtailing public expenses as to show a low tax rate. This position is quite in harmony with the traditional political theory with which Tammany is identified, namely, minimum government enterprise and minimum public expenditure, no matter whether the object be good or bad.

If the disposition were present, some way out of the difficulty could undoubtedly be found which would permit future improvements to be planned and undertaken now, on the strength of the increasing wealth of the city which would give an ample margin of debt-incurring power by the time such obligations fell due. Either the assessed valuation or ratio of assessment could be raised, or a law secured permitting the counties included in New York City to incur separate indebtedness, as suggested by Secretary Delafield of the Rapid Transit Commission; or some other feasible plan be discovered. Almost any line of action can be blocked by technicalities if there is any motive for the blocking. Public interest imperatively demands, however, that all the force of technicalities at least shall not be allowed to bear in one direction.

There is no evidence of any disposition on the part of Tammany to treat this question from a progressive, public-spirited point of view. Instead, it is exhibiting the small-souled pettifogging of the cent-shop-keeper. It is the organized embodiment of Scrooge, and there are no ghosts to stir it to repentance. Under the circumstances no one need regret that the proposed Charter Day celebration has been abandoned.

Civic and Educational Notes

Public Baths in Philadelphia

Philadelphia has a Public Baths Association which has just completed a new building containing facilities for both bathing and laundry purposes. This institution is maintained by private funds, and a fee of five cents per bath is charged. New York has several similar institutions, but none maintained by the municipality except the river front baths in summer time. Philadelphia is setting, or following, a good example, but instead of depending on private charity such institutions should be maintained by the public in all our great cities.

Municipal Statistics

The Reform Club is doing a good work in urging upon Congress the necessity of having ample statistics of cities collected in connection with the next census. There is urgent need of full and reliable information on municipal conditions—information of an official nature, forming a distinct report, convenient of access. The Reform Club's circular on this subject says that a resolution to this effect will certainly be passed by Congress "*provided* a widespread demand for its enactment is manifested." We heartily endorse the suggestion that citizens generally write their representatives in Congress, urging this matter upon their attention.

Vacation Schools

The Commons, of Chicago, brings up the subject of vacation schools as a means of giving occupation to city children throughout the summer. New York and Chicago have both adopted this plan with beneficial results. The work of these schools differs radically from that of the regular school season. "No text books are used. All attendance is voluntary. Manual training, organized play, and excursions into the country to hold the interest of the children and keep them occupied, and not only prevent the formation of evil habits, but form good ones." The large increase in juvenile arrests in cities during the summer months shows the necessity of some such institution as these vacation schools, and the movement to extend their adoption seems to us worthy of all encouragement.

SCIENCE AND INDUSTRY

Does Invention Lessen Employment?

Strange as it may seem, the belief that invention tends to displace labor and lessen the field of employment is still very common. Probably this is because most people see only the immediate effect of a given innovation, and do not take time or trouble to trace out the larger results. They reason chiefly from local and individual experience, and ignore or overlook the general social facts. Nobody denies the fact of temporary displacement of labor by improved machinery, and the hardship, often severe and prolonged, that attends the process. This is a problem by itself, requiring special study and attention in order that in the constant transition from poorer to better industrial methods labor may be reabsorbed without a long interval of enforced idleness, or adequate insurance provision made for displaced laborers during such periods.

But the remedy for this evil certainly is not to arrest the progress of invention and new methods of production. That would indeed limit the future opportunity of labor, because increase of employment depends primarily upon creation of new industries and such improved efficiency of old industries as will make possible cheaper production, and hence larger sales.

That this is not mere theory is proven by the universal experience of countries which have introduced factory methods and the modern system of industry. For every old industry or industrial method that has been rendered obsolete by the progress of science and invention, a variety of new and much more extensive enterprises have sprung into existence from the same cause. In this country, the introduction and improvement of machine methods has been most conspicuous since 1850; but instead of displacing labor and narrowing its opportunities the result has been the most remarkable contribution to labor's welfare ever witnessed in any previous period of the world's history. In the forty years preceding 1890 the number of employees in our manufacturing industries increased

(omitting all 1890 statistics not covered in 1850), nearly 348 per cent., which is more than twice the corresponding increase in population. The total wages paid in these industries during the same period increased 707 per cent., or about 75 per cent. per employee.

The Report of the Commissioner of Patents for 1897 contains some interesting evidence along this same line. It gives in detail the facts regarding a large number of industries that have come into existence practically since 1880, and now furnish employment to immense amounts of labor and capital. All of this growth we owe to the increase of scientific knowledge and progress of invention. Some of the leading points brought out by Commissioner Greeley are well worth reproducing.

During 1897, 23,729 patents were granted: 21,508 to American citizens and 2,221 to citizens of foreign countries. The United States has issued 606,423 patents, up to and including 1897, which is more than half the number issued in all the other countries of the world put together. France has granted 286,081 patents; Great Britain 252,990; Belgium 139,742, and Germany 113,254. It is interesting to note the distribution of patents in the United States. As might be expected, the Connecticut Yankee heads the list; during 1897, patents were granted to 1 out of every 786 inhabitants of the Nutmeg State. Massachusetts comes next, with 1 to every 1,180; New York is sixth, with 1 to every 1,585. In view of the nature of southern industries it is not surprising to find the states of that section at the bottom of the patent list. The record is: South Carolina, 1 to every 38,371; Mississippi, 1 to every 16,120; Alabama, 1 to every 15,598; Georgia, 1 to every 14,133.

From that portion of the report covering new industries since 1880 we quote a few paragraphs:

“Of these new industries the most noted are those directly connected with the development of electrical inventions, such as the manufacture of electrical apparatus and supplies, the supplying of electricity for lighting and power purposes, electric railways, and the telephone.”

Electrical Supplies.—“The manufacture of electrical apparatus and supplies began to be of importance shortly before 1880, and in that year 76 establishments, employing 1,271 persons and producing an output valued at \$2,655,036, were in existence. In 1890 the number of establishments had increased to 189, employing 9,485 persons, and producing an output valued at \$19,114,714. The increase in this industry has been very large since 1890. No separate statement of electrical machinery exported is given in the statistics of exports for that year. In 1897 the exports of such machinery amounted in value to \$917,453. Besides this the exports of ‘instruments and apparatus for scientific purposes including telegraph, telephone and other electric’ amounted in value in 1897 to \$3,083,900, having increased to this amount from \$88,383 in 1880 and \$1,429,785 in 1890.”

Electric Light and Power.—“In the electric light and power industry as reported in 1880 there were but three establishments in the United States, employing 229 persons and producing an output valued at \$458,400. In 1890 there were in the small portion of the country reported (the State of New York, the District of Columbia, and the city of St. Louis) 144 establishments, employing 2,004 persons and producing an output valued at \$4,783,224. No statement of the extent of this industry in the whole country for the census year is available, but it is stated on what is believed to be good authority that in 1892 the aggregate capital invested in this industry in the United States was not less than \$350,000,000. At the close of 1894 there were in the United States 2,124 central stations supplying electricity for light and power and 7,475 isolated plants, a total of 9,599 establishments. The capital invested in these central stations is stated to have been \$258,956,256, and the capital invested in the isolated plants, though not stated, was probably not below \$200,000,000. A conservative estimate of the number of persons employed at that time in this industry would not be under 45,000. The growth of this industry since 1894 has been steady and rapid. New central stations and new isolated plants have been put in use all over the country, and those already in use have been enlarged.

The prospect of still larger growth in the future is assured."

Electric Railways.—"The use of electricity for power purposes has found its most notable development in the electric railway. This is of very recent origin. The first electric street railway in the United States was put in operation little more than ten years ago. In 1880 of the 2,050 road miles of street-railway in the United States nearly all used animal power. Electric power was not then used. Steam and the cable were used on a few miles. The number of persons then employed on street railways was 11,687. The census of 1890 gives the number of street-railway employees as 27,434. At the close of the year 1890 it is stated that the total mileage of street railways was 8,123 track miles on 5,661 miles of which horses were used, the remaining 2,462 miles being mainly electric and cable. The capital invested in these roads was \$211,277,798, and 71,000 persons were employed on them. In 1894 the total mileage was 12,527, of which 7,470 was electric. The capital invested was \$648,330,755, of which \$423,493,219 was invested in electric railways. One hundred and ten thousand persons were employed on street railways in that year. In 1896 the mileage had increased to 14,470, of which 12,133 miles were electric. The capital invested was \$748,813,781, and the number of persons employed was not less than 140,000. The total mileage of electric railways in the United States up to October of 1897 was 13,766 miles, out of a total mileage of 15,718, of which but 947 miles were horse-car lines. The total capital invested was \$846,131,691. The number of employees may be safely estimated at not less than 166,000.

"The electric railway is the best solution up to the present time of the question of rapid transit between suburban homes and the factory or place of business in the city. It has done much to solve the tenement-house question and has brought into the market and made available for residence purposes large tracts of land which would otherwise be of little value."

Telephones.—"The telephone is now recognized as a necessity of commercial life. The manufacture of the instruments

has up to a very recent date been in the hands of the company controlling the original patent. Since the expiration of that patent the manufacture of telephones has become a considerable industry; but no statement as to its extent is available. The telephone in 1880 was just beginning to become commercially known. At the close of 1896 there were in the United States 967 telephone exchanges and 832 branch offices, using 536,845 miles of wire and employing 14,425 persons. The total amount stated to be invested in telephone property in 1895 was \$77,500,000."

The Gain to Labor.—"The investment in electric light and power plants, in electric railways, and in the telephone represents to a very large extent money paid for labor, either directly for the construction of buildings and the construction of railway road-beds, the stringing of the hundreds of thousands of miles of wire, or indirectly for the manufacture of the materials and supplies necessary. The demand for copper, largely for electrical purposes, has caused the output to increase from 60,480,000 pounds in 1880 to 265,115,133 pounds in 1890, of which nearly all was produced in the United States. In 1895 the copper produced in the United States, including that made from imported pyrites, was 392,639,964 pounds, valued at \$39,682,347. The demand for new cars for street railways has been enormous and has stimulated largely the manufacture of these cars. The needs of the street railways has led to the invention of new forms of fare registers, now very extensively used, and the manufacture of these fare registers forms in itself an industry of no inconsiderable proportions."

Bicycles.—"Another industry hardly less important in its extent and in the opportunity for employment it has afforded is the bicycle industry. Though bicycles of a certain type, adapted rather for the athlete than the general public, were manufactured to a small extent in the United States in 1880, the industry was not of sufficient importance to require separate mention in the census statistics. The great development of the industry has come since 1890, as a result of the inventions in pneumatic tires made about that time; but it had grown in 1890 to be of considerable importance. In that year

there were reported as engaged in the manufacture of bicycles 27 establishments, employing 1,925 workmen and producing an output valued at \$2,568,326. In addition 83 establishments were engaged in the repair of cycles. These employed 306 persons and valued the product at \$301,709.

"In 1895 more than 200 establishments were engaged in the manufacture of cycles. In February of that year the president of the National Cycle Board of Trade stated that the aggregate capital employed in the manufacture of cycles exceeded \$100,000,000 and that over 50,000 workmen were employed in this industry. The output of wheels for that year is stated to have been not less than 800,000. The industry to-day, notwithstanding an overproduction which has brought about a material reduction in price to the consumer, is not less than in 1895. The product in 1897 was over 1,000,000 wheels.

"In 1880 a large proportion of the cycles used were imported, mainly from England. In 1897 the exports of cycles and parts of cycles to England amounted to a value of \$2,128,491, and the total exports amounted to a value of \$6,902,736.

"Closely allied to the cycle industry are the manufacturing industries which supply to the cycle factory the materials used in the construction of the wheels. Steel tubing for the frame, chains for the driving-gear, wood rims for the wheels, steel balls for the bearings, pneumatic tires, and saddles are all for the most part separately manufactured. New machinery for the manufacture of bicycle parts has been invented and is largely manufactured for use in this country and for export.

"Saddles, bells, cyclometers, tools for bicyclists' use, lamps, and locks for bicycles are all needed by those who use the wheel, and their manufacture requires the employment of thousands of workmen. The extent of the industry is indicated by the fact that a single company engaged in the manufacture of cyclometers claims to have sold 700,000 of these devices in a single year."

Typewriters.—"Another new industry of great importance

is the manufacture of the typewriter and typewriter supplies. There was no report for this industry in the census of 1880. In 1890, 30 establishments were reported employing 1,735 workmen and producing an output valued at \$3,630,126. Since that year the industry has grown very largely in the number of workmen employed and the value of the product. In 1893 a single company employed 2,300 workmen. The exports of typewriting machines and parts for the past year amounted in value to \$1,566,916.

“There is no reliable statement available as to the number of typewriting machines in use. It was estimated in 1895 that not less than 400,000 were then in use. One firm engaged in this industry published a statement more than a year ago that in 34 office buildings in New York city, 3,426 type-writers were then in use. The use of the typewriter is practically universal among business houses and professional men. Agencies for the sale of typewriters, dealers in typewriter supplies, and schools for teaching the use of the typewriter are found in every city and large town throughout the land.

“The great industrial value of the typewriter has been, however, in the employment it has afforded, particularly to women. A bulletin of the Bureau of Education gives the number of schools teaching the use of the typewriter and its necessary accompaniment, stenography, in 1890 as 1,081, with 57,375 pupils, nearly all of them women. The census of 1890 reported that 33,418 persons were employed in the United States as stenographers and typewriters, of which 21,270 were women. In 1870 the census reported 154 shorthand writers in the United States, of whom but 7 were women. The increase since the census of 1890 has been unquestionably very large, yet there is not to-day an oversupply of competent stenographers and typewriters, and they still command good wages.”

Printing and Publishing.—“These new industries have had a marked effect on the publishing industry. In 1880 there were in this country no journals devoted exclusively to electrical matters or to the bicycle, and two only, monthly publications of limited circulation, devoted to photography. In 1897 no less than 20 journals were devoted exclusively to

electrical matters, 38 to bicycling and the bicycle industry, and 11, two of them weekly publications, to photographic interests, most of them largely devoted to the interests of amateurs. No journals devoted exclusively to typewriting are published, but to stenography, the necessary accompaniment of typewriting, 9 are devoted. Books by the hundred have been written and published on electrical matters and scores of them on photography, especially photography for amateurs. Not a few textbooks on stenography are published, while nearly every cycle manufacturer publishes for free distribution most elaborate and finely illustrated advertising catalogues."

Other New Industries.—"Nor are these all of the new industries which have grown up in the period since 1880. The graphophone, the kinetoscope, the half-tone process of photo-engraving, the chrome-tanning process, smokeless powder and other high explosives, acetylene gas, linotype machines and automatic weighing machines all represent industries of very considerable importance in which millions of money are invested and many hundreds of men are employed. Many of these have been developed since the census of 1890, and no statement as to their precise extent is available. Others of earlier development are so interwoven with established industries that it is difficult to determine how much of the increase in employment and value of product is due to new inventions and what is due to normal growth of the industry."

For want of space we have omitted the Commissioner's report on several other new lines of industry of great importance, such as cash registers, amateur photography, aluminum, basic steel process, etc. He also calls attention to the fact that this development of new industries, instead of having been at the expense of other branches of production and manufacture, have been a positive stimulus to them. The raw materials of these new types of industry are in most instances the finished products of others which, of course, benefit by the greater demand made upon them. Thus invention increases employment both by providing new industries and giving fresh markets to old ones.

Science and Industry Notes

Omaha Exposition

The great Trans-Mississippi and International Exposition at Omaha this summer is to be held, war or no war. The *Inventive Age* calls attention to several interesting features of this Exposition, particularly the electrical exhibits, the display of models and machines from the patent office, and the exhibit of the National Museum. The Omaha Exposition is not to be a purely local affair, nor even of Western interest chiefly. It will cover all departments of art and science, and hence possess a cosmopolitan interest. Nevertheless, its success will inevitably be considerably lessened by the tremendous crisis through which the nation is now passing.

Photography and Astronomy

Perhaps the most important contribution to the recent progress of astronomy has come from photography. Prof. Simon Newcomb, writing on "Recent Astronomical Progress" in the March *Forum*, lays special emphasis on the extensive new work that has been made possible in this way. The photographic plate will record much that the naked eye cannot possibly perceive, even with the most powerful lenses. "The greatest astronomical work now going on" says Prof. Newcomb, "is the construction of the international photographic chart of the heavens." This has been under way for several years in different parts of the world and, when completed, is expected to be of vast service in future astronomical study.

Electrical Exhibition in New York City

From May 2nd to 31st, Madison Square Garden is to be given up to a great electrical exhibition. It promises to be a very important educational affair, as every branch of electrical science will be represented in some way, and all the latest electrical devices shown. Prizes, aggregating \$100 in amount, are offered for the five best essays on this exhibition written by pupils in schools within a radius of 25 miles from the Garden; particulars of the contest can be obtained from the office of the New York Electrical Society, 15 Cortlandt Street. The fact

that about 36,000 such students attended the exhibition last year shows how great is the interest in electrical science among the coming generation—a fact which promises much for future discoveries.

New England Cotton Mills

We have frequently said in these pages that, in view of the coming transfer of the cotton industry to the South, New England's future in this line lies in taking up the manufacture of finer grades of cotton goods. It is encouraging to note that this view finds recognition in many quarters. The *Manufacturers' Record*, for instance, says that many changes in this direction are already being made. After quoting an example of this, it says: "A number of other mills in the same State are discarding print looms and substituting machines designed to produce a superior and more easily marketed fabric, while in others wider looms that have been producing sheetings, shirtings and coarse three and five-leaf twills have been displaced by looms with Jacquard heads."

Mexico's Drainage Canal

One needs to look at the illustrations of this gigantic work, as given in the April *Cosmopolitan*, to gain any idea of its magnitude. This great canal, which will drain the City of Mexico, is nearly forty miles long and intersects a mountain range by a tunnel six miles long. Its width ranges from 45 to 168 feet at the top, and it slopes to the bottom at an angle of 45 degrees. The bulk of the work on this canal is being done by hand labor, the workmen carrying the earth up the steep sides of the bank in baskets, on their backs. Most of the 4,000 laborers live in huts along the route, so low that one cannot stand erect within them. They receive about 12½ cents a day. This great enterprise is of course a credit to Mexico, but one cannot help contrasting the crude mediæval methods used in its construction with those that would be employed for similar work in the United States. If we, in this country, had to wait for our great public works until we could hire labor for 12½ cents a day, needless to say no public enterprise would ever be so much as commenced.

CURRENT LITERATURE

A New Book on Wages*

This is the title of a new book by Professor Davidson, of the University of New Brunswick. It is a review of the different theories of wages, with the object of getting the good in them all and finally presenting a correct theory. Professor Davidson has written a very readable book but it consists chiefly in picking flaws in other theories. If it can be said to present any theory at all, it is that wages are a bargain, or the result of what Adam Smith called the "higgling," of the market. He says a great many very interesting things, and says them interestingly, and not a few of them are true, but for the most part they are not vital. On page 5 he says :

The object of this chapter, and of the two succeeding, is to establish, by means of a critical examination of the earlier theories, the theory of wages as a bargain, and the result will, it is hoped, demonstrate, in the fourth chapter, that this eclectic theory embodies all that is of permanent value in the earlier theories.

After this, the reader is naturally tempted to turn to the fourth chapter with the strong hope of finding in "this eclectic theory" which "embodies all that is of permanent value in the earlier theories" an ample and satisfactory explanation of wage conditions; something pointing to a conclusive theory of wages. But if the reader is half as critical, not to say hypercritical, as is the author, he will find this the most disappointing chapter in the book. It is filled with commonplaces, magnifying little perturbing circumstances relating to wages, and really contains no statement of what can be regarded as anything like a general principle or cohesive doctrine of wages. For instance, in chapter IV (pp. 142 and 143) he states the case thus :

The laborer, except perhaps in the lowest grades of society, has a great variety of wants and will naturally seek to satisfy as many of them as possible. Since his single source of satisfaction is the wages he receives, he will therefore endeavor to get as high a price for his labor as he can. . . . The

**The Bargain Theory of Wages*, by John Davidson, M. A., D. Phil. (Edin.) Cloth, 319 pp., G. P. Putnam's Sons, New York and London. 1898.

practical wages problem is the delimitation of the frontiers of the respective territories of Capital and Labor. What the result is of the dispute for this territory depends on circumstances. Each strives to engross the whole of the disputed territory and probably neither could be wholly successful. The issue depends on the relative strength of the contestants—on the weakness of one as much as on the strength of the other; and the issue cannot therefore be determined beforehand. We have here a failure of the equation of exchange. We can say only that wages will be determined somewhere between the limits by the comparative strength and knowledge of the bargainers. . . . The employer will find great difficulty in forcing the laborer to accept less than he thinks he is worth; and the laborer will find social and economic forces of great strength arrayed against him should he attempt to exact more than his labor is really worth to his employer. But the distribution of the margin between the two estimates can never be regarded as final. A position may be occupied by labor in one year from which, in the next, it may be forced to retire, and the outposts of the employer may, at times, be thrown farther forward than they can be permanently maintained. Should the strength of one party be considerably greater than the strength of the other, from whatever cause, the larger part of the debatable ground may pass into the hands of that party; and when the strength of the two parties is nearly equal, the debatable land will be nearly equally divided between them; but no arrangement is final.

This is simply saying that wages are the result of the "higgling and hauling" of two opposing forces, the laborer on the one side, the capitalist on the other. There is nothing either new or suggestive in this. It is at best merely a narration of obvious fact. What is wanted in a theory of wages is an explanation of the causes which control the outcome of this higgling; by what general law wages are maintained at a given point or raised to a higher point.

We are unable to find anything in Professor Davidson's *Bargain Theory* adequate to explain this. The chief difficulty with his criticisms of other theories of wages is that he discusses the subject as if wages were a concrete, definite quantity, instead of an ever-varying quantity. Then when criticising what he calls the subsistence, or standard of living, theory, he speaks of it as if it related to the physical minimum upon which laborers could exist. He says (p. 16): "The only real measure there can be of a minimum of subsistence is the amount of the necessaries, comforts and luxuries of life which is necessary to enable each worker to begin each day's labor with his energy

restored." With this view, it is not surprising that he should find the subsistence theory unsatisfactory. It is not the physical minimum necessary to restore each day's energy, but the social minimum necessary to induce the laborer to consent continuously to work. Indeed, the wage question has long ceased to be a physiological, and has become very largely a psychological and sociological question.

Moreover, the true economic law of wages is not a law of concrete quantities, but rather a law of tendencies. The standard of living theory of wages does not overlook the fact that the wage question involves human consciousness, which is an ever-varying and flexible quantity. We say, for instance, wages of carpenters in New York City are three dollars and a half a day; but there is a considerable number of carpenters in New York City who for peculiar reasons do not get three dollars and a half a day—perhaps not more than three dollars, if as much. This may be due to the fact that they are non-unionists, that they have been recently enduring special hardship, through being out of work, or many other special conditions. The fact remains, however, that the general wages of carpenters in New York City are three dollars and a half a day, and this fact helps to make it easier for those under peculiar circumstances, who lag below that point, to reach the three dollar and a half level.

The question is, what is the chief influence in the community which fixes the wages of the great majority of efficient carpenters at three dollars and a half a day in New York City, while they are below three dollars in places less than one hundred miles from New York, and in many places as low as two dollars a day? This is not due to any higgling of the market, nor to the capacity for individual bargaining, for that is about the same in one place as in another. Where the general rate for efficient carpenters is two dollars, there are some working for one dollar and a half, just the same as there are some working for three dollars in New York City where the recognized standard is three dollars and a half.

There is, of course, a modicum of truth in most of the criticisms urged by Professor Davidson, but, as we have said, they are not vital and in no sense controlling. But the idea

that wages are governed by the bargaining or higgling of laborers and capitalists in modern society is essentially erroneous. It was more true in primitive times; it grows less and less so as society advances and industry is specialized and integrated. It is not true in the price of commodities any more than in the price of labor. It once was true that the seller of a commodity higgled about what he would take—sold one piece at one price, and another at another, and so on, but as the capitalist system develops this becomes less and less feasible. Prices become more and more general, because goods are sold more and more by market quotations. The individual purchaser of shoes does not higggle as much about the price of his shoes as formerly, especially in the wholesale markets where manufacturers buy and sell. The quotations to-day are this or that, and that is the price received.

Under primitive conditions, an individual made a contract; he could work for a shilling or a sixpence, as the case might be, but to-day this is not the case. The individual laborer does not bargain at all about his wages, in the great mass of occupations; it is only in the unorganized and partly developed industries where that takes place. Take for instance the shoemakers, or weavers, or carpenters. Their wages are determined not by the bargaining of each individual but by the scale of wages determined for them *en masse*. Any changes in these wages has to be approved by the great body of laborers. If submitted to the individual laborers, there would be great variety. Some would accept less and others would demand more; but no such opportunity exists. If there is a rise of five per cent. they all get it. If there is a fall, they all have to stand it; and this action is determined by a certain proportion of the class, never by them all. It never meets the approval of all, often not half, but it is accepted or rejected by the consensus of the more energetic and competent. They act for the class, and what they accept the others receive, and what they reject the others cannot get.

This of course does not obtain in all industries, but it is becoming more and more the rule as society advances and industry comes under the concentrated, capitalistic method of

organization. It will be seen, therefore, that as society advances the possibility of individual bargaining disappears, and while there was once a good deal of truth in the bargaining theory, and there is some truth in it yet, it is becoming less and less true as civilization advances. It happens now only in the more primitive communities, and in less organized industries. For instance, among agricultural laborers and foresters and in other isolated industries in the country, where industrial organization does not exist, this higgling and bargaining largely prevails, and in the cities, in such occupations as stenography and typewriting, individual bargains are made; but among the industries where they work under capitalistic organization it becomes impossible, and as the tendency is to reduce all occupations more and more to capitalistic management, the bargaining becomes less and less an element in determining wages, and must ultimately disappear.

It is not contended that the standard of living is the sole force which operates, but, as Professor Davidson admits incidentally all through his book, the standard of living is the great basic fact upon and through which all other currents operate which affect the action of laborers regarding their wages. That is, the social and psychic forces which affect the life of the laborer ultimately control the influences which finally determine the general wages in any class, industry or community.

Additional Reviews

INTRODUCTION TO AMERICAN LITERATURE. By Brander Matthews, A.M., Professor of Literature in Columbia College. 256 pp. American Book Company, New York, 1896.

Professor Matthews has not attempted to give us an elaborate critical analysis of American literary products, but rather a concise, historical sketch of the development of our literature, its distinctive features and merits. Instead of treating the subject by epochs, he takes up each author separately, giving a brief biography, then a characterization of his work and estimate of his influence. The arrangement is such, however, that one obtains a very fair idea of the general tendencies of our literature and the influences that are reflected in it. Points of contrast and of similarity between different writers are well brought out, and the building up, in Franklin, Irving, Cooper, Emerson, Hawthorne, Whittier and others, of a distinctly American school of literature is clearly indicated in the analysis of the work of the men themselves. Professor Matthews is particularly happy in some of his brief characterizations of the distinctive trend of thought of certain types of literary genius; as, for instance, in his remark that "Emerson loved good and Carlyle hated evil." Nothing could better limn out the controlling spirit of the man, in either case, or show more lucidly the contrast between them as well as the grounds of their essential unity. On the whole, Professor Matthews seems to have made up for the limited scope of his book very largely by wise selection of essentials and a method of treatment which happily combines conciseness with comprehensiveness.

THE GRIMM-WEBSTER DICTIONARY. Laird and Lee, Chicago, 1897. 164 pp.

This is a German-English and English-German dictionary, compiled by Max Friedrich Grab, and containing 30,000 words and phrases in both languages. In the first half of the book the German words are given first, followed by the English translation; in the second half the order is reversed. There is a marginal alphabetical index, and altogether it is a handy and useful little volume.

Among the Magazines

Japanese literature.—Mr. Joslyn Z. Smith, in the May *Lippincott's*, defends the Japanese from the charge of being universal imitators, not by denying that fact but by showing how inevitable, and withal proper, it is. "Surely," he says, "it would have been worse than madness for her to have said 'This new civilization is better than ours, yet we will not imitate it; we will retain our originality, and perhaps in ages to come we shall reach the enlightened state now enjoyed by the rest of the world.'" Indeed, one of the most hopeful signs about Japan is that she does not intolerantly insist upon retaining her ancient traditions, but is willing to get the benefit of what higher civilization has developed, and this is as true in literature as in industry, politics and social life.

Decay of Cobdenism in England.—Mr. John P. Young writes a significant article on this topic in the *North American Review* for April. He points out the fact that free trade was possible for England mainly because she had already, by virtue of her inventions and factory system, far outstripped the rest of the world in the race for industrial supremacy, and had no competition to fear. He quotes recent utterances of several British statesmen and writers, showing the declining interest in Cobdenism and the growth, unconscious perhaps, of protectionist sentiment. Only thirteen persons were present at the annual meeting of the Cobden Club in London last November. Mr. Young summarizes the situation very tersely and accurately when he says "Now that it is plainly seen that every advanced nation is determined to maintain its own workshops, the English have lost heart and, economically speaking, Great Britain is drifting no one can tell whither."

An East Side Instance.—The limitations of child life furnish much of the pathos of the East Side tenement house problem, and the pity of it is not lessened by the apparent unconsciousness of hardship on the part of the children themselves. E. S. Martin, in *Harper's Magazine* for May, gives a typical illustration of this:

"If you see a troop of little children in May, far down-

town, following some leader and marching off with a definite purpose, the chances are it is a May party. A lover of the East Side, who had followed one of these parties a block or two, audaciously accosted the leader, a bright-eyed Jewish youngster, who evidently knew perfectly what he was about.

“ ‘Where are you bound for, Johnny? You can't get up to Central Park, can you?’

“ ‘Park! No; but I guess I know where there's a tree.’

“ He did. He led his young troop through street after street and by devious turns and twists, to a stunted wreck of a tree which answered the purposes of a May party, and what it lacked was made up by childish imaginations.”

Recent Histories of Literature.—Prof. William P. Trent reviews this field in the *April Forum*. Although he assigns first place to the “monumental ‘*Histoire de la Langue et de la Littérature française,*’” now being published under the editorship of M. Petit de Julleville, he passes almost immediately to America and notes Prof. Moses Coit Tyler's “*Literary History of the American Revolution*” as the next most conspicuous achievement in literary history. This work is a continuation of Prof. Tyler's “*History of American Literature during the Colonial Time.*” According to Prof. Trent, whoever imagines that these volumes are padded will be mistaken: “There is hardly a dull page in one of Prof. Tyler's volumes, although, in nine cases out of ten, he is dealing with writers who are not merely forgotten, but who never had a spark of literary life about them, when they moved among their admiring contemporaries, our easily satisfied forefathers.” Evidently, Prof. Tyler is building up a great and very important work, and it is to be hoped that he will continue it down to the present time. This would be a work of years, no doubt; but judging from what has already appeared it would be a historical masterpiece in the literary field worthy to rank with the great achievements of Parkman, Prescott and Bancroft in other departments of American history.

INSTITUTE WORK

Populism and Labor Organizations

Populism. Populism, as already intimated in previous lectures, is a phase of socialism peculiar to the agricultural population of this country. It stands for the public ownership and control of certain phases of industry. Populism, however, is unlike state socialism, as represented by the German and other continental schools of public ownership, in that it has practically no theory; it has no scholarship; it is conspicuously devoid of scientific precision or cohesive doctrine; it is a kind of mongrel half-breed made up more of adverse feeling to capital and vested interests in certain lines than of any clear, intellectual conceptions, or logical deductions from economic generalities. It lacks even a central idea, like the single tax.

There is in reality no intellectual or economic foundation for populism upon which any of its propositions consistently rest; that is, the reasons given for any of its propositions would logically apply to a multitude of other things which populism does not endorse. For example, the idea and doctrine of socialism consistently implies public ownership of all instruments of production. It is definitely arrayed against the wage system and favors state ownership of industry in behalf of the wage class. Populism does not do this; on the contrary, it is a kind of opportune socialism. It would apply the doctrine of state ownership where it is convenient, or seems specially to minister to the interests of the farmer. For instance, it believes in public ownership of railroads and telegraphs, because these are owned by corporations and not by the farmers; but it does not believe in public ownership of land, because this is the property of the farmers. In short, populism is in favor of everything being owned by the government except what the farmers would rather own themselves. Thus populism is opposed to the national banks, because banks are seldom owned by farmers.

Populism has never shown any interest in the labor move-

ment. In its convention at St. Louis it voted down a proposition favoring reduction of the hours of labor. The reason for this is obvious. Farmers hire laborers and they like to have them work as many hours as the sun shines on the longest day.

Populism, in short, favors public ownership of railroads, telegraphs and banks, and private ownership of land, and low wages and long hours for laborers, and usually free trade for manufacturers and high protection for agricultural products. It is really a movement of political feeling rather than of intellectual or practical economics. It has no body of doctrine or definite policy resting upon any concrete economic proposition. It is more of a farmers' movement against the monied and manufacturing interests than an economic movement for industrial reform.

Populism had its rise in the general industrial development which tends to reduce farming, like other industries, to the control of strictly economic conditions and methods. The development of railroads, telegraphs, agricultural implements and other capitalistic devices, which have largely reduced the cost of transportation and of production generally, has created a severe competition between careless and wasteful hand methods of farming, and purely capitalistic method.

This has been greatly intensified by the several years of industrial depression created by the crusade of the last administration against manufacturing industries. Instead of attributing this industrial pressure, amounting in many cases to veritable hardship, to the real cause which produced it, the tendency among the farmers has been to ascribe it to the conscious efforts of eastern capitalists, bankers, railroads and other corporations. This view has been greatly aided by the almost criminal attitude of the free trade press, which for years has endeavored to mislead the farmers into the belief that they were systematically robbed by tariff legislation in the interest of eastern monopolies; a doctrine which, of course, they readily believed.

On the other hand, this notion that the farmers are consciously preyed upon by eastern capital has also been fed and

stimulated by the socialistic idea that all interest and profits are robbery. They readily believed this, because they largely pay interest while corporations receive profits.

Probably there has been no movement in modern times which on the whole is based upon so much delusion and social ill feeling, and contains the possibility of so little good to the class in whose interest it is organized, as populism. It is unscientific, uneconomic, inconsistent, with no basis in wholesome experience or broad statesmanship. Its practical effect would be simply to disrupt the most helpful movements toward industrial development from which alone the agricultural population can ever obtain any permanent advantage.

The sub-treasury system, by which the government was to become a pawnshop for farmers, and free coinage of silver with unlimited issues of fiat paper money, are among the measures populism proposes, and in the list of motives which find expression in support of these propositions is the belief that the banking, manufacturing and commercial community can be despoiled by these measures, in favor of the farmers. This is on the theory that the farmers are the debtor class and would be helped by depreciated money with which to pay their debts.

Populism has at last taken on a political rather than an economic aspect. It is now practically merged with Bryanism, which to-day means anything to injure corporations, bankers, or the manufacturing and commercial classes, and give the political party represented by Bryan control of the government. Populism has less industrial genuineness, political integrity and helpful practical possibility than any public movement we know of.

Labor Organizations. Labor organizations are divided into several classes, such as the Knights of Labor, the Federation of Labor, isolated trades unions, etc. The Knights of Labor is a quasi-political organization. It is unlike Populism in that it is specifically devoted to the conditions of the wage class, but it is socialistic and political in its methods. It advocates public ownership of railroads, telegraphs, mines and other forms of industry and products, and believes very much in the use of political methods to deal with industrial conditions.

Trades unions, of which the Federation of Labor is but a large aggregate, is definitely different from all the other movements for social reform. They are strictly economic and industrial. They have less theory than the socialists but far more practice and wholesomeness. Trades unions neither believe that all laborers can become capitalists nor that all poverty can be abolished by the government owning the industry. They stand for constant efforts to improve the status of the wage class, through influences which affect the wages and conditions under which laborers work and live.

It has been the conspicuous characteristic of trades unions through their whole history that they never advocate or in the slightest degree attempt to reorganize the whole of society, but always undertake some specific reform, as reduction of the hours of labor, limiting the age at which children shall be employed, improving the sanitary conditions of the workshop, demanding more humane treatment by employers, protection against dangerous machinery, making employers liable for damage by accidents, increase of wages, the right of laborers to discuss and be represented collectively in the discussion of all wage conditions, and so on.

The fact that trades unions have confined themselves to efforts of this kind, which are strictly of an economic character directly affecting the life of the members of the unions, accounts for their great success in accomplishing so much. Moreover, trades unions always act for specific trades,—shoemakers for shoemakers, carpenters for carpenters, jewellers for jewellers, and so on, and in this way they accomplish much for the improvement and progress of their craft and class, which would be impossible in any general attempt to treat the whole community *en masse*.

Trades unions have arisen as the natural outcome of the wages and capitalistic system of industry. They stand for collective action of laborers in the interest of laborers, in the same way that corporations embody collective action of capitalists in the interest of capitalists. They are not the product of abnormal feeling, highly wrought imagination or social prejudice. They are the product of the normal influences of a progressive

and industrial society. They do not exist in a primitive and crude state of industrial society, but come gradually with the differentiation and increasing complexity of industrial methods and aggregation of capitalistic organization.

Trades unions are less pretentious, but more practical and effective in accomplishing lasting results, than any other movement for social reform, because they deal with concrete conditions as related to different local groups. Hence, although sometimes unreasonable, they are in the main practical and effective and are destined to remain a permanent feature of modern society. Through them the wage class can most effectively secure an increasing benefit from the wealth development and social advantages of advancing civilization.

Outline of Reading for May

This month we are to study Populism and Labor Unions, the last two topics under the division "Social Reforms," and the last topics in the season's course of study. The sub-heads in the curriculum are as follows:

- (c) Populism.
 - (1) Its rise.
 - (2) Its history.
 - (3) Its methods.
- (d) Labor organizations.
 - (1) Knights of Labor.
 - (2) Federation of Labor,
 - (3) Trade unions.

REQUIRED READING. In "Principles of Social Economics," Part IV, Chapter VII. In Marshall's "Economics of Industry," Book VI, Chapter XIII.

In GUNTON'S MAGAZINE, the class lecture on "Populism and Labor Unions." Also, President Gunton's lecture on "Populism and Silver" published in *Gunton Institute Bulletin* No. 10, February 5th, 1898.

SUGGESTED READING. "Conflicts of Capital and Labour," by George Howell; "History of Trade Unionism," by Sidney and Beatrice Webb. In Lujo Brentano's "Relation of Labor to the Law of To-day," Book I and "Closing Consider-

ations." In Carroll D. Wright's "Industrial Evolution of the United States," Part III, on "The Labor Movement."

Aids to Reading

Notes on Required Reading.—There is little similarity between the two movements we are to study this month,—populism and labor unions. One is political, the other economic; one reflects agricultural interests, the other the interests of wage-earners; one has an overweening confidence in law as a means of conferring wealth upon society, the other seeks improved conditions by exerting an economic pressure on the productive forces of society.

In "Principles of Social Economics" students will find a discussion of the theory underlying combinations of labor. It is shown that such combination naturally accompanies the higher organization of capital and indeed must do so if labor is to obtain its proper share of the increasing wealth product of the community. The impossibility of individual contracts is clearly demonstrated and popular objections to trades unions thoroughly dissected. Professor Gunton discusses strikes from a standpoint which will perhaps be new to many of our students, but is believed to be thoroughly economic. One of the most important effects of trades unions is the social contact they afford, thus developing a higher grade of intelligence, wholesome discontent, refinement of conduct and—perhaps most important of all—a sense of common interest, which leads to concerted and sustained effort for improved wage conditions and better living and working environments. The headstrong, rash action often taken by labor unions must be charged largely to the lack of education and narrow range of interests of their members; these mistakes are not to be condoned in any way, but should serve to impress the more strongly upon the public the need of economic education for, and fair dealing and consultation with, the wage-earning classes. Trades-unionism, like every other progressive movement in society, is entitled to be judged by its permanent effects, rather than by the inevitable errors that mar its history. In brief, the whole purport of this chapter is

to show that trades unions are necessary economic institutions, having a definite scientific function to perform in society, and that our attitude towards them should be one of encouragement and such friendly criticism as the best interests of the movement itself may require.

The chapter assigned in Marshall's "Economics of Industry" is the last in the book. It treats of trade unions, both historically and theoretically. A somewhat detailed statement of the organization, internal workings, and methods of action of trade unions is given. Professor Marshall presents the arguments for and against trade unions in an impartial manner, but fails to reach any very definite conclusion as to the ultimate effect of such unions upon wages. Through all his reasoning runs just enough of the old supply and demand idea to weaken the results arrived at. He seems at a loss to determine whether a rise of wages can occur in one trade or group of trades without a corresponding fall somewhere else; a difficulty which he would entirely escape by tracing out the ultimate effect of all economic pressure (such as is exercised by trade unions) in increasing the aggregate production of wealth. The demands of labor, when granted, are not necessarily made up by reductions elsewhere, but by increased production by means of the more effective machinery and organization of capital which such demands force into use. This is the real keynote in the whole situation. From this viewpoint we are enabled to have a theory of labor and wages in harmony with the facts of progress; an impossibility so long as we attempt to apply a static philosophy to a dynamic society.

Students will find the populist movement treated in Professor Gunton's lecture in this number, also in his lecture on "Populism and Silver" in *Gunton Institute Bulletin* No. 10.

Notes on Suggested Reading.—Students interested in the trades-union movement would do well to read the whole of Howell's "Conflicts of Capital and Labor." It contains a good history of organized labor in England and discussion of the objects, methods and government of trades unions, their relation to political economy, wages, hours of labor, etc. A series of valuable statistical tables is appended.

The most elaborate history of trades-unionism ever written is that by Sidney and Beatrice Webb, also suggested for collateral reading. This is not merely a history of the evolution of labor unions, but embodies throughout a scholarly discussion of the philosophy of the movement.

Brentano, in his "Relation of Labor to the Law of To-day" is very full and concise in his historical treatment of trades unions, especially in relation to the labor legislation of the nineteenth century. In the "Closing Considerations" in this book he makes an exhaustive analysis of the relation of labor and labor unions to the body politic and progress of society.

Carroll D. Wright's "Industrial Evolution of the United States" contains some historical matter not easily obtainable elsewhere, on the origin and growth of the various great labor organizations in this country.

Local Center Work

This being the last month in the present season's course of study, considerable review work should be done by our local centers in connection with the regular work for the month. Some of the following features might be carried out in meetings of centers:

At first meeting, review of first half of year's work, either in form of quiz, written examinations, or discussion on assigned topics; at second meeting, similar review of second half of year's work. Reading of theses written for the INSTITUTE, in accordance with notice below. Papers or remarks from members stating in what particular the study has been found useful. Suggestions and making of plans for next year's work in Political Science. Addresses or lectures on "The point of view of American economic philosophy." Reading and discussion of Professor Gunton's class lecture on "Populism and Labor Unions." Papers on: Early guilds and modern trades unions; Trades unions and wages; What has organized labor accomplished; Defects of labor unions and how to remedy them; History of populism; The true remedies for farmers' grievances; Criticism of populism's demands; Economic function of trades-unionism. Debate: *Resolved*, That trades-unionism is

beneficial both to labor and to society in general. Also, debates on the several propositions of populism ;—free silver, fiat paper money, government ownership of railroads, income tax, etc.

Theses

In the prospectus issued at the beginning of the present course it was stated that : “ During the last month of the year students of the Institute will be required to write theses upon topics chosen by the faculty as best filling the requirements of various groups of students.” In accordance with this notice we give below a list of topics, upon some one of which it is expected that each student will prepare a thesis of not less than 1,000 words. These theses should be forwarded to President Gunton, at the Institute office, not later than June 1st. Students unable to do this work until later in the season should apply for extension of time. Preparation of these theses is not obligatory ; the course of study can be carried on with almost equal benefit in either event, but the Institute can only grant diplomas to those who complete the two years’ work and submit satisfactory theses. Right to publish any of these theses is reserved by the Institute. The topics from which selection should be made are as follows :

What is Social Progress? (Theory of, historical proofs, influences affecting, etc.) Wealth and its Production. How Prices are Determined? Wages: How Determined and How Increased. Profits: How Created and How Distributed. Economic Theory of Socialism. Socialism in Practice. The Single Tax in Theory and Reality. The Place of Trades Unions in Economic Progress.

Question Box

The questions intended for this department must be accompanied by the full name and address of the writer. This is not required for publication, but as an evidence of good faith. Anonymous correspondents will be ignored.

Editor GUNTON’S MAGAZINE : In a recent lecture you argued for a slightly appreciating monetary standard, because it increases wages. But do you not ignore the fact that such a standard is unjust to all debtors, enriching the money lenders at their expense? When prices are constantly falling from

causes other than improved methods and competition, capital and enterprise become discouraged and business lags, thus injuring all classes. Why not have a stable money standard that is fair to all, and whose effects can be seen and known; and then let any increase of wages or fall of prices come about by legitimate economic efforts? Normal competition already keeps profits as low as business can stand; and to add a secret drain of this sort would take all the life and push out of industry.

Fair Play, Springfield, Mass.

No, we do not ignore the effect of an appreciating money standard upon debtors, but our correspondent should remember that the great debtor class of the country is the profit-receiving class. It is a common mistake to regard the working people as debtors. They are nothing of the kind. The working people do not borrow; on the contrary they loan to the extent of waiting a week, two weeks and often a month for their wages. It is the business people who borrow and the borrowing is done in the main to obtain better opportunities for profit making. Manufacturers, merchants and railroads are the great borrowers and they are the great profit receivers. In fact, they borrow for the purpose of increasing their possibility of profits. Of course it would be disastrous to a community to have a radically fluctuating standard, whether it appreciated or depreciated, because a radical change in the value of the monetary standard creates business disturbance, which is always bad. What was spoken of in the lecture, however, was that there is an advantage to the community in a slightly appreciating monetary standard. The reason for this is that the great progressive force in the community is the transfer of profits from the capitalist or entrepreneur class to the wage class.

It is everywhere admitted that an increase of wages or of the purchasing power of laborers' earnings is a permanent benefit to the community. Now a slight appreciation in the monetary standard increases this slowly and imperceptibly, but in the long run quite effectively. It is really an aid to the forces which make for higher wages. True, it does tend to

diminish profits. That is as it should be. There is no other way that the laboring class can be benefited but by some kind of transfer from the surplus earnings of the community to the wage earnings. This pressure on profits instead of being a discouragement is a stimulant. Effective competition is constantly tending to this end and crowding a certain portion of producers to the no-profit point, and it is this pressure, whether resulting from competition or from an increasing demand by the laborers for higher wages, or by obtaining the same result by a slightly appreciating currency, that compels the capitalist class to have recourse to better methods and new productive devices in order to create new margins of profit. If there were no pressure upon the capitalist from any of these sources and he were unmolested in his receipt of a comfortable profit it is doubtful if any improvement in productive methods would be introduced. Every new device is the result of an experiment that may involve loss, and the risk would not be undertaken if a comfortable profit were assured without it. It is the pressure of a receding profit that impels the risk involved in an experiment to create new profits.

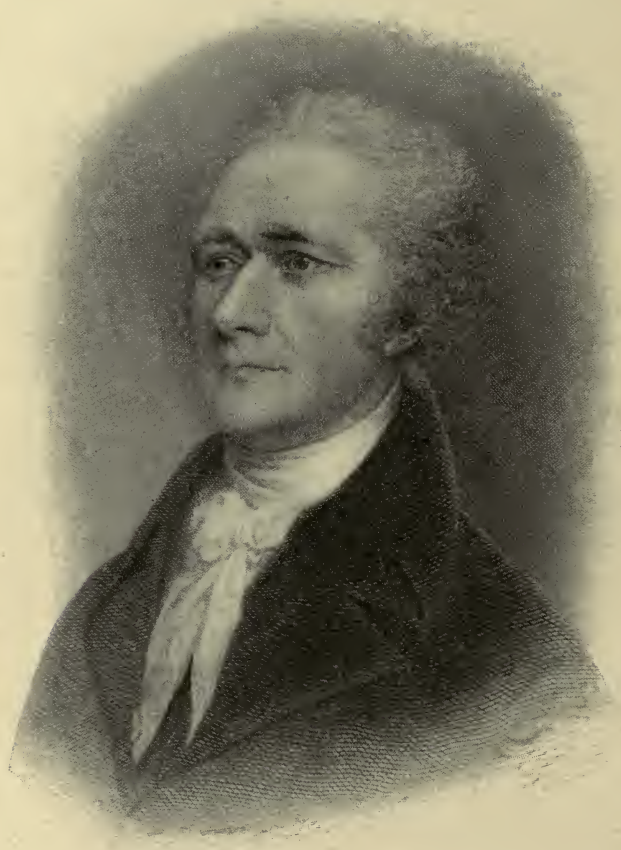
Editor GUNTON'S MAGAZINE: Will you kindly answer the following questions for me? First, how long have the three-cent pieces been out of circulation? Second, what protection is there for the public in the event of failure of a national bank? I am very deeply interested in the work of your Institute.

S. H. D., 95 Park St., Portland, Me.

We have had two kinds of three-cent pieces, one composed of silver, and the other of copper and nickel. Coinage of the silver three-cent piece began March 3d, 1853, and was finally discontinued by statute in 1873. The copper-nickel three-cent piece came under the law of March 3d, 1865; the last coinage was in 1889, and it was finally abolished altogether by the Act of September 26th, 1890. The three-cent pieces are not called in but when received into the treasury they are

not reissued, so that they are rapidly disappearing from circulation.

Second.—The public is completely protected against loss from the failure of any national bank, so far as the notes are concerned. National bank circulation is secured by a deposit of United States bonds with the national treasury. The banks are only permitted to issue notes to the extent of 90 per cent. of the face value of the bonds, which are always above par, so that the government holds from 115 to 125 cents for every dollar of circulation issued by the national banks. If our correspondent has the deposits of national banks in mind, of course there is no protection for the public or depositors in that case any more than there is for the debts of any other concern. When people deposit their money in a bank they do it solely at their own risk, just as when a business man sells on credit. It is a private business transaction with which the government has nothing to do. The only security for depositors is the assets of the bank. The bank notes, as we have said, are absolutely secured by the bonds deposited with the government.



ALEXANDER HAMILTON

GUNTON'S MAGAZINE

ECONOMICS AND PUBLIC AFFAIRS

A New Note of Progress

Mr. Chamberlain's Birmingham speech favoring an Anglo-American alliance is a new note in the music of world-progress. It is the more encouraging because it is not the voice of a single statesman, nor of a cabinet, but it is the expression of a national sentiment. It is the culmination of a feeling that for a long time has been rapidly growing towards a national conviction, which was only awaiting an opportunity for emphatic expression. That the Anglo-Saxon race, or rather the Teutonic race, which is more inclusive, should ultimately coöperate to the extent at least of lending its united moral force in the direction of universal peace and the extension throughout the world of opportunities for industrial development and political progress has long been recognized by philosophic statesmen and political philosophers as the next great step in international advance. Such a consummation is not only greatly to be desired but it is the natural result of nineteenth century evolution. Like every other great step in social and political integration it has been held in abeyance by a number of temporary political irritations.

In the first place, the treatment the colonies received at the hands of a willful king and a blundering ministry has been remembered with a not altogether forgiving spirit. The attitude of the English government (not the English people) during our Civil War was another cause of irritation and anti-English feeling among the American people. The free-trade policy of England, which has been made such a conspicuous fact in economic literature and has so greatly influenced economic teachings in the United States, has been another source of anti-English feeling. It being plainly to the interest of the United States to have a protective policy, and the American

market being the most coveted object of English trade, has of course led to a great deal of English criticism of American statesmanship. All this has naturally more or less tended to excite a feeling in this country that England's object was constantly to get rich by the depletion of the domestic industries of the United States. This has been practically the single cause of national difference in late years. In all other respects the habits, tastes and character of the two nations have been developing in the same direction. In political institutions and industrial methods, in matters of religious freedom, personal rights and general social type, the progress of the two countries has been entirely harmonious if not identical.

Therefore when it comes to a war between the United States and a belated, decaying, effete European monarchy which has outraged all the principles of humanity and civilization in its impotent and brutal treatment of an American colony, the British people rise altogether above the comparatively slight difference of economic policy and, through their press, parliament and cabinet, give an unqualified expression of friendliness and endorsement by the following statement, which has been echoed throughout England, Canada and Australia:—

There is a powerful and generous nation, speaking our language, bred of our race and having interests identical with ours. I would go so far as to say that, terrible as war may be, even war itself would be cheaply purchased if in a great and noble cause the Stars and Stripes and the Union Jack should wave together over an Anglo-American alliance (prolonged cheers). It is one of the most satisfactory results of Lord Salisbury's policy that at the present time these two great nations understand each other better than they ever have done since, over a century ago, they were separated by the blunder of a British government.

This frank and open avowal by a cabinet minister, of the attitude of the English people towards the United States, has done more than a quarter of a century's education could have accomplished in producing harmony of political sentiment between the two nations. The American people appreciate this expression the more because it comes at a time when the English people and government might easily have been the cause of great annoyance, if not injury, to this country with-

out any perceptible outward expression of hostility. England could easily have consented to the proposals of Austria and France for a united protest from European nations in favor of Spain. She might easily have assented to a hostile attitude of continental nations toward our occupation of the Philippine Islands. But instead of silently acquiescing in the European policy designed to annoy and embarrass the United States in its war with Spain, she promptly declined; and this gave all Europe notice that England was our friend.

It may be said, and it has already been intimated in certain Russian and French papers, that England is courting our friendship. Of course she is, and she ought to have it. People whose interests and character, political institutions, public polity and position in civilization are strongly alike should be friends and cooperate; because in that way their influence for good, and their usefulness to mankind in protecting the policy of civilization they represent and extending their influence in less civilized regions of the world, are greatly increased. Such a movement is the natural integration of the higher forces of civilization in the production of civilization itself and extension of its influence.

We repeat, this is one of the most encouraging and hopeful signs of progress that has appeared upon the horizon of international politics for a quarter of a century. It shows that the sentiment and opinion of the two most powerful and advanced nations of the world is making for cooperation in favor of the substitution of industrial for militant civilization. An Anglo-American alliance would probably do more to establish peace and promote the methods of political and industrial freedom throughout the world than any other thing that has happened in this generation. If such an alliance should result from the present hostilities, it would go far to compensate for the horrors and havoc of war involved in driving Spain out of America and giving political freedom to Cuba.

What We Owe to Hamilton

The two minds which exercised the greatest influence in shaping the character and institutions of the Republic were Alexander Hamilton and Thomas Jefferson. They represented entirely different schools of political philosophy and opposite theories of public policy.

Jefferson represented the doctrine of ultra de-centralization, local sovereignty, extreme individualism and negative national authority. He stood for the doctrine that liberty is the mother of order. He was so suspicious, and even afraid, of central authority that he was willing to risk the dangers of anarchy rather than invest power in the general government.

Alexander Hamilton, on the other hand, stood unequivocally for a positive, constructive political philosophy. He represented the doctrine that order is the mother of liberty; that the first condition of social liberty and progressive civilization is order, security to persons and property and maintenance of public integrity. He believed, therefore, that the Republic should be a nation and not a confederacy of states. Jefferson stood for the sovereignty of the local group and Hamilton for the sovereignty of the nation.

It is probably true that the influence of these two great characters upon each other tended to make both more extreme than they otherwise would have been. Jefferson's Rousseauism, which was ever showing itself in opposition to everything looking to concentrated authority or general political organization, appeared to Hamilton like anarchy; and Hamilton's distrust of mob authority and irresponsible government tended to carry him to the other extreme.

In this way, Hamilton was impelled to an undue distrust of the people. As a safeguard against what he regarded as the dangers of Rousseauism he advocated what was really an aristocratic or quasi-monarchical form of government. It is equally probable that this conservative, seemingly monarchical and pro-British tendency in Hamilton did much to stimulate the ultra-democracy of Jefferson. Distrusting the tendency to centralization in Hamilton, Jefferson was ever suspiciously

alert to oppose everything tending to strengthen central or national authority.

This over-timidity in trusting the people was Hamilton's one weakness, but it was not due to any lack of love for or confidence in free institutions, but rather to a deep-rooted conviction that order and constructive policy are essential to political stability and the industrial and social advancement of society.

Like the true philosopher and statesman that he was, he saw that if the liberties gained in the Revolution were to be preserved, and the experiment of a Republic was to be of any service to mankind, the first important thing to save was the nation. The Civil War was a terrible example of what the local sovereignty doctrine of Jefferson might do, and it came very near justifying the worst suspicions of Hamilton. Despite his too strong tendency toward aristocratic government, Hamilton stands out to-day, after nearly a century's experience, as the most profound political philosopher and practical statesman of the century.

The three distinguishing features of our national character we owe to Hamilton. The first was the Constitution, which laid the foundation for the nation. The second was his famous report on manufactures, which has been the foundation of our protective industrial policy; and the third, his reports on finance, which established the mint, gave us a banking system, organized the public credit and saved the financial integrity of the Republic.

The Constitution, which is the bulwark of our national existence, was first suggested by Hamilton in his letter to James Duane in 1780, and from that time to its final adoption his advocacy of it never flagged for a moment. It is safe to say that but for Hamilton we might not have had a Constitution but would have remained a mere confederacy of states.

Nor did he slacken his endeavors for the Constitution because his peculiar ideas were rejected. While he never ceased to think that it would have been better to have provided for what he regarded as a stronger government, by creating life terms for the President and United States Sena-

tors, he was most of all devoted to preserving the life of the young Republic and laying the foundation for making it a nation. After the Constitution, as modified, had been approved by the convention, the great task was to have it accepted by the states. For this Hamilton labored harder and contributed more than any other man.

It was here that he wrote his famous essays in the *Federalist*, which are universally conceded to have done more than anything else, written or spoken, to secure the adoption of the Constitution. These articles were not merely masterful campaign literature of the time ; they were profound contributions to the principles of political science, and have since become classic. They are to-day standard political literature, and are referred to by publicists and jurists as authoritative interpretation of the Constitution, both in this country and abroad. Unlike most political writers, Hamilton never wrote nor talked merely to gain a point, but always to establish or defend a truth, so that what he said and wrote in 1788 is for the most part good political philosophy in 1898.

Although the adoption of the Constitution did not convert the confederacy into a nation, it laid a firm foundation for it. The followers of Jefferson, who came to power in 1800, never failed to give their influence to the narrowest possible view of the Constitution, always insisting upon what was called "strict construction" so as to give the national government the least authority possible and repress the growth and influence of the national idea. It was under the influence of this "strict construction" of the Constitution that the Civil War was justified, and it was not until the rebellion was suppressed that authority of the nation was completely asserted, and Hamilton's doctrine found full fruition.

Hamilton's report on manufactures laid the foundation of our industrial policy, which was as essential to our national development as was the Constitution to national organization. When he made this report (Jan. 15, 1790) the factory system existed only in England and was hardly completed, the powerloom having been invented only five years before (1785). This machine system of manufacture had not reached the stage of

popularity; on the contrary, it was very much under the ban. To be sure it was profitable to the individual capitalists employing it, but the terrible conditions under which the people worked were such as to make it a degrading system of industry. Nobody worked in the factories except under the compulsion of poverty or the poor law authorities. Compared with factory labor, agriculture was a respectable occupation. One of the objections to the encouragement of manufacture in this country was*that we could not afford to introduce so degrading an industry among our people. The American farmer was a relatively prosperous citizen, while the English factory operative was a drudge and a semi-slave.

Hamilton, however, was economist and political philosopher enough to see that despite all this, manufactures and diversified industry were to be the great forces in the national character-building of the future. He saw, by true economic and political insight, what everybody now sees as demonstrated by history, that any considerable advance in civilization and national development necessarily involves a wide variety of industries, especially manufactures. He saw that the demands of civilization are increasingly in the direction of manufactured products; that the refinement and expansion of social life, artistic taste, sanitary improvement, advanced architecture, science and art, all come along with the progress of manufacture, trade and commerce, and not with the growth of agriculture and ruralizing industries. He saw that the world's advance had always followed the lines of trade, manufacture and the arts; that from time immemorial cities had been the sources of industrial growth, political freedom and civilization. He saw, therefore, that for the new Republic to be self-sustaining, prosperous and progressive, it must not remain a mere agricultural country, but must become a manufacturing nation, and that public policy should be directed to encouraging whatever would lead to that end. With his conception of constructive government it was not difficult for Hamilton to see that it was no less important to a nation's welfare to protect the existence and growth of its industries than to protect the safety of its citizens.

His report on manufactures is a clear, comprehensive, masterful presentation of the claims of protection as a doctrine of public policy. As a contribution to political science and industrial policy, this report is scarcely less significant than are his *Federalist* papers on the Constitution. Not that Hamilton presented the economic philosophy of protection in its widest scope and most scientific aspect. It must be remembered that this was a quarter of a century before the works of Malthus, Ricardo and the early English economists appeared. He was evidently familiar with the literature of the French Physiocrats and a close student of Adam Smith; but he was an American, dominated by the idea of promoting the national development of the new Republic. He therefore did not treat the subject from the viewpoint of abstract science so much as applied political policy. He did not discuss protection as a general economic principle of universal application, but only in its relation to the conditions of the United States. Indeed, he admitted (page 38) that if all countries were to adopt a free-trade policy, protection might not be necessary; a concession which has since frequently been made, though not at all correct.

He not only wrote before economics reached the elementary stage of science, but before the wage system was established, at least in his own country. It is not surprising, therefore, to find numerous concessions to economic heresies which modern experience has exploded.

The great fact which he did clearly see, however, was that manufactures, diversified industries and the use of machinery are essential to national development, and that it is the proper function of government to render legislative aid to industrial growth. He laid down certain propositions upon which he based his argument for protection to manufactures, as follows:—

- “ 1. The division of labour.
- “ 2. An extension of the use of machinery.
- “ 3. Additional employment to classes of the community not ordinarily engaged in the business.
- “ 4. The promoting of emigration from foreign countries.
- “ 5. The furnishing greater scope for the diversity of talents and dispositions which discriminate men from each other.

"6. The affording a more ample and various field for enterprise.

"7. *The creating in some instances a new, and securing in all, a more certain and steady demand for the surplus produce of the soil.*"

It will be seen by the very statement of these propositions that his reasoning was not a plea for favoritism or class benefits, but a doctrine of national interests. Thus in defense of the second proposition—"An extension of the use of machinery"—he says: "May it not therefore be fairly inferred, that *those occupations which give greatest scope to the use of this auxiliary, contribute most to the general stock of industrious effort, and, in consequence, to the general product of industry?*"

Then, after explaining that manufactures are susceptible of a greater application of machinery than agriculture, he adds:—

"If so, all the difference is lost to a community, which, instead of manufacturing for itself, procures the fabrics requisite to its supply from other countries. *The substitution of foreign for domestic manufactures is a transfer to foreign nations of the advantages accruing from the employment of machinery, in the modes in which it is capable of being employed, with most utility and to the greatest extent.*

"The cotton mill invented in England, within the last twenty years, is a signal illustration of the general proposition, which has been just advanced."

In discussing the third proposition—"Additional employment to classes of the community not ordinarily engaged in the business"—he shows great familiarity with the English factory system as it then existed, and its tendency to furnish new employment, especially for women and children.

Under the fifth head—"Furnishing greater scope for the diversity of talents and dispositions which discriminate men from each other"—he wisely remarks: "*When all the different kinds of industry obtain in a community, each individual can find his proper element, and can call into activity the whole vigor of his nature.* And the community is benefited by the services of its respective members, in the manner in which each can serve it with most effect." And under the sixth head—"Affording a more ample and various field of enterprise"—with true philosophical insight he says: "*The spirit of enterprise, useful and prolific as it is, must necessarily be contracted or expanded in proportion to the simplicity or variety of the occupations*

and productions which are to be found in a society. It must be less in a nation of mere cultivators, than in a nation of cultivators and merchants; less in a nation of cultivators and merchants, than in a nation of cultivators, artificers, and merchants."

Here is expressed the true gospel of social development and national greatness, viz:—that simplicity of occupation gives simplicity of social life and narrowness of national character; and conversely, variety of industry and occupation gives social diversification, complexity of life, superior intelligence, breadth of view, and a high type of civilization.

Under the seventh head—"The creating in some instances a new, and securing in all, a more certain and steady demand for the surplus produce of the soil"—he discusses the importance of manufacture to the welfare of the agricultural population. The western farmers who think protection to manufacturers is granted only at their expense would do well to read Hamilton on this subject. In showing the advantage of manufacturing industries to farmers, he says:—

"There are natural causes tending to render the external demand for the surplus of agricultural nations a precarious reliance. The difference of seasons, in the countries which are the consumers, make immense differences in the produce of their own soils, in different years; and consequently in the degrees of their necessity for foreign supply. Plentiful harvests with them, especially if similar ones occur at the same time in the countries which are the furnishers, occasion of course a glut in the markets of the latter. . . . There appear strong reasons to regard the foreign demand for that surplus as too uncertain a reliance, and to desire a substitute for it, in an extensive domestic market.

"To secure such a market, there is no other expedient, than to promote manufacturing establishments. *Manufacturers, who constitute the most numerous class, after the cultivators of land, are for that reason the principal consumers of the surplus of their labor.*

"This idea of an extensive domestic market for the surplus produce of the soil is of the first consequence. It is of all things, that which most effectually conduces to a flourishing state of agriculture. . . . It merits particular observation, that the multiplication of manufactories not only furnishes a market for those articles which have been accustomed to be produced in abundance, in a country; but it likewise creates a demand for such as were either unknown or produced in inconsiderable quantities. The bowels as well as the surface of the earth are ransacked for articles which

were before neglected. Animals, plants, and minerals acquire an utility and value, which were before unexplored."

Here we have a protective doctrine based upon the broad principle of the diversification of industries as the necessary means of promoting national development and a progressive civilization.

It will be observed that this doctrine is a consistent part of the political philosophy which demanded the establishment of a Constitution and a central national authority. It is a part of a constructive philosophy of national helpfulness, which is the very antithesis of *laissez faire*—national indifference. It is needless to say that the industrial expansion and development of this country has been promoted mainly in proportion as Hamilton's philosophy has been affirmatively applied.

Hamilton's third great contribution to political philosophy and sound statesmanship was his reports on finance; one on the public credit, and another on banking. It should be remembered that at this time financial chaos and confusion prevailed throughout the Union. Almost every state was in a condition of fiscal debauch. In order to bolster up depreciated currency new additions of worthless money were issued and caustic laws were enacted to enforce its circulation and acceptance. Public and private bankruptcy prevailed and industrial distress was stalking through the land. Therefore, any system of financial reform which would bring order and stability into financial transactions and give integrity to public debts was an act of supreme statesmanship. The very life of the Republic was at stake, for unless some measure of financial integrity and stability could be breathed into industrial and commercial affairs the young Republic was bound to go to pieces. It was to accomplish this heroic task that Hamilton introduced his first report on the public credit.

The purpose of the scheme briefly was to make the national government assume the responsibility of all the public debts, which he divided into three numbers; the foreign debt, the domestic debt, and the debt the states incurred in the common cause during the war of the Revolution, which amounted in all to about eighty millions. This was to be met

by a system of taxation which was fully outlined, part of which was to be raised by duties on imports and the other part by excise.

It is needless to say this scheme met with the bitter opposition of Jefferson and his friends on the ground, of course, that it was increasing the field of the national government. It would almost seem as if they were willing that the nation should encounter untold ills at the hands of local incompetency rather than have the evils remedied through the use of Federal authority.

The second financial report was presented to Congress on December 14th and contained an elaborated scheme for a national bank. This of course was a part of the scheme for organizing, or rather reorganizing, the national government. It provided in full detail for the establishment of a national bank, with a branch system having power to issue note circulation on the basis of constant coin redemption.

The scheme for a banking system also incurred Jefferson's opposition because it was national. He denounced it as a part of a disgraceful scheme of private speculation, declared it unconstitutional, and spared no effort to accomplish its defeat. But the state of public credit and demoralization of business were such that the charter to Hamilton's bank was granted in 1791, to continue for twenty years. All accounts agree that from its adoption in 1791 it was a complete success.*

In 1809 the report of Secretary Gallatin showed that the government had made a profit of \$671,860 on its sale of shares besides receiving dividends averaging over 8 per cent. per annum. The bank restored the ragged currency of the country to par, and established financial integrity and industrial stability throughout the country. It was this bank of which Daniel Webster spoke when he said: "He [Hamilton] smote the rock of the national resources and abundant streams of revenue gushed forth; he touched the dead corpse of public credit and it sprang to its feet."

In 1811 the charter of the first bank of the United States expired, and, although it had been a complete success in every

*See White's *Money and Banking*, p. 262.

respect, the Jeffersonian party opposed and defeated the renewal of the charter; the country was again deluged with wildcat banks whose currency was depreciated from 10 to 40 per cent. in different states. By 1814 the national treasury was in a state of bankruptcy. "All confidence in the promises of government is gone" said Representative Grosvenor of New York; financial convulsion pervaded the country.

Describing this period Madison said: "The banks had suspended specie payment except in New England, and there notes were circulated at 15 to 30 per cent. discount. The government had defaulted on the interest of the public debt. What money it had was in suspended banks and could not be moved from one place to another."

Of course the people remembered that all this had occurred since the charter of Hamilton's bank had expired. They remembered that besides keeping currency at par the bank was a great help to the government in furnishing funds. The notes of the bank of the United States were always equal to specie. In order to do business the state banks were compelled to keep their notes up to the same standard. Otherwise they would be rejected by the bank of the United States, and refused for government revenues. Moreover, merchants would naturally transfer their accounts from state banks to the branches of the United States bank. It was in this way that Hamilton's bank earned the name "Regulator of the currency."

By sheer dint of financial adversity Congress was compelled in 1816 to renew the charter of the bank, or establish what is known as the second bank of the United States. Striking as it may seem, the second bank had substantially the same effect on the debauched currency of the country as had the first bank. It very soon forced all the notes of state banks to par (which had previously been at a discount varying from 10 to 30 per cent.) and thus compelled specie redemption throughout the country. The charter of the second bank, like that of the first, was for twenty years and expired in 1836.

In 1829, however, President Jackson opened hostilities on the bank and determined to bring about its overthrow. When

renewal of its charter was asked for in 1832, although endorsed by all the reports of Congress and by Congress itself, it was vetoed by the President. In order to ruin the bank, Jackson ordered the government deposits to be removed, and because his Secretary of the Treasury refused to obey he removed him from office and appointed one who would. The sudden withdrawal of the government deposits from the bank was practically a death blow to the institution, but even with all this opposition and maltreatment its notes were never at a discount and no note holder ever lost a cent.

After the overthrow of the second bank of the United States, upon the withdrawal of the funds from the bank, the present sub-treasury system, which Lincoln aptly characterized as an "iron box" was established. This was followed by another era of financial chaos, wild-cat banking and industrial disorder, during which for a long time the only banks in the country whose notes were equal to specie were the banks of New England, connected with the Suffolk bank of Boston, which was conducted on the same principle as the bank of the United States. While the New England banks were not branches of the Suffolk, they redeemed their notes through the Suffolk bank, in order to do which they were compelled to maintain current redemption of their notes, which kept the whole New England system solvent.

As the result of the civil war, under the sub-treasury system and in the absence of any sound banking system, we entered upon another era of currency inflation, the results of which we now have in the form of greenbacks and treasury notes. And through the unsound financial views developed under the influence of this experience we have the fiat-money theories so popular throughout the South and West, which are the basis of the present free-silver movement.

Hamilton was not merely a political organizer; he was even more than a statesman, he was a profound political philosopher. He saw fundamental principles and had the capacity to devise the means for their practical application. The three cardinal propositions of Hamilton's doctrine—a national government established by the Constitution, development of

manufacturing industries secured by protection, and a solvent system of finance obtained by a sound system of banking have been the chief bulwarks of our national development and exceptional progress. The soundness of this political doctrine has been conclusively tested by nearly a century's experience. Every time we have departed from the Hamiltonian doctrine in any of these lines we have paid the penalty in political or financial disruption. The overthrow of the bank twice deluged the country with financial panic and bankruptcy. The substitution of the confederacy or state sovereignty idea, instead of national sovereignty, gave us secession and the Civil War with all its consequences. Every time we have departed from the protective policy we have suffered industrial disruption, bankruptcy and political demoralization, of which the last four years of disaster and depression, with Bryanism and its financial and economic vagaries which threaten alike the credit and industrial security of the nation, is the latest example. The philosophy of Hamilton, in short, is the philosophy of political integration, industrial diversification and financial integrity, all of which are indispensable to a high type of political freedom, industrial efficiency and a progressive civilization.

The American Spirit

The American Spirit is the conscious impulse of a new type of civilization. It took form first in a breaking away from ancient bonds and tradition, next in the building of a nation, finally and to-day in an active consciousness of a great national purpose and destiny.

Though it grew up in the rough newness of a wilderness it had an ancestry in principles of liberty developed in the slow evolution of English civilization. The open fields and free air of America were its opportunity ; here, alone and unhampered, it developed its inherited germ of liberty, and grew powerful, and gathered in the vigor of its wild surroundings, and finally became a new thing in the world—the strongest force of progress that has ever arisen anywhere among men.

But though the American spirit was born when the first colonists came to the shores of New England and Virginia, more than three centuries passed before it awoke to self-consciousness. It was present in every rude log-cabin hamlet, in every primitive meeting-house, in every group of plantations, in every conflict with the red men, in every petty town-meeting, in every crude new industry, in every fresh test of self-government, in every defensive compact between growing colonies, in every protest against foreign tyranny, in every congress of continental delegates,—present, but not recognized. But after Lexington and Bunker Hill and the Declaration,—the American spirit became a conscious, living thing, and set itself the task of making a Nation. Almost overwhelmed at times, it nevertheless gained strength with each new effort until the thing was done.

But even then there was only dim consciousness of a national destiny with reference to civilization and human progress. There was consciousness of principles vindicated, of rights secured, of independence perfected, of a national life begun ; but the colonies were yet poor and weak, the sense of unity not strong, and Europe conspicuously in the van with respect to all the signmarks of an esthetic and imperial civilization ; so that, there was little to suggest ultimate world leadership and little looking forward to such a career.

Three quarters of a century passed,—a seething epoch of swift evolution. The material and social basis for a mighty national spirit had been enormously broadened, but sharp hostility of interests had grown up and produced discord and sectionalism. All this, in the crucible of civil war, was tried out and rejected, and the American spirit again came by its own. The work of reunion was not swift, nor easy, but the conditions permitting unity of sentiment had at last been established. No real principle of liberty had been assailed or weakened. Liberty to disrupt had indeed gone forever, but “*Liberty and Union, one and inseparable,*” the foundation principle of the republic, had been secured in place and the whole nation at last stood firmly upon it.

And then came, gradually but unmistakably, a still further unfolding of the American spirit. It began to be, in truth, a *national* consciousness. More; it rose above mere pride of past deeds and present greatness and became a consciousness of high purpose and destiny. The welding together of the nation permitted this consciousness of a great destiny. The sublime height attained in the abolition of human slavery (whatever the immediate motive) brought into view, dimly at first but ever since more clearly, the final mission of this nation as a chief factor in the enlightenment and progress of the race.

This double consciousness of a mission and a destiny is what underlies the real American spirit, even though it may not always appear upon the surface of affairs. Here and there it is present in full force, elsewhere in less degree; but with the great mass, probably, the national sentiment still expresses itself in forms of more tangible and nearby interest. Most of us, perhaps, have not thought out the grounds of our patriotism but have, as it were, caught the sentiment from the air. To a somewhat less number it means, primarily, glory of past heroism, defence of home and fireside, loyalty to familiar institutions; to others, security of political rights and protection of industrial opportunities. The thorough patriot should be conscious of all these forces; but he best appreciates the complete worth and meaning of the American spirit who, to a full recognition of near-by causes of patriotism, adds a high con-

viction that world problems are yet to be solved through the example and influence of American civilization. This quality of patriotism, perhaps, has relatively few exponents, but it is a semi-conscious, latent force in our national life as it never was in the first half of the century.

Of this we have some recent illustrations. The Monroe Doctrine is three-quarters of a century old, but only within a few years has its full significance begun to be comprehended. Then, it was little more than a political declaration, dictated by expediency and necessity of self-defence. Now it is taking on a broader meaning. It has become an expression of a great social principle, and that principle is that the world progresses and can only progress in sections or groups, never as one body and all at once. Everywhere we see this illustrated; there is no phase of human life to which it does not apply. The family is its earliest example; then the village, then the tribe, then the nation. There are groups innumerable within groups. Here is a great established religion; some reformer learns a new truth and speaks it out; he is silenced; he can do nothing alone, nor can he force it upon the whole mass at once. He tells it among his friends; a few are converted, a group is formed, others are added, it gains strength and confidence from the knowledge of unity; finally it becomes a great power, and the old organization either takes on the new idea or is broken in two and a part goes on and sets up a new type of religion in the world. Later on, this in turn is transformed or a part breaks off and forges ahead, while the old either lumbers along in the rear or dwindles and disappears.

In politics it is the same. Men have different ideas of government, hence they form different groups or parties to carry those ideas into practice. Within these parties always there are still newer groups, seeking to change or modify or extend the policies and aims of the larger whole.

So also in industry. Inventions are adopted at first by only a few, then by a larger group, and so on; but always there is some group ahead of the rest, and it must be so or the material world would never move forward one inch.

In our social and ethical life, too, we move in groups.

By a sort of natural selection those of us who have something in common are drawn together, and those who pass us by are in turn drawn to others with whom they can be more happy. It is infinitely better so, for they would be miserable with us and we with them. The same law fixes the range of our sympathies. We mourn the loss of a friend, but do not miss our neighbor's friend. We fill a whole newspaper with a murder in the next block, and give five lines to the death of 10,000 people in China by flood or famine. Why? Simply because the group that contains our domestic, social, religious, material and political interests does not touch theirs at any point.

And so we live and move in groups. The largest definite group yet evolved is the nation. That is the largest body in which it is possible, as yet, for men to act in general harmony upon the great matters that affect them all. There must be enough similarity within the group to hold it together, or it will be broken up into new sections. Nations simply represent different types of civilization, and they cannot be forced together until those types become similar.

We are now reaching the point where group lines are extending out beyond national limits. Despite all the points of variety, there is now a touch of common interest throughout the whole field of literature, whether in America or France or Russia. The same is true of art, of science, of philanthropy; already these are in a sense world groups. In industrial and political life the movement is slower, yet it is coming on. It is coming, too, strictly in accordance with the group principle, not in opposition to it. This new step is simply the formation of groups of nations, on the basis of similar types of institutions. It is this larger phase of the group principle that is being worked out, as we have said, in the Monroe Doctrine; and the controlling impulse of this broader, grander movement is what we have called the American spirit.

Two things are absolutely necessary to all progress—self-development and self-defence. This is true both of individuals and groups. Here is a man with some peculiar talent. The world will gain most from that man if he insists upon developing his talent and resisting, as far as possible, all attempts to

turn him to lesser things. So also, if a nation has within itself the possibilities of certain great, new steps forward in civilization, it must develop those possibilities and defend them from the assaults of the old order they are to replace. Any sentimental weakness here is simply treason to a high and sacred cause.

In this way Greece gave sculpture and philosophy to the world; Rome gave law; Italy art; England the factory system and free institutions.

America is the last contributor and its mission for the world is to blaze the path of complete self-government and high civilization—liberty and social progress. We are to become strong, self-reliant, clean-handed, just and humane; we are to outgrow poverty and ignorance; we are to learn self-government fully and set it upon a rock; so that the world may see that the thing we have attempted here is possible, and take heart from the knowledge that despotism, cruelty and barbarism have been, and hence can be, overcome. To solve these great problems here is to solve them for the race; that is the charge we have in keeping, and the hope of the world is that we may stand firm and true. Never was it more true than to-day of this great land of the free that

“Humanity with all its fears,

“With all the hopes of future years

“Is hanging breathless on thy fate.”

But to fulfill this high mission for the world places upon us a solemn duty of self-defence—defence perhaps against the very people we shall yet uplift. This is as true in peace as in war. No flabby sentiment or false sympathy should permit us to admit here forces that will weaken or fetter us. A shipload of ignorant, penniless immigrants may be a more dangerous menace to our safety and progress than a shipload of Spanish soldiers. If we walk erect, other men will some day stand and walk with us; if we grovel with them now, in misguided pity, they will remain swinish and we may become so. The world needs a strong arm to lift it; let us, then, see that the arm we stretch out is strong indeed.

This has been our policy thus far. We have set the ex-

ample and now we are ready for the next step. We have shown other nations how to develop free institutions; we now propose that in this western hemisphere, at least, such people as are trying to follow us shall have that opportunity. We are declaring, in effect, that the New World shall be held sacred to the growth of freedom; that no monarchy, once cast off, shall ever be forced back upon an American people. We do not demand this for the whole world, but only where our influence and spirit extend and can be maintained. We demand it for our neighboring republics of this hemisphere. This is the first definite extension of the group principle beyond national lines. Underneath this new and larger group is the common ground of similar political institutions; through it is the common spirit of liberty and progress; drawn around it is the dead-line of the Monroe Doctrine which says to the rest of the world: "Thus far and no farther shalt thou come."

Whether or not all nations of the world will some day become so advanced and interwoven in their interests as to be included in one great group, need not concern us now. For the present we are to see only that this new and larger group now forming is preserved intact and allowed to develop what it can for itself and the world. We are not proposing to annex our neighboring republics but simply to secure to them the opportunity of self-development. We do not desire merely that one nation should become bigger, but that many should become greater. Not size, but character.

The benefits to come from our present attitude are not all on the surface. It tends to remove a doubt that with many had become a great fear. We have needed just this opportunity to prove that our civilization is really sound at heart. It has become so common and proper to chatter inanely about money and commercialism having killed the American spirit that few have had courage to deny the miserable lie. It is true that we have become wealthy, but that means that the great mass of the people here do not have to sacrifice everything to a struggle for mere physical existence; it means that they have had the opportunity to live broader lives, to learn more, see more, to have wider interests than those of the workshop, to

think about the larger affairs of the world. It means that the brotherhood spirit has developed out of the very broadening of their social relations, so that the test now being applied shows all the great classes, who have jointly profited by our industrial progress, standing solidly together in support of an ethical idea, while those who are now crying for peace at any price are the very ones who have for years whined about the decay of American spirit. Out of our very prosperity has developed the fire of practical idealism. This confirms our trust in evolution, which forever brings the higher and finer things out of material beginnings.

Do we not see, then, upon what a broad and enduring foundation this greater American spirit rests? It first sought freedom for itself; it next sought national life for itself; then it took a mighty step forward and sought freedom and hope for a lowly race in bondage here among us; now it stands forth and demands liberty and opportunity and peace for a people not of us or from us but gathered within the range of our especial mission in the world. This is the noblest height that any nation has yet attained in all the history of the race. To this great unfolding the American spirit has come, and we may rejoice in it and know that ten generations of sacrifice and struggle have not been in vain; we may rejoice that we have not been mistaken in our patriotism, nor in our high confidence that out of all this vast progress that seemed selfish almost in its very uniqueness the flower of altruism would at last develop; we may rejoice that the American spirit has indeed become an active consciousness of a great national purpose and destiny. This is the light that, over all the smoke of battle and all the horrors of disease and capture and suffering, shines steadily and throws a long ray down the future, and guides us on.

Let us hope that no unworthy passion of hatred or revenge obscure it. Let us hope that "Remember the Maine" may not be the battlecry of our new crusade. Not that we are to forget that awful tragedy; we could not if we would. But the work before us rests upon a high principle, not on the savage rule of an eye for an eye, murder for murder. Blood

does not wipe out blood; but only deepens the stain. Before the highest court of moral justice a crime is not atoned for by the death of men who had nothing whatever to do with it while the guilty escape unharmed. The noblest monument we can erect to the dead sailors of the Maine is not a corresponding pile of Spanish slain but a new republic here in the western world.

To accomplish this is our mission, and then to protect that republic and all those that have come up into freedom around it from future harm. Standing beside Lincoln at Gettysburg this nation highly resolved that government of the people should not perish from the earth. To-day, however, liberty is secure; we are not called upon to preserve or defend it, but to go on and advance its outposts. Away in the future lie still broader possibilities. More than all other forces the influence of this nation may yet be the means of establishing freedom, justice and enlightenment throughout the world. In that far-off day the American spirit will be a consciousness of destiny fulfilled; yet not wholly so, for it will still be the mainspring and guaranty of progress in a lasting era of peace.

H. HAYES ROBBINS.

The Philippines—An Unknown Empire

So far as the western hemisphere is concerned the Philippine Islands are practically an unknown empire. Except for periodical reports of native uprisings against the Spanish authorities, the attention of this part of the world has seldom been drawn to that great territory in the western Pacific. Politically, our interest has lain only in the neighboring countries of this hemisphere; commercially, for the most part, in Europe. We have had industrial interests of some magnitude and pronounced national friendliness with Hawaii and Japan, but otherwise the face of the United States has never been turned towards Asia. Least of all, perhaps, have the Philippine Islands figured in our outlook upon the world. Only the vaguest ideas prevail regarding their extent, resources, population and state of civilization. Many, indeed, would have had difficulty in locating the islands correctly until the war maps began to appear in the daily press.

It is this unknown region that has, for all practical purposes, suddenly become a possession of the United States. Such an unexpected—almost unwelcome—windfall naturally created a lively astonishment followed by keen and growing perplexity. What shall we do with them? is the problem. If to keep them would be difficult it seems doubly so to get rid of them. We could hardly return them to Spain and take a hand in reimposing Spanish authority on the natives. We can scarcely sell them to any European Power without provoking violent protests from the others; nor would it be easy even to give them away, because of the vexatious international complications that would go with them. For the present at least the only practicable course seems to be to retain the islands and administer them under military authority. We do not want them permanently; our field of influence and moral control is and should be confined to the western hemisphere, at least for a long time to come; but we shall undoubtedly have to rely upon the future to evolve some peaceful and creditable way of disposing of our new acquisition. The suggested Anglo-American alliance, if consummated, may contribute something

to this result. Meanwhile the Philippines are practically ours, and it is highly interesting to notice what a rich prize it is that has fallen into our hands.

There are about 1,700 islands in the Philippine group, lying wholly in the tropical zone between $4^{\circ} 40'$ and 20° North latitude. They are in a direct line between the southeast coast of China and the north of Australia; Manila, on the island of Luzon, is nearly 630 miles from Hong Kong, and about 7,000 miles from San Francisco. Cable messages from Manila to New York have to traverse a route 14,000 miles long; passing through the China Sea, Bay of Bengal, across India and the Arabian Sea, up the Red Sea, to Alexandria, thence through the Mediterranean to Gibraltar, to Lisbon, to Land's End, England, to the Irish coast, across the Atlantic to Nova Scotia and thence to New York.

The smaller islands of the Philippine group are mere rocks, the larger ones are extremely fertile and well populated. The total area of the islands is estimated at about 115,000 square miles, two-thirds of which is included in the two principal islands of Luzon in the North and Mindanao in the South. This territory is nearly three times that of Cuba in extent, exceeds that of Italy, and is only 20,000 square miles less than that of Prussia. It is about equal in area to the six New England states and New York, together.

Nearly all the islands are mountainous, and there are several active volcanoes. Earthquakes and typhoons are of frequent occurrence. The climate, while tropical throughout, is of course cooler in the northern islands than in those nearer the equator, the distance between the two extremes being nearly as great as from the north of England to the south of Italy. There are numerous mineral deposits, considerable gold, very rich and valuable forests and all varieties of tropical fruits in abundance. Tobacco and the so-called "Manila hemp" are produced in large quantities, sugar to a somewhat less extent. As in China, rice is the principal article of food.

An average estimate of the population of these islands is 10,000,000. Of the original inhabitants (the Aetas or Negritos) only about 25,000 remain, in scattered groups in the moun-

tains of the interior, where they have retired before successive Malay invasions. They have never been subdued by the Spaniards and are practically independent. The remaining population is chiefly of the Malay race, with a considerable admixture of Chinese. There are a few thousand Spaniards in the islands and only a few hundred Americans, Germans and Englishmen.

The Philippines were discovered by the Portuguese in 1521 and colonized by the Spaniards some years later. The natives were subjugated under Philip II, after whom the colony was named. Manila, the capital, founded in 1571, was captured by the English in 1762, but was restored two years later and since then the Spanish sovereignty has been unassailed except by native rebellions.

The annual revenue to Spain from the Philippines in recent years is estimated at \$8,000,000. This is raised mainly by taxation of the natives, and the sum total collected is greatly increased by the personal extortions of the tax gatherers and higher officials. Practically all forms of property, of business transactions and of private industry are taxed and there is also a poll tax on both men and women, amounting sometimes to \$25 a year. This money goes either to Spain or into the pockets of the local officials; practically nothing is spent on local improvements.

The foreign commerce of the Philippines never amounted to much until well along in the present century. Curiously enough, the United States is to-day the largest consumer of the products of these islands. During the last fiscal year we imported \$4,383,740 worth of goods from the Philippines, but their purchases from us amounted to less than \$100,000. According to a recent report from the United States Consul at Manila, our imports from the Philippines have averaged, lately, fully \$1,000,000 per month. Practically all the commerce of the islands passes through Manila, the capital city, which has a population of about 150,000 and is situated on the west coast of Luzon, the principal island. Manila has an exceptionally fine harbor, the bay being some 120 miles in circumference. The new part of the city is a busy place, and some parts are

very beautiful; very little is ever done, however, in the way of municipal improvements.

Internally as well as externally the Philippines are practically an unknown empire. A large portion of the islands has never been surveyed and some parts even remain unexplored. The extent of their resources, therefore, is largely a matter of conjecture, but the general testimony is that under proper government and capitalistic development the Philippines would become extraordinarily productive and contribute very materially to the world's wealth. Such development the islands now seem certain to receive. They have permanently passed out of Spanish control and, if the United States relinquishes them at all, it will only be to some modern nation capable of maintaining order and justice and of introducing the progressive industrial methods of western civilization.

UNEXPECTED ASSISTANCE

The *Chicago Chronicle* charges us with unfairness in comparing the consumption of woolen goods in Spain and the United States, while omitting all reference to cotton. Spaniards wear cotton clothing instead of woolen, it is said, because of the warmer climate. If there is any point to this suggestion, the Spanish consumption of cotton ought to be greater than ours by about as much as our use of woolen goods exceeds theirs. The latest figures we have on the subject, for Spain, show a per capita annual cotton consumption of 6 pounds: during the same period (1879-1883) in the United States, the average annual per capita consumption was 18.3 pounds, or more than three times that of Spain. In 1895 our per capita consumption was 22½ lbs. The *Chronicle* is somewhat unfortunate in bringing up the subject of cotton. It is entitled to our thanks for suggesting an additional illustration of the truth we were demonstrating. If there was any unfairness in our omission of cotton it was unfairness to ourselves, certainly not to the Spaniards.

Editorial Crucible

CORRECTION

Two errors in the article on "Spain and Cuba—A Few Facts," in our May number were unfortunately overlooked until the issue had gone to press. First: the per capita annual consumption of coffee was given as 4 lbs. in Spain, 115 lbs. in the United States. This, of course, should read ounces instead of pounds. In 1897 the per capita consumption in this country was 159 ounces, but figures for so late a date in Spain are not at hand. Second: in giving the dimensions of Cuba, the types made us say that its length was 150 miles, instead of 750 as intended. We hasten to correct these errors, as it is the particular aim of this magazine to be absolutely accurate in all data that appears in its pages.

THE DECISION lately rendered by the United States Supreme Court, declaring the eight-hour law of Utah to be constitutional, ought to give encouragement to all friends of labor in the state of Illinois to try again. Perhaps, next time, the courts of that state may be persuaded to see that a measure so beneficial to the industrial life and social condition of the laboring classes is not contrary to the spirit and letter of the Constitution of Illinois. Since constitutions are largely a matter of interpretation the recent decision in the Utah case and the passage of a new eight-hour law by a good round majority in the Legislature, might throw new light on the legal minds of the Illinois Supreme Court.

THE SUCCESSFUL operation of a beet sugar factory at Rome, N. Y., is highly significant. There is every indication that under the new tariff law our beet sugar production will soon become very formidable, and may eventually reach the capacity of supplying the home market. This will introduce a new element of diversification into American agriculture, and lessen the necessity of so great reliance on grain staples. Sugar refineries built near the farms, also, will naturally form the *centers*

of future industrial villages and towns, whose stimulating influence is much needed in the immense agricultural areas of the West. Nor will this be in any sense a local industry. California and Nebraska at present head the list, but the Rome factory shows that beet sugar can be profitably produced here in the East also. In California, according to Mr. Claus Spreckels, it is possible to realize nearly \$60 per acre, gross, from sugar beets, giving a profit of between \$20 and \$30. As the industry increases this margin will probably be reduced, but there is no reason why all the beet sugar lands best adapted to its production should not remain permanently profitable.

HARVARD UNIVERSITY has long been known as a Mugwump nursery, but not until the breaking out of the present war was it suspected of definite hostility to national patriotism. The three professors who openly, to say nothing of those who covertly, deride and denounce the expression of patriotism and loyalty among the students toward the government in the present crisis are doing much to give the great university a genuine Tory reputation. As the *Boston Journal* remarked in a recent vigorous editorial on the subject: "Some day these professors will look back upon their action with vain regret and mortification as the worst mistake of their lives." If those individual professors do not blush for their unpatriotism it is to be hoped that the managers of the university will, for, despite the attitude of the president and a few professors, it is difficult to think that Harvard University is to be made the home of Tory snobbery and anti-patriotism.

IT HAS been said that a Mugwump is a person educated beyond his capacity, and this would seem to be the condition of a certain class of professors in our leading universities. Recently, in addressing the students of Yale, Professor Hadley took occasion to explain that our war with Spain was wholly unjustifiable and that we were entirely to blame. Spanish brutality in Cuba was none of our business, and of course the blowing up of the Maine was only an incident for diplomatic adjustment. And now Professor Norton of Harvard, accord-

ing to the press reports, has just delivered himself of the opinion that: "We have neither literature nor art. . . We have no fine sense of honor. We cannot distinguish between what is honest and what is dishonest. As for myself I feel with Horace Walpole that I could be proud of my country if it were not for my countrymen."

The man who could give utterance to such a sentiment at any time, and particularly at this time, is unworthy to be recognized as an American citizen. Professor Norton's statement is not merely unpatriotic, cynical and self-righteous but it is not true. It is a libel on the character of the American people. In no country is there a higher general plane of public and private honesty than in the United States. Whatever Professor Norton's opinion of his country may be, if these reports are true his countrymen have good reason to be heartily ashamed of him.

WHAT SHALL we do with the Philippines? is a question that is being discussed all over the world. It is generally conceded that, in the Philippines as in Cuba, Spain has proved her incapacity to govern in accordance with the methods of civilization. The inhabitants of the Philippines are in almost constant rebellion, with consequent danger to social peace and business safety. It was no part of our purpose to dislodge Spain from the Philippines, but her insanity in going to war has produced that result. She is proving to be about as blunderingly incompetent in the arts of war as she is impotent in the art of civilized government. An opinion is rapidly growing everywhere that whatever disposition is made of the Philippines they should not go back to Spain. Yet if she but had the wisdom to see what is obvious to everybody else and would now give up Cuba and Porto Rico and promise to pay for the Maine and the cost of the war, she might, by so doing, still retain the Philippines. But if she insists on fighting until her fleet is sunk and all her colonial possessions captured it may be too late for her ever again to have political authority over any territory outside of Spain itself, and even that be subject to the ravages of revolution and the rule of a dictator.

Whether the Philippines shall be permanently retained by the United States or, for proper consideration, transferred to some other power, like Great Britain for instance, retaining the permanent right of a coaling station, must be left for the future to decide. Whatever the outcome, our possession of the Philippines is in no sense the result of a desire for territory but an inevitable incident of the war which Spain herself made unavoidable.

A PAPER called *Justice*, published in Wilmington, Delaware, copies from a brother single-tax organ in Indianapolis what it jubilantly regards as a comple refutation of the standard of living theory of wages. Among other things the *Single Tax World* says: "If the definition of the science of political economy given by Henry George is correct, GUNTON'S MAGAZINE has never contained a line of this science." "IF Henry George is correct" is good—but he is not. We should no more think of accepting Henry George on political economy than we should think of accepting Bryan on finance, Jerry Simpson on political science or Herr Most on sociology. After quoting a passage from this magazine our single-tax economist discourses thus:

"It probably has never occurred to the editor of GUNTON'S that low wages are the cause of a low standard of living instead of the reverse. The standard of living in the United States is much lower now than it was ten or twenty years ago. . . . The standard of living in the Klondike is comparatively very low, but wages are comparatively very high. The wages in the Klondike are certainly not governed by the standard of living, but are due to the fact that, up to the last reports, opportunities were free. The laborer receives the full product of his labor—natural wages. We find the same condition of things to have existed in California in the early '50's' and in Nebraska, Dakota, Wyoming and Colorado in the '70's.'"

The writer is evidently not sufficiently familiar with the standard of living theory nor with economic science in general to know that part of this statement is untrue as fact, and that the other part entirely supports the standard of living doctrine. His first statement, that the standard of living is much lower now than it was ten or twenty years ago, is too obviously erroneous to need discussion. It is so contrary to all industrial

data that it serves only to show the writer's lack of information or recklessness of statement.

It is characteristic of single-tax writers to rely on California and Klondike data for their contentions. This is probably because Mr. George wrote his book in California, and drew largely upon California gold-mining experience for his data. To single taxers, Klondike is California number two. Early California and Klondike, to which might be added gold mining in Australia, are instances of very abnormal industrial conditions. Nevertheless, they are just as easily explained by the cost of production or standard of living theory of prices and wages as are the most normal conditions in established civilized society.

In all three of these instances the standard of living was low and wages (*i. e.* nominal wages) were high. The reason for this in each instance is; first, the great risk and expense of going to the place, so far removed from civilization. Second, the abnormally high price of provisions and civilized conveniences; and third, especially in Klondike, the short working season, which reduces the year's income to the product of less than six months' working. These three facts are abundantly sufficient to explain why *nominal* wages are high in the Klondike when the standard of living and real wages are low, and as a matter of fact the wage workers in the Klondike are not better off than those in New York, which is entirely consistent with the cost or standard of living doctrine but cannot be explained by any "free land" theory. For a capacity to make a little knowledge go a long way single taxers have few equals.

CIVICS AND EDUCATION

Teachers' Pensions

The New York legislature, at its last session, passed an amendment to the Greater New York Charter, providing for the pensioning of retired public school teachers in New York City. This bill, introduced by Senator Guy, was signed by the Governor and is now a law.

The charter already contained a section establishing a pension fund, but the sources of revenue provided were entirely inadequate. The fund was to consist of: "(1) All money, pay, compensation or salary, or any part thereof, forfeited, deducted or withheld from any teacher or teachers for and on account of absence from duty for any cause. . . . (2) All moneys received from donations, legacies, gifts, bequests or otherwise, for and on account of said fund. (3) All such other methods of increment as may be duly and legally devised for the increase of said fund." The new law inserts the following additional item of revenue:

"Five per centum annually of all excise moneys or license fees belonging to the City of New York, as constituted by this act, and derived or received by any commissioner of excise or public officer, from the granting of licenses or permission to sell strong or spirituous liquors, ale, wine or beer in the City of New York, under the provisions of any law of this state authorizing the granting of any such licenses or permission."

Inasmuch as the net excise revenues annually accruing to New York City under the present law will probably exceed \$4,000,000, this means that fully \$200,000 a year will become available for pension purposes, in addition to the sources of income already provided. So important a step in the direction of applying the public insurance idea deserves special notice and endorsement. It is a particularly gratifying thing that New York has taken this step thus early in its career as the second city of the world, and so directed widespread attention to some broader phases of the insurance and pension idea,

The conditions on which pensions are to be granted from this fund are stated in the following extract from the law (section 1083 of the Greater New York Charter):

"Said board of education [of New York City] shall have power, by a two thirds vote of all its members, and after a recommendation to that effect shall have been made by the city superintendent of schools, stating that the teacher is mentally or physically incapacitated for the performance of duty, to retire any female teacher of the public schools, including special teachers in the same, who shall have taught therein during a period aggregating thirty years, and to retire any male teacher of said schools who shall have taught therein during a period aggregating thirty-five years. The board of education may, also, in its discretion, retire such teachers upon their own application, after the like period of service. Any teacher so retired shall thereafter be entitled to receive as an annuity one-half the annual salary paid to said teacher at the date of said retirement, not to exceed, however, in any case, the sum of one thousand dollars per annum."

There are several direct benefits to be expected from a system of this nature. In the first place it will discharge the moral responsibility which the community must or ought to bear for men and women who have spent their lives in the work of public instruction and become incapacitated for further service. Next, it will increase the efficiency and progressive spirit of the teachers themselves to know that upon retirement they will be provided for, and hence need not cut off all opportunities for needed recreation and continued self-education, in order to "lay by" enough for old age. All those whose lives are laid out in some fixed course, with practically no opportunity of ever earning more than a living income (and that means most of us) can appreciate the relief and encouragement such an assurance of comfortable independence in old age would give. Finally, this provision for retiring teachers after thirty to thirty-five years of service makes it possible to keep infusing fresh energy and talent into the work of public instruction. Superannuated teachers who have lost their efficiency and capacity for readaptation to new educa-

tional standards are frequently retained in the service from motives of sympathy and because of the hardship of discharging faithful employees who could not possibly find other employment. This is a most natural and humane course of action, but it can be taken only at the expense of vigorous high-class service. The pension system provides an escape from this evil without imposing hardship upon anybody.

New York is not the first community to adopt a teachers' pension system, although it is the first to provide so generous a fund for its maintenance. There is a law applying to all New York state, permitting each town to vote upon itself the expense of half-pay pensions for teachers who shall have taught twenty-five years or more within that town, but the vote can be taken only on petition of twenty-five taxpayers. This means that each teacher would have to work up a movement for getting his or her own pension out of the town; in other words, such a law must of necessity be practically a dead letter.

Illinois has a law creating a teacher's pension fund in cities of over 100,000 inhabitants; but the fund is maintained chiefly by deductions of not to exceed one per cent. per annum from the salaries of all teachers in such cities.

Detroit, Michigan, has a system very much like that of Illinois, except that the necessary term of service prior to receipt of a pension is twenty-five years. There is a Teachers' Annuity and Aid Association in Philadelphia which grants insurance during sickness and pensions to superannuated teachers. This, however, is entirely a private affair, maintained by dues and proceeds of investments. Voluntary societies of a similar kind exist in Washington and Baltimore. A pension system like that of Detroit has been established in Buffalo, N. Y., but annuities are granted only after forty years of service in the case of men, and thirty-five in the case of women.

In Europe the pension and insurance idea is considerably further advanced than in America; Germany, as is well known, has an universal system of labor insurance and old-age pensions maintained partly by the state, partly by employers and partly by employees. All the countries of Europe make some provision for pensioning teachers, except Spain. In Great

Britain the fund is raised by a union of private insurance associations of the teachers themselves; elsewhere in Europe the government pays nearly all of the annuities or sickness allowances. In most cases annuities are also paid to the widows and orphans of such deceased teachers as would be entitled to a pension if living. The general condition of receiving a pension is the completion of from thirty-five to forty years of service. In Germany teachers have been pensioned for nearly one hundred years; and the amount allowed may be as large as three-fourths of the previous salary.

No system of public insurance, whether for teachers or any other class, should involve deductions from the regular incomes of the persons affected. If the expense is to come out of the prospective pensioners themselves, they should be allowed to provide for the future as they may choose and not be compelled, whether or no, to contribute to a pension fund. In the case of public employees the payments to pension funds should be made by the government as another form of and addition to wages. Likewise, when we come to adopt a national labor insurance system, the expense should be borne by the employers; this would involve a regular contribution of not more than one or two per cent. of their customary wage payments and would in effect be merely an increase of wages to that extent. No other investment of equal amount that capital could make would yield such important returns in increased efficiency of service and decreased labor troubles, and no other form of increased compensation labor could receive would confer such widespread and lasting benefit. It would not be paternalism, but simply another method of compensating labor for services rendered.

Though the new law for New York City has nothing to do, directly, with a general insurance system, it is an entering wedge. It will be an educative force tending to create a public opinion more favorable to broader applications of this policy. In enacting this measure Senator Guy, the legislature, and Governor Black have done a real service not merely to the teachers of New York City but to the whole community.

How Figures Can Lie

A correspondent sends in the following editorial from the New York *Sun* of March '6th, and asks: "Is the statement made herein true? If so, how does it come to be true, since we spend so much money on education, and is there no way to overcome it? Of course I take it that the *Sun* means that this great percentage of education among the foreign element is general."

"A correspondent who writes before he thinks has sent us a communication advocating the education test for immigrants in order, as he says, 'that the standard of American citizenship may not be degraded further by the illiterates of Europe.'

"We refer our friend to a table recently printed by the *Buffalo Express* showing the percentage of illiteracy among the white inhabitants of every State, and at the same time the percentage of inhabitants of foreign birth. The figures are those of the last census. This comparison has been made frequently, but it is always instructive, and it is generally astonishing to people who have taken it for granted that the greatest illiteracy goes with the greatest foreign-born population.

"Contrast the figures for North and South Carolina with those for North and South Dakota. We select these four States because the two Carolinas happen to be the States with the least percentage of foreign-born population, while North Dakota has the largest percentage, and South Dakota a very large percentage.

	<i>Percentage Foreign Population.</i>	<i>Percentage White Illiterates.</i>
North Dakota.....	.44.58	5.8
South Dakota.....	.27.69	4.1
South Carolina.....	.54	17.9
North Carolina.....	.23	23.0

"After studying this little table, can our correspondent doubt that the incursion into North Carolina of such immigrants as constitute nearly half the population of North Dakota would elevate 'the standard of American citizenship' there, instead of degrading it?

"But, of course, an act of Congress barring out illiterates

would not exclude such immigrants as North Dakota has and North Carolina needs."

It will be observed that in this remarkable editorial the *Sun* refers its correspondent "to a table recently printed by the *Buffalo Express*." It is as unfortunate as it is unusual for the *Sun* to rely on any other newspaper's statement of facts easily accessible at first hand from the census. From this table, as our correspondent suggests, it would appear that illiteracy is much greater among the native American portion of our population than among the foreign, yet the census flatly contradicts this statement. The presentation of the facts is extremely unfair and the conclusion to be inferred thoroughly misleading.

According to the census, (and we are now quoting from table on pages 64 and 65 of the Abstract of the Eleventh Census of the United States) the percentage of illiterates among the native white population in the whole United States is 6.2. In the North Atlantic Division it is only 2.3 per cent.; while the illiteracy among the foreign population of the whole United States is 13.1 per cent., and for the North Atlantic Division is 15.6 per cent. It is hardly necessary to say that it is obviously unfair to quote North and South Carolina as representing the standard of popular education in the United States. They represent the South, where education has been practically *nil*. Indeed, if we take the entire South Atlantic Division, which includes Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia and Florida, the illiteracy of the white native population is 14.6 per cent., and in the South Central Division, including Kentucky, Tennessee, Alabama, Mississippi, Louisiana, Texas, Oklahoma and Arkansas, is 15 per cent., showing a marked neglect of common school education; while in the North Atlantic Division only 2.3 per cent. of the native whites are illiterate, in the North Central Division only 3.4 per cent., and in the Western Division only 4.5 per cent.

We repeat, then, that the South does not represent the educational condition of this country, any more than it does the industrial and political conditions. It is definitely behind the

national standard in all these respects, and, consequently, represents a much lower degree of citizenship and political freedom than the average of the country. This is the natural legacy of the slave system with which it was so long hampered and handicaped.

But let us consider this borrowed table of the *Sun* by analyzing it a little further. The Dakotas are quoted as showing a high state of education and small percentage of illiteracy among the foreign population. It is true that of the total white population of North Dakota only 5.8 per cent. are illiterate, but if we separate the foreign from the native population of North Dakota we find the percentage of illiteracy as follows: of the native white population, 1.8 per cent., and of the foreign white population 8.7 per cent. or about 400 per cent. more illiteracy among the foreign than among the native population. South Dakota is substantially the same; of the total white population, 4.1 per cent. are illiterate; but separating the native from the foreign in South Dakota, we find that the among natives illiteracy is only 1.2 per cent., while among the foreigners it is 9 per cent, showing the illiteracy in South Dakota to be more than 600 per cent. greater among the foreign than among the native population.

We do not refer to this subject for the purpose of berating in any way our foreign population; but it would be strange indeed if, on the whole, they were better educated and more intelligent than the native citizens. The census facts show that they are not, and any twisting of facts for particular states to make an opposite showing is highly misleading and contributes to the mass of misinformation among the people, which is now altogether too great. If it were true that education, intelligence, integrity, or any other of the higher qualities of character were shown in a markedly greater degree in the immigrant population than in the native, it would show that poverty, despotism and lack of social opportunity produce better results in human character and civilization than do relative prosperity, freedom and enlarged social opportunity; which would be a contradiction of the whole history of the human race.

Civic and Educational Notes

More Rubbish from the City Hall

Mayor Van Wyck defends the contemptible trick by which Chief of Police McCullagh was ousted from office in New York City, with the fiery announcement that he is the people's servant and can be relied upon to ward off any raids on the public treasury. This seems conclusive justification and, after the next political manoeuvre of the kind, if he will only assure us that he can be relied on to stand like a stone wall between New York and Spanish invaders, the vindication of his administration will be complete.

The Aim of True Education

It is a regrettable thing that the present war with Spain does not find the spirit of patriotism in many of our American colleges as strong as it should be. For the sake of a vigorous, progressive national life it is to be hoped that the atmosphere of semi-indifference—almost unpatriotism—which pervades some of our higher institutions of learning will not get into the public schools, which come in touch with nearly the whole people. The New York State Superintendent of Public Instruction, Hon. Charles R. Skinner, in a recent address expresses the right sentiment on this point strongly and well. The true end of education, said Mr. Skinner (as reported in the *Tribune*) is good citizenship. The flag should float over every school house and be studied for what it represents—not war, but nationality. Every child should be taught the history of his country's struggles and triumphs in the cause of liberty.

Let no one imagine that Mr. Skinner is narrow in declaring good citizenship to be the end of education. Rightly understood, no term is more broadly comprehensive. Good citizenship is not merely war enthusiasm; it includes and implies high intelligence, strong individual character, helpful coöperation in public improvement, and just and honorable relations with all men. To give these things is the aim of all true education, not to confer a polished and half-cynical scholasticism. Ordinarily it is true that the influence of the higher institutions should serve as a stimulus and incentive to educational work of lower

grade. During the present crisis, however, it would be well if the spirit of the public schools were found in larger measure in the universities.

Legal Opinions Adjusted to Suit

Tammany Hall's attempt to block all public improvements in New York City (with the object no doubt of re-letting contracts to Tammany favorites) raised such a storm of protest that the administration really became frightened. Work was stopped on nearly all contracts left over from the Strong administration, on the pretext that the debt limit may have been overrun when those contracts were let. Of course this meant throwing a large number of laboring men out of employment, to say nothing of the injury to the city's interests through the suspension of urgently needed work. The blight fell most heavily, perhaps, on the public school system of the city, so that the Board of Education was finally obliged to make an urgent appeal to the Mayor for relief. Fifteen thousand children, said Mr. Hubbell in his letter, are unprovided with school accommodations in New York City, and the stoppage of work on all new buildings under way will make it impossible to correct the evil this fall, as it was hoped to do. The school population of the greater city increases at a rate of 15,000 per annum and new accommodations must be continually provided. Over 100 new teachers are needed at once, but cannot be employed. In consequence many classes are presided over by children under fifteen years of age as monitors.

In brief, the pressure from all directions became so strong that Tammany at last found it necessary to get a fresh opinion from the Corporation Counsel on the subject of the debt limit. This opinion conveniently reduces the estimate of the city's indebtedness by twenty million dollars, and allows work to be resumed on many of the old contracts. This gives temporary relief, but no prospect of future progress. Nevertheless, it is something to know that the Corporation Counsel's legal opinions can be adjusted to suit the degree of public indignation, for there is certain to be a continuous supply of the latter on hand for the next four years.

SCIENCE AND INDUSTRY

Do the Railroads Rob the Government?

From time to time more or less definite charges appear in the press, and are repeated in Congress, that the railroads of the country are scandalously overpaid for carrying the United States mails.

About a year ago the New York *World* printed under flaring headlines a detailed exposé of this alleged fraud, and demanded that the government build its own postal cars and compel the roads to run them at greatly reduced rates. *The Outlook* of March 19th last contained an article entitled "The Railroads and the Postal Service: Fraudulent and Exorbitant Rates," charging that the mails are systematically padded during the quadrennial weighing period, and that the rates paid for rental of cars and carrying the mails are several times larger than those paid by express companies for similar service. By implication at least, Congressmen generally are accused of connivance with the padding fraud in franking large amounts of mail back and forth during the weighing test period. Similarly, if the claim of excessive overcharging is true, the inference is, necessarily, that our government officials in the post-office department are either grossly neglectful of the people's interest in contracting with the roads, or have been actually bought up by the railway companies.

The Outlook says it "has always been unwilling to print" "vague charges against railroads in general." The charges it does make in this case, however, while not at all vague are for the most part unwarranted and inexcusably unfair. The statistics it presents are distorted, partial and thoroughly misleading, whether through insufficient information or prejudice we do not pretend to say. It seems to us a very grave matter to make a series of wholesale charges which carry the direct implication of unblushing corruption in several great departments of the government, to say nothing of the integrity of the railroad managers of the United States, without very careful investigation and fair-minded consideration of both sides of

the question. This larger aspect of the matter is all that impels us to look into this question of railway mail service rates. Respectable journals of a certain type seem to take peculiar delight in asserting and reiterating that rank corruption fairly honeycombs our whole political and industrial life. The object seems to be to pave the way for a social upheaval which will give some socialistic or single-tax scheme a chance to set evolution aside and bring in an immediate millennium. *The Outlook* does not quite belong to this group, but sometimes it approaches wonderfully near the margin.

A Congressional sub-committee on post-office appropriations has been investigating the matter of railway postal rates, and a summary of the facts recently placed before the committee, and vouched for by Hon. W. S. Shallenberger, Second Assistant Post Master General, and Mr. James E. White, General Superintendent of Railway Mail Service, appeared in the *Railroad Gazette* of May 6th. We call attention to a few points of some importance.

It is charged that the government pays for each postal car \$5,700 per annum purely as rent. The fact is, \$6,250 is paid, but not merely for rent of the car; it includes the service of hauling it as well. To quote from the *Gazette*:

“Estimating the cost of hauling a 60-foot postal car in a passenger train at 10 cents a mile, and the average haul as 250 miles a day, and adding cost of maintenance, gives \$10,881 a year. The railroad company receives for hauling the car, independent of pay for transportation of contents, \$6,250 per annum, being at the rate of \$50 per mile of road on an average haul of 125 miles a day.”

Ten cents per mile certainly does not seem an exorbitant estimate of the cost of hauling a postal car in a modern fast express train, especially when it is remembered that a certain proportion of the entire cost of directing, maintaining and operating the whole railway system should be included as part of the expense of running each train. The officers and clerks at headquarters, the superintendents, telegraphers, foremen, track-walkers, maintenance of way, signal apparatus, repair shops, depreciation, insurance, taxes, *et cetera*—all are indis-

pensible to the running of each separate train, and the expense of all these accessories necessarily enters into the cost of that service.

Of course the railroads do not lose on their mail contract, as figures just given might indicate, for in addition to the compensation for rent and hauling of cars they are paid for transportation of the mail itself, in proportion to the amount carried. The net result of the payments made to railroads for carrying the mails is that only a moderate margin of profit is realized; the revenue is usually not nearly so much as is derived from equal train space used for passenger business.

Critics of our railway mail service rates invariably overlook or ignore two highly important points: one, the proportion of fixed items of operating expenses to be charged against postal cars; the other, the incidental service the companies render in addition to hauling the cars. For instance, they are obliged to deliver the mails to all post offices within a certain distance of stations; they must carry postal employees free, in the cars; they must transfer mails from one train to another where that is necessary, provide warehouse facilities, *et cetera*. The Atchison, Topeka & Santa Fe Company claims that the delivery of mail to post offices in Kansas City alone costs them \$1,600 a year. The annual cost of this item of service on the Chicago, Burlington & Quincy system is given as \$35,603; the cost of transferring mail from one train to another on that road is \$23,341 per annum; on the Maine Central, \$12,925; Boston and Maine, \$14,201.

Several roads have submitted to the Committee statements of the cost of the mail service rendered by them during the year 1896-97 and compensation received. The figures given for the Atchison system are: receipts \$1,065,887, cost of service \$1,046,932; for the Cotton Belt road, receipts \$146,272, cost of service \$192,533; Missouri, Kansas & Texas, receipts \$326,000, cost of service \$285,575; Louisville & Nashville, receipts \$699,264, cost of service (exclusive of taxes and proportion of fixed charges) \$515,120. These figures were corroborated by the Post Office Department officials. Statistics were also given showing the comparative income from postal and

passenger service. According to estimates of the Interstate Commerce Commission the roads receive about 8 mills per hundred pounds per mile for passengers, and about 3.3 mills for same weight and haul of mail.

One of the principal complaints made by *The Outlook* and others is that the railroads charge the government several times as much for carrying mail matter as they charge the express companies for the same amount of service. On this point the *Gazette* says :

“The compensation paid by the express companies is generally from 40 to 50 per cent. of the gross earnings of the business. The consensus of testimony was that, based on the amount of car space occupied by the Government and the express companies respectively, the express business gave the roads a much larger income than the mails. Further, the express service is performed at the convenience of the railroads; no special equipment is required, consequently no cars are idle at times, as is the case with postal cars; no portion of the car space is taken up with fittings as in mail cars; the railroads assume no liability for injuries to express company employees; the express companies deliver their freight at the car, unload it and store it at their own expense, and the express companies pay a proportion of the salaries of many train and station employees, amounting to a considerable sum yearly.”

If 47 per cent. of the gross postal revenues were paid to the railroads for transportation of mail, as is done by the express companies for transportation of their freight—(*The Outlook* admits that the express companies pay 40 per cent.) the government would have to spend on the New York and Philadelphia route \$2,082,306 per annum instead of the \$310,256 it does actually pay; between Philadelphia and Pittsburg it would have to pay \$4,831,568 instead of \$736,587; between Philadelphia and Washington, \$1,646,523 instead of \$252,866.

Only one of the charges made by *The Outlook* and others seems to have any justification in fact. It is probably true that during the quadrennial mail-weighing test, which lasts thirty days, the railroads contrive to see that a liberal amount of mail matter is transported. We do not, however, believe

that there is any such concerted plot nor any such collusion on the part of Congressmen to help out the roads by stuffing the mails during the weighing period as is implied in the loose charges commonly thrown out on the subject. While we do not pretend to defend any fraudulent practices on the part of the railroads it must be remembered that the present system of basing compensation on a quadrennial weighing test makes no allowance whatever for the natural increase of postal business and additional service imposed on the roads in consequence. Mr. Shallenberger estimates this increase at 12 per cent. every four years. Since the rate of compensation for the whole four years is based upon the weighing test at the beginning of that period, it is perhaps only natural that the roads should seek to show a large tonnage so that the basis of compensation may approach more nearly the average service to be actually rendered during the four years. It is claimed that the increased service not paid for under the present system of quadrennial estimates amounts on the New York Central system to \$1,000,000 in the four years; on the Pennsylvania about the same; on the Burlington \$300,000; on the Cotton Belt \$60,000; on the Southern Railway \$164,000. So far from the government losing by any fraudulent padding of mails at weighing time, it is probable that the net result for the whole country, if it could be figured out, would show a distinct gain to the post-office department by reason of the stationary rate of compensation for a steadily increasing service.

If the investigation now in progress shows any fraudulent practices or any excessive payments to the railroads such abuses should of course be promptly and vigorously corrected. But the evidence thus far presented has not brought to light any such fraud or extortion; on the contrary, only normal conditions have been shown to exist. The whole matter seems merely to furnish an illustration of the unfairness and violent prejudice that are so universally permitted to color any treatment of a question involving capitalistic interests. The reckless, almost conscienceless, attitude of mind on this class of problems is one of the gravest features of the industrial and political situation in this country.

Science in War

Most people have some difficulty in realizing how completely mere physical prowess in warfare has been supplanted by the skillful use of scientific apparatus. It is no longer a haphazard matter of taking down the musket, joining a group of neighbors, making a stand on the village green and then, from behind rocks and fences, thinning out a column of invaders, as at Lexington and Concord. War has become a thing chiefly of mathematical calculation, of strength of materials, of foot-tons of energy, of expert control of complex machinery, of utilization of new scientific devices, of clockwork discipline. The average citizen is quite as unfamiliar with the science of modern warfare as he is ignorant of the mechanical technicalities and method of operation of a great manufacturing plant that he may chance to visit. It is a profession by itself to master and pursue this business of fighting with half-ton projectiles and submarine mines and rapid-fire ordnance. Washington or Bonaparte would to-day be utterly helpless as military commanders; the hero of Trafalgar would be a mere tyro on the Massachusetts or the Amphitrite.

In most of the devices which have revolutionized warfare, electricity plays a leading and indispensable part; in other words, the progress of electrical science is what has made these new and tremendously effective methods of conflict possible. Torpedoes, submarine mines, searchlights, signalling apparatus, explosive projectiles and the submarine boat are examples of this.

The specially constructed torpedo boats, discharging "automobile" or "fish" torpedoes, have a fighting effectiveness out of all proportion to their size and armament. It is comparatively easy for them to escape detection and, once within a mile of a warship, a torpedo can be launched which swims the intervening distance itself and is discharged by striking the side of the vessel. These torpedoes are cylindrical steel shells containing from 200 to 300 pounds of gun cotton or dynamite in the forward portion, and in the rear an apparatus for driving the propelling screw. The famous Whitehead

torpedo is driven by a small compressed air engine and guided by automatic rudders. The maximum size is about twelve feet by eighteen inches.

Aside from the torpedo-boat destroyers, searchlights are about the only effective means of security large warships have against the stealthy attacks of torpedo craft. All cruisers and battleships are equipped with these lights, some of which, in clear weather, can be seen twenty miles away. Objects within five or ten miles are brought out with perfect distinctness. The searchlight is a simple contrivance, consisting only of a tremendously powerful electric light (sometimes of 10,000 candle power) backed by a cup-shaped mirror of from eighteen to thirty inches in diameter and two to three feet in depth; this concentrates all the light rays and projects them in one solid beam. Searchlights are so mounted, generally, that they can be turned in any direction and thus by sweeping the waters in all directions any approaching craft can ordinarily be detected. Nevertheless, torpedo boats painted a sea-green or leaden color are often invisible even under these powerful illuminators. It is customary now, when a large battleship is at anchor in dangerous quarters, to keep small launches cruising about it in order to intercept and give warning of the approach of any hostile vessel.

Much of the night signalling between warships is done by means of searchlights. A new device called the telephotos, however, has been recently adopted by the United States Navy. This is practically a system of telegraphy by colored lamps, somewhat after the manner of railway signalling. A string of four lanterns is suspended from the mast of a vessel and controlled by electrical apparatus connected with a keyboard like that of a typewriter. The lamps are about fourteen feet apart and each one consists of two sections, the upper throwing a white light, the lower a red. Powerful lenses enable these lights to be seen long distances away. The letters of the alphabet are represented by different combinations of these eight lights, just as the telegraphic code employs different combinations of dots and dashes to represent letters. To depress any given letter on the keyboard sends the current to

the incandescent bulbs in the proper lanterns ; and in that way any message can be spelled out in comparatively short time.

Submarine mines and torpedoes are even more effective instruments of harbor defence than land batteries. Torpedoes are so constructed that they would float on the surface if left unfastened, and are then anchored at any desired depth and connected by wire cables with the shore. Some of them may be set off by an electric current ; others require actual contact with a ship and an electric current in addition to explode them. Mines are simply weighted torpedoes, resting on the bottom of the harbor.

The submarine boat is one of the new developments in naval warfare which may upset all present calculations as completely as did the monitor in the Civil War. The latest and most successful boat of this type is that invented by Mr. John P. Holland and recently tested in New York harbor. This little boat is only 53 feet long by 10 feet 3 inches in diameter, but if future experience confirms what is claimed for it searchlights and patrol launches will no longer avail to protect war vessels or coast fortifications from annihilation. The Holland boat has a displacement of 75 tons and will carry a crew of ten men. By admitting water to certain compartments it is made to dive beneath the surface, and while submerged is guided both by vertical and horizontal-plane rudders. To bring it to the surface the water is forced out of these compartments by compressed air. The boat is propelled by electric power and a gasoline engine is used both to run the dynamo and compress air ; this engine, of course, can be used only when the boat is on the surface. It is estimated that enough compressed air can be carried to keep the atmosphere in the boat fresh for ten hours. The compressed air is also used to operate the rudders and to discharge torpedoes. This boat has two torpedo tubes, one for use on the surface, the other to discharge "fish" torpedoes through the water. It also has a dynamite gun of sufficient power to throw 100 pounds of explosive material at least 300 feet through the water, with no self-propelling apparatus in the projectile. The trials of the Holland boat in New York harbor certainly seemed to establish her success suffi-

ciently to warrant her purchase by the government, especially if it be true, as stated, that the boat is being sought by an European power more friendly to Spain than to the United States.

Captive balloons are extensively used in Europe, particularly Germany, for inspecting fortifications and making war maps. Photography is here brought into service. Even when the balloon is far out of reach of guns, good landscape photographs can be taken, and from these the maps are constructed. The balloons have telephone and telegraph connection with the camps from which they are dispatched. It is understood that our army for the invasion of Cuba is supplied with fully equipped war balloons, in charge of a special balloon corps. Closely allied with the balloon idea is that of the bomb-dropping airship. One of these, lately invented, is said to be under government consideration. The idea is to carry nitro-glycerine bombs in the airship and drop them into the enemy's fortifications, first getting the range by a telescope and by dropping small metal balls. The practicability of this scheme remains to be determined.

The tremendous havoc wrought by Admiral Dewey's guns at Manila shows the capabilities of modern ordnance. Machine guns, rapid-fire cannon and great 1000-pounders, mounted on disappearing carriages, all are part of the necessary equipment of a first-class battleship of the latest type. An electric gun for coast defence purposes has been lately devised; if successful, it will throw a steady stream of explosive bombs and give neither report nor smoke to show its location. The gun will be a sort of cumulative magnet; that is, as the projectile passes along the tube it successively closes new circuits and thus acquires a velocity which will carry it several miles. The advantage of a contrivance like this is that it would project the bomb without the sudden shock of a powder explosion, and thus remove the danger of bursting the gun.

The largest gun in the world is now being finished at Watervliet, N. Y., and will be mounted at Romer Shoals for defence of New York harbor. This gun will weigh 126 tons, have a calibre of 16 inches and fire a shot weighing more than

2,300 pounds. One discharge will require nearly half a ton of powder. Its length will be 49 feet 2 inches, and the breech diameter just 5 feet. It is estimated that a shot from this cannon will travel fully 16 miles, or 4 miles farther than the greatest range ever attained heretofore. The gun will be enclosed in a turret which will protect the gunners as well; the whole will require a concrete foundation of at least 50 feet in depth. The total cost of gun and outfit will be nearly \$300,000.

Not all the contributions of science to warfare, however, mean simply increased destruction and slaughter. If the aggressive force of ordnance has been many times multiplied, so has the resistive power of fortifications and armor plates. So tremendous are the agencies brought into play that from now on the result of a war is likely to be determined by a few great conflicts instead of by prolonged and desultory campaigns; and thus some of the chief evils of the war—the disease and prolonged hardships and business stagnation and interruption of wealth production—will be relatively minimized. The progress of surgery and medicine also, will diminish somewhat the after-horrors of battle. The X-rays, for instance, will be of incalculable service in the life-saving work of army surgeons.

But perhaps the most important effect of the contributions science is continually making to the art of warfare is the restraining effect upon the nations. The new methods alone, possibly, would not be much of a deterrent, but as the world's industrial interests grow and become more and more interwoven and interdependent, there comes inevitably an increasing reluctance to assume the enormous risks and losses war would impose on each continent. Among the more highly civilized nations the point has almost been attained where arbitration will be forced into use by just these considerations. Had there been, for instance, anything like the industrial development in Spain that exists in the United States, war could hardly have occurred. An advanced industrial nation would never be guilty of such a colonial policy as has disgraced Spanish history; at any rate, it would materially improve its conduct in that respect before risking the losses war would bring upon itself, whatever the outcome.

Science and Industry Notes

An Educational Force

The electrical exhibition at Madison Square Garden during the month of May comprised everything from horseless carriages and underground-conduit trolley cars to phonographs, X-rays and artificial daylight. The use of electricity in modern warfare was illustrated by practical working models of mines, dynamite guns, search-lights, signaling apparatus, etc., and a remarkable system of wireless electric communication was shown in operation. The value of such an exhibition, as an educational force far superior to written dissertations and scientific treatises on the subject, cannot be overestimated. To read over a list of the things electrical science has done for the progress and welfare of the race is merely to create a sense of wonder and deepen the consciousness of ignorance. To see these inventions practically illustrated and in actual operation, while it does not lessen the wonder, at least invests it with the quality of intelligent appreciation.

“ Made in Japan ”

The phrase “ Made in Germany ” has come to have a most unwelcome sound in British ears, signifying as it does the early disappearance of England’s long maintained position as the workshop of the world. “ Made in the United States ” is another expression that means to the British mind, not merely the almost complete control of the enormous American market by American manufacturers, but an increasing competition of American wares in foreign countries. “ Made in Japan ” is the latest cry, and it is the watchword of the coming day when the Orient will no longer be a vast, stagnating rural region, but will enter upon a career of modern civilization through the door of modern industrial methods.

An article in *Chamber’s Journal* (Edinburgh) shows some of the lines of Japanese industrial development. “ Probably ” says the *Journal*, “ in the next quarter of a century we shall find articles ‘ made in Japan ’ imported all over the East to a much greater extent than they are now ; and it is to be hoped that we shall not have them (as in the match trade) eclipsing British manufactures.”

The time may come when the Japanese will be competing in European and American markets, but not until they have developed thoroughness and substantial quality in their work to a much greater extent than at present. By the time that plane of excellence is attained Japanese wages will have so increased as to destroy much of the competitive advantage their manufactures would now have in our markets, and it is probable that Japan's field of industrial influence and success will always be largely confined to the Orient.

Scientific Farming vs. Free Silver

It is encouraging to note the growing disposition in the West to view the agricultural problem from a rational, scientific standpoint, instead of treating it as a matter to be settled by arbitrarily scaling down the money standard or socializing the railroads. One of the lines of real agriculture progress is in the direction of intensive as against extensive culture; that is, substitution of several different crops for the unlimited raising of some one staple like wheat and risking everything on that. A recent report of the Kansas State Board of Agriculture contains the following sensible and encouraging statement on this point:

"Kansas farmers are learning year by year that their business, if profitable, must be so conducted that it is not the mere playing of a game of chance with the weather or with a single crop; that a somewhat diversified, and yet not too scattering, agriculture and a studying of and adaptation to climatic conditions, the demands and the markets are essential (not more, perhaps, but as much) in Kansas as elsewhere. Those who most fully recognize these conditions and most intelligently respond to their inexorable requirements are realizing a fair or large prosperity. Others who persistently defy or deny them are ready to declare that farming is no longer a source of profit, that farmers are slaves of those in other pursuits, and that the times are politically, financially and morally out of joint."

The present era of high prices for farm products ought to put western agriculture on a solvent and relatively prosperous basis. That status can be permanently maintained by transferring the energy that has been put into fiat money and semi-socialistic movements into the work of scientific farming, so that agriculture shall keep touch with the progress constantly taking place in other departments of our industrial life.

CURRENT LITERATURE

Henry George's Last Book *

For several years before the death of Mr. George it was periodically announced that he was at work upon a book on economics, which was to be his life work and from which great things were to be expected. This work has just been published by Mrs. George ; it was substantially completed before Mr. George entered the mayoralty campaign in Greater New York, in the heat of which he so suddenly died. We are told in the prefatory note by his son, Henry George, Jr., that " Aside from the filling in of summaries in four chapter headings (indicated by foot-notes) the addition of an index, and the correction of a few obvious clerical errors, the work is here presented exactly as it was left by the author—the desire of those closest to him being that it should be given to the world untouched by any other hand."

Fortunately, therefore, the book is entirely the work of Henry George and is evidently about complete. By the dedication we learn that through the financial aid of Mr. Tom L. Johnson of Cleveland, Ohio, and Mr. August Lewis of New York, Mr. George was enabled to have absolute control of his time for the purpose of producing this, his great work. None of the disadvantages of poverty, hurry, or other irritating conditions were permitted to prevent him from making his very best contribution to economic science. From Mr. George's well-known ability to use clear, direct, eloquent and forceful English, the publication of this book was very naturally looked forward to with unusual interest. If no new principles were evolved or new truth stated it was hoped that at least the general subject would be made more attractive and more easily understood by Mr. George's presentation. But alas, none of these hopes or expectations have been fulfilled.

It is a larger book than *Progress and Poverty*, but in every

* *The Science of Political Economy*, by Henry George. Doubleday & McClure Co., New York, 1898. 545 pp. Price \$2.50.

way much weaker. It is neither as strong in style, eloquent in tone, direct in expression nor as plausible in argument as was *Progress and Poverty*. It is manifest now that *Progress and Poverty* was Mr. George's life work. It was a powerful, inspiring book. This is a ponderous, tedious volume. The two books demonstrate the difference between having a book to write and having to write a book.

The book is in reality an impeachment of all that has ever been written on political economy. Yet the great problems of wages, rent, interest and profits that are fundamental to economic science and underlie all industrial and social equity in wealth distribution, Mr. George almost wholly ignores. Not one of these fundamental departments of wealth distribution has Mr. George really taken up and discussed in any serious, consecutive manner. He has referred to them vaguely all through the book, but nowhere discussed them in anything like a scientific manner that could throw any real light on the subject.

He has taken up the questions of wealth, value, production and distribution, but all in a verbose, abstract manner. Instead of writing constructively upon the subjects with which economic science deals, he has devoted nearly all his space to long-drawn-out criticism and restatements of what other writers have said, particularly Adam Smith and Mill, and in almost every instance has added confusion to their unclearness. After some wholesale dumping of political literature into the waste basket as worthless he says "But while this discordance shows that he who would really acquaint himself with political economy cannot rely upon authority, there is in it nothing to discourage the hope that he who will use his own reason in the honest search for truth may attain firm and clear conclusions." A more erroneous and misleading statement it would be difficult to make. This would imply that everybody who has studied the subject and failed to arrive at "clear conclusions" has not made an "honest" search for truth, which is a libel on all students of the subject. No science has been the subject of more painstaking integrity than economics, and if the conclusions have not been clear it is because of the difficulty of

the subject and not by reason of any lack of integrity of investigators.

In the same strain of wholesale impeachment of scholastic integrity he says: "But no matter what that injustice may be, colleges and universities, as at present constituted, are by the very law of their being precluded from discovering or revealing it. For no matter what be the nature of this injustice, the wealthy class must, relatively at least, profit by it, and this is the class whose views and wishes dominate in colleges and universities. . . . Whoever accepts from them a chair of political economy must do so under the implied stipulation that he shall not really find what it is his professional business to look for."

This is more like marketplace harangue than serious economic discussion. Moreover, it is conspicuously untrue. So far from the wishes of capitalists dominating the teachings of economists in universities and colleges in this country the reverse is manifestly the case. It seems to have become almost a fad for professors of economics, especially in the larger universities, to berate capital and capitalists. The anti-wealth fever, which has taken such great hold of the popular mind during the last few years, has received its chief encouragement from the attitude of university professors towards capitalistic undertakings. Whatever may be said about the soundness of the economic doctrines taught in our colleges this wholesale imputation against the integrity and freedom of economic discussion and research is unfounded.

The real state of mind of Mr. George regarding himself and his work is expressed in the opening sentence of his preface: "In *Progress and Poverty* I recast political economy in what were at the time the points which most needed recasting. Criticism has but shown the soundness of the views there expressed." The same thought he expressed in another place thus: "*Progress and Poverty* has been, in short, the most successful economic work ever published."

Despite the modesty of these statements they indicate that Mr. George learned nothing from the wide criticism his first book received. The fact that it was shown over and over

again to be inaccurate in data and unsound in reasoning, particularly on the question of labor and the relation of non-rent land to social welfare, made no impression upon Mr. George's mind. Measured in amount of sales *Progress and Poverty* may properly be regarded as a great success; and so may *Coin's Financial School* and Bellamy's *Looking Backward*, but as to recasting political economy there is no evidence that it has left even a faint imprint on the doctrinal character of the science in any department.

Indeed, Mr. George admits this in saying: "For while I realized the greatness of the forces which would throw themselves against the simple truth which I endeavored to make clear, I did think that should *Progress and Poverty* succeed in commanding anything like wide attention there would be at least some of the professed teachers of political economy who, recognizing the ignored truths which I had endeavored to make clear, would fit them in with what of truth was already understood and taught. . . . But this reconstruction of political economy has not been done."

The important questions of wages, interest and profit Mr. George practically omitted, assuming that he had solved these questions in *Progress and Poverty*.* As a matter of fact, however, no poorer attempt has ever been made to deal with the wage question than was exhibited in *Progress and Poverty*. It announced a deductive theory of wages that has no observable relation to real life, but is universally contradicted by everyday experience.

The question of value Mr. George did not discuss in *Progress and Poverty*. To this subject, however, he devotes considerable space in the present book, much of which is taken up with quotations from and criticisms of Adam Smith and John Stuart Mill, but no improved definition is evolved. The term value has indeed been surrounded by a great deal of ambiguity and confusion, mainly arising from the failure to distinguish value from utility, one having definite reference to the serviceableness of a commodity and the other to the ratio in which it will exchange for other commodities or service.

* See p. 202.

Yet, with all Mr. George's criticism of economists for their unclearness on this subject, he failed to extricate himself from the central muddle, about value in use and value in exchange. He speaks of the "quality of value" as if it were the attribute of a thing instead of the ratio between things. He says (p. 221): "The two qualities of value in use and value in exchange are as essentially different and unrelatable as are weight and color." He repeats that crude notion of Adam Smith represented in his diamond and water illustration, and says: "The Bambino of Rome or the Holy Coat of Treves could probably be exchanged as similar venerated objects have been at time exchanged, for enormous sums; but the use value of the one is that of a wax doll baby, that of the other an old rag."

This shows that Mr. George utterly failed to understand the economic significance of the terms utility and value. The use value (by which he meant the utility) of the Bambino of Rome was not that of a wax doll baby at all. To the devout members of the Church it was a highly useful and important thing. It was only in the eyes of such heretics as Henry George that its utility was only that of a "wax doll baby." According to this, the utility of every object of commerce, art, science or religion would have to be reduced to its utility to those who had no desire for it, or to the utility of the crude, raw material of which it is made, which would be absurd. A thing is useful in proportion as it serves to gratify human desire, whether that desire be physical, mental, moral, esthetic, religious, scientific or whatsoever. The utility to a devout Catholic is not to be measured by the taste of an atheist for the same thing.

To say the utility of the Holy Coat of Treves is that of an old rag is to show a marked miscomprehension of the very essence of the value problem. To Christians the Koran has only the utility of old paper, but to Mohammedans it has the utility of the highest literature, and to them the Bible has the utility only of old paper, and to a very large number of people the work we are considering will have a similar utility.

With all the confusion that has surrounded the subject of

value in the hands of the English economists, Karl Marx and the Austrian School, none have left it less intelligible than Henry George. But he not only fails to throw any real light on the subject of value but mistakes, or misrepresents, what economists have taught. On page 245 he says: "The current theory is that it is when and because a thing becomes exchangeable that it becomes valuable. My contention is that the truth is just the reverse of this, and it is when and because a thing becomes valuable that it becomes exchangeable."

Economists have not taught that a thing becomes valuable because it is exchangeable. They have taught that a thing becomes exchangeable because it possesses transferable utility, and when it becomes the subject of exchange it has value, since value is neither more nor less than the ratio in which it will exchange.

Mr. George could never have made a statement like this (which he reiterates several times) if his mind had been emancipated from the muddling idea that value is a quality instead of a ratio.

Another illustration of his lack of insight into the subject. On page 251 he says: "When we wish to ascertain the exact value of a thing we offer it at auction or in some other way subject it to competitive offers." The auction room is the last place to go to ascertain the exact value of a commodity, and for the reason that it is an abnormal and forced sale where things are usually offered with a willingness to lose to avoid further loss. Exact value is indicated by the continuous sale of objects under normal competition, but never in the auction mart.

In discussing the distribution of wealth (page 426) he says: "Nor does the science of political economy concern itself with consumption. It is finished and done—the purpose for which production began is concluded when it reaches distribution."

According to this one might imagine that distribution was something totally disconnected from consumption. The political economy which ignores consumption can never explain either the laws of production or distribution of wealth. Con-

sumption is the foundation, essential element in the whole economic movement. Consumption creates the demand without which production and distribution would never take place. To say the science of political economy does not concern itself with consumption is like saying the science of astronomy does not concern itself with the planets.

Mr. George evidently labored under the old notion that production and distribution are distinct and separate movements, for he says on the same page: "But in that higher state of humanity where separate units, each moved to action by the motive of satisfying individual desires, coöperate to production, there necessarily arises when the product has been obtained, the question of its distribution."

The question of distribution does not arise as a proposition after production has taken place. Distribution is an inseparable part of the process of production. Wages, which are a vital item of distribution, are a primary and original part of the cost of production. They must be paid even in advance of any considerable production and always contemporaneously with it. Rent and interest are also elements of distribution which have to be provided for in advance of the production. Profit only is the residual element of distribution which remains after production is completed. Nothing the old school economists ever wrote, was more confusing and misleading than Mr. George's idea of distribution.

In short, Mr. George's last book is wholly unlike the first. *Progress and Poverty* was a strong, clear, virile book. It stood for an idea which it represented in powerful, eloquent, plausible English; the present work on the contrary is a labored, straggling discussion which throughout bears evidence that the author's own mind was not clear on the subject upon which he was writing; that in undertaking to clarify the reasoning of other writers he only beclouded the point and meaning of his own deliverance.

A Civil Service Reform Handbook*

Civil Service Reform is the somewhat well-worn topic discussed by Mr. William Harrison Clarke in a small volume of 256 pages. The competitive examination system has so manifestly come to stay that any very elaborate defence of it at the present time seems almost superfluous. The system is the product not of argument but of experience. Whatever has established itself and can prove its continued necessity to society is in little danger of being overthrown. Whether or not the fear of an impending reversion to the spoils system was the motive that induced adding another book to the voluminous literature of civil service reform, we of course do not know, but it can hardly be said that the present contribution fills any very deeply felt want.

The need at present is not so much defence of the civil service reform idea as improvement in its methods of operation and the adoption of a somewhat more rational viewpoint as to the basis and necessary limits of the system. The chief defects at present, probably, are an unnecessarily large amount of red tape, and the requirement of tests inappropriate to the positions to be filled. Furthermore, tenure of office ought not to be made so secure and so beyond the reach of prompt discipline as to diminish the efficiency of service or the harmonious carrying out of lines of work or policy designed by heads of departments. Public employees whose duties are of a mere perfunctory character should not be discharged because of their political beliefs. But it seems to us that the law should be interpreted so as to give appointing officers a large latitude in weeding out undesirable employees. Efficiency of service, upon which the civil service reform advocates very properly lay great stress, requires this freedom in public quite as much as in private business. The danger of wholesale removals in order to fill positions with partisan adherents is guarded against as well as possible by the fact that appointments must be made from the lists of the successful candidates in the competitive examinations.

**The Civil Service Law: A Defence of its Principles*, etc., by William Harrison Clarke. M. T. Richardson Company, New York, 1897. 256 pp.

There can be no serious objection to a rigid application of the merit system in public service so long as the necessary limits of such a system are clearly understood and borne in mind. The majority of public offices require the performance only of perfunctory duties, and these places should be filled by the competitive system, but offices which involve responsibility for any line of public policy ought to be held by men in sympathy with that policy. In such cases the partisan element must and should enter as one of the determining factors, because the important thing is not merely to perform a certain routine of duties but to carry out a policy which the people have demanded at the polls.

Mr. Clarke's suggestion, therefore, that chief office-holders as well as subordinate should have the right of applying for reinstatement to a Board of Appeals in connection with the Civil Service Commission seems to us a complete mistake. This is the very danger into which enthusiastic adherents of the competitive examination system are most likely to fall. They fail to see how much more important is the carrying out promptly and effectively of the people's will on great public questions than mere clerical efficiency. It would be an important contribution to civil service reform literature if some of its prominent advocates would draw the distinction between accurate book-keeping and responsible carrying out of public policies, strongly and carefully, and recognize the necessity of partisan action under a democratic system of government. Mr. Clarke does not make this contribution, and, in fact, adds nothing new to the discussion of the subject. His volume may be useful, however, as a handbook of civil service reform argument, conveniently grouping together the facts connected with the movement and a long line of representative opinions on the subject.

Among the Magazines

SOME OPINIONS ON ANGLO-AMERICAN ALLIANCE

In the *North American Review* for May, Dr. Lyman Abbott makes a strong plea for "An Anglo-American Understanding." "Let Great Britain and the United States work together for the world's civilization," says Dr. Abbott, "and, on the one hand, no reactionary forces can withstand their combined influence; and on the other, no imagination can estimate the pecuniary and the political advantages, first to these two nations, and next to the whole world, which would come from such a combination. Whoever in either country sows discord between the two is, whether he knows it or not, the political and commercial enemy of both countries, and the enemy of the world's civilization.

Dr. Albert Shaw, editor of the *Review of Reviews*, says, in the May number of that periodical:

"The attitude of England at the present juncture is in very agreeable contrast to that which she assumed when, late in the ten years' Cuban war, we were disposed to intervene. . . .

"Nothing would be more incomprehensible to these Englishmen—the very men who in that country are the leaders in movements for peace and arbitration—than the language and conduct of certain gentlemen in the United States who have clamored for peace at any price. These Americans have either totally ignored the conditions that prevail in Cuba or else have boldly taken the cynical position that Cuban distress is none of our concern. In their attempts to rebuke the nation's real conscience, courage, and sense of duty, these men have only discredited their own claims to moral leadership."

The London Spectator evidently does not believe in the doctrine that England's neutrality requires her to give Spain the benefit of every doubt that may arise. Speaking of the British government's attitude it says:

"In laying down the conditions which will govern their

neutrality we do not ask that the government should do anything which will injure Spain in the struggle, but we feel sure that if a choice between two courses has to be adopted, the government will be expected by public opinion here to adopt the course which will show friendliness to the United States. We shall refrain from taking either side, but if it is necessary to show a bias the bias must be towards the States."

Hon. Richard Olney, Ex-Secretary of State, in the *May Atlantic Monthly* says of England and America :

"That they would be found standing together against any alien foe by whom either was menaced by destruction or irreparable calamity, it is not permissible to doubt. Nothing less could be expected of the close community between them in origin, speech, thought, literature, institutions, ideals—in the kind and degree of the civilization enjoyed by both. In that same community, and in coöperation in good works which should result from it, lies, it is not too much to say, the best hope for the future not only of the two kindred peoples but of the human race itself."

A leading article in the *London Contemporary Review* for May discusses "The Collision of the Old World and the New," and concludes as follows :

"We need insist upon no individual application, and upon no particular form for what we have described as the *entente* ; but we may insist upon two things. First, that the present crisis is a golden opportunity ; and, next, that if ever there was a human institution of which it would not be absurd to say that it would make on the whole for the kingdom of God, it is a treaty of amity between the severed powers of the English-speaking race."

INSTITUTE WORK

Announcement

Although the lessons and regular outlines of reading, for students, were completed for the season in our May number, the Institute Work department will be continued through the summer. It will contain each month a lecture by Professor Gunton on some important topic of current interest, together with questions and discussion on the lecture. The regular Question Box will also be continued in this department. This month Professor Gunton takes for the subject of his lecture the public career of Mr. Gladstone,—a topic which the death of that great commoner has brought into universal discussion throughout the civilized world. The lecture is as follows :

Gladstone's Public Career

In the death of William Ewart Gladstone, which occurred on Thursday the 19th of May, 1898, England, and for that matter the world, lost one of the most extraordinary characters that has appeared on the stage of public life during the nineteenth century.

Mr. Gladstone was remarkable both for what he did do and for what he did not do. He was by tradition, instinct and interest, as well as by birth and family, of the mercantile middle class. Though he rose to the highest position in English public life, he was wholly devoid of any smattering of aristocracy or aristocratic leanings. His father was a Liverpool merchant of Scottish birth, whose interests were largely in the cotton trade of the southern states, so that Mr. Gladstone's early environment was in connection with trade, and mainly Lancashire trade.

He was born in 1809, just after the factory system was established, and six years before that great decisive event in the first quarter of this century—the Battle of Waterloo.

Most men who enter public life, particularly if they are men of strong character, begin with a theory or policy, and usually as that policy is consummated and adopted they become sterile, conservative, and sometimes fossilized obstruc-

tionists. This was conspicuously the case with Lord John Russell, who was the leader of the middle class part of the movement which culminated in the first Reform Bill of 1832. Lord Palmerston was another conspicuous instance of this type of statesman. Though regarded as a Whig, which then meant Liberal, he became for the last fifteen years of his life an almost insurmountable obstruction to progressive legislation. Even Bismarck has outlived his usefulness as a leader of public movements, and so very liberal a statesman as John Bright lingered a little too long on the platform of politics to keep in step with the progressive English political movements. During the last few years of his life the great Quaker statesman really became a deserter and an obstructionist, practically leaving the Liberal Party and joining the Tories in opposition to the Home Rule movement.

Mr. Gladstone is, so far as I know, the one conspicuous example of a public man who rose to the very topmost notch of political power and leadership and was able to adapt himself to, and actively participate in and help along, the latest and newest movements of political reform. In fact, he was completely devoid of any of the fossilizing elements of the public man; he was political elasticity itself.

On the other hand, however, Mr. Gladstone was not a virile initiator nor in any sense a real leader. He began public life a highly educated young man, fresh from Oxford, a Tory, opposing everything that had in it any of the elements of public advance, and for the sixty-six years from that day to his death it is true of him as of no other man that he opposed and then espoused practically every forward movement of the English people. He was essentially a public opinion user, and never a public opinion producer.

Just two years before the great middle-class political landmark in English history—the passage of the first Reform Bill—Mr. Gladstone graduated from Oxford, and was then, as I have said, a full-fledged Tory and protectionist, and in the first election after the Reform Bill of 1832, which took place the following year, Mr. Gladstone was chosen to represent Newmarket, a small “pocket borough” controlled by the Duke of

Newcastle. He thus entered public life at the very birth of a new era of English history.

The Reform Bill of 1832 was the enfranchisement of the middle class—those representing the middle-class and factory system as distinguished from the aristocracy or land-owning class. The agitation that had been going on in England for a dozen or more years preceding this really prepared the English people for an extraordinary development of several parallel movements of public reform. In 1819, the year the present Queen was born, an agitation began which contained in it the seeds of the two great politico-economic movements—the repeal of the corn laws and the extension of suffrage to the working people. They were combined in a single movement known as the Henry Hunt movement, which arose after the close of the Napoleonic wars.

This agitation broke out in great force on the sixteenth of August, 1819, in a mass meeting held in Peterloo Square, Manchester. It was to be addressed by Henry Hunt, then a conspicuous representative of industrial and political reform. The object of this meeting was to form a political movement on what in this country we would call a platform of three measures; repeal of the corn laws, universal suffrage, and vote by ballot (secret vote). The government, hearing of the meeting, arranged to have troops on the scene and dispersed the gathering at the point of the bayonet, killing a large number and injuring many more. This brutal outrage upon free speech has ever since been known as the Peterloo Massacre. Half a century later the now famous Free Trade Hall, built in commemoration of the repeal of the corn laws, was erected on the spot thus sanctified by the "White Hat and Liberty" martyrs.

This movement continued down to 1835, three years after the passage of the Reform Bill, when its leader, Henry Hunt, died. The Reform Bill having accomplished what there was of the suffrage demand for the middle class, the movement for giving the vote to workingmen was discouraged. The employing or middle class in the new parliament, therefore, desired to concentrate all the efforts of the Henry Hunt move-

ment upon repeal of the corn laws, entirely ignoring the laborers' interest in the franchise. This produced not only suspicion but a feeling of strong antagonism among the common people who constituted the rank and file of the Henry Hunt movement, and at the death of Mr. Hunt a new leader arose and a new movement was inaugurated.

The new leader was an Irishman by the name of O'Connor, who took the place of Henry Hunt but introduced a new platform called the "People's Charter," which, of course, was intended to be the Magna Charta of the nineteenth century. This new movement, instead of having three planks or propositions in its platform, had six. They were: universal suffrage, vote by ballot, annual parliaments, payment of members, no property qualifications, and equal electoral districts. The repeal of the corn laws was dropped out, because it became obvious to the leaders of the truly democratic movement that the middle manufacturing class, who had just acquired the franchise, not only did not want workingmen to vote also but that they wanted the repeal of the corn laws mainly that they might have cheaper food, and thereby secure cheaper labor, in the hope of being able to acquire foreign markets. Here, then, the movement split into two. In 1839 the Anti-Corn Law League was organized, which was the bitter antagonist of the Chartist movement.

Concurrently with all this arose the short-hour movement, demanding factory legislation restricting the hours of labor for women and children. Out of these arose all the progressive movements that have characterized English history during the last sixty years.

In all of these Mr. Gladstone participated, with the exception of the Chartist movement, which was finally disrupted by the arrest and imprisonment of some fifty of its leaders in 1848. Mr. Gladstone has opposed, and finally approved, almost every proposition in all these movements. First he was a protectionist, but in 1834 he was made Junior Lord of the Treasury under Sir Robert Peel, and soon allied himself with the revenue or tariff reformers, ultimately becoming an out and out free-trader. On all the measures for factory legisla-

tion, beginning with the act of 1833 and continuing until 1847, he was always in the opposition, acting with the manufacturers and free-traders against such factory legislation. It must be said to his credit, however, that after the factory acts had been in operation ten years, when the proposition was made to extend similar legislation to other than the cotton industries, Mr. Gladstone in common with Mr. Roebuck, Sir James Graham and others, became a convert to this beneficent legislative policy and voted in favor of the measure, while John Bright remained an obdurate opponent.

Mr. Gladstone was a strong churchman and defender of the established religion, which excluded alike Catholics and Jews from parliament, but after continuous opposition he finally "jumped the fence" and voted for the admission of Jews into parliament.

Under the Palmerston administration—1859—with Earl Russell as Secretary of Foreign Affairs, Mr. Gladstone became Chancellor of the Exchequer. Here was another period of remarkable interest, both to England and this country. During this time our Civil War arose. On this momentous question of slavery or freedom—the great problem of human advance of the century—Mr. Gladstone was on the side of slavery and barbarism. He delivered in Liverpool a glowing eulogy on Jefferson Davis, and used his influence with the administration to recognize the belligerency of the South and encourage the breaking of the blockade. He did this mainly, no doubt, because his financial interests were centered in the cotton market of Liverpool.

During this time an experience which has no parallel in the history of the world occurred. The English people, especially in Lancashire, were great sufferers from the war. Up to that time Lancashire had generally relied upon the United States for its raw cotton; consequently the blockade which prevented southern cotton from going to Liverpool created an industrial depression the like of which was never known in England before or since. It is known as the "cotton panic." The people of Lancashire for nearly two years were in a state of simple starvation, toward the latter end even living on one

meal a day. Factories were closed and but little work given, now and then, just to keep the people from starving. A desperate effort was made, and encouraged by the government of Lord Russell and Mr. Gladstone, to create a public sentiment in Lancashire, by in reality appealing to the influence of empty stomachs, in favor of breaking the blockade. The people were told, of course, that if the blockade could be broken their factories would start and prosperity would again return. For a time it seemed as though this might have some little success. There was a ripple of response. But about this time came Lincoln's Emancipation Proclamation, and from that moment no argument and no power of persuasion, not even Angel Gabriel himself, could have influenced the people of Lancashire to lend any countenance or favor to the southern cause. From the moment emancipation of the slaves was definitely made the motto of the North, even starvation had no influence on the sentiment of the Lancashire workingmen. With empty stomachs but burning hearts they marched from town to town, sometimes as much as twenty miles, to attend mass meetings in some instances of one hundred and in others as many as five hundred thousand strong, to protest against the government interfering in favor of the South. Indeed, it may be said that at the darkest hour of the Republic the hand of England was kept back from aiding the enemy by the persistent and indefatigable demonstrations and protestations of the workingmen of the North of England. And, it may be remembered, these very workingmen were at that time practically undergoing starvation because of the war. This fact has never been sufficiently recognized by the American people. Mr. Beecher, when he visited England, saw it and recognized it and when the history of that period is fully written the starving laborers of Lancashire will be credited with doing much to save the life of this Republic at its most critical and darkest hour. In all this, I say, Mr. Gladstone was on the other side.

Immediately after this terrible depression resulting from our war, and partly, perhaps, as a result of the leisure created during this time, the movement which had received a severe check by the overthrow of the Chartists in 1848 and the suc-

cess of the Anti-Corn Law agitation,—the movement, I say, for extension of the franchise to workingmen was again taken up. There were two things which greatly helped this revival of the demand for the ballot by the laborers; the half-time school law which was adopted in 1844, and the ten-hour law which culminated in 1847, largely aided by the landed Tories to spite the manufacturing capitalists for having repealed the corn laws. These laws gave the working people in all the North of England particular opportunities for discussion and study of public affairs. The cessation of industry to which I have just referred, resulting from our war, led to an educational movement.

Upon the disruption of Chartism the coöperative movement started in Rochdale, which is still its home. This movement took the form of establishing coöperative stores, mainly in retail business; but in most cases they proceeded either to lease or to erect a permanent building in which a public hall was always regarded as a necessary appointment. This resulted from the difficulty of finding places for public meeting to agitate public reforms. Before this most public meetings had been held in churches and school rooms, the Episcopal Church being most available; and the Episcopal Church always being Tory it was difficult to obtain permission for workingmen to hold radical political meetings. This new provision for large public halls was a great stimulus to public meetings, which were very largely held on Sundays. During the panic created by our war these coöperative associations used these halls for almost daily meetings to discuss the news and interests of the war, and in addition established free schools for adults where they could learn to read the newspapers and so increase their incentive for participation in public agitation. This had an excellent effect in keeping the people from indulging in more vicious forms of entertainment, and was highly educational.

Consequently when, in 1865, at the close of the war, the parliamentary election occurred, there was a renewal of the demand for extension of the suffrage. In the election of 1865 this became a distinct issue. Mr. Gladstone, though always

having opposed this demand, announced himself in favor of the movement and was triumphantly elected in that year. When the new parliament met, in 1856, he introduced what was called his "six-pound franchise" bill, which meant that all laborers who paid six pounds a year rent in the boroughs should have a vote. In the counties, that is, in the districts outside the boroughs, the franchise requirement was fifteen pounds, which put it entirely beyond the reach of workingmen, for that was more than most of them in the counties earned. This measure, however, was defeated by a counter proposition, introduced by that cunning Israelite who was then leader of the Tories—Benjamin Disraeli—afterwards Lord Beaconsfield. He introduced a proposition, for the purpose only of party tactics, to have the new franchise based upon a "rate-paying" or tax-paying qualification, instead of a rent-paying qualification, a distinction with no essential difference.

This political trick—for a trick it was—caused John Bright to dub the new measure the "rat-catchers' franchise." To understand the significance of this one needs to know that in England there are a great many people who make a living by going around the country with a box on their backs containing three or four ferrets, and with two or three terrier dogs, offering their services to catch and kill rats—professional rat-catchers—and to do this these rat-catchers have to pay a special license fee; so the new franchise, which was a rate-payers' or tax-payers' franchise, would give a special privilege to rat-catchers (a very inferior class of people) while it would exclude a very large number of non-rate-paying workingmen. Curiously enough, however, this trick succeeded and the rat-catchers' franchise was adopted. However, it was a great extension of the suffrage.

This brings up a peculiarity of the English Legislature. When a bill is introduced into the House of Commons by the government, there are always what are called "vital clauses" in the bill, that is, clauses which contain the principle of the measure. If these clauses are rejected it is regarded as part of the political honor of the ministry to resign, and the opposition is called into power. When Disraeli's amendment was

carried, therefore, and Mr. Gladstone's measure, being the franchise clause, was defeated, he resigned, and the Tory government was called in with Lord Derby as Prime Minister and Disraeli as Chancellor of the Exchequer and spokesman of the House of Commons. In taking office Lord Derby declared that he did so for the avowed purpose of stemming the tide of democracy; to prevent, in other words, the passage of any reform bill further extending the franchise. But the new ministry had no sooner gotten into harness than Lord Derby discovered that his policy of stemming the tide of democracy was futile; that if he longer undertook to stem the tide of democracy it would wash him off his feet. So in 1867 the Tories, who hated the extension of the franchise, introduced a measure more radical than that which they had previously defeated. The Liberals being mainly in favor of the extension, and Mr. Gladstone having been committed to it, helped the measure along and it passed.

It is the political policy in England, always, after an extension of the franchise, to dissolve parliament and have an election, so that the newly enfranchised voters may have an opportunity to make their influence felt on the complexion of parliament and the government.

Just before the adjournment of parliament, however, Mr. Gladstone performed another political feat. For a matter of twenty years there had been a more or less active agitation against the Established Church, by the nonconformists or dissenters. The Episcopal Church being largely a political institution it was insisted by the dissenters that this political connection should be severed—that religion should be a matter of individual conscience and not of politics and government. This was more or less favored by the advanced Liberals, for the Episcopal Church was always a Tory institution. During this period to which I have referred, from 1860 to 1865, among other public meetings many were held on this subject, and so a public sentiment had been created for the disestablishment of the Episcopal Church as well as extension of the suffrage. Notwithstanding that Mr. Gladstone was preëminently and thoroughly an Episcopalian and an ardent advocate of the church

and state union, he saw that this was the coming movement—a movement which the new voters would take to and were asking for. The Established Church in Ireland was a most farcical institution, really an outrage on the principles of religious freedom, and so Mr. Gladstone hit upon the plan of proposing so disestablish it. To that end he introduced, in 1868, the now famous resolution committing the government to this policy, which of course the Tory government entirely rejected; and when the election came under the extended franchise the new question thus emphasized was the issue, and Mr. Gladstone was returned to parliament with one hundred and twenty majority in the House of Commons, the largest majority ever given to any minister during this century.

This led to the bitterest kind of agitation. The landed aristocracy were up in arms as never before, and the stronger they protested the bolder Mr. Gladstone grew, and he became a veritable disestablisher. His measure was passed triumphantly by the House of Commons, and bitterly opposed in the House of Lords, but the conditions were so overwhelming, the tidal wave was so powerful, and Gladstone supported by public sentiment was so determined, that the House of Lords, as on many other occasions, preferred compromise to conflict and the bill became a law. This bill confiscated the property of the Irish Episcopal Church and devoted most of the revenues to education.

At the same time Mr. Gladstone introduced another measure, partly perhaps as punishment for the Tories and partly in accordance with the expanding liberal views, which was to abolish purchase of position in the army. It had become notorious that the army and the church were the means of providing for the incompetent sons of the aristocracy. If they had brilliance enough, if they had ability enough, they could get positions by promotion; if they were too stupid or cowardly for that, then commissions could be purchased to give them places in the army. This practically prevented any rise from the ranks for merit. Mr. Gladstone introduced a bill abolishing purchase of positions in the army, making the positions depend on merit.

This indeed was a great step, but it was a more deadly blow at the influence of effete aristocracy than anything that had yet occurred. The House of Lords refused to endorse this. Lord Derby entered a solemn protest to Her Majesty, and filed it as a dying record in the archives of the House of Lords. The House of Lords and the Queen were against Gladstone, but Gladstone was not of the aristocracy, he was of the people, and he was now unrelenting. He quietly informed Her Majesty that she would better sign the bill over the head of the House of Lords, and if she did not the House of Commons might feel it necessary to cut off the voting of supplies, and she would have to support the army and navy and the expensive civil list out of her own private purse. Nothing was ever quite so efficacious with Queen Victoria as revenue, and, reluctant as she was, she signed the bill and hated Gladstone for it ever afterwards. Gladstone had indeed become the "great commoner."

In 1870, through an adverse vote on Catholic education in Ireland, Mr. Gladstone resigned. Another agitation was undertaken for extension of the franchise, this time to the agricultural laborers—that is, to the counties. Mr. Gladstone took up the cause of this reform. In 1874 the life of parliament, which is seven years, had expired; a new election took place and the Liberal Party was again successful. The Queen, hating Gladstone, declined to ask him to form the ministry. She sent for Lord Hartington, who has since become a Tory Unionist, but the popularity of Gladstone was so great, the people's confidence in him so strong, that Hartington knew he could not form a Cabinet and frankly told Her Majesty that he could not do it and that, whatever she might think, she would have to send for Gladstone, for if any other man should form the ministry the House of Commons would not support him. Therefore the people were stronger than the Queen, and Gladstone had to be sent for, and he organized the government.

The same year, with the aid of Mr. Gladstone, the 9½ hour factory law was adopted, which is the most liberal law in the world for factory operatives, with the single exception of that in force in New Jersey.

In a later administration (1884), Mr. Gladstone reported

another bill for extension of the franchise, which was adopted with comparative ease, and the agricultural laborers then, for the first time, received the vote.

During this administration another peculiar political feat was performed by Mr. Gladstone. The Irish party, under the leadership of Parnell, came vigorously to the front at this time demanding Home Rule. Mr. Gladstone was as much opposed to Home Rule as he had been to the extension of the franchise or to the factory legislation. He resisted the demands of the Parnellites and finally introduced what is known as the cloture, which is "gag law" in parliament, and through that process he put Parnell and several of his comrades in jail. But the Home Rule agitation went on and became the popular political issue, and Mr. Gladstone, true to his temperament and character, became converted, not by argument but by political momentum, to home rule. He made an arrangement with Parnell and his comrades, while in jail, by which they supported the Liberal party, and they were soon liberated. In this agitation Mr. Gladstone took up the Irish cause and became an ardent and able advocate of Home Rule.

This was the last great political movement of his life. He led it to a successful issue, so far as parliament was concerned, and he introduced a measure which was, after many modifications, a sweeping instrument. It was passed by a good majority in the House of Commons, but it caused a split in the ranks of the Liberal Party. Joseph Chamberlain, the now famous Secretary for the Colonies, and John Bright, Lord Hartington and a number of other Liberals, deserted, became mugwumps, and joined the Tory party against the demand for Home Rule. Lord Hartington was clearly influenced by the fact of being heir to the title of Duke of Devonshire, who was the great Irish landowner, which title he has since acquired. Mr. Chamberlain evidently saw that he could make a strong hit with the distinctly English people against the Irish, which would give him political strength; he really wanted to be Prime Minister and push Mr. Gladstone, who had been his political creator, aside.

However, the split in the party did not prevent the bill from

passing the House of Commons, but it was literally "jumped on" in the House of Lords. So completely was it defeated in the House of Lords, disruption in the ranks of the Liberals was so serious, and Mr. Gladstone's eyes failing him and his general health giving way by virtue of old age, that he finally retired from public life, leaving the establishment of Home Rule as his last demand on the English people for political justice.

It should be remarked here that in all this change of front, in all this seeming vacillation or indecision on the part of Mr. Gladstone, he never was charged with political dishonesty; he was never suspected of changing his politics or political decision for any other than a sincere motive,—a suspicion that probably no other man that ever lived could have escaped. He was conservative towards all new movements, but willing to aid as fast as public demand seemed to justify them. He was the very embodiment of the doctrine enunciated by Lincoln in his famous remark to Wendell Phillips when the latter was expressing his impatience with Lincoln in not declaring for the abolition of slavery. Lincoln said: Mr. Phillips, my position is different from yours. Your function is to make public opinion; mine is to use it. Go on and make public opinion and I will use it as fast as you can make it. Gladstone was a user of public opinion. He was preëminently a man of the century, who was never sufficiently anchored to an idea to become an obstructionist after a sufficient public demand was expressed for it. He is a monumental example of a great man with conservatism enough seldom to be rash, but with human sympathy, political elasticity, and active mentality enough to always jump upon the progressive van of political advance and aid in the accomplishment of whatever freedom it seemed safe to give. Having once espoused a progressive movement, moreover, he never turned back.

In this sense, therefore, Mr. Gladstone will stand out forever as a great man; not so much as a profound political philosopher with deep convictions, but as an honest, enthusiastic, influential statesman whose actions were controlled more by sympathy with progress than by pride of tradition.

QUESTIONS AND ANSWERS

Question.—You spoke of Mr. Gladstone being on the side of the South during the Civil War in this country. Did he not afterwards change on that point and agree that the North was right?

Answer.—Not during the critical time of the war. Yet of course he was friendly to this country afterwards and, from his general attitude, it would be proper to conclude that he thought the North was right. The real criticism on him, however, is that he ever should have been on the other side. That a man with his culture, and after thirty years of public life in England, at the age of fifty-three should endorse a slave-holding rebellion, is to my mind a severe criticism and shows that it was not personal insight or profound conviction but the influence of the growth of public sentiment that was the controlling, or rather convincing, thing with Mr. Gladstone. Not that he was dishonest in his position, either before or after, but rather that his views of public policy rested upon so slight a foundation that he could honestly hold them either way.

Question.—Was not Mr. Gladstone more useful as a statesman by reason of his elasticity and ability to change with the new movements of his times than if he had stubbornly adhered to one idea, and outlived his usefulness?

Answer.—Yes, he was in a certain sense more useful than if he had been a narrow, non-progressive obstructionist, stubbornly adhering to one idea; but if, on the other hand, he had been a political philosopher and grasped the principles of industrial and political progress sufficiently to have been right in the beginning, instead of only at the end, of the great movements, he might have been a permanently great leader and profound statesman instead of being a constantly shifting quality in English politics. I do not wish to convey the idea that Mr. Gladstone has not been a very useful man in public life. Indeed he has probably been the most useful man of the century; that is to say, his power of eloquence and personal integrity as a parliamentary leader furnished a great political instrument that could be used in aid of public movements after they had

reached a certain stage of popularity that vouchsafed success.

Question.—Do you not think it correct to call Gladstone the greatest public man of the century?

Answer.—In some senses, yes, Mr. Gladstone was the greatest public man of the century. It should never be forgotten that in all the changes of position Mr. Gladstone made he never once turned back. All his changes were forward. He first opposed and then approved and aided the reform movements; but in all cases, having mounted the van, he never took a retrogressive step. And perhaps the most striking feature of this is that nobody ever seriously charged him with dishonesty. Were a public man to undergo such changes of attitude in this country, he would be abused well-nigh unto death for political hypocrisy and the vilest kind of sinister motives. There was something about Mr. Gladstone's character which forbade any such impeachment. He seemed to be proof against any serious reflections on his integrity.

Question Box

The questions intended for this department must be accompanied by the full name and address of the writer. This is not required for publication, but as an evidence of good faith. Anonymous correspondents will be ignored.

Editor *Gunton's Magazine*: I understand that you had an article in your *Magazine* recently against the practice of tipping. I have missed it; but will you not kindly tell your readers briefly what your exact position in the matter is?

E. C. D.

Our article on the "Economic Effects of Tipping" was in the July issue, 1896. Briefly stated, our objection to tipping is, that it is unsatisfactory to the patron, uncertain to the recipient, and in the long runs tends only to reduce wages to those who receive it. The wages of waiters, barbers, coachmen and others, who are accustomed to receiving tips, are governed by the same principle as those of masons, carpenters and factory workers, namely, by the general standard of living of their class. If the income is from two sources the aggregate will be about the same as if it were all from one source. That is why the wages of waiters are the smallest where the tips are

the largest, and why the wages of all people, who are in the habit of receiving tips, are smaller than those who receive no tips. The same is true of laborers who are allowed to keep a cow or a pig or cultivate a small piece of land; their wages are invariably in proportion less than those who receives no such perquisites. The real mistake is that those who receive tips think their income is larger by the amount, whereas their regular wages are smaller.

Editor GUNTON'S MAGAZINE: As I understand you, one of the objects of the repeal of the corn laws in England was to get cheaper bread and hence lower wages. Did it actually result in any decrease in wages?

J. H. P., Boston, Mass.

No. There was no perceptible decrease in wages, and for two very effective reasons. First, the price of wheat did not fall after the repeal of the corn laws as was expected. The first year after the repeal (1847) the price rose 28 per cent. During the first ten years after the repeal of the corn laws, 1847-1856 inclusive, the average price was actually higher than at the time of the repeal or for the six years preceding. From 1841 to 1846 the average price of wheat was 54s. 8d. a quarter. For the ten years after the repeal the price was about 55s. 5d.

Another fact which prevented wages from falling was the introduction of the ten-hour system. The ten-hour law was passed in 1847, the year after the repeal of the corn laws. The boon to the English workpeople of giving them an hour or more extra leisure a day was a great increase in their social opportunities and a stimulant to their increased social demands, which soon showed itself in a general increased demand for an advance of wages. In fact, it is from this that the improvement in the wage condition of the English laborer really dates. So that while the repeal of the corn laws did not immediately accomplish what was expected in bringing lower prices of food, the ten-hour law did create exactly what was expected, viz., a social stimulant among the working classes for higher wages.

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