











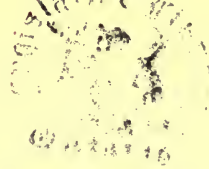






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# GUNTON'S MAGAZINE

GEORGE GUNTON, EDITOR

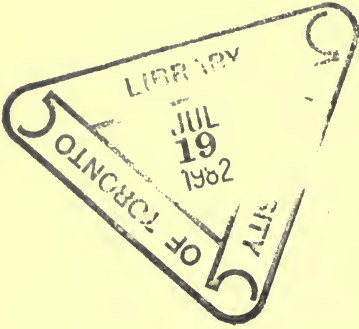
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# GUNTON'S MAGAZINE

VOL. XVI

JANUARY, 1899

No. 1

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*William Stanley Jevons*

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WILLIAM STANLEY JEVONS.

# GUNTON'S MAGAZINE

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## ECONOMICS AND PUBLIC AFFAIRS

### SHALL THE TREATY BE CONFIRMED?

Before the treaty of peace signed in Paris by the Spanish and American Commissioners can become binding as the decision of the United States, it must receive the approval of the United States Senate. Thus far it embodies the demands of the United States as represented by the President and Cabinet. On about every point the Spaniards were compelled to yield to the demands of the American Commissioners. Before this number reaches our readers, probably, this epoch-making treaty will be in the hands of the Senate for its confirmation or rejection.

There are two motives which will find expression in the Senate in opposition to confirmation. One is the motive of party opposition. There is a certain group in the Senate which, for mere party motives, consider it a duty to oppose whatever the administration approves. In certain quarters this is called good politics, but it is never suspected of being good statesmanship. This sentiment is not confined to either political party. Unfortunately there are in both parties those to whom such an attitude seems the highest political duty. From that source a certain amount of opposition to the treaty is sure to come. Happily there are in both parties, however, senators who are capable of viewing this question from the broader standpoint of national policy. Some of these look with grave apprehension upon the whole policy of territorial expansion, particularly the acquisition of the Philippines. They regard this as



a dangerous departure from what has hitherto been the American Doctrine and the traditional policy of the United States. To such statesmen as Senator Hoar, for instance, the annexation of the Philippine Islands to the United States is the beginning of the downfall of the Republic.

The belief that this apprehension is well founded, and that the policy of imperialism which the treaty involves is a very doubtful departure, the consequences of which may act disastrously upon the Republic, is manifestly gaining ground, but the practical question presented to the Senate is not whether territorial expansion *per se* is a wise or unwise policy, but whether under the circumstances the Treaty of Peace should be confirmed or rejected. That foreign imperialism should not be a part of the policy of the United States may be taken for granted. Only undigested sentiment, mere impulse born of military victory, will ultimately be found to support that idea; but the question for the Senate to determine—at least that portion of the Senate which is opposed to imperialism—is, would the end desired be accomplished or even aided by the defeat of the treaty? There is a certain naturalness in the fact that during the war the sentiment in favor of taking from Spain her colonial possessions grew apace, with the success of the American arms. Conquest is always the first impulse of the conqueror. Under the pressure, also, of the villainy of many of Spain's actions, not the least of which was the blowing up of the Maine when on a peaceful visit to a Spanish port, it was inevitable that the sentiment in the United States should grow in the direction of taking from Spain whatever the success of our arms put in our possession. On the strength of this more or less transient sentiment, the administration has acted in favor of expansion and has compelled Spain to acquiesce. Thus the Republic is committed

to the new policy, at least to the extent of owning Porto Rico and the Philippine Islands.

This is all a mistake from our point of view, but the practical question to be decided by the Senate is, Would the rejection of the treaty remedy the mistake? From the mere partisan point of view of embarrassing the administration, to defeat the treaty might be "good politics;" but from the point of view of statesmanship, loyalty to the nation, maintaining the dignity of the Republic and the respect of the civilized world, the defeat of the treaty by the Senate would be a grievous blunder. Whether we like it or not, the war has been fought, the victory won, and despite our opposition Porto Rico and the Philippines have been ceded to the United States. It is too late now to say we will not have the Philippines. If the Senate should reject the treaty it would simply re-open the wrangling and perhaps hostilities. It would prolong the state of war and prevent the resumption of peaceful relations, which is so much to be desired alike for commercial, political and humane reasons.

To reject the treaty because it accepts the Philippines would involve giving the Philippines back to Spain. Neither the American people nor the civilized world would approve of such a course. If adopted, it would belittle the United States in the eyes of the world. Whatever mistake has been made in demanding the Philippines, and especially in giving twenty million dollars for them, has become history, and to reject the treaty now would not put us, nor the Filipinos, where we were before. If, instead of paying twenty millions for the Islands, we had insisted that Spain pay for the destruction of the Maine and the expenses of the war, and demanded the Philippines as security for this indemnity, we might have been in an entirely different position; but the government of the

United States demanded the territory and the terms have been conceded.

During this time Spain has lost all her authority over the people of the Philippines. If, now that the whole status has been changed on the assumption that the Islands would come under the United States' authority, we reject the proposition, we simply add confusion and chaos to the situation. Neither the dignity of the United States, due regard to the Filipinos, nor respect for the civilized world will permit us to take that step at this late stage of the proceedings. Spanish impotence, American skill and vigor, hesitating statesmanship, and the fates all seem to have conspired to put the Philippines under the authority of the United States. The die is cast; the Philippines are ours, and the defeat of the treaty could do nothing but aggravate the situation, belittle the nation, and make a rational, statesmanlike policy less possible. From every point of view it is manifestly the duty of the Senate to confirm the treaty, not because territorial expansion is good policy for the United States, but because the defeat of the treaty will not now remedy the mistake. True statesmanship will seek to remedy whatever mistakes have been committed, not by defeating the treaty but in so shaping the plans under which the new possessions shall be governed as to avoid the evil of making imperialism a permanent feature of the Republic's policy.



## THE ANTI-EXPANSION MOVEMENT

Public opinion against the policy of territorial expansion is making rapid headway throughout the country. An organized movement has been started for agitating the subject and educating public opinion against the tendency toward imperialism. A few weeks ago an Anti-Expansion League was organized in Massachusetts, and now similar organizations or branches of the same are already established in over thirty states. This is a wholesome and, if properly conducted, may be an important movement in political education. The subject of territorial expansion has never been adequately discussed by the American people. It has, so to speak, been sprung upon the nation as the accident of a successful war, and, under the impulse of patriotic enthusiasm and military victory, our acquisition of new territory has been accepted as the finger-post of destiny pointing to a policy of imperialism for the United States.

The dangers to domestic interests in this policy have received practically no public consideration. A well organized national movement for the discussion of the subject would be a great step in the political education of the nation. In order to be effective, however, and not to do more harm than good, it is important that the movement be kept entirely free from any third party political taint. It is also necessary, if the movement is to have any lasting effect, that it be not entirely negative, mere protest against what has already taken place, such as urging the defeat of the treaty in the Senate.

In the first place, it is highly important in the organization of such a movement that its personnel and leadership should be beyond suspicion. Such names, for instance, as Edward Atkinson, Carl Schurz, John G. Carlisle and Grover Cleveland, as vice-presidents and

conspicuous directors of the movement, are well calculated to prevent it from creating any real national enthusiasm. If the movement is dominated by such persons the American people may very naturally be expected to view it with suspicion, and, instead of aiding it, will be likely to support the administration as representing the movement of patriotism and true American interests. The American people cannot be made, and ought not to be made, suddenly to forget the experience this country passed through from 1892 to 1896 under the leadership of this type of statesman. The names of Cleveland and those immediately associated with him properly stand in the American mind for national disintegration and industrial disaster, paving the way to political disruption. Nor can they easily forget his unconstitutional effort forcefully to overthrow a republic and re-establish a semi-savage monarch in Hawaii. If the anti-expansion movement is to bear the evidence or in any way justify the suspicion that it is a third party or a new Cleveland party movement, with a free trade, un-American background, then it may be expected to fail.

We are now well under way towards a period of national prosperity. The cloud of industrial distress, business disaster, enforced idleness and bankruptcy, is lifting, and the sunshine of national progress and prosperity is again upon us. For some time to come, at least, the American people will not readily enthuse over any movement which even remotely may be suspected of bringing in its train the destructive doctrines of Clevelandism.

For this reason the Anti-Expansion League should make its purpose and methods explicit and constructive. It should be wholly educational in its aims, and entirely free from any taint of political party organization. It must not merely oppose the Treaty of Peace. That is too much of an accomplished fact for its defeat

now to aid the anti-expansion cause. To be of real service to the nation, besides opposing the doctrine of expansion and imperialism, the League must advocate a constructive policy for the treatment of the new possessions which have, accidentally as it were, fallen into our hands. Our treatment of these will probably shape the policy for the future, and go far to establish the doctrine upon which the United States will hereafter act.

Thus far, unfortunately, the expression of this movement has lacked all constructive character. It is in the form of a protest. It is this very characteristic that is most likely to create suspicion. As already suggested, the conspicuous names among the vice-presidents and leaders of the movement are notorious for their "anti" or protesting proclivities. They are known to the public as anti-administration, anti-protection, anti-Monroe Doctrine, and anti almost everything that is distinctly American. For this reason pains should be taken to make it clear to the public that this movement is not a mere free trade, anti-Monroe Doctrine movement in disguise. It should be explicit in the formulation of its purposes, with as little unknown quantity in its make-up as possible. In short, it must be clearly non-partisan in character, thoroughly American and patriotic in its spirit and tone, and constructively protective towards domestic industries and interests, and democratic in its colonial policy propositions.

In order to give the movement a national character it should be freed from all ambiguity and suspicion. It must stand for something definite and constructive, both in home and foreign policy. For instance, on the question of the form of government to be introduced in Hawaii, Porto Rico and the Philippines;—Shall they be made territories of the United States on the same basis as Arizona and New Mexico, with the as-

sumption that they may be admitted to statehood in any convenient emergency, or shall they be made into colonies, governed by an extra-constitutional form of government and kept so distinct as to be entirely separable and if necessary be disposed of by treaty to any other nation or nations, or given independent government? The state of mind of the American people on this matter is of vital importance, as it may form the traditional policy regarding the whole subject.

On the question of the "open door" it is quite important that a wholesome educational campaign be conducted. The people of the United States may easily be induced to establish the policy of the open door in the Philippines and other foreign possessions, but if that is used as the entering wedge for introducing the open door in the United States, it would become a mere free trade movement whose influence could only be detrimental to business, and would really strengthen the expansion sentiment.

Some of the anti-expansion organs, like the *Boston Herald*, the *New York Evening Post* and others, have already begun to present this view as showing that annexation of the Philippines necessarily overthrows the doctrine of protection, at least so far as trade between the United States and these new territories is concerned. This seeming effort on the part of those who are conspicuous in the origin of the anti-expansion movement suggests and to some extent warrants the suspicion that there is danger that the movement may be used more for the purpose of destroying our present protective policy than for educating the American people to the dangers of imperialism.

It may not be the conscious purpose of anybody to make this movement really serve the objects of a free trade league, but there are many reasons why<sup>3</sup> suspicions of this tendency may arise. For the sake<sup>2</sup> of



the useful influence of the League, in the direction of sound political education and arresting the tendency of public opinion toward territorial expansion as a national doctrine, it is of the utmost importance that it be entirely educational in its character, and definitely constructive in its programme. The people of this country are not ready for any more disrupting experiments in our industrial policy. A distinct colonial policy, with the view of giving self-government to the new territories as soon as possible, which would make the maintenance of our protective policy for the United States and the "open door" for the new territories rational and feasible, would find wide popular support.

We are not justified in assuming that the administration is committed to an imperial policy, but rather that we have come into possession of foreign territory as an unavoidable incident to a justifiable war. The President's address at Atlanta clearly shows that the administration is following rather than leading events in that direction. The President's statement of the government's position has the ring of patriotism and popularity when he asks:—

"If, following the clear precepts of duty, territory falls to us and the welfare of an alien people requires our guidance and protection, who will shrink from the responsibility, grave though it may be? Can we leave these people who, by the fortunes of war and our own acts, are helpless and without government to chaos after we have destroyed the only government they have had? After destroying their government, it is the duty of the American government to provide for them a better one. Shall we distrust ourselves; shall we proclaim to the world our inability to give kindly government to oppressed peoples whose future by the victories of war is confided to us? We may wish it were otherwise, but who will question our duty now?"



To this sentiment no progressive American can object. This is exactly the kind of appeal to the heart and enthusiasm of the American people that would lead them to endorse the administration in whatever seemed necessary. The real work of the Anti-Expansion League is not to antagonize this sentiment, but to utilize it. It is not to humiliate the administration by trying to defeat the treaty in the Senate, which is now practically impossible, but intelligently to discuss the policy the American government should now pursue regarding the control of this foreign territory as an involuntary duty thrust upon us. Our duty is so to direct affairs as to enable each of these possessions to become self-sustaining as soon as possible. "We may wish it were otherwise," says the President, "but who will question our duty now?" Our duty is clearly not to flood the Senate with petitions against confirming the treaty, but to create a public opinion throughout the country which, through addresses, discussions in the newspapers and petitions to congress, shall inform those responsible for shaping our national policy that the American people are for protecting and developing the industrial possibilities and social life of the people of the United States; that we are not fired with the spirit of conquest and imperialism; that there is no real desire among our people for mere territorial expansion, but that the real interest and impulse of the American people is to raise the standard of our own civilization, rather than to extend the area of our political authority.

If the responsible leaders of this new movement will at the outset take the steps to make its objects clear and entirely free from any third party free trade flavor, it may do a most important educational work, and save us from entering upon a foreign policy which might be full of danger to the Republic.

## SOME VALUABLE WAGE STATISTICS

The bi-monthly *Bulletin* issued by the United States Department of Labor very frequently contains industrial information of great significance and permanent value. It summarizes in easily understandable form the results of investigations that are continually being made, under the direction of the department, into the economic conditions which form the raw material of our great social and political problems. Modern social life is so complex, and touches the individual on so many sides, that a large number of distinct problems are developed out of these varied relations and the data of these problems naturally become the objects of special investigations. Some of these investigations have been very exhaustive, on such subjects as Industrial Depressions, Convict Labor, Strikes and Lockouts, Working Women in Large Cities, Cost of Production, Industrial Education, Economic Aspects of the Liquor Problem, Compulsory Insurance in Germany, *etc.*, and the results have been published in bound volumes. Other reports, of a narrower scope but often very significant, covering such matters as the work of the various state bureaus of labor statistics, legal decisions affecting labor, results of labor arbitration systems, the negroes and Italians in various cities, slum problems in cities, labor of women and children, factory inspection, public baths in Europe, *etc.*, are made public through the medium of the bi-monthly *Bulletin*.

The September number of this publication contains the results of an investigation of wages in certain American and European cities. The data cover a period of twenty-eight years, and are classified according to trades and occupations. This detailed method not only gives us more accurate results than a general lumping of averages, but permits much more definite and intel-

lignant comparisons, both of wages in our own and foreign cities and of wages to-day and in former periods. A few general averages are given, but it is shown just what facts are included in these averages, so that we may know to what extent, if any, comparisons are possible. For instance, a summary of wages in twenty-five representative trades in certain cities of the United States and England, and in Paris and Liege, is given, and, while these are not comparable with each other, each statement may be taken by itself as showing the trend of wages between 1870 and 1896 in these respective groups. The wages are expressed in all cases on the gold basis, so that any element of error due to currency inflation during the '70's is eliminated. The reason these figures for the different cities are not comparable with each other is that they represent a different number of wage quotations in each case.

We give here the daily wages for six different years since 1870 inclusive:

	1870	1875	1880	1885	1890	1896
12 cities in the U. S., representing 255 wage quotations .....	\$2.20½	\$2.24½	\$2.34	\$2.47¼	\$2.52¾	\$2.45¾
3 cities in Great Britain, 27 wage quotations.....	1.30	1.38	1.37¼	1.39¾	1.41¾	1.49
Paris, 21 wage quotations.....	1.06	1.11¼	1.21¼	1.24¾	1.31¼	1.33
Liege, 11 wage quotations.....	.59½	.63½	.62¼	.63¼	.63¾	.66¾

The general trend, it will be seen, is upward, and so these data are merely illustrative, in one more way, of the whole tendency of wage movement throughout at least the latter part of this century, in countries using modern industrial methods. The only marked exception is in the United States since 1892. The highest

point, *i. e.*, \$2.56, was reached in that year, since which time, under the disastrous influence upon business of the so-called tariff reform policy, wages in these cities and trades have steadily declined, reaching \$2.43¼ in 1898, which is lower than at any time since 1881. It is well known that wages in large cities are always much less easily forced down than in small towns or in the country, but even in the cities, according to this showing, the industrial depression due to that experiment in partial free trade put back our wage conditions fully a decade.

The wage statistics classified by trades admit of comparison city with city, because they show the prevailing rates of wages in the specific trades and localities year by year. The figures given in the *Labor Bulletin* cover twenty-five trades and occupations in each of twelve cities of the United States, two in England, and in Glasgow, Paris and Liege. In two of the more important of these trades we give below the wage figures for six different years since 1870, in New York, Philadelphia, Chicago and San Francisco, in the United States, and London, Glasgow, Paris and Liege in Europe :

## BRICKLAYERS

	New York.	Phil'a.	Chicago.	San Francisco.	London.	Glasgow.	Paris.	Liege.
1870	\$3.16¼	\$2.96¾	\$2.78¼	\$5.00	\$1.53	\$1.13½	\$1.06¼	
1875	2.98¼	3.33¼	2.22¼	5.00	1.59¾	1.38¼	1.15¾	
1880	3.12¼	2.55¾	3.50	4.00	1.59¾	1.21¼	1.64	
1885	3.84	3.36¾	4.00	5.35¾	1.59¾	1.21¼	1.64	
1890	4.00	3.77¾	4.00	5.83¼	1.59¾	1.46¾	1.64	
1896	4.00	3.79	4.00	5.00	1.68¾	1.55¼	1.64	

## CARPENTERS

	New York.	Phil'a.	Chicago.	San Francisco.	London.	Glasgow.	Paris.	Liege.
1870	\$2.87½	\$2.42	\$2.12¼	\$3.85¼	\$1.53	\$1.12¾	\$1.20¼	
1875	3.04¾	2.40¼	1.96½	3.61	1.59¾	1.46¾	1.24½	
1880	3.40¾	2.18	2.20	3.35	1.59¾	1.12¾	1.37¾	
1885	3.48¼	2.80½	2.35¾	3.16¾	1.59¾	1.29¾	1.55¾	.78
1890	3.48¼	2.74½	2.29¾	3.24	1.59¾	1.38¼	1.55¾	.78½
1896	3.49¾	2.77¼	2.54	3.21¾	1.68¾	1.55¼	1.55¾	.81

In some of these instances the rise in wage rates is very marked, and may be considered evidence of the effectiveness of good organization. These two trades, in fact, carpentering and bricklaying, as a rule are well organized, and it is by virtue of this fact chiefly that the rates can be and are maintained at such figures as \$4.00 in New York and Chicago and \$5.00 in San Francisco, for bricklayers, and \$3.50 in New York and \$3.22 in San Francisco, for carpenters. The only city which does not show an actual rise in nominal wages is San Francisco, but undoubtedly the reason for that is the rapid cheapening in the cost of living on the Pacific Coast during the last two decades. A general fall in prices since 1870, due to reduced cost of production, has of course taken place throughout the whole country, but in San Francisco and cities of the far West there has been a considerable additional reduction due to the opening of that country and establishment of easy communication with the East. Therefore, the maintenance of the San Francisco wage rate for bricklayers continuously at \$5.00 from 1870 to 1896 undoubtedly means an increase in real wages quite as large as the rise in the nominal wages in New York from \$3.16¼ to \$4.00 during the same period. It will be noticed that carpenters' wages in San Francisco declined somewhat during this period; in other words, the carpenters, for some local reason—perhaps less effective organization—were unable to keep up the rate in face of the exceptional cheapening of the cost of living in that city. But as a result of that reduced cost of living, together with the general fall in prices throughout the country, it is probably true that there was an actual increase in the real wages of San Francisco carpenters, despite the fall in the nominal day rate.

In order to give a little more complete idea of the general movement of wages in various city trades, we:



present the figures for three different years between 1870 and 1896, for blacksmiths, compositors, house painters, teamsters and common laborers.

## BLACKSMITHS

	New York	Phil'a	Chic'go	San Fr'ncs'o	Lond'n	Gl'sgow	Paris	Liege
1870	\$2.24 $\frac{3}{4}$	\$1.86	\$2.51 $\frac{1}{2}$	\$3.80 $\frac{3}{4}$	\$1.46*	\$1.09 $\frac{1}{2}$	\$1.19 $\frac{1}{2}$	\$.68 $\frac{1}{2}$
1885	2.62 $\frac{1}{2}$	2.32 $\frac{1}{4}$	2.88	3.48	1.54 $\frac{1}{4}$	1.21 $\frac{3}{4}$	1.30 $\frac{3}{4}$	.78 $\frac{1}{4}$
1896	2.45	1.78 $\frac{1}{2}$	2.80 $\frac{1}{4}$	3.16 $\frac{1}{4}$	1.62 $\frac{1}{4}$	1.48	1.71 $\frac{1}{2}$	.89 $\frac{1}{4}$

## COMPOSITORS

1870	2.53	2.58 $\frac{1}{4}$	2.88 $\frac{1}{2}$	3.41 $\frac{1}{4}$	1.46	1.11 $\frac{1}{2}$	1.15 $\frac{3}{4}$	.64
1885	3.03	2.71 $\frac{1}{4}$	3.00	3.49	1.46	1.31 $\frac{3}{4}$	1.25 $\frac{1}{2}$	.82
1896	3.14	2.31	3.00	3.35 $\frac{1}{2}$	1.54 $\frac{1}{4}$	1.38	1.25 $\frac{1}{2}$	.79 $\frac{3}{4}$

## HOUSE PAINTERS

1870	2.43 $\frac{1}{2}$	2.39	1.66	3.72	1.43 $\frac{1}{2}$	1.19	1.06 $\frac{1}{4}$	.55
1885	3.30 $\frac{3}{4}$	2.77 $\frac{1}{2}$	2.67 $\frac{1}{2}$	3.00	1.51	1.33	1.35	.65 $\frac{3}{4}$
1896	3.50	2.72 $\frac{1}{4}$	2.61	2.83 $\frac{1}{4}$	1.48	1.38 $\frac{1}{4}$	1.35	.64

## TEAMSTERS

1870	1.69 $\frac{1}{2}$	1.37 $\frac{1}{2}$	1.74 $\frac{1}{2}$	2.63 $\frac{1}{2}$			1.18 $\frac{1}{4}$	.55 $\frac{1}{2}$
1885	2.11 $\frac{1}{2}$	1.73 $\frac{1}{4}$	2.02 $\frac{1}{2}$	2.62 $\frac{3}{4}$			1.21	.55 $\frac{1}{2}$
1896	2.07 $\frac{3}{4}$	1.72 $\frac{1}{4}$	2.02 $\frac{3}{4}$	2.37			1.26 $\frac{3}{4}$	.59 $\frac{1}{4}$

## COMMON LABORERS

1870	1.76 $\frac{1}{4}$	1.29 $\frac{3}{4}$	1.56 $\frac{3}{4}$	2.00			.86 $\frac{3}{4}$	.53 $\frac{1}{4}$
1885	1.68 $\frac{3}{4}$	1.50	1.50	2.00			.86 $\frac{3}{4}$	.53 $\frac{1}{4}$
1896	1.56 $\frac{3}{4}$	1.50	1.50	1.71 $\frac{3}{4}$			.96 $\frac{1}{2}$	.52 $\frac{1}{2}$

There are several interesting points to be noted in these tables. In the first place, the relatively low wages paid common laborers in comparison with the other occupations reflects both the general lack of organization and inferior living standards of the class.

San Francisco wages show the same downward tendency in each of these five occupations as in the case of carpenters, and probably for substantially the same reasons. There is another cause, however, which undoubtedly has a good deal to do with this uniform decline. The carpenters, blacksmiths, painters, etc., who first went out to San Francisco, in the '60's and '70's, were in a sense the pick of the eastern workingmen; they were the more energetic, enterprising and independent

\*1871.

men of their class, and their services being needed in San Francisco, were able to establish and maintain a comparatively high rate of wages, perhaps higher even than the difference in the cost of eastern and western living at that time alone would account for ; but when the great Pacific railways were put through and the West was no longer an isolated community, a more average grade of artisans and laborers rapidly migrated to that section and rendered unnecessary the services of the most expensive employees in the various trades, or at least so increased the number of less expensive laborers that the dearer group was not sufficiently large in proportion to maintain the high rate in the face of a rapidly diminishing cost of living.

It should be remembered, however, that the wage quotations for 1896 do not fairly represent the trend of wages since 1870, either West or East, for the reason that the long industrial depression since 1892 put wages back in almost all employments. This applies not only to San Francisco but to each of the other American cities shown in these tables. Blacksmiths, for instance, in New York City, were paid \$2.92½ in 1892; \$2.84 in Chicago; \$2.15 in Philadelphia and \$3.22½ in San Francisco.

The exceptionally low rate for blacksmiths in Philadelphia in 1896 is not representative of the wage conditions in that trade and city during the last few years. Indeed, it happens to be the lowest quotation in the whole series of twenty-eight years shown in the *Labor Bulletin* table. The rate during the last ten years has averaged in the neighborhood of \$2.20. In 1889 it was \$2.32, which was practically the high water mark. In 1897 it was \$2.05¼. It would not be correct, therefore, to assume that even the nominal wages of blacksmiths in Philadelphia have declined since 1870, for such is not the case.

It should also be remembered, of course, that the increases in money wages shown in most of these citations do not represent the whole truth of the matter, for the reason that the fall in prices, which amounts to an increase in actual wages, is not shown in these tables. Were this cheapened cost of living embodied in the above figures the rise in wages would be much more marked.

Perhaps the most interesting feature of all is the comparison between wages in American and European cities, which comparison, in specific trades, is entirely legitimate. In London, it will be seen the wages are about one-half those in New York in most of the cases shown. In Paris the difference in favor of New York is even greater, and in Liege the wages are as a general rule from two-thirds to three-fourths less than in the American cities quoted. A small part of this difference is due to cheaper house rent, and a part probably to lower prices for some of the necessaries of life. Nevertheless, much the greater part of the difference in wage rates represents an actual difference in the standard of living of the respective groups of laborers in these foreign as compared with American cities. That is to say, while it is entirely true to claim that the cost of living is less in Paris and Liege than in New York or Chicago, the greater part of this simply represents a much narrower range of consumption. That is, a large number of the commodities that are habitually used by American workingmen are entirely beyond the reach of the French and Belgian laborer, and hence do not enter into his cost of living, simply because he does not make use of them at all; and this difference in the cost of living is exhibited throughout the whole range of the laborer's consumption, *viz.*, in a less variety and poorer quality of furniture in the house, fewer comforts, less expenditure for recreation, amusement or

education, not much literature, an inferior dietary, clothing—if not actually inferior, at least worn very much longer before discarded. As to house rent, the apparent money advantage of the foreign laborer generally represents very inferior living accommodations. Investigations into the conditions of the laborers' homes in Europe demonstrate this very clearly. Not only are the homes much less attractive in themselves but they are decidedly inferior in point of sanitation and other requirements of decency and health to the average American home. Furthermore, rent is only one item of expenditure, and even though considerably larger in this country, it forms relatively a much smaller feature in the total expense of living. For instance, it would be grossly incorrect to say that if American wages were double the European, and American rents also twice as high as the European, therefore the two conditions would be equivalent. To illustrate: a compositor in Liege at about 80 cents a day would get, if steadily employed, in the neighborhood of \$20.00 per month. A compositor in New York at \$3.14 a day, would get between \$75.00 and \$80.00 a month. Therefore, if the rent in Liege was \$8.00 per month and in New York \$16.00, this item would consume two-fifths of the entire income of the foreign employee, and only about one-fifth that of the American. Indeed, the New York compositor could pay in rent an amount equal to the entire income of the foreigner and still have \$55.00 or \$60.00 per month left to live on.

This difference in the scope, variety and breadth of workingmen's living conditions is an actual difference in the elements that make up civilization, and hence in civilization itself. Public policies which tend to promote and protect the economic forces that make and maintain superior wage conditions in any country, are trustworthy and sure instruments of progressive civilization.

To allow the unrestricted competition of the inferior with the superior never permanently improves conditions in the place where the inferior originates, but only serves to undermine and drag down whatever higher standards have anywhere been attained. The problems of social and economic conditions can only be solved each in the spot where it arises, and whenever or wherever any such problem is once solved, or a step taken towards its solution, the fruits of that solution must be absolutely secured, or that forward step given a firm and solid footing. Only so can any others hope to come up to the same advanced level and thus share in the new and better order. In the broadest kindness there must often be an element of sternness and resolute setting up of bounds and limits; the greatest responsibility civilization imposes upon the American Republic is that it shall not, through any false or misdirected sentimentality, put in jeopardy any of its high achievements for the race, whether in respect of industrial or political conditions, or the wages and social standards of its great laboring population. The day when the upward movement in wage conditions, of which the foregoing tables are indices, is permanently stopped will, if it comes, be the day of arrested progress for the nation.



## PRACTICAL DEFECTS OF SOCIALISM \*

FREDERICK H. COX

There is a widening gulf between workingmen and employers, an arraying of civilized man into two opposite industrial camps. This is especially true in continental Europe. Many are incredulous of danger, but Europe was as incredulous of a coming second French commune as of the first. What is to be the outcome? What will remedy the industrial ills that threaten a great social conflict? The answer most frequently heard to-day is that all present tendencies point to socialism. So far, however, from that being the correct solution, socialism can only be an experiment—a dangerous experiment—with vast and costly possessions and with civilization itself. Socialism is to be respected for aiming to correct existing faults, but it would be so severe a remedy, if it did abolish certain purely industrial inequalities, as to blight all the other and higher phases of civilization.

In common fairness, socialistic tendencies should not be made to include tendencies to anarchism. The two are entirely distinct. Nevertheless, socialists themselves are not agreed on any one plan of action. Two leading policies are advocated: first, (after socialism has been voted in, peacefully if possible) proportional distribution of productions to each man according to the appraised value of his labor, called “scientific socialism”; second, equal distribution, and the nation to own all the means of production, *i. e.*, everything except private homes.

The first miscalculation in this plan is on the possibility of voting in peacefully a change of basis of our whole legal system of property rights and industrial

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\* Part of address delivered in Association Hall, Boston, Mass.

and social organization. They may try to call revolution evolution, but how is it possible to appropriate all buildings except dwellings, all tools, and all means of production, peacefully? Even if socialism were actually voted in, two things would be necessary really to establish it. For one thing, the men just out-voted would be in a far more desperate fighting mood than were creditors who recently feared that unlimited coinage of silver would confiscate a portion of their loans. Would not these excited non-socialists, in their business houses and workshops, lock the doors and resist ejection? At least a hundred million people have inherited the old English common law that even the poorest man, if charged with no crime, may lock his door and bid defiance to all the forces of the crown, or of a republic.

Then, suppose England and all other wealthy countries were not socialized as soon as Spain, for instance, in whose bonds these nations have millions invested. Or, take this country; Europeans have hundreds of millions invested in American lands, railroads and factories. Europe declared war against the French revolutionists merely to help a king, and it is the policy of all Europe not to allow confiscation of their citizens' property in foreign lands. We could not avoid wars by paying these debts with gold and silver confiscated from our people, because this would be only one-tenth enough, and a good part of it would be taken out of the country by its owners before it could be seized. Our money represents a part of all our wealth, but only a part, and only *represents*. The real property, to the utmost extent possible, would be moved from the country while the states were, one by one, amending their constitutions to bring about this would-be-called "evolution."

How could a socialistic committee decently select the invalids who should be excused from work? Even

our public charities are deceived and drained by many who are merely indolent rather than incapacitated. At best there would be a mixture of favoritism, mistaken kindness and cruelty. More than in the army, more than in slavery, all such infirmities as nervous diseases and other complaints of whose genuineness physicians cannot determine unless the individual can be believed, under socialism could not be judged with any certainty, and enormous deceptions would take place. If, on the other hand, each person's word were not taken, what a number of innocent victims in one generation even would be tortured by the cruel dictum: "Work or die!" If the people's word were taken, what a multitude of paupers!

The three-hour work-day proposed by socialism would have to be eight or ten for all merely to live. Accumulations of wealth for colonizing and evangelizing the world, for inventions, feats of engineering and public improvements, would be impossible. How would socialism then meet famines, floods, volcanoes, earthquakes, fires, or anything requiring great labors and great capital to repair the loss? From whence would come the capital, the guaranty of risks, and the individual enterprise for all the great new undertakings on which the world's progress and improvement depend?

Under the present system production has been great enough to meet all possible contingencies, but distribution is perhaps faulty. Let us look at socialism's plan of distribution. The greatest socialist minds have discarded the theory of equal distribution for what they call scientific socialism. But how will the ferocious equality sentiment, which is always the mainspring of socialism, endure the differences of treatment necessary in a system of distribution according to appraisalment of various kinds of work? What would be the result of saying to one division of laborers: "Here is a six-hour

labor-note for your three-hours' work," and to another having worked as hard and as long: "Here is yours for three"? Yet this is what scientific socialism proposes. If there is discontent at unequal distribution to-day, what will happen if the promised paradise brings worse despotism and nepotism? The elective system serves not to prevent, but to increase, favoritism. If an official would not favor his electors against their adversaries, he would be given the pick and shovel. Unbearable injustice, leading to constant revolutions, would follow any attempt to place in the hands of officials elected by popular vote the right of determining the relative value of and pay for each man's work.

And then, officials will necessarily be many fold more numerous than to-day. An office-holder's great fear would be that his post might be considered useless and abolished. For defence he would swell the importance of his duties from the first. Formalities would be increased, and with them the number of officials. No one would dare propose combining growing offices and discharging superfluous officials for the sake of economy and efficiency. The higher departments would shrewdly fix the wages of labor until they had built up a political machine more corrupt and powerful than the world has yet known. Department officials would favor their own workmen at the expense of good service, that their department might run smoothly. But the nation's income is limited, and discrimination as to pay would cause bitter feeling between departments; and seesaw quarrels would rage in the same department if each were paid according to the appraised value of his labor. Fraternal feeling never supplants self-interest among great numbers; witness the disastrous French commune of 1848. Out of an attempted non-competitive system comes internal competition, dissension, corruption and spying surveillance.



But passing over the dangers of foreign wars, internal revolutions, bitter dissensions, the difficulties of satisfactorily distributing labor forces, of organizing agriculture, of herding animals, of the thousand human activities ignored by socialism, this gigantic artificial scheme, if it worked at all, could not possibly last. Although the law would not permit the use of any surplus possessions for productive purposes, gifts and inheritances could not be long prevented, nor gratuitous loaning. All interest would of course be usury and punishable; but there have always been usury laws, and yet most states have now abandoned them because they are not enforceable. How can the state prevent a saving man from loaning and having the interest merged with the principal? A needy man will gladly give a hundred-dollar note to get ninety dollars, and cannot prove his creditor guilty of usury, nor does he dare try, for he may need to borrow again. What could prevent a man from buying more than his necessity required of grain or other staple provisions, in anticipation of a coming scarcity, later selling them at an increased price? Usury, speculation and smuggling have flourished in all countries; and half the American distilling is done by forbidden moonshiners.

Socialism must inevitably have one of three results;—work as planned, run back to individualism, or bring about a dead equality, with men as unprogressively equal as savages. This last alternative would be the outcome of equal distribution or communistic socialism. Under such a system, of course, there would be no luxuries. Luxuries, however, are the signs of progress. When the skins of animals were used for clothing, in Europe, the first cloth was made to cover a Bavarian prince. To-day cloth is no luxury. Nearly all the modern conveniences of life and many of the necessities—much of our food, even—began as luxuries:—mod-



ern buildings, cottages, hotels, stoves, clocks, all furniture, books and all printed matter, tea, coffee, pepper, sugar, common potatoes—a thousand such things. Had it not been for luxuries man would still be living in caves and huts. Is progress finished? Are the great and good things brought through individual freedom exhausted? Some dreamer has thought so, doubtless, in every one of the last two thousand years of almost continuous advance.

Communitistic socialism, with the government managing everything except the home, would yet restrain the wants of the home; it would repress individual desires, liberty of the press, and even freedom to teach in schools anything disliked by the ruling authority. No criticism of abuses with government running the printing industry! No cartoons upon bosses! The doctrines of the reigning state taught everywhere by the reigning state! Rights of assembly would be prevented by the government refusing use of halls, land or any place where associations could meet to criticise the universal association. Under such socialism, with the emulation of profits gone, luxuries, changes, new discoveries, progress and liberty abolished, there would come equality at last, but a stagnant equality which by natural law would become retrogression and finally barbarism. Civilization is a progression, with changes, innovations and freedom to rise above mere equality. Nomadic tribes in Asia have been socialized quite perfectly for centuries. If, therefore, socialism succeeds in barbarous communities, let it be tried in some section of partitioned China, for instance, and not in any modern nation where it would simply undo the civilization developed from the experience of ages.

## WEALTH AND ITS PRODUCTION\*

A. H. M'KNIGHT

The term "wealth" has been variously defined by economists, some giving it a more and some a less extended signification than it has in common parlance. I shall take it to mean those transferable material things that have a utility and value created by human effort. This definition, it will be seen, excludes human faculties, skill and energy, which are sometimes embraced in the term; and also those useful things whose utility is a gift of nature. Skill and intelligence are very desirable; but they are personal, intransferable, and cannot be wealth. To call them wealth is to confound wealth with man. Again, sunshine and air are very useful; but they are also free, and hence have no value. Any article to fall in the category of wealth must be at once material, transferable, useful, and valuable.

Four factors participate in the production of wealth—Land, Labor, Capital, and Natural Forces. Only three of these factors are commonly given, natural forces being either omitted or treated as synonymous with capital. Although we are enabled to harness many of the forces of nature only by means of capital, yet the two are quite different, and I have thought it best to make a distinction between them.

Land, as the term is here used, means the earth's surface, together with those things that are inseparable from it. Labor is the expenditure of human energy, and capital is wealth employed in the production of other wealth. By natural forces is meant "all natural agencies outside of man and land." Some of these forces—*e. g.* the light and heat of the sun—are gratuitous; while others—such as heat and electricity—can be employed only by the use of capital.

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\*Portion of Gunton Institute Thesis; Course of 1897-98.

A producer is one who creates utility. To give an article utility is to make it capable of satisfying human wants. This it can do only when it is within reach of the consumer. Every effort, then, that brings an article nearer the consumer adds to its utility; for it increases its power of satisfying want. Wealth is produced when it is prepared for consumption, and he is a producer who, in any way, aids in this preparation. It is a mistake to suppose that only those who till the soil or labor in the workshop are producers. The teamster in the backwoods settlement who hauls the produce to market is as much a producer as is the farmer who tills the soil. The lawyer at the bar, the teacher in the schoolroom, the minister in the pulpit,—these must be counted in the ranks of producers. That great class known as the “middle-men” are not robbers. They create utility,—and are, therefore, producers of wealth.

Man creates nothing material. His part in the production of wealth is to place materials so that the forces of nature can act upon them and bring about the desired result. Man puts things into new positions, forms new combinations and relations; and nature does the rest. A plain stick is carved into an ornament, a rough piece of iron is made into watchsprings, bricks and mortar or marble and cement are fashioned into a palace, seed is sown and brings forth grain,—in all these cases man has only brought existing particles into new positions and relations; and every improvement made in machinery, and every invention, is but to facilitate this process.

Desire is the incentive, and some good the object, of all human effort. Men produce wealth in order that they may satisfy their wants. . . . The number of wants a people has and its ability to satisfy them determine its state of civilization. Primitive man's wants were few, and he used simple methods of production in

satisfying them. Land, labor, and natural forces were the factors he employed. His wants were principally of a physical nature. Nearly his whole time was taken up in maintaining life and protecting his progeny, and but little opportunity was had for cultivating the mental and moral elements of his being. But new wants arose, and new methods of production were necessary to satisfy them. An ungratified want will soon die. Man's ability to satisfy his wants is dependent upon his power to command wealth. Wealth is the staff of civilization, and material progress is at the foundation of all progress. . . .

Man becomes dear as wealth becomes cheap. Wealth can be cheapened only as its cost of production is lowered. The cost of production can be reduced only by harnessing new forces of nature. These natural forces are harnessed by means of better organization and capital. Capital is expensive and can be employed to a great degree only in producing for large numbers. The masses consume in order to satisfy their wants. Wants are developed by social opportunity, which can be had only with leisure and wealth. Therefore, to increase and cheapen the production of wealth and to promote progress we must increase the leisure and wealth of the masses.

## DISTINGUISHED ECONOMISTS

### VII—WILLIAM STANLEY JEVONS

Stanley Jevons represents the datum line between the old school of economics and the new. His theory of political economy, which was published in the early '70's, was an attempt to reduce economics to an exact science by the use of algebraic formulæ. He was one of the earliest English writers openly to attack the Ricardo-Mill school. His book, "Theory of Political Economy," like most economic works at that time was chiefly devoted to the discussion of value.

The point of view on value, introduced by Jevons, was neither cost nor quantity but utility. He first, however, made a real contribution in brushing away in a somewhat impatient but most vigorous fashion the rubbish that had hitherto been worked over in economic writings about the different kinds of value, as value in use, natural value, market value, value in exchange, all of which he showed, with a wholesome clearness, was unnecessary clutter. What from the time of Adam Smith had been laboriously written about as value in use Jevons showed, with a clearness not to be mistaken, is simply utility or usefulness, and not value at all. He pointed out in a convincing manner that value is neither more nor less than a ratio of exchange; that it is not a quality or attribute of a thing but simply the ratio between two things.

His book was largely devoted to an elaborate discussion of utility as the motive for all economic action. Utility being the quality for which all things are desired, is, according to Jevons, the basis of exchange. He affirms that the value of commodities in any market tends to uniformity, not on the basis of their cost of production but on the basis of the utility of the article to the consumers. Since every article has a different



utility to almost every consumer, some having a much stronger desire than others for the same thing, the final utility is the utility to those to whom it is least desirable,—who are willing to give the least for it. The theory is that what those will give for the article to whom it is least useful, or least attractive, fixes the price for the whole market, because the least that some will give for it is the most that all will pay.

This “final utility” or “marginal utility” doctrine, which has been considered at length elsewhere\*, has become the basis of what is known as the Austrian School, and has received considerable approbation among the younger economists of this country. To belong to the new school has almost become a fad in certain quarters; but the Austrian economists have not kept the doctrine as simple and clear as Jevons left it. The more the “final utility” theory is discussed the more clearly it appears that it contains very little that will be a permanent contribution to the science. In reality the great kernel of economic truth that was in the Ricardian theory of rent,—the doctrine of marginal cost,—is likely after all to prove the true law of value.

The new school which branched off with Jevons, however, has done much to liberalize the discussion of the subject. It has given respectability to economic protestantism. It is no longer necessary to be orthodox in economics in order to be respectable or to obtain a hearing. The crude statement of supply and demand as the solvent of all value phenomena, and *laissez faire* as the controlling formula for public policy, have been exploded and really relegated to the rear. If the work of Jevons and the new school accomplishes nothing but this, it has justified its existence, and for that we should be thankful.

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\*See “Principles of Social Economics,” by George Gunton, pp. 184-199. Also, “Practical *versus* Metaphysical Economics,” in GUNTON'S MAGAZINE for February, 1897.

## EDITORIAL CRUCIBLE

IN HIS VISIT to Atlanta the President said a great many things which will go far to reduce the last remnant of sectional feeling in the ex-confederate states. The suggestion that possibly the graves of confederate soldiers in the national cemeteries should be cared for by the government the same as those of the federal soldiers seems to have touched a responsive chord throughout the South. And as if to complete the work of touching, almost before the President gets back to Washington a bill is introduced to grant pensions to confederate soldiers. To say the least, this is injudicious. The real friends of the South, who are desirous of burying all offensive references to the confederate cause, would better go a little slow on the confederate pension business.

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MORE THAN one hundred thousand people in New York City are suffering from the Grip. This is the reward for having put the care of its streets in the hands of Tammany. Heaps of mud and impeded gulleys, with the daily contributions of refuse from one end of the city to the other, are ample cause for epidemics. There never was a time when filth would not create disease. It scourged Europe with the "Black Death" in the fourteenth century; it has several times depopulated London and other large cities with cholera, smallpox, yellow fever and other malignant diseases. It occasionally prostrates one of our southern cities. It annually mows down those who are not immunes in Cuba. What filth, neglect and sanitary incompetence does in all other times and places it will do also in New York. With the minimum opportunity, Tammany can be relied upon to guarantee pestilence every time.

THE ANNUAL CONVENTION of the Federation of Labor recently held at Kansas City did great credit to the labor cause in putting itself clearly on record against socialism. It has been a part of the scheme of socialists everywhere to join "the union," not because they believed in the work of unions but in order to get possession and control of the organization for socialistic purposes. At the convention in Kansas City, Mr. Gompers, who has always been definitely opposed to socialism in the unions, led the attack on the socialists, and succeeded in getting resolutions passed declaring that the object of the Federation is strictly to improve the conditions of the wage class, and in no sense to organize a political movement for the overthrow of the wage system. In doing this Mr. Gompers has rendered a real service to the cause of organized labor everywhere. Let the trades-union movement get thoroughly infected with socialism, and the whole community will be against it. The hope of friendly aid for labor legislation will then be gone. Those who try to convert the trades-union movement into a socialist propaganda are the real enemies of the wage class.

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IN THE *Forum* for December, Prof. J. B. McMaster makes a valuable contribution to political literature, under the title of "Annexation and Universal Suffrage." It is a complete review of the history of expansion and territorial government in the United States. Prof. McMaster shows beyond question, both from practice and interpretation of the constitution, that the new territories need not in any way be governed under the constitution,—that they can be, as all our territories have been, governed by Congress wholly independently of the constitution. We are under no obligation, therefore, either traditionally or constitutionally, to make the new territories any part of the United States. Prof.

McMaster shows that they can be and ought to be governed by political institutions adapted to the people, without any regard to the institutions of the United States. This is good sense, besides being good political doctrine. The idea of annexation, in the sense of making the new territories a part of the United States, should not be tolerated for a moment. The new possessions should be treated as distinct colonial political communities, and not as territories waiting to be admitted to statehood at the first political emergency.

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HON. JOSEPH H. WALKER, present Chairman of the Committee on Banking and Currency in Congress, has been speaking rather plainly regarding the status in Congress on currency legislation. No one knows the real inside conditions on this subject better than Mr. Walker, and few really understand the money question as well. Mr. Walker predicts that "There will not be any currency reform legislation or any general banking or currency legislation passed by Congress before 1904." This means that neither the present Congress nor the one elected this year, nor the present administration, will do anything effectively to improve our banking and currency system.

If this be true it is a calamity, and yet the President's Message and the reports of the Controller of the Currency and the Secretary of the Treasury, seem fully to justify Mr. Walker's prediction. The Secretary of the Treasury's recommendation for a reform in the banking system is frankly antagonized by the Controller of the Currency. Thus the President's two Secretaries, occupying opposite positions on this important subject, neutralize each other. If this be true, the nation will have good cause to be disappointed with the Republican administration and everybody knows what happens to a party with which the nation is disappointed.

THE WORK of industrial consolidation seems to be "going bravely on." The pottery manufacturers have completed a trust organization; the tin plate manufacturers have done the same thing. This is in accordance with the natural trend of events; but it is to be hoped that these new trusts will not lose their heads and try to use their larger corporate power for uneconomic purposes. It frequently happens that in the organization of a trust there are a few persons near the center of authority who do not know any better than immediately to use their new power to put up prices, or do some other absurd, uneconomic thing which is sure to bring down upon them the indignation of the community and much unjust criticism, and sometimes mischievous and harassing legislation. The community is justified in antagonizing any new mode of industrial organization or introduction of any new methods which result in raising the prices of the products. Capitalists are justified in any effort at improved organization for the purpose of increasing the success and enlarging the profits of the business, but to be economically justified they must obtain their increased profits out of economies and better methods resulting from their new organization, not out of higher prices. In a few instances the folly of increasing profits by forcing up prices has been tried, as in the case of the copper trust, the nail trust, the cordage trust, etc., and they have failed; not only failed to maintain their higher prices and larger profits, but even in maintaining the principal invested in the business. It is to be hoped that the pottery trust and tin plate trust will not commit the fault of using their larger corporate power even temporarily to increase prices, and thus justify the growing antagonism to capital, which may some day legislate them all out of existence.



# CIVICS AND EDUCATION

## TEACHING OF ECONOMICS IN SCHOOLS

Some years ago the state of New York made the teaching of physiology and hygiene compulsory in the public schools, and almost all the states require temperance instruction of some sort. The justification for this is that ignorance of the laws of health is a menace to the public welfare so grave as to warrant drastic and thorough-going measures for its removal. The evil results of this ignorance affect, or may affect, not only the children themselves but the whole community. Furthermore, the danger increases as our population becomes more dense and civilization more complex. Within the last few decades our towns and cities have multiplied in number and quadrupled in size, and with the crowding together of families in tenements have come sanitary problems that do not exist in rural communities. Unclean and slovenly habits, however disgusting in themselves, are after all less dangerous where people lead an out-of-door life and there is an abundance of land and running water and fresh air to counteract the effects of insanitary living conditions. If disease is developed there it cannot become an epidemic. The very isolation of farm life constitutes a natural quarantine almost as effective as the edicts of a Board of Health. A pig sty in the door yard of a farmhouse is not admirable, whether from the viewpoint of fragrance or scenery, but it may not kill anybody; whereas the same institution in the rear area of a tenement house might develop a pestilence within a month.

And then, the very complexity, the haste and worry, the high pressure and nervous tension of modern life, have made education in the laws of health absolutely imperative. If such a pace were to continue

without any counterbalancing restraints, a few generations would show marked racial deterioration. We have been forced to see the necessity of rest, of recreation, of travel and outdoor exercise, and not only see it but establish the habit of it in those who are growing up, before they get into the whirlpool of business and social and public affairs. So it was a wise statesmanship that prompted compulsory education in the laws of health, and the more the emphasis is laid on this all-important object, rather than on mere technicalities of physiology and anatomy, the more completely will the real purpose of this policy be realized.

Now, we are fast reaching a point where the same necessity ought to be recognized in regard to another and equally important subject. We are most seriously in need, in this country, of wise training for citizenship, and not only for citizenship but for capacity to meet and deal intelligently with the social and economic problems that touch us on every hand. In fact, the case is very similar to that of health instruction. It is only since our national life became so complex and many-sided, and our whole industrial system reduced to a sort of clock-like machine with all the parts dependent upon each other, that the necessity for education in economic and social questions has arisen. Just as sanitary knowledge was not vitally important when most of the people lived apart from each other and nature was the universal scavenger, so a knowledge of the laws that control in the great business, social and political world was not greatly required when industry was simple and crude, and trade limited, and families made nearly everything they needed by their own labor. A calamity suffered in one place expended its force there, and hurt practically nobody but those directly affected. Now, however, a mistake, or a disturbance, or a wrong tendency, or a degrading influence in society, is felt

throughout the community. Nobody, whether he realizes it or not, entirely escapes some measure of the result. And, this is a far better, far more healthful condition than the old. Formerly, if a few families were wiped out by disease, or a man failed in business or lost his position, or another had his wages reduced, or whole communities were living in poverty and degradation, why, it was their own affair and nobody else was particularly affected by it one way or the other. Therefore the conditions that caused these misfortunes could be neglected, and were neglected. Society would do nothing to correct these evils, simply because society was not injured by them.

But to-day it is far different. Business failures react on large groups of investors, and disturb credit everywhere. Men thrown out of employment form a class of unemployed, and either develop into paupers and tramps, to be supported by all the rest, or become revolutionists. A reduction of wages is no longer an individual matter but applies to whole groups of employees, and the cause of one man or one set of wage workers is taken up by vast labor organizations, because they feel and know that if anywhere a backward step is permitted the whole labor cause is weakened. In the same way, if a community permits great masses of population here and there, especially in the great cities, to exist in ignorance and hardship, and grow embittered and resentful and vengeful, and does nothing to start them on the road out of their poverty and degradation, then it will have ignorant and vicious demagogues elected to public office and fanatical laws aimed at property, destructive of business prosperity. This is exactly as it should be, because it makes it impossible for one part of the community to neglect the unfortunate lot of the other and still remain in security itself. It makes wise philanthropy and wise statesmanship not

only desirable but absolutely imperative. One part of the nation cannot progress indefinitely while the other lags farther and farther behind. Of old it was not so, but to-day we must stand or fall together.

And so it is that we have come now to the point where a better and more universal understanding of these problems is a solemn and urgent necessity. If we would keep our nation on the high road of progress we must know how to make the track safe and keep up steam in the engine,—yes, and understand the mechanism of the engine itself.

These problems are not far-away, abstract matters. They touch us on every side. The very word "economics" doubtless has come to suggest a lot of remote, dry, perplexing and bothersome matters that have no part in common everyday life and offer nothing practically useful. This feeling is due to the way in which the subject has been presented and taught and talked about in our colleges and text books, and on lecture platforms. In reality, no subjects come nearer the everyday life of the people than those covered by this much disliked and misunderstood "economics." Every young man about to choose a business or profession needs an economic education; needs to know the laws of prices and wages, and the conditions of business success, and the public policies that will make for his own prosperity and the prosperity of the community on which he depends. Or, if he is going to become a salary- or wage-earner, he needs to know the laws of wages and the philosophy of labor organizations, their objects and methods. To an increasing extent this is becoming true, also, of young women,—those who are earning independent livelihoods and form a growing portion of the wage class, having common interests with reference to wages and hours of labor and working conditions. They need to know that these interests can



be materially helped by acting together, according to correct methods, and by creating public opinion in favor of wise laws in their behalf.

Furthermore, in this day and age voluntary philanthropy is more widespread than ever before. People are even seeking for opportunities either to bestow charity or to aid in practical reform movements. It is of the highest importance that all such efforts should be guided by intelligent understanding of what things really help and what may, on the other hand, actually hinder the work they are trying to do. Probably the greater part of the money contributed and expended for charitable purposes to-day is worse than wasted, because it actually increases the very evils it seeks to remove; and this does not apply merely to soup kitchens and indiscriminate alms-giving but very largely to the organized charity societies themselves. Half of the amount given in charity, if spent on sound economic education with the result of diverting the other half to the support of movements and agencies that really make for social progress, without pauperizing those whom they touch, would go far towards transforming the whole situation.

No, these things are not far-away and abstruse. Every pauper who knocks at your door represents a great social problem that you ought to understand. So does every insanitary tenement, every sweatshop, every dirty street, every corrupt public official, every child turned away from overcrowded schools, every unwise or dishonest public policy. Every reduction of wages, wherever it occurs, represents some economic condition that you ought to understand. Every improvement in public conveniences and service, or in methods and results of industry or trade, has an economic cause, and you ought to understand how such tendencies can be helped along. Every political disas-



ter, resulting in the success of unprincipled men or dangerous policies, represents a bad social or political condition, and you ought to understand that condition and know what forces can and should be aided in breaking up the stereotyped indifference of the people and starting the current of progress toward better things.

How shall this understanding be obtained? Only by education. In the case of adults, about all the opportunity that is offered in this direction is in the colleges and universities, and there the type of teaching is still so largely shaped by the negative, "let-alone" ideas of the English classic school that in many cases the courses might better be omitted entirely, and the young men left to deal with the practical problems of life in the light of their own common sense, even if they do make some mistakes. Give us men who believe in the possibility of doing something and are willing to work towards it, even half blindly, rather than mental paralytics, as it were, who have come out of college so drilled in the dangers and drawbacks of all progressive action that they simply stand aside from the onward work of the world, critical, cynical, indifferent. The education of the future on these subjects must be positive, wholesome and optimistic. It must not take up any problem except with the view of suggesting some practical and effective way of solving it. There is a movement in the colleges in this direction, fortunately, but the number of people reached by these institutions is altogether too limited to give the results needed to-day. Much more could be accomplished by the University Extension plan, or local study clubs.

But most important of all, perhaps, is the necessity of introducing the study of these subjects in the public schools. Economic instruction, of a kind and degree adapted to the different grades, of course, ought to be

made a part of our whole educational system from top to bottom. The public schools reach almost the entire population, and there it is that first impressions are made and ideas formed. Is it any wonder that most grown people have so little comprehension of these subjects, as composing an actual science, when not one word has been said about them in all the years of their school life? And, is it any wonder that the ideas of most people on social economics are so confused, chaotic and indefinite when they have been practically prohibited from learning anything about it until they are suddenly thrown into practical life and meet some phase of it every day. It is made clear to them in school that the subjects they do study are governed by general principles or laws, but they are practically left to assume that the industrial and social and political affairs that will absorb their thought and attention throughout life are governed by accident, luck or chance. There is a really serious lack here in our educational system, that demands earnest and careful attention.

Although it may not be either feasible or desirable to make economic instruction imperative, as in the case of physiology and hygiene, yet public sentiment ought to be developed as rapidly as possible in favor of introducing it in the public schools. It is entirely practicable. Civil government and elementary economics are already taught in many of our high schools, and we have now a working organization in New York state urging that civics be taught in the common schools. The subject is broad enough to permit of gradual development throughout the entire school course, in forms adapted to the different grades. In all subjects taught in schools it is found that as we go down from the upper to the intermediary and primary grades the instruction must deal more and more with concrete things, rather than with abstract ideas. This of course would apply

also to whatever was attempted in the way of industrial, social and political education.

Strange as it may seem, the kindergarten, dealing with the very youngest group of all, recognizes the principle that no great important side of life should be omitted from a scientific system of education. These tots, scarcely out of the nursery, are shown, as a part of their very play, how certain fundamental industries are conducted; how agriculture is carried on, how people buy and sell, how railroad trains are run, and even how elections take place. When a public holiday comes around they are told its meaning, and made familiar with the flag and, as simply as possible, with a few of the great events with which it is connected.

Now, is it not an anomaly that from the time a child leaves the kindergarten until he enters college he learns practically nothing more on all this class of subjects? In the very next grade, the primary, instruction could be continued in regard to the more simple and obvious phases of industry and trade, and as soon as the study of history and geography is begun it could and should be accompanied by industrial history, descriptions of conditions of work and ways of living in different countries, and the effects thereof on the general character of the people. Certainly this would be no more difficult of comprehension by pupils of ten than the instruction already given to children of no more than seven or eight years of age in regard to the effects of alcohol and narcotics, impure air, bad drainage, etc., upon health. At a little later stage, industrial history could be given with more of a philosophical element in it; that is, with the constant purpose of showing the causes of the great industrial changes that have taken place, especially since the Middle Ages, and the effects of industrial conditions upon the home life, the intelligence, religion, and political rights of the people.

The possibilities of this sort of instruction were demonstrated in the School of Social Economics before it was merged into the Gunton Institute. One large class of boys and girls, fifteen, sixteen and seventeen years of age, was given regular lectures in industrial history, showing the relation of industry to social and political life and including descriptions of old and new methods of industry, the great inventions and changes of the last hundred years, the rise of the factory system, and wage system, the labor movement, and so on. It was made plain from the experience there that pupils considerably younger would have been able to comprehend and profit by practically the same course.

The other class, ranging in ages from sixteen to eighteen, and some nineteen, received regular instruction in economics, covering the principles of social progress, wealth, capital, prices, wages, profits, rent, interest, money and banking; also, such public policies as taxation, protection, free trade, factory laws, etc. They even went into analysis of proposed social reforms, such as socialism, single tax, free silver and the like.

These latter topics would undoubtedly be too advanced for any grade of grammar school work, but they should be made an important feature of the high school curriculum. In the higher grades of the grammar schools, however, scholars might have instruction in the forms of civil government and also a course in industrial history fully as comprehensive as was given to the younger class in the School of Social Economics. Pupils of that age also ought to be old enough to learn what a bank is, what a corporation is, what law is, why we need laws and how they are enforced. They ought to be taught patriotism and the meaning of good citizenship; ought to know what good city government demands in the way of clean streets, plenty of schools,

parks and libraries, honest elections, honest officials. At the George Junior Republic, near Freeville, New York, it has been shown that young boys and girls, even from the slums of New York, not only are able to comprehend such matters intelligently but can even govern themselves and carry on a little republic almost independently of adult help. Furthermore, at this age, scholars might be shown in a rudimentary way the great simple principles which determine the wages of the different sorts of laborers they see at work all about them, and the laws that fix the prices of the things they see displayed in the stores, and also could have explained to them the influences in domestic and village and city life, and in the nation, that are wholesome and ought to be encouraged, and those that are not and should be opposed.

Does this require too high an order of talent in teachers? Not if the subject is reduced to a system and a proper variety of text books prepared, with reasonable regard to the capacity of different grades, and the whole embodied in the educational process just like any other subject now so included. Teachers would not be able to give instruction even in such subjects as geography, history, physiology and the simple natural sciences but for the fact that these are established topics to which the best thinkers in educational work are devoting their time and study, and on which the best text books that money can procure are being written and used. But, if this new line of instruction should really mean that a somewhat higher grade of talent in teachers is necessary, then so let it be, and the community ought to be ready to pay the higher salaries necessary to procure it.

Of course, it must be admitted that the chief value of the instruction that could be given to children of from twelve to fifteen years of age would be as a preparation for continued work of the same sort in high



schools and beyond. But even with the great mass of children who get no farther than the grammar school, it ought to be possible to lay the foundations for clear ideas on many of the economic problems they will encounter later in life. In whatever is taught up to this time, the emphasis could be laid on certain fundamental ideas in such a way as to leave impressions, at least, that will be developed by experience into clearer thinking and more intelligent conduct than would otherwise have been possible.

The civilized world agrees that young persons must learn how to write, to read, to count, and must know the principal facts about the earth and its people, and the chief points in the history at least of their own country. But men had to live and get a living before writing or reading or mathematics were known, and before geography meant anything more than forest trails and rude stockades, and before there were any historians other than savage cairn-builders, or nature herself, writing her own story and blotting out man's. Those were the times when men lived, fought and labored each for himself and against the other. But men needed to understand each other, and language appeared, and each generation taught it to the next. They needed to trade with each other, and mathematics appeared, and was handed on down. They needed to live together, and government appeared, and was learned by the young men from the fathers. And now we have to come to the point where we have to *work together* for the very means of life, and we are interdependent, and none can exist alone. This is the last and most important step of all, and only lately have we been finding out how thus to work together for the best and completest good of all. To teach what we have so far learned is the next and present duty.

H. HAYES ROBBIN

## CIVIC AND EDUCATIONAL NOTES

The students of Princeton University have almost unanimously abolished hazing, and appointed a permanent committee to enforce this prohibition. Coming from an institution so near the top in athletics, this action shows a growing appreciation of the difference between legitimate manly sport and brutal rowdyism. Numerous other colleges had, morally at least, set this example prior to the action of the Princeton students, but there are yet many others that ought to be in line. Within a few months, for instance, the public has had occasion to know that Columbia is somewhat in need of the same reform that has been instituted at Nassau.

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Contact with superior conditions or superior types of people, when these superior conditions and types are not set off by superstition or despotism in unapproachable groups by themselves, is a powerful incentive to progress and improvement. It is for this reason that we find, what at first glance seems a surprising thing, that there is a very widespread and earnest ambition for education and important position in life among the children of the East Side poor in New York City. The work of the mission societies and social settlements does much, of course, to stimulate this wholesome discontent and ambition. The consequence is seen nearly every fall when the children of the East Side apply almost *en masse* for admission to the public schools, and a considerable number of them regularly have to be turned away for lack of accommodations.

How serious a matter this is cannot fully be realized until one comes to study and understand the laws and methods by which the progress of civilization goes

on. It is precisely the function of wise public policy or private philanthropy, first, to introduce into these sections elements which will create ambition and discontent with inferior conditions, and then, when the movement for something better has been started among these people, to furnish them opportunities for acquiring the education they desire, and aid them in establishing better living conditions. What encouragement can workers for social elevation in the slums have when, after all their efforts to stir up desires for something better among these people, the opportunities for such progress are not furnished by the municipality?

Last winter the present city government of New York blocked the construction of new school houses, on the ground that the debt limit of the city had been passed. This fall, therefore, the Board of Education included its estimate for new school houses in the annual budget, to be raised by taxation. The Mayor, in order to dodge this, and gain to his administration the humbug credit of keeping down the tax-rate, see-saws again on the matter and cuts out \$10,000,000 requested by the Board for some twenty-eight schools, explaining that this will have to be covered sometime in the future by bond issues! Doubtless, when the question of issuing bonds for these school houses is brought up, it will again be discovered that the debt limit prevents it.

If ever there were cause for discouragement over the prospects of municipal progress in this country it is when we find, here in the metropolis, an administration hostile, apparently, even to one of the simplest fundamental functions which good city government ought to perform, and this purely to make political buncombe for campaign purposes. There is one cause for gratification at least, namely, that this utterly narrow-minded, selfish and backward type of governmental policy was not, in the recent election, extended to the state as well.

# SCIENCE AND INDUSTRY

## DECLINE IN RAILWAY RATES AND PROFITS

JOHN MOODY

The evolution of commerce and industry during the past generation is perhaps more interesting to the student of economic science than any other phenomenon in the whole range of progress. The vast increase in the world's wealth, brought about chiefly by the labor-saving inventions and discoveries of the present age, has been peculiarly far-reaching in its effects, and has wrought significant changes in all walks of life. But it is to be noted that the general tendency of change has been distinctly from a lower to a higher plane, from less to more civilization. Wealth of all kinds is more readily accessible; it is cheaper and within the reach of many, where formerly it was only at the command of a few. All the many changes in the methods of production have tended to cheapen wealth, through lowered cost, and consequently have given us lower prices. With lower prices (or less *nominal* return on capital) interest rates (also return on capital) have naturally fallen in about the same ratio.

Now there is a generally prevailing impression that the *actual* return on capital has materially decreased during the past fifteen or twenty years. It is constantly pointed out and used as an unanswerable argument that whereas the capitalist could formerly put out his funds at an average rate of 6 per cent. to 8 per cent., he can now barely realize 3 or 3½ per cent. Hence, it is said, his income has been practically cut in two. But the fact is forgotten that while nominally his rate of income has been much lessened the *actual* return on his money has by no means fallen in the same ratio. The real value of

wealth is always to be ascertained by its buying power, and it requires but little examination of the subject to see that the investor's  $3\frac{1}{2}$  per cent. to-day will produce about as much *real value* (in commodities) as 7 per cent. formerly would. Prices and interest rates being practically identical and governed by the same law, they have fallen in about the same ratio. They have both fallen by reason of cheapened cost of production, chiefly brought about by the world-wide use of labor-saving appliances and methods.

This economic movement has been nowhere more conspicuous than in this country. Everywhere in the United States the nominal rate of return on capital has tended downwards and is still aiming in that direction. Perhaps nowhere has this tendency been more conspicuous than in the railway world; and it is here, where I have been at special pains to gather facts and illustrations, that the movement can be more clearly shown and proven; for the railways are affected by the changes and vicissitudes of all trades and industries from one end of the land to the other. Being, as they are, like the blood vessels of the body, a vast network of vital strings which enter into and are affected by the condition of every part and section of the body itself, nothing connected with commerce, industry or enterprise can fail to affect them either favorably or adversely. Many industries are directly intertwined with others, some are indirectly connected and still others are in no way dependent on or connected with any other; but the railways are directly connected with and dependent on the success of practically every other form of industry.

The rate of return on money invested in the railways has radically decreased during the past fifteen or twenty years. I have selected seventeen of the largest railway systems of the country and figured out the average net return on capitalization (stocks and bonds) in



1880 and 1897. In 1880 this was 10.1 per cent.; in 1897 it was 4.6 per cent. While these figures are only approximately accurate, as the stocks of some of the companies only partially represent actual cash paid in, yet the downward tendency is clearly shown.

A statement of this kind causes many to conclude immediately that the railways are on the whole about 55 per cent. less profitable than they were seventeen years ago. Nominally they are, but measured in real wealth they are actually earning about as much as when they returned 10 per cent. upon their capital in 1880. In fact in this period wealth itself has been cheapened to just about this extent. The average buying power of money for everything (except labor) has increased in the same ratio. This does not mean that gold, the measure of value, has appreciated *per se*, as the silverites claim. . If this were so the price of labor as well as of other commodities would also have fallen. As a matter of fact, however, the price of labor, like that of some other commodities independently affected, has risen materially. This is well; for the welfare of the community depends almost entirely upon the buying power of the dollar in its relation to human labor.

This wealth-cheapening tendency is, to my mind, a purely economic one and is therefore inevitable. The average investor in railway properties who complains because his return does not equal that of a dozen years ago is simply butting against a stone wall. To ask for 8 per cent. today because he received it fifteen years ago, is practically asking for twice as much as he received then. Possibly it costs him more to live now, but he lives better, has more comforts and gratifies more wants. If he lived today precisely as he did then, he would often find himself with far more cash on hand than he now has. Statistical records prove this clearly enough for the satisfaction of the most skeptical.

A careful analysis cannot but justify one in the conclusion that it has been largely due to the overlooking of this world-wide economic movement—this tendency to a nominal decrease in return—that so many of our railroads have been forced into bankruptcy during the last half dozen years. There have been in many cases other, though principally temporary, causes which have operated to the detriment of various railway lines, but a brief examination of the subject will prove this to have been the underlying one. The great railway companies of this country were originally bonded at from 6 to 10 per cent., many with long time obligations not maturing for years to come. In those days financing of this kind was looked upon as extremely conservative, for in view of the prosperous condition of the country, its rate of growth and future possibilities, even the least sanguine could not fail to see visions of enormous returns not only on cash actually invested but also on securities which represented little more than “good will” and voting power. And for a time these predictions seemed to be verified. But capital being attracted by abnormal profits, abnormal extensions in building took place, cutting down profits through increased competition and less profitable expenditures. And during all this time the economic forces which I have referred to were at work; freight and passenger rates were steadily declining year after year while the costs of operating were reduced in a far less degree, and interest charges remained practically the same. Then began the movement for self-preservation, which many companies sought in consolidation, hoping thereby to achieve economies in management, lessen disastrous competition and so increase net returns. Great gains were made in this way, but as the world-wide tendency of profit still continued downwards, while interest charges could be in no wise materially reduced, a limit was soon logically reached.

By this time many of the large companies had abandoned dividends and were struggling keenly to keep themselves solvent and take care of current obligations. Many were sailing far too closely to the wind, and occasionally when special causes entered in, such as poor crops, bad management, or a particularly heavy bonded debt, disaster was the only outcome and receiverships became all too plentiful. Then came the panic of 1893 with its attendant disasters, and the end of the following year found more than fifty thousand miles of railway in the hands of the courts.

While the direct cause of this condition of things was the general financial collapse which overspread the land during the panic, it will be found that very few of the railroads would have been forced actually to assign had it not been for the fact that while the percentage of return on their capital had steadily tended to decrease, their interest charges had remained practically rigid and could not be reduced. This is proved by the figures furnished by the Inter-State Commerce Commission reports, which show that passenger rates fell from 2.349 cents per passenger mile in 1888 to 2.004 cents in 1895, a decline of fifteen per cent.; and freight rates, which in 1888 averaged 1.001 cents per ton mile, in 1895 were but .839 cents, a decline of nearly 20 per cent. As compared with this, "Total deductions from Income," or fixed charges exclusive of dividends, increased from \$2,242 per mile in 1889 to \$2,396 in 1895.

Thus, we trace the primary cause of railway disaster in this country to the single fact that through the inevitable working of economic forces and through no apparent fault of their own many companies found themselves paying far above the current rates of interest on the bulk of their loans. This condition of things was in the majority of cases unavoidable and could not have been foreseen, but it was undoubtedly the im-

portant factor in the railway crash of a few years ago.

Since this time a complete revolution has taken place in methods of railway finance. The finances of more than 60,000 miles of railway have undergone reorganization or readjustment since 1893, and in many radical changes which have been made the falling tendency of interest and freight rates has constantly been kept in view. From organizations with burdens that handicapped them at every turn, nearly all have got down to a modern business basis with outstanding obligations funded at something near the prevailing interest rates, and with provisions for further reductions in charges in the future. This is as it should be, for although we may not expect any more receiverships at present there is nothing to indicate that rates will not fall still lower in the years to come. Combinations in and the pooling of rates, even if finally legalized, are but temporary expedients, as the inevitable working of economic law has proved again and again.

How far this economic movement which is so evident all around us will continue, it is impossible to say. It is clearly governed by cost, but concentration of effort and economy of operation have a limit somewhere, and the point of minimum cost must one day be reached. But to say where that point is would be the merest speculation. Causes are constantly operating and will continue to operate, to an extent which it is indeed difficult to guess. See the revolution which has taken place in the methods of street railway transportation during the past few years. On every side we see new ideas and new methods of production and distribution developed every day, and what kind of a civilization will finally evolve out of the present progressive but rapidly changing state of society no man can tell.



## SCIENCE AND INDUSTRY NOTES

A table recently published in the *Railroad Gazette* reveals some interesting facts in regard to surface and elevated railway travel in New York City. Since about 1891 there has actually been a decline in the amount of travel on the elevated railways, and an increase in that on surface lines. During the years 1895 and 1896 this increase in surface railway travel was very marked, rising from about 265,000,000 to 380,000,000 per annum. This has taken place since the wholesale abolition of horse cars and consolidation of street railway lines. Elevated railway travel declined between 1891 and 1897 from about 213,000,000 to 182,000,000 passengers per annum. It is to be hoped that this is an indication that New York City will not be defaced by any more of these hideous, unsightly, noisy and dirty overhead structures. If the remarkable improvement in the quality and efficiency of surface road accommodations results in heading off the necessity for extension of the overhead system, this achievement will not be the least among the vast benefits that electricity has conferred upon the populations of large urban centers.

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Little by little the truth that prices ultimately rest upon the cost of production and are not governed merely by supply and demand gains recognition. Even in the case of the low price of cotton, which has almost universally been attributed to excessive supply, the fact is finally being developed that at bottom of this declining price there has been a steady reduction in the cost of producing raw cotton. On this point *Bradstreet's* says, in summarizing the results of an investigation made by the *Journal of Commerce*:—



“The answers received indicate that there is a general consensus of opinion to the effect that the reduced price of cotton does not imply any setback to the general business prosperity of the South. It is recognized that the cost of producing the staple has been materially lessened during the years of steadily-falling prices, the cost of production in some sections being only one-half of what it was ten years ago. The belief is expressed that 5-cent cotton will, as a rule, leave a moderate profit to the grower.”

It would seem as though the fact that along with the steadily declining price of raw cotton its production has increased year after year, ought to have been evidence enough that reduction in the cost was the real factor that made the lower prices possible, rather than mere over-supply. Had it been over-supply alone, without a diminished cost, all the cotton producers would have gone into bankruptcy or else ceased producing. It is this same law which has operated in the case of wheat and of silver; both of these products have been steadily declining in price and yet their production has increased year by year. In other words, although the operation of the law is often more obscure and more frequently interrupted in the case of agricultural than of manufactured products, it does at bottom operate just the same, and is the primary cause underlying all great price changes.

## CURRENT LITERATURE

### BÖHM-BAWERK ON KARL MARX\*

Few books published since the middle of the century have caused more disturbance in economic thought than Karl Marx's "Kapital." Marx is the prophet of "scientific socialism," and his "Kapital" is the Bible of the revolutionary movement throughout Christendom. It impeaches the integrity of modern industrial institutions and charges that the profitable increment in all capitalistic enterprise consists solely in the robbery of labor, and as a logical consequence declares that the only means of securing labor against this economic plunder is the overthrow of the economic structure of society which permits of private ownership of capital in productive industry.

While Marx's book is a formidable attempt to state a complete body of economic doctrine scientifically verifying the charge that the profits of modern industry are robbery of labor, the foundation tenet in his whole system, and without which his whole structure would fall, is his theory of "surplus value." Take this away and the whole Marxian system is but an empty railing against society; leave this in, and, whatever defects his reasoning may contain, his main charge that modern industry rests upon robbery remains intact.

The peculiarity of Marx's critics—and their name is legion—has been that they have attacked every part of his system except this one, which is its foundation. Under the title "Karl Marx and the Close of his System," Dr. Böhm-Bawerk has published a book of two hundred and twenty-one pages, which the author evidently thinks has demolished the whole Marxian doc-

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\**Karl Marx and the Close of his System.* By Eugen v. Böhm-Bawerk. 221 pp. \$1.60. The Macmillan Company, New York. 1898.

trine. In view of Dr. Böhm-Bawerk's reputation the title of the book creates high expectations, but a careful reading of the entire volume dooms the reader to one more disappointment. The book is written in the author's best style, the criticisms are carefully elaborated, and convey an evident intention to be fair. The space is largely devoted to Marx's third volume, which has not been translated into English. He shows very clearly that Marx at times was loose in his reasoning and inconsistent in his statements. He does this successfully by pitting Marx against himself. All this is very cleverly done, but the same thing is possible to a considerable extent with almost any author. Böhm-Bawerk's own works might without difficulty be subjected to this process, as the Bible has been so many times, yet without having any appreciable effect upon its authority and influence.

Dr. Böhm-Bawerk has written a very interesting review of Marx's book, but it cannot in any sense be regarded as a refutation of the Marxian doctrine. The objection to his criticism is that it attacks only the details of Marx's doctrine and leaves the vital part untouched. In the first chapter our author states Marx's theory of surplus value, much of it in Marx's own words, taking the literal illustrations Marx uses. If there is any fundamental error in the Marxian theory it is exactly at this place and in this chapter, because it is here that Marx, by a process of statement and illustration, attempts to show how, by doubling the hours without doubling the pay of the laborer, one hundred per cent. of surplus value is created out of unpaid wages.

This is all cited by Dr. Böhm-Bawerk without the slightest challenge. He takes it for granted, and then devotes the remainder of his criticism to showing that certain subsequent reasonings are not consistent with this proposition. But all this is comparatively unim-

portant. If Marx's main proposition is conceded, whether he reasons correctly on all the details of his doctrine or not is of little account. If his theory is true that under the capitalist system the surplus value is created by and only by "exploiting" the laborer, the Marxian doctrine will stand; the socialist movement will continue; all criticisms will be essentially impotent as long as this foundation proposition remains intact.

In following Marx, however, through a labyrinth of subtle statements Dr. Böhm-Bawerk has revealed many of his own errors. For instance, he quotes approvingly Marx's admission that the average profit enters into the "price of production" of commodities, and the value. This is indeed inconsistent with Marx's fundamental proposition, but it is an error. Marx was wrong in this assumption.

Profits are surplus, not cost of production. As to average profit, there is no such thing. There is in society neither an average rate of profit nor a tendency toward an average rate. Profits are the constantly varying increment of production, differing with almost every individual enterprise. There is a tendency to uniformity of price for the same thing in the same market, but not to uniformity of profit, except in a purely static society. It is this constant variation of profit which is the direct result of constant variation in cost, per unit of product, due to improved devices in machinery and management, that constitutes the economic progress of society, and so long as industrial progress continues profits will be a constantly varying increment.

In making this admission Marx but fell into one of the errors of the old school, from which our author is evidently not entirely emancipated. It is not surprising that Marx should retain many of the errors of the early English economists, as it was from their writings that he studied the subject. The real question for the

critic of Marx to decide is not, has Marx retained some of the old school errors, but is the doctrine that is peculiar to his system defensible? Much in Marx's doctrine is old and much of the old is erroneous. The part which is entirely new, and that which is the basis of all the social propaganda for a social revolution, is the proposition that "surplus value," or the profits of industry, are the *robbery of labor*. That proposition was not in the old literature. That is the doctrine that is peculiar to Marx. That is the theory that is being promulgated by the socialists who are demanding the overthrow of established institutions and existing order of society; and that is the doctrine that is still left untouched.

The kernel of error in Marx's theory comes from the incorrect statement of the labor-cost principle, which he took bodily from Ricardo, *viz.*, that the value is determined by and proportionate to the quantity of labor expended in the production. It was by strictly adhering to this that Marx worked his trick of exploitation. The real error Marx committed at this point was in following Ricardo and confounding the quantity of labor with the cost of labor. If Marx had substituted in his original theory the cost of labor for the quantity of labor he would have been entirely right, but he would not have been able to show that profits are exploitation of the laborers. He could not have discovered that by doubling the number of hours the laborer worked per day he created a surplus value equal to the wages paid. Our author points out that "The day's product of the sculptor, of the cabinet maker or the violin maker or the engineer, etc., does certainly not contain an equal value, but a much higher value, than does the product of the day laborer or a factory hand, although in both the same amount of working time is embodied." Of course not. This is one of the blunders that Marx was



led into by the false assumption just referred to of making *labor time* instead of *labor cost* the basis of value; but in pointing out this inconsistency Dr. Böhm-Bawerk does nothing really to impeach and offset that part of the Marxian theory.

The work is an interesting criticism of Marx, and makes many valuable points against the socialist prophet, but it is characterized by a wonderful amount of cock-sureness which is not at all cock-sure. Many propositions are taken for granted and reasoned upon as if they were self-evident, which are old school errors equal to any that enter the socialist theory. Marx's theory of surplus value is a false theory. It rests upon a trick of statement which has its foundation in an erroneous Ricardian postulate. On that trick of statement, which contains a perfect somersault of reasoning, Marx bases his entire theory; but that very trick of statement and somersault of reasoning is passed over and practically taken for granted in the book we are now considering.\*

Dr. Böhm-Bawerk has given us an interesting criticism of Karl Marx's third volume, but he has not given "The Close of his System."

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\* For a complete analysis of this fundamental error in the Marxian doctrine see Gunton's "Principles of Social Economics," p. 251. So far as we know, his theory of "surplus value" has not been successfully met anywhere else in economic literature.

## ADDITIONAL REVIEWS

CHRISTIAN RATIONALISM. By J. H. Rylance, D.D. Thomas Whittaker, Publisher, Bible House, New York. 1896. 220 pp.

Strong in logic, modern in tone, and wholly admirable in spirit. The author writes with the quiet reserve power of one who has thought very earnestly and deeply about the place and function of religion in a world fast coming under the conscious control of scientific knowledge. It may be said that in his conclusions Dr. Rylance rises to a plane above that of the mere controversialist, radical or conservative. Frankly conceding that most of the theological concepts of the past must give way before the new light of to-day, he still maintains that creeds and institutions are no more than the outward expression of a permanent religious element in man, and therefore that no possible harm can come by continual readjustment of theology to the intelligence and needs of successful eras of progress. Writing from within the precincts of the orthodox church his discussion of such topics as free thought, reason and faith, and the like, is particularly fair, courteous and reasonable, yet without the mere "mush of concession." Pervading every page, indeed, even though in the background, one is conscious of the author's dignified and unshaken confidence in the permanence of the idea and forces which organized religious effort represents.

Such a book cannot fail to exert a good influence. It is one of the signs of a movement whereof there are many indications all about us to-day, that we are coming up out of the controversialist era into larger things, —out of speculation into accomplishment, out of mere dissension and sparring into a harmonious coupling of the forces of religion and science in large-minded, creative work for the progress of humanity.

MUNICIPAL REFORM IN THE UNITED STATES. By Thomas C. Devlin. G. P. Putnam's Sons, N. Y. 174 pp.

The tone of this book is the more gratifying because it is very different from that which characterizes much of the literature on this subject. Three-fourths of everything that is written on municipal reform is either overburdened with mere cynical criticism or devoted to building up some impracticable theory of non-partisanship. Mr. Devlin, judging from his book, is neither a partisan nor a politician, but he recognizes the necessity of organization in order to accomplish anything in public affairs. Throughout his discussion he lays the emphasis on the particular reforms that ought to be introduced in municipal government, urging the necessity of a public opinion strong enough to carry through these measures and see that they are enforced. Speaking of the function of reform societies or movements, the author takes almost exactly the position that has often been advanced in these pages:

“The local reform societies which will hasten the desired reforms in the government of cities will be those which can lay aside the bickerings and strife of local politics; which can discard the old idea that reform necessitates complete destruction of that which is; which can recognize good in many present officials, whose personality is proof against the bitter accusations of ignorant gossipers or defeated politicians and whose co-operation would materially advance the best interests of cities; and which link themselves with larger orders and profit from the thought of the most advanced students of the subject.”

On the matter of expenditures for municipal improvements, salaries for capable officials, elections, civil service, etc., Mr. Devlin is also in line with sound principles of political science. His book is a wholesome contribution to the literature of civic progress.

## AMONG THE MAGAZINES

In the December *Review of Reviews*, Dr. Albert Shaw, writing about the late Col. George E. Waring, says:

Wasteful  
Economy

“ His conduct of the department was always from the standpoint of the Board of Health rather than from that of the fiscal authorities. He saw clearly that the city can never afford to spend money grudgingly when the result of such expenditure is shown in a decided reduction in the rate of sickness and death.” On this point Col. Waring was fundamentally right. It is a poor economy that sacrifices either human life or civilization to a low tax rate. The utter failure of the street cleaning department in New York during the recent snow-storm is a sample of how this latter idea of “ good husbandry ” works. For a whole week the streets of the second city in the world were in a condition that would have been disgraceful in any western boom town.

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*Littell's Living Age* quotes an article from the *Speaker* (London) on “ Tolstoy's Plan of Redemption.” There

Tolstoy's  
Plan of  
Redemption

is a peculiar fitness in the description applied to Tolstoy in this article, as the most pathetic figure in Europe. One indeed reads his wild and utterly unfeasible scheme for the abolition of nations and patriotism not so much with a sense of indignation, or even of amusement, as of regret at the manifest and pathetic decline in the mental attributes and grasp of the man who only a few years ago made a world-wide and deserved reputation in the field of literature. Tolstoy's plan of putting an end to war by having the peasants and artisans in all nations simply refuse to be drafted into the service, thus leaving governments without support, is well referred to by the commentator in the *Speaker* as something that could

only be conceived in a "most childlike mind." It is the idea of "whole races acting like a few visionaries in defiance of fundamental instinct." The doctrine of non-resistance practically applied would simply mean progressive overthrow of all the higher and finer things that have been developed in the progress of civilization, by the lower, coarser and more brutal elements below. Maintenance of higher standards involves, and always will, a certain amount of conflict with the lower, or so long as the lower itself is not raised to the higher level. As the article in the *Speaker* says: "War is horrible, many wars are unjust, and patriotism is often foolish; but this is only to say that human nature is very imperfect. It cannot be reconstructed on a wild plan which leaves out all the elements that have played the strongest part in the human evolution."

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In the *Charities Review* for December Mr. John H. Patterson, President of the National Cash Register Company, describes in detail the improved conditions and opportunities for employees that have for some time been established in his factories at Dayton, Ohio. We have personally visited the Dayton establishment and Mr. Patterson's description in this article does not exaggerate in any way the very excellent, humane and enlightened policy that has been followed. This applies not only to the attractiveness and sanitary conditions of the factories themselves, but to hours of labor, literary and social facilities, mutual aid societies, etc. In summing up his article Mr. Patterson says:

Enlightened  
Selfishness

"The results are found in the increased intelligence and higher character of the employees; the happy home life which is evident everywhere in the building and in the community; the freedom of thought and action, and the higher class of citizenship which is seen in the entire community. On the part of the company there is the highest satisfaction with the result of its efforts. The cost of produc-



tion has been gradually reduced and the character of the workmanship constantly improved. The company believes that its experiment has paid, and its officers are satisfied not only to continue the methods begun, but to have constantly in view additional changes that may prove helpful. Because its principles are such as may be applied in every home and every business with co-operation and mutual interest, because it pays the investor, the policy here outlined will endure for the years of the future."

Although Mr. Patterson says that this policy pays him financially, we fear that it requires a greater degree of public spirit and goodwill than can be permanently relied on as an incentive for all other employers to go and do likewise. It is possible, however, to create a public sentiment that shall demand the gradual establishment throughout the community of improved conditions, at least in regard to sanitation and hours of labor. This would relieve any particular employer from the competitive disadvantage imposed by expensive improvements or concessions which might not be as feasible in all cases as Mr. Patterson found them at Dayton. This does not in any way detract from the individual merit of the Dayton experiment; in fact, it is one of the best possible influences tending to create a public opinion favorable to rational and progressive labor legislation.

# INSTITUTE WORK

## *CLASS LECTURE*

### FREE TRADE AND PROTECTION IN PRACTICE

Few subjects have been discussed more during the nineteenth century than the relative merits of free trade and protection, yet few subjects are less clearly understood. It is generally assumed, and very often asserted by those opposed to protection, that free trade is the natural policy ordinarily pursued by communities, and that protection is a kind of arbitrary afterthought, born of local selfishness and altogether abnormal.

This is not at all in accordance with the history of industrial society. Historically, protection is the oldest element in government. Government itself came into existence to fill the need of protection. Nomadism needs no government, because the nomad has practically nothing to protect. With the advent of economic industry, where present effort is expended for future product, security became necessary. Every social institution evolved for the enforcement of order, rights of life and property, integrity of contract, security of the household, right of religious opinion, and the right to select one's business and own the product of one's labor, is an application of the principle of protection.

In the whole evolution of societary institutions the application of this principle has always been necessary, presumably, at least, to protect the new and superior against the old and inferior; to protect morality against immorality, intelligence and freedom against ignorance, barbarism and despotism. So with industry; with the very earliest evolution of manufacture and commerce came the practice of protection; first to protect the goods of producers against marauding highwayry, and

next to prevent the people of one community from making invasion upon the trade of other communities. So that, historically protection is one of the first principles of industrial and political society.

People generally do things first and then learn to understand why they do them. So that, while protection is an inseparable principle of complex society, the economic philosophy of protection is quite modern. Not more so, however, than the philosophy of the evolution of political and ethical institutions.

The strong does not need protecting against the weak, but the function of civilization is to guard the weak against oppressive contact with the strong. The superior is not always the strongest. It is the strongest at the point at which it is superior, but its very superiority in one line is likely to make it weak or inferior in another. For instance, a highly cultivated citizen is very much superior to "Sharkey" or "Fitzsimmons," but in the matter of personal self-defense, where the use of muscle is required, he would prove to be inferior. The reason for this is that his very superiority as an educated, cultivated person has led to the disuse of biceps as a means of personal protection. He is a part of a highly complex society, and as he becomes more social and ethical in character, the function of personal protection is relegated to society, through its police organization, so that personally he is less fit to defend himself than was his predecessor in the time of Moses.

But it is a part of the process of civilization that in proportion as the higher faculties develop and the lower faculties go into disuse, the intellect devises social means to take their place. It is for this reason that armies, navies, police organizations, courts of justice, and the whole judiciary institutions of society have come into existence. It may, therefore, be taken as a

general rule throughout society that the higher the civilization the less the individual capacity to compete with or defend one's self against the lower civilization; that protection of the higher against the lower is necessarily a collective, societary function.

In the application of tariffs to industrial competition between nations this principle obtains as completely as in the protection to persons. No tariff is necessary to protect lower and inferior methods of production against higher and more advanced methods; but it constantly occurs that the more advanced methods may need protection against the lower, or less advanced, for the very reason that the competitive power of the lower or less advanced is made irresistible by its use of an element in production which higher civilization, solely because it is higher, cannot obtain.

That element is *cheap labor*. The higher civilization makes possession of this productive element inaccessible, while in the lower civilization it is abundant. In such cases, individual producers in the higher civilization have lost the capacity to compete with those in the lower, not because of any inferiority in themselves, but because the higher civilization in which they live renders that cheap labor element unprocurable. Protection against this lower quality, therefore, cannot be furnished by the individual producer, and hence should and must be furnished by the collective action of society through a protective tariff.

Without having any very intelligible philosophy on this point, this is what communities and nations have always done. England, which is now cited as the greatest free trade country in the world, having abolished protective tariffs on imports, though it still retains many other forms of protection, for centuries maintained a most vigorous application of the protective principle. During the early history of her factory

system England's protective duties were practically prohibitive. She wanted to supply her people with the manufactured products from her own looms and spindles. Through the rapid development of invention and perfection of machinery, however, by the middle of the century England was able by her machine methods to produce most kinds of manufactured commodities cheaper than continental countries, notwithstanding her higher wages. When she had reached the stage that the economies resulting from improved machinery more than offset the greater cost due to higher wages, and enabled her to produce at from ten to twenty per cent. less cost than continental countries, political protection in the form of tariffs became unnecessary.

To enter foreign markets, and not keep foreigners out of her own market, was now her policy, from the point of view of national expansion. This led, very naturally, to the repeal of tariff duties which had ceased to be protective. In order to further aid in this direction, she removed the duties from food stuffs, that laborers might live as well on less money and hence work for lower wages without being poorer, and thus further enable English producers to compete in foreign markets.

In the United States the whole process of applying the protective principle to industry has been different, and solely because the social basis of our national life was on a different plane. The United States was a transplant from the cream of English civilization, which gave a much higher social standard and consuming power per capita than in England or any other country. But like England, for the development of a rounded-out national life, we needed manufactures. We needed manufactures because the social needs of our people required manufactured products for consumption, and also because the diversification of occupation among



our people required manufacturing industries. We had the market for manufactured products, and we needed the manufacturing industries.

The only way we could expand and diversify our manufacturing industries was, not like England by procuring foreign markets, but in securing our home market. Herein our very strength in civilization (high social status) was our weakness in point of competition. We could not procure the cheap labor of which England had an abundance, because of our high standard of living. Consequently the inability of the individual producers in the United States to protect themselves against the competition of Europe had to be superseded by a social action through application of a protective tariff. The effect of tariff protection in this country was in many respects similar to the machine protection acquired by England, which previously had needed tariff protection. It secured the American market for American producers. It practically said to the world, all who compete in the American market must pay the equivalent of American wages. If they do not pay it in wages at home, they must pay it in tariffs on coming here, thus putting the American producers on an equal competitive footing in our own market with the producers of other countries. This furnished assurance to the capitalistic instinct, and factories could with safety be erected and large capital invested in improved machinery to manufacture for an assured market at home, which was the best in the world. The consequence, was that when this security was obtained, capital and science were applied to production and superior methods were rapidly evolved, so that instead of the products in this country being very much dearer, by virtue of the high wages here and the duty on imported goods, they have been steadily reduced, by the use of improved machinery, until in many lines of industry, despite

our higher wages, products are cheaper here than abroad.

This is one of the practical effects of protection. It is true in every line of social growth that the first stages of protection are an added expense, but it is also true that the thing protected more than compensates for the cost of its protection, ultimately making protection less expensive than non-protection. In other words, it makes civilization cheaper than barbarism. The protection of intelligence and morality leads to the elimination of crime and disorder, and encourages altruism and intellectual activities which, expressed in science and art, give society many times more in value in a hundred ways than protecting it costs. It is on the principle that schools are cheaper than jails and poor houses. With the protection of industries, when applied on this principle, the result is the same. The protection of the higher social group from the drag-down influence of the lower secures the opportunity for applying intellect and science, which ultimately furnishes the same things cheaper than barbarism can produce them.

What has been said of protection in regard to the importation of goods is true in regard to the immigration of laborers. Laborers in advanced countries should be protected against the industrial competition and social innovations of laborers from lower wage countries. The capitalists of every country are justified in seeking protection against competition with lower wage countries, either by development of superior machinery or political intervention through tariffs, but should never be permitted to protect themselves in competition by having recourse to the introduction of socially lower (cheaper) laborers from other countries.

There is one mistake very generally made in discussing this subject, which it is important for students to

avoid. It has become habitual for both the advocates of protection and the advocates of free trade to assume that because tariff protection encourages industry under some circumstances it will necessarily do so under all circumstances; that because it has worked well in America it could be applied with the same beneficial results to all other countries. The free trade advocate, with even more assurance, asserts that because the abolition of duties on imports worked well for England, it can be adopted everywhere with equally good results. Both these propositions are unscientific, unphilosophical and essentially false. Protection can only be beneficial to any group or nation when the collective intervention of society is needed to protect industries against innovation of lower social types and the products of lower wage conditions. Protection is not needed to prevent contact or competition with higher types, either of social life or industrial methods. In reality, the scientific application of the principle of protection to industry for every country is to make the wages of its own country the basis of all competition in its own market. The products of all countries whose wage costs are lower than its own should be subject to a duty at least equal to the difference in the labor cost, so that products from other countries could never enter that market without paying the equivalent of the labor cost of its own country. If this principle, which is abundantly illustrated in the history of every country, is clearly comprehended as a basis of industrial intercourse between social groups or nations, the issue between protection and free trade would cease to be a subject of confusing controversy, and become a simple question of practical statesmanship.

## WORK FOR JANUARY

### OUTLINE OF STUDY

The curriculum topic "Foreign Policy" is divided into three sub-heads,—Territorial Policy, Protection, and Free Trade. The first of these was covered in our work last month. The remaining two form the subject of study for January, as follows:

*b* Protection.

- 1 The protective principle in society.
- 2 Theory and history of tariff protection.
- 3 Practical effect of protection.
- 4 Export bounties.
- 5 Restriction of immigration.

*c* Free Trade.

- 1 History of free trade.
- 2 Theory of free trade.
- 3 Practical effect of free trade.
- 4 The reverse interest of England and the United States.

### REQUIRED READING

In "Principles of Social Economics," Chapter III of Part IV. In GUNTON'S MAGAZINE for January, the class lecture on "Free Trade and Protection in Practice," also, the Notes on Required and Suggested Readings. In GUNTON'S MAGAZINE for November, article on "England's Future Policy." In GUNTON INSTITUTE BULLETIN No. 14, lecture on "The Open Door in the Philippines."

### SUGGESTED READING\*

In Taussig's "Tariff History of the United States," Chapter I under title *Protection to Young Industries as applied in the United States*, and Chapters I to V inclusive

\*See Notes on Suggested Reading, for statement of what these references cover. Books here suggested may be obtained of publishers as follows, if not available in local or traveling libraries:

*The Tariff History of the United States*, by F. W. Taussig, LL.B., Ph.D.: G. P. Putnam's Sons, New York. 344 pp. \$1.25. *Industrial Evolution of the United States*, by Hon. Carroll D. Wright: Flood & Vincent, Meadville, Pa. 362 pp. \$1.00. *National System of*

under title *The History of the Existing Tariff—1860-1890*. In Carroll D. Wright's "Industrial Evolution of the United States," Part II. In List's "National System of Political Economy," Chapters VII, VIII, XVI and XVII, of Book II. In Denslow's "Principles of Economic Philosophy," Chapters XIV and XV. In Wood's "Political Economy of Natural Law," Chapter XIX. In Trumbull's "Free Trade Struggle in England," Chapter IX, to end of the book. In Bastable's "Theory of International Trade," Chapters VIII and IX. Also, the whole of Sumner's "Protection in the United States," (64 pp.) In Bastiat's "Sophisms of Protection," Chapters XII and XX of Part I. Curtiss's "Protection and Prosperity" is a voluminous collection of historical and statistical data on the subject of tariff protection throughout the civilized world, particularly in England since the early middle ages, and including the experience of the United States. No particular chapters are suggested, but the book would be useful for general reference purposes.

Students might well re-read in connection with this month's work the class lecture on "Theory of National Development," in the October Magazine.

#### NOTES AND SUGGESTIONS

*Required Reading.* Thus far this season we have been considering general principles, chiefly. Last month, in

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*Political Economy*, by Frederick List. (Translated from the German.) Out of print. May perhaps be found in local libraries. *Principles of Economic Philosophy*, by Van Buren Denslow, LL.D. Cassell & Co., New York. 782 pp. \$3.50. *The Political Economy of Natural Law*, by Henry Wood. Lee & Shepard, Boston. 305 pp. \$1.25. *The Free Trade Struggle in England*, by M. M. Trumbull. Open Court Publishing Company, Chicago. 288 pp. 75 cts. *The Theory of International Trade*, by C. F. Bastable, M. A., LL.D. The Macmillan Co., New York. 184 pp. \$1.25. *Protection in the United States*, by W. G. Sumner. G. P. Putnam's Sons, New York. 64 pp. 75 cts. *Sophisms of Protection*, by M. Frederic Bastiat. G. P. Putnam's Sons, New York. 398 pp. \$1.00. *Protection and Prosperity*, by George B. Curtiss. Quarto, 864 pp. May perhaps be found in local libraries.



taking up the question of territorial expansion, we began the study of the concrete problems of government, and in our January work we reach topics of even more direct practical interest,—protection and free trade. It is unfortunate that the issue between these two radically hostile policies has heretofore been so interwoven with party politics as to keep the discussion on a relatively mediocre plane instead of on the high level of unprejudiced philosophical investigation. It is even more unfortunate that only the free trade side of the question has been presented from the standpoint of a general scientific principle, the protectionists making very little attempt to urge their doctrine as anything broader than a practical expedient for gaining certain material advantages. The GUNTON INSTITUTE believes, on the other hand, in the theoretical soundness of tariff protection, under certain conditions, as a part of a general and absolutely essential protective principle running through all society. This principle, briefly stated, requires protection of higher against lower standards of social life and civilization, as an indispensable condition of progress. Tariffs are only one phase of the many lines of policy that may be necessary in application of this principle, and they are only necessary in the case of nations having more advanced social standards than exist in other and competing countries.

It is from this broad standpoint of general principle that the question of international trade is discussed in the chapter assigned in "Principles of Social Economics." It is in proving the *social*, rather than merely material, importance of manufacturing industries and of high wages that Professor Gunton really establishes, probably for the first time, a scientific basis for tariff protection of higher against lower industrial civilizations. He shows in what ways a tariff policy may actually stimulate the forces that make for higher wages, points out the

principle that should govern in the laying of customs duties, and discusses the effect of tariffs on prices, profits, and industrial development. This chapter is one of very great importance and should be carefully studied and freely debated in local center meetings. Any questions bearing upon it, if sent to Professor Gunton, will receive prompt attention.

In the magazine article on "England's Future Policy," it is shown how, strictly in harmony with the protective principle, England was able to dispense with tariff duties fifty years ago and how she is now again approaching a period in which restoration of that policy will be necessary.

In the Bulletin lecture on "The 'Open Door' in the Philippines," Professor Gunton points out that since the protective principle only requires guarding of the higher against the lower, no tariff system is needed in the Philippines, but that for some time to come they would benefit most by actual free trade. This is an exceptionally important lecture, because it brings out more clearly than ever the fact that the protective principle is universal in society, even though its application may under varying circumstances call for directly opposite policies.

*Suggested Reading.* Professor Taussig, in the first chapter suggested in his book, discusses the "infant industry" argument in its relation to the early protective policy in this country. In the other chapters he traces the history and to some extent the effects of tariff legislation from the Morrill "war tariff" of 1861 to the McKinley law of 1890.

The reading suggested in Col. Wright's "Industrial Evolution of the United States" shows the development of American industries, the course of wages and employment, etc., in two great periods; the first, from 1790 to 1860, and the second from 1860 to 1890. The statistical information here given will be found, in

many respects, quite closely related to the tariff history traced in Prof. Taussig's book.

Frederick List, a German economist, born in 1789, was practically the first conspicuous writer on the subject to oppose the free trade doctrine of the English School. He developed a theory of protection, not indeed complete or fully embodying its basic principles, but in the main philosophically sound. A great part of his argument is extremely able, particularly in the chapters we have suggested, showing the relation of manufacturing industry to personal, social and political development, and the effects of tariff duties in stimulating the growth of manufactures. The details of some of his propositions on this latter point are not in line with sound public policy, especially from the standpoint of to-day; this, perhaps, is not surprising. But List's title to distinction rests upon the fact that in a period when practically all the accepted economic doctrine of Europe centered around free trade, he stood out and developed an opposing theory which was in its root ideas sound.

One of the chapters suggested in Denslow's "Principles of Economic Philosophy" takes up a series of familiar arguments in the writings of English-school economists on free trade, and presents the contrary view from the standpoint both of theory and experience. The other chapter suggested deals with the technicalities of protective tariff policy as applied in the United States, and its various effects.

Chapter XIX in Wood's "Political Economy of Natural Law" is suggested chiefly because it gives the view of a writer whose standpoint with regard to most public policies is that of the extreme Spencerian "no-government-interference" idea. Nevertheless, he mildly approves some degree of tariff protection as a means of sustaining higher wage levels, and his eco-

conomic reasoning here is if anything superior to that of most avowedly protectionist writers. That he takes a very narrow view of the whole subject, however, is clear from his remark that protection "lacks the basis of a universal principle. The question of an American tariff is only a question of American expediency." As we have before pointed out, it is highly superficial reasoning which says that a principle is not universal unless it calls for the same policy under all conditions and circumstances. If this test holds, then there is no universal principle anywhere in nature.

The last ten chapters (149 pages) in Trumbull's "Free Trade Struggle in England" gives the history of the Anti-Corn Law movement in England during the few years just preceding its final triumph in 1846. It is written strictly from a free trade standpoint.

The first chapter suggested in Bastable's "Theory of International Trade" presents and supports the free trade theory, and the second attacks several of the standing protectionist claims. In the latter chapter the purely materialistic nature of the economic reasoning for free trade is most marked. The socially civilizing effects of diversified industries, considered as outweighing many times the economic loss which a tariff may temporarily cause, is entirely ignored. It is as though, to use an extreme illustration, some mathematician should set about to prove by elaborate computations the admitted fact that public schools and police systems *cost money*, and then urge that these institutions therefore involve economic waste and vicious paternalism, and should be abolished!

Professor Sumner, of Yale, is one of the conspicuous American exponents of free trade. His little book, above suggested, contains five lectures delivered in New York in 1876, dealing with the tariff problem in its relation to American conditions.



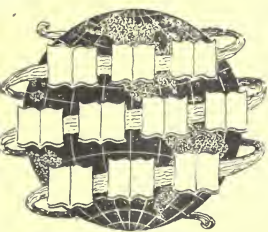
Bastiat's "Sophisms of Protection" is a standard free trade work, written in a popular and easy style but largely based on certain of the classic economic dogmas of a half century ago which advanced scientific discussion has discarded. This is particularly true of his reasoning in Chapter XII, where he discusses wages as governed by supply and demand. In Chapter XX he makes the protectionist theory stand for an idea which is in reality wholly foreign to it, *i. e.*, that tariffs are intended to protect human labor against machine power of superior efficiency. This is incorrect. The real purpose of a tariff policy in its earliest stages is to develop instead of prevent machine methods of production, in the place of hand labor, and when the machine methods of any two or more competing countries have become practically equal a tariff should only protect the higher labor cost which may exist in any of these countries as compared with the others. Such a tariff then operates to protect, not inferior methods of production, but superior social standards.

#### LOCAL CENTER WORK

For debates in study club meetings this month we would suggest: *Resolved*, That under certain conditions protective tariffs are a necessary application of the protective principle in society. *Resolved*, That the social advantages of diversified artistic industries justify the temporary cost of tariff taxation. *Resolved*, That tariff taxation is an unjust burden on the consumer. *Resolved*, That the free trade theory is morally superior to the protective.

Papers on: Why England adopted free trade: Sketch of American tariffs: How a protective tariff may stimulate wages: How a protective tariff may preserve higher wage standards: Is free trade in the Philippines inconsistent with the protective principle?:





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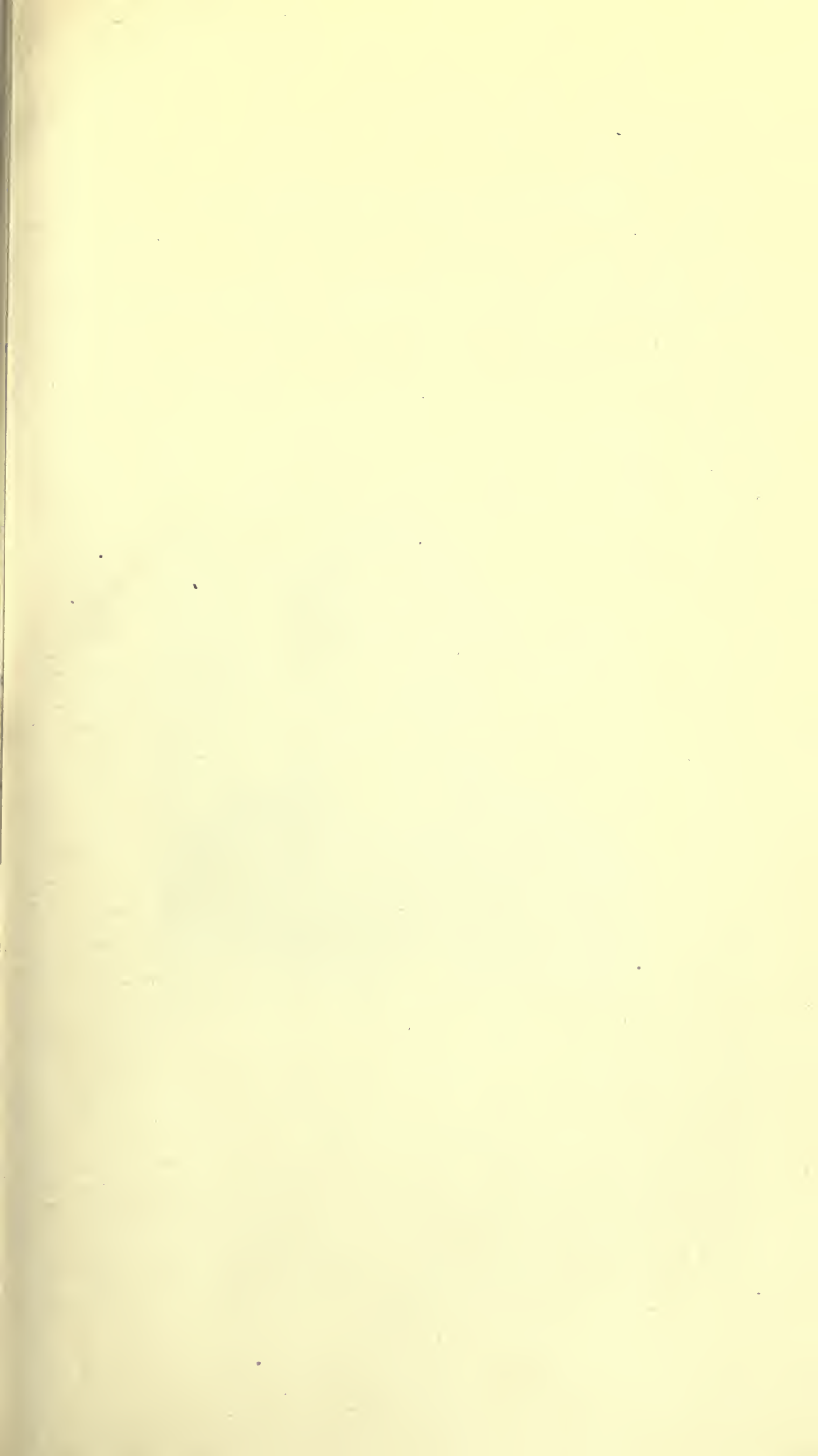
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FRANCIS A. WALKER

# GUNTON'S MAGAZINE

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## ECONOMICS AND PUBLIC AFFAIRS

### PROSPERITY AND SOCIAL EDUCATION

It is a fact as old as history and as universal as the human race that social ideas arise directly or indirectly out of the economic conditions of the people. Every change in social and political institutions is the result of a demand for better adjustment of the social machinery to the needs of the people. It is for this reason that prosperity creates optimism and adversity pessimism. So long as prosperity continues, there is little real danger of social disruption. It is when a period of industrial depression arrives, with its train of social disorders, that the social reaction sets in, with new theories, suspicion of traditional leadership, and distrust of existing institutions, sometimes resulting in revolutions. That is what Lord Macaulay had in mind when, in 1835, speaking of American institutions, he said:—

“Your fate I believe to be settled, though it is deferred by a physical cause. As long as you have a boundless extent of fertile and unoccupied land, your laboring population will be far more at ease than the laboring population of the old world, and, while that is the case, the Jefferson politics may continue to exist without causing any fatal calamity. But the time will come when New England will be as thickly populated as old England. Wages will be as low and will fluctuate as much with you as with us. You will have your Manchesters and Birminghams, and in these Manchesters and Birminghams hundreds of thousands of artisans will assuredly be sometimes out of work. Then, your institutions will be fairly brought to the test.

Distress everywhere makes the laborer mutinous and discontented, and inclines him to listen with eagerness to agitators who tell him that it is a monstrous iniquity that one man should have a million while another cannot get a full meal. . . . Through such seasons the United States will have to pass in the course of the next century, if not of this. How will you pass through them? I heartily wish you a good deliverance. But my reason and my wishes are at war, and I cannot help foreboding the worst."

Under representative governments this is universally true. The character of the ideas and reforms which come to the front in a period of adversity depends very largely upon the character and extent of social education during the periods of prosperity. It is always easier to lead ill-informed, indignant crowds in the direction of disintegration and revolution than in the direction of intelligent, constructive improvement, because only feeling and passion are necessary for the former, but intelligence, foresight and knowledge are necessary for the latter. That is why so many of the peasant uprisings in Europe have come in what have been called "bad years," when crops failed and hard times prevailed.

The United States has recently passed through a period of industrial depression and business catastrophe which lasted long enough to permeate the condition of every class in the community. This period of depression was exceptionally fertile in bringing to the surface social ideas, particularly among the laboring population. Social ideas or theories developed in this way are uniformly hostile to the industrial institutions and political leadership under which the business depression exists that gives them birth. This is entirely natural. Every section of the country had its group of social ideas, which, while they differed in detail, were essentially the same in spirit and principle.



Thus, for instance, in the West and the South the form of hardship which the industrial depression assumed was financial. The economic and social ideas, therefore, assumed a financial form, and as all the traditional methods of the country had been in the line of individual effort and private ownership and direction of industrial enterprise, in banking as well as in mining, farming and other industries, the reform ideas in the South and West were all in favor of government action in financial matters. This finally expressed itself in a political movement in favor of the free coinage of silver, as a governmental or essentially socialistic means of making money cheap, the price of farm products high, and the farming population prosperous. In proportion as these ideas were opposed by the capitalist, or more successful, class were they more tenaciously adhered to by those who believed them to be the means of remedying the industrial evils and bringing back prosperity.

In the eastern states the pressure of the hard times was most severely felt by the wage-earners, through enforced idleness and reductions in wages. They were not borrowers of money and payers of interest, and consequently did not feel the hardship from the financial side of the situation; but they were wage-workers, and felt the pressure of the hard times in smaller incomes or enforced idleness. Hence to them the problem was slightly different; but, acting on their feelings rather than intelligent opinion, they too saw the cause of their misfortunes in the fact that the employing class owned the means of production. Like their comrades in the West, they took on, as is always the case, the attitude of distrust and suspicion, and finally believed that they were being robbed. Hence they readily listened to the explanation of their woes, that the productive wealth of the community was privately owned by the employing class. They were easily made to sympathize

with the idea, and ultimately believe, that the real remedy for their depressed condition is some change in the industrial structure of society which shall put the wealth and means of production in the hands of the community of which they are a part, and thus insure them not only their share, but constant power to control and appropriate whatever wealth is produced.

All this more or less definite formation of social ideas and efforts at social reform was of a socialistic tendency. The period of depression lasted a sufficient length of time to give this social disappointment, distrust and semi-sourness an opportunity to grow and weld into at least a tentative public opinion, which expressed itself politically in the election of 1896 by casting over six million votes for a semi-socialist national policy. Although this group of social ideas, produced by four years of industrial disaster, did not culminate in a definite political policy, it has left its impression on public opinion in nearly all lines of economic, political and civic thinking. That period of disaster was an object lesson in two definite directions; (1) it demonstrated beyond all doubt that a free trade policy in this country, for the present at least, is disastrous to our industrial prosperity; (2) it demonstrated that under democratic institutions long periods of industrial depression are dangerous to political stability and social freedom.

The change of policy which was so imperative is teaching another object lesson, viz: that with an intelligently applied protective policy we have the conditions of great industrial prosperity, and second, that with prosperity, disintegrating, revolutionary social ideas have much less chance to grow. We have had one year of greatly improved business conditions; we are now entering upon another which promises to be still more prosperous, and the effect of the business

prosperity upon social ideas is already clearly noticeable. For instance, in the western states prosperity has been even more marked than in the East. The price of wheat went up,—which at one stroke took prosperity to the farmers. In the mining states industry has been directed to the digging of gold instead of silver, and the return of general prosperity has created a profitable demand for other mining products, so that even from Colorado the news comes that prosperity is again at the high water mark. The increase of profitable production in gold mining has far outweighed the decline in silver mining.

The effect of this upon the minds of the people is such that the demand for free silver, for which they were willing to overturn the entire financial and business conditions of the nation, has almost passed away, become quite dormant. So much so that there is no practical public interest in it that is likely in the near future to result in a political expression. It is conceded in the most rabid silver states that free silver will not make an attractive issue for 1900. Populism, a phase of the same social thinking, has also passed into a comparatively quiescent state with the return of prosperity. This does not mean, however, that the people have been intellectually convinced of the error of their thinking, but only that their ideas were more the result of feeling than of thinking. They have simply become more quiescent as the return of prosperity has relieved the social hardships that were so marked and depressing from 1893 to 1897.

This experience ought to contain an important lesson for the leaders of public opinion and public policy in this country. The idea frequently expressed by the superficial politician, that the return of prosperity solves and settles these social heresies, is a woful mistake. It is scarcely less dangerous to society than

the disintegrating ideas themselves, because it tends to close the eyes of public men to the true situation. Industrial depression will create disrupting social ideas and social policies, and the mere return of prosperity does not abolish these ideas. At best it only lulls them into quiet, perhaps to slumber till the next industrial depression arrives, only to break out afresh with increasing force and perhaps revolutionary effect.

In order really to save the country from the social dangers of the period of depression we have just passed through, two important lines of public activity must be undertaken,—one by statesmen, and the other by the educators of the nation. It should from now on become the pronounced and unwavering purpose of state and national legislators to inaugurate a policy of genuine, rational improvement in the laborers' side of our industrial life. Everything should be done which can be, through legislation and public sentiment, to better the conditions under which people work, protect them against all forms of depressing innovation, and throw the influence of state and municipal authority around them in their wage conditions, workshop influences, home environment and educational possibilities for their children. In short, the period of prosperity upon which we are now entering should be utilized as a special opportunity to apply statecraft and the forces of civilization directly and specifically to all the opportunities and influences which make for bettering the economic condition and social life of the masses. This would emphasize the prosperity, and tend directly to sweeten the lives and stimulate the confidence of the people in the beneficent influence of democratic institutions and the genuineness of American statesmen and leaders in public affairs.

On the other hand, in order that this prosperity and statesmanship may have its proper effect, it is equally



important that the educators of the country contribute to the result by a special, direct movement throughout the country of industrial and political education. This does not mean merely the multiplication of universities, but it does mean multiplication of the opportunities for rational discussion of industrial and social questions, right among the great mass of the laboring classes whose lives are directly affected by these questions and whose ideas, thus developed, are going to direct the character of public policy in the future.

The Spanish war, before we are finally through with it, will probably cost a half a billion dollars. This was expended in the effort to emancipate the people of Cuba from the oppressive rule of Spanish despotism. To all this nobody seriously objects. Neither those who paid the taxes, nor the nations of the civilized world which looked on, have raised a perceptible murmur. It was done in the interest of civilization, and the result, if it is accomplished, will be regarded as cheaply obtained. But the significant point is this:—half of that amount, expended in political and economic education among the masses of our own American citizens, would do twenty times as much for civilization, freedom, progress, and the permanence of democratic institutions, by elevating the social condition of the seventy-five million of people in the United States.

The common school is the great democratic educational institution. It has been the saving factor in our civilization. Institutions of higher education have also grown apace, and been liberally supported by the contributions and public spirit of the American people. More recently, a marked addition to our educational system is the kindergarten. We are reaching out for the babes, scientizing their very play, and thus making our educational system begin almost in the nursery. All this is hopeful and inspiring, and shows that our



progress is not merely sordid materialism but that it is scarcely less educational than economic; and this is indispensable to the permanence of free institutions.

But there is one great and growingly important field which our educational institutions have not adequately covered. The kindergarten and common school do a grand work up to the time when the people leave for the field and factory in pursuit of a living. With the steady improvements in methods of teaching and subjects of study, the education of American children under fifteen may safely be trusted to our kindergartens and common schools. The college and university system may be trusted adequately to furnish the higher education to the small proportion who can avail themselves of it. But beyond the common school the great mass of American citizens, who do the voting and upon whose intelligence the solution of the great industrial, social and political problems depends, have practically no educational opportunity other than their experience in the workshops, and newspaper literature. The common school does not as yet touch the problems with which citizenship has to deal, and could do so only in an elementary way; and the great mass of the laboring people, out of whose lives and conditions these very problems arise and in whose interest they must be solved, do not reach the colleges.

For this our system of education makes no provision. We have developed free democratic institutions, whose safety rests upon the political intelligence and judgment of the masses; but have neglected to provide the particular kind of education necessary for an intelligent use of political power. The great laboring class, constituting a vast majority of our citizens, have neither time nor inclination to study an elaborate curriculum, including the classics and higher branches of learning, but what they need, desire, and as active citizens would

practically utilize, is a knowledge of the industrial, civic and political problems which are from year to year rising to the plane of public questions for political action in municipal, state and national affairs. This group of subjects they do and will act upon, by virtue of being citizens of a democratic republic. If no opportunity for systematic education in this field of knowledge is offered, they will act, as they are acting, upon the sense impressions created by personal contact with the industrial conditions under which they live and move and earn their living. That intelligence should take the place of feeling and impulse in this sphere of public activity is essential to the continued progress and even safety of the Republic itself. Not only is this the direction in which the next step in educational evolution must be taken, but the step must be taken now. Every year's delay is jeopardizing the symmetrical development of our national life and civilization.

The work cannot with safety be neglected. In every city of fifty thousand population and upwards, in the United States, there should be established an organized movement for economic and political education. Every city of considerable size, at least, should have a permanent home for this work, with lecture rooms, libraries, bureaus for judicious distribution of literature, and facilities for training teachers and students to organize and conduct local clubs throughout the city where the work should be going on. This work of popular industrial and political education should be as permanently established as the church and the common school, and money contributed for it ought to be as easily obtained as contributions in the church collection box. Every dollar expended in this way would be more effective for good government, intelligent citizenship, enlightened public opinion, and industrial and political stability than any ten dollars expended in any

other direction. Nor ought there to be any difficulty in procuring the requisite means for such a work. The capitalists who are going to reap handsome profits from industry during the next year might, and if properly approached would, readily contribute to it. All that is really needed is an earnest effort on the part of the leaders of public opinion, in the press and in educational institutions, seriously to inaugurate this educational system. If the capitalists of this country would, in the next five years, contribute to this movement as liberally as they contributed to the political funds to prevent a catastrophe at the last presidential election, they would probably postpone, and perhaps forever avoid, the disaster which they came perilously near encountering in 1896.

The time has about gone by in this country when election funds can be relied on to save the nation from ignorant voting or the result of disintegrating and disaster-creating social ideas. The more these ideas are entertained and propagated, the deeper the conviction becomes and the further are the laboring class, who constitute the immense majority, removed from the immediate influence of any mere use of money for election purposes. If the country is to be saved from the devastating influence of socialistic experiments, it must be through wholesome, intelligent opinion among the people and not by any method of coercion or bribery by the employing class. Every millionaire in the country ought, and doubtless would, if approached by those in whom he had confidence, willingly contribute to such a movement of democratic education. Probably there is not a city in the country with a hundred thousand population that would not erect a suitable building for the conducting of such an effort for public education. The year 1899 ought to see its practical beginning in every large city in the United States.

## IMPROVING OPINION ON THE PHILIPPINES

Public opinion regarding our relations with the Philippines is undergoing a very wholesome modification. The President's non-committal attitude has had the effect of giving notice, as it were, that the disposition of the Philippines is an open question which can be freely discussed within the Republican party as well as without. Since this became plain, the discussion of the question has been perceptibly more vigorous, more American, and the tendency has been definitely in the direction of a more philosophical and statesmanlike disposition of the subject.

The opposition to the confirmation of the treaty has also contributed to this result. While there are some who, largely for mere party purposes, desire the defeat of the treaty in the Senate, there is a strong patriotic feeling throughout the country that, if a rational policy is likely to be pursued in the final treatment of the Philippines, loyalty to the administration and the dignity of the country require that the treaty be confirmed. But if the administration and the Republican party and Congress proceed upon the assumption that the Philippines are to become a permanent part of the United States—an imperial colony of a democratic republic—it would be better that the treaty be defeated. The impressionable attitude of the president, and the possibility that under certain circumstances rejection of the treaty might have the endorsement of public opinion, has manifestly had a greatly modifying effect upon the whole tone of the discussion. Republicans of the stalwart type of Foraker are, while advocating confirmation of the treaty, definitely taking the position that the treatment of the Philippines should be, as far as feasible, like that to which we pledged ourselves before the war in regard to Cuba, viz: that our control should be

temporary, and that in taking the Philippines under our charge, which cannot very well be avoided under the circumstances, our effort and object should be not to make them permanently a part of the United States, but to aid them in establishing the conditions which shall make, in the shortest time practicable, self-government possible.

This view seems to be rapidly gaining ground throughout the country. Intelligent Democrats, as well as Republicans, are acquiescing in and supporting this as the proper attitude for this country to take. Of course, this does not mean that we must not resist aggression. It does not mean that in defending the movement towards democracy in this western hemisphere we may not have to follow the enemy into Europe or Asia or Africa. It does mean, however, that, except as accidentally called upon to pass over into another part of the world in settling the rights of American peoples for the opportunity of self-government, our policy shall be to develop the conditions and opportunities and influences for elevating and perfecting democratic civilization in the Americas. In other words, that it shall not be a part of the policy of this republic ever affirmatively to intrude ourselves and assume the responsibility of permanent political government in either Europe, Asia or Africa; that our influence in those parts of the world shall be through commercial intercourse and political friendliness, but not by military or governmental authority.

Moreover, it is coming to be recognized by students of political science and industrial evolution that, in order to insure the development of a high type of national civilization, there must be a large proportion of intensive industry. All nations begin by being agricultural. No considerable distinction and power can be acquired by a nation until it passes into the next stage of indus-



trial development, — manufacturing and commercial. This secondary action of national growth must be sufficient to solidify the industrial sentiment of the country by the inter-relation and dependence of the two types of industry, agriculture and manufacture. The United States is now in just that stage. It has not yet quite completed the solidarity of the nation. The last forty years has been a period of unparalleled growth in the second stage of nation building. Had we been half the size, had the boundary line of our nation westward, for instance, been the Mississippi, probably by this time we would have reached that stage of symmetrical industrial development; but we have another nation beyond. We have spread out horizontally. What we now need, and what we must have in order to secure a strongly developed nation, is growth upwards. A higher character rather than greater numbers is our immediate necessity. Any step in our national policy, therefore, which furnishes an incentive, or even an opportunity, for the United States further to spread itself horizontally, run out into agriculture, mining and other ruralizing and extractive industries, will take away the pressure and incentive for the development of intensive industries and the gradual solidifying of the national character, which only local interdependence of industry can give.

Every addition to the United States of new territory with inferior population is an addition to the economic crudities of our industries, and lessens the force of the socializing and civilizing influences in the community.

Happily, this is beginning to be at least faintly observed. The American people are beginning to recognize that after all there is more to be done for civilization, more opportunities to be secured by capital, more welfare to be furnished to more millions of human beings, by developing the possibilities of the United

States than in the acquisition of foreign territories inhabited by barbarians.

From present indications, therefore, it looks as if a thoroughly rational, patriotic and American attitude would finally characterize the policy towards the Philippines; that the treaty will be confirmed, but only with a modification or distinct understanding that our policy in the Pacific shall not be one of annexation or permanent political authority. Our probable policy will be to secure peace and order in the Philippines, and arrive at a friendly understanding with the Filipinos that the country shall be theirs as soon as they indicate their willingness and capacity to institute and maintain a rational government which shall permit industrial intercourse with other nations, and guarantee security of persons and property, so that the influences of industrial progress and modern civilization shall be permitted freely to operate upon the condition and character of the people.

If that is the policy we pursue, which is substantially the same as we have already announced for Cuba, the influence of the United States upon modern civilization will be many times greater than by the conquest of the islands, or even the purchase of them for twenty millions from Spain and forcing them from the Filipinos against their will. It would establish a new departure in the policy of nations. It would at once give the world warning that the United States is not to be trifled with, and establish the fact beyond question that it stands for democracy, that it is a friend of struggling freedom, and has no desires of conquest and pillage in any part of the world. That would at once make this nation feared by the quarrelsome and loved by the peaceful of the human race. It would put the United States, in statesmanship and humanity, as it already is in wealth, at the head of the world's civilization.

## DISTINGUISHED ECONOMISTS

### VIII—FRANCIS A. WALKER

Francis A. Walker marks the beginning of liberal economics in the United States. He occupies a peculiar and in some respects distinguished position in the evolution of economic doctrines in this country. In 1876 he published his first important work, "The Wages Question." This will always command a distinguished place for its author, not so much because of its contribution of new doctrine as for its vigorous attack upon old ones. "The Wages Question" really broke the shell of Manchesterism in the United States. In this work Dr. Walker made a successful attack upon the wage-fund theory. This doctrine had already received a staggering blow by Thornton (1870) but Walker's attack was more extensive and conclusive, and, coming only six years after Thornton's attack and Mill's conversion, practically demolished the doctrine and destroyed its popularity.

Another lasting contribution made by Dr. Walker to wholesome economics, in his "The Wages Question," was his equally effective attack upon the doctrine of *laissez faire*. Colton, Carey and other distinguished American economists had advocated protection, but they did not attack in any such effective manner the idea of *laissez faire* as a principle in economics. Walker riddled this, not merely theoretically but in an extensive analysis of competition, showing the importance of the mobility of labor to free and effective competition. In following out this part of the subject Dr. Walker went extensively into the condition of the wage class, showing the laborer's inability under mere competition among capitalists to secure an adequate share of the increasing product of the community. This discussion was so lib-

eral, and supported by such a wide range of facts, that it gave respectability to the discussion of the wages question as an economic proposition. It took, in fact, the wages question out of the mere workshop vernacular and put it into scholastic economic literature.

Thus Dr. Walker really did three important things by the publication of his "The Wages Question." First, shattered the last remnants of the wage-fund theory so as permanently to break its hold as a doctrine in the United States. Second, opened a scientific warfare upon the doctrine of *laissez faire*, and thus gave economic justification for practical popular resistance to that doctrine as the basis of industrial policy in the United States. And third, the book opened the door of economic literature and class-room study to the wages question as the laborers' problem. If Dr. Walker had done nothing more, he would be entitled to a permanent place among the economists of the United States.

Subsequently he published several economic works, among which is his "Political Economy," now largely used as a text-book in many of our leading colleges. Being an ardent disciple of Ricardo, he was saturated, as it were, with the principle of marginal surplus. With great success he carried that principle, which to him had become a dogma, from rents over to profits. His handling of this was masterly, and, despite all the metaphysics of the Austrian side lights, this will probably remain a part of impregnable economic doctrine. Yet, strange to say, Dr. Walker was unable to carry this same idea forward to interest. While the marginal principle was so obvious to him that he almost grew impatient with those who could not see it, the next and obvious step, in applying it to interest, was to him Egyptian darkness. He not only failed to see the application of the law to interest, but he dogmatically denied its possibility.



## EDITORIAL CRUCIBLE

THE DEATH of Mr. Dingley creates a void in the councils of the nation which will be very difficult to fill. Besides being intensely patriotic and public-spirited, he had the rare ability and disposition to obtain knowledge and rationally apply it to public affairs. He improved in this respect with every year of his public life, until he became the authority for the House on all important matters relating to tariff revenues, and ways and means in general. His cyclopedic information, laboriously gathered, coupled with his instinctive and cultivated good sense and sound judgment, made him the most valuable adviser to the Speaker and to the administration that has sat in Congress during this generation. He was one of the few really influential public men with whom the buzzing of a bigger bee in his bonnet was conspicuous by its absence. To do what was at hand, and be thoroughly prepared to do it well, was the characteristic of Mr. Dingley's public life. It was in that way that he became invaluable, not merely as a Republican but as an American statesman. John Bright's expressive statement at the death of Richard Cobden, that "I did not know how much I loved him until I lost him," will fittingly express the regard of the American people for Mr. Dingley.

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THE TEXT of the new Porto Rican tariff has just been promulgated by the President, and it specifically carries out the doctrine of the open door. It puts the commerce of the United States on a substantial equality at the Porto Rican ports with the commerce of all other nations. The policy, of course, is not free trade for Porto Rico; tariff is required for revenue. But it shows that Porto Rico is not to be used merely for the commercial accommodation of the United States. This is as



it should be. There are many encouraging evidences that the administration is a good student of public discussion of national questions, and if it can find out what the intelligent consensus of the nation really wants, it will give it. That is what representative government always should do. It is in marked contrast with an administration which tried by executive influence to force through an objectionable policy after it had been overwhelmingly voted down by a general election, as in 1894. If the anti-expansion movement is intelligently and constructively, as well as vigorously, pursued, we may come out of the victory over Spain with ultimate credit to ourselves and benefit to the peoples whom the collapse of Spain's barbarizing rule has thrown upon our hands.

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NO MORE THAN a leopard can change its spots can the Spaniard conceal the characteristics of a pretentious humbug. For a thousand years the Spaniards have been ferocious brutes in victory, weaklings in battle, and whiners in defeat. It is not surprising, therefore, that Montero Rios, after having signed the treaty in Paris, should display a lot of pretended righteous indignation at the refusal of the American Commissioners to entertain the idea of submitting the question of the Maine's destruction to arbitration. The matter was investigated by a thoroughly reliable American Commission, which procured conclusive evidence that the battleship was blown up from causes placed in the harbor, the control of which was absolutely in the hands of Spanish officials; moreover, that the battleship was removed from her anchorage and placed immediately over the mine which destroyed her. The evidence is clear to Americans that the Maine was destroyed by the Spanish, whether it was done by the actual knowledge and authority of the government or not. Since Spain

did nothing to prove her innocence she must bear the suspicion and distrust in the eyes of the civilized world that such a cowardly and brutal performance implies.

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AGITATION IS APT to lead to over-zeal of expression, and frequently to the use of unwise adjectives. We are likely to emphasize this only when we find inflammation in workingmen's speeches; but workingmen may well be excused when bishops lose their heads. In his letter to the anti-expansion meeting held in the Academy of Music in New York City, Sunday evening, January twenty-second, Bishop Potter charges the administration's policy with being inspired by "greed of gain and passion for bigness," and as "grotesque and hypocritical." Such impugning of motives of those who are in charge of the nation's affairs might be expected in a meeting on the East Side, but it is discreditable to Bishop Potter, and such expressions from such a source can do the anti-expansion cause no good. The President and the Paris Commissioners may be mistaken. They may take a wrong view of the true road to greatness in this country, as they undoubtedly do in this instance; but it is not because of their "greed of gain," or because they are dishonest and hypocritical. President McKinley is not less honest than Bishop Potter, and on many questions he has been much nearer right. It is because we are opposed to expansion that we regret to see anti-expansionists, particularly educated anti-expansionists, lose their heads and injure the cause by saying what cannot be taken seriously.

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MR. HENRY CLEWS has recently sent forth a note of alarm from Wall Street regarding the effect of the industrial amalgamation and re-organization that is now going on. He predicts that unless a halt is called, "It would seem inevitable that these corporations must at

no very distant day become a burning question in politics." There is a certain wholesomeness in Mr. Clew's warning, but the danger is not in the process of re-organization and amalgamation of productive enterprises into larger concerns. That is obviously the tendency of the age and a part of real progress, and the present is a period of special opportunity and incentive in that direction. Whether these corporations will become "a burning question in politics," or will constitute a beneficent object lesson in economics, depends entirely upon whether the re-organizations are conducted on the line of improving the economic capacity to serve the public better and more cheaply, or are used as mere concentrations of power for profit-grabbing. To the extent that this uneconomic policy is permitted to characterize the present movement of industrial re-organization, and the profits made by a virtual tax on the community in higher prices, they will surely become burning questions in politics, and, moreover, they will become the subjects for caustic, socialistic handling by the law-making powers. But if this movement is characterized by economic sense and foresight, and the benefits of the great economies and increased efficiency of capital are shared with the community, in improved quality and lower prices of products, there ought to be no cause for alarm about the position of the corporations or the community. But the warning cannot be too often repeated that the combinations of capital must divide their gains with the public, or they will surely be put under the ban of "burning politics."

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IN 1854 ENGLAND passed what is known as the "Half Time Factory Act," which prohibited the employment of children between the ages of ten and fourteen, more than half a day at a time, attendance at school the other half being compulsory. This was one of England's

first important steps in the direction of education and humane factory legislation. The age of commencing work for "half-timers" has been raised from ten to eleven, and it is now announced that a bill is soon to be introduced into Parliament to raise the half-time age limit another year, making it twelve, and probably raising the full-time limit to sixteen. This shows that despite all the pressure of external competition, England is marching on in her wholesome labor legislation.

The comparison between Lancashire in this respect and the southern states in this country, with their eleven and twelve hours a day, and no definite provision for child education, is not creditable to this country. We like to say big things about the United States, and in many respects we can say big things with a good deal of pride, but in respect to our factory legislation, so far as the southern and several other states are concerned, we are compelled to take second place to England. Americans have little right to talk about the "pauper labor" of England so long as women and children are compelled to work eleven and twelve hours a day, and the truck system remains in any state in the Union, without the modifying influence of compulsory education for factory children. In short, the hours of labor and educational condition of the factory operatives in the South is an economic scandal to the Republic. Abolition of the truck system, the adoption of a ten-hour factory law, and half-time schooling for factory children throughout the South, is many times more important a concern for this country than annexation of the Philippines.

## EVENTS WORTH NOTING

*December 26, 1898.* Iloilo, the second city in importance in the Philippines, was taken by the insurgents two days after formal evacuation by the Spaniards.

*December 28.* Justin S. Morrill, Senator from Vermont, died in Washington, at the advanced age of eighty-eight. He had served in Congress continuously since 1855, twelve years in the House and thirty-two years in the Senate; making the longest Congressional career in our history. He was of the best old-school type of dignified, upright American statesmanship.

*January 1, 1899.* The formal surrender of Spanish sovereignty of Cuba occurred in Havana; Governor-General Castellanos yielding the authority to Major-General Wade, representing the United States, by whom it was then transferred to Major-General John R. Brooke, Governor of Cuba.

*January 1.* A political crisis occurred in Samoa. At the recent election of a native king, the chief Mataafa received a majority, but the American Chief Justice declared Mataafa ineligible and announced the election of Malietoa Tanues. A battle followed in which the Mataafa party triumphed. Chief Justice Chambers had to take refuge on a British warship; thereupon his office was closed either by the German consul or the Samoan government—reports differ on this point. The situation will probably necessitate revision of the Berlin treaty under which Samoan affairs are now administered.

*January 4.* Theodore Roosevelt, who on January 2nd was inaugurated Governor of New York, sent to the legislature his first annual message; the exceptionally notable feature of which is the large space devoted to labor legislation and enforcement of labor laws. He recommends the Massachusetts conditional license system as a method of dealing with the sweatshops, and advocates increasing the number of factory



inspectors to fifty, and giving the Board of Factory Inspectors authority to enforce labor laws.

*January 5.* A proclamation of President McKinley to the Filipinos was issued at Manila; it announces our intention to establish a liberal government, with all possible popular rights, free commercial privileges, and maintenance of existing municipal laws. In reply to this Aguinaldo at once issued a manifesto, denying the American right of sovereignty and calling on his followers to stand for absolute independence.

*January 13.* Nelson Dingley, of Maine, chairman of the Ways and Means committee in the House of Representatives, died in Washington. Mr. Dingley was nearly sixty-seven years of age, was twice Governor of Maine (1874 and 1875), and had served in Congress since December, 1881, with steadily increasing distinction and public usefulness. (See Editorial Crucible.)

*January 18.* United States senators were elected in various states as follows: Maine, Eugene Hale (Rep.); Massachusetts, Henry Cabot Lodge (Rep.); Connecticut, Joseph R. Hawley (Rep.); Missouri, Francis M. Cockrell (Dem.); Minnesota, Cushman K. Davis (Rep.); Michigan, Julius C. Burrows (Rep.);—all to succeed themselves. In New York, Dr. Chauncey M. Depew (Rep.) was elected in place of Edward Murphy, Jr., (Dem.); and in Indiana Albert J. Beveridge (Rep.) was chosen in place of David Turpie (Dem.)

*January 19.* A formal convention between England and Egypt in regard to the Soudan provinces recently reconquered under General Kitchener, was published at Cairo. It provides for joint government of the Soudan, under a Governor-General to be appointed by the Khedive with consent of England. No foreign consular agents may reside in the Soudan except by British permission; and the convention entirely ignores the nominal suzerainty of the Sultan of Turkey.

# CIVICS AND EDUCATION

## TWO REPUBLICS

Some months ago we promised to give in this department a summary of the principal features of Swiss and French political institutions. Our attention was particularly called to the subject by finding it treated at some length in the last annual report of the United States Commissioner of Education. In both France and Switzerland civics is regularly taught in the elementary public schools, and Commissioner Harris has included in his report a translation of the text books used for this purpose. It is encouraging to know that the importance of education in the duties and opportunities of citizenship, particularly in a democracy, is recognized in these two old world republics, and recognized in the practical way of making such instruction an inherent part of the school system. In France the teaching of civics begins with children as young as seven years of age. With these the instruction is, of course, informal and simple. With somewhat older pupils it deals with more specific matters, and in the last two years of the course "the teacher discusses more thoroughly the political, administrative and judicial organization of France."

As a matter of information, we give a short summary of the political system, including methods of representation and government, duties and functions of the state, and popular rights, in these two republics, as outlined in the translations referred to.

In the case of Switzerland a short history of the development of Swiss political institutions is also given. The germ of modern Switzerland, it is stated, was in the league of three districts, Uri, Schwyz and Unterwalden, in the thirteenth century. This league was formed for common defence against outside enemies,

particularly Austria. In the fourteenth century several important cities and districts, Lucerne, Zurich, Glarus, Zug and Berne, joined the league, and later on others were admitted, until Switzerland became a confederation of thirteen cantons, which maintained an independent joint government down until 1798. Then the system was changed in consequence of the French Revolution. A strongly centralized constitution was adopted, converting the old league of cantons into one indivisible republic, made up of nineteen subordinate districts. This worked so badly that in 1803 Bonaparte partly restored the former status and established a Swiss Federation of nineteen states, with increased individual powers but still under a central authority stronger than in the ancient confederation. After the fall of Napoleon a reactionary constitution came into effect, which limited the popular rights and created great discontent. The discontent took form in protests and uprisings of various sorts, until in 1848 came a new constitution which, enlarged in 1874, continues to the present day.

This constitution is modelled quite closely after that of the United States. The national laws are absolutely paramount to any enacted in the various cantons. A canton corresponds to a state in the American Union, and Switzerland now has twenty-two regular cantons and three half cantons. The union between the cantons is not, theoretically at least, so strong as that between the states of the American Republic. Switzerland is a confederation, and all rights of legislation not expressly granted to the central governing powers are very rigidly retained by the different cantons. The confederation has the power of carrying on all foreign relations, declaring war and peace, regulating customs and duties, etc. It protects the various cantons from outside interference, and likewise protects individual citizens of Switzerland from aggressions of officials in

any of the cantons. Citizenship is hereditary, or may be acquired by two years' residence in Switzerland. The right to vote is possessed by all citizens over twenty years of age.

Switzerland has a federal congress similar to ours. The upper house is called the State Council, corresponding to our senate; the lower house is the National Council, corresponding to our house of representatives. Together they make up what is called the Federal Convention.

Members of the lower house are elected directly by the people, one to every twenty thousand inhabitants. The term of office is three years. Members draw a salary of twenty francs per day. Members of the upper house are elected by the cantons, two for each canton, just as in this country we have two senators for each state. Not all the cantons, however, elect their delegates in the cantonal legislatures; some of them do, but others elect by popular vote. Each canton determines the salaries and length of term of its delegates.

The executive authority of Switzerland is vested in a so-called Administrative Federal Council. This consists of seven members, each one at the head of some governmental department, similar to the cabinet officers in this country. There is a very great difference, however, in the functions and method of election of our cabinet officers and the Swiss federal council. The members of the Swiss council are elected by the federal convention and hold office for three years. The federal convention also elects a chairman for this administrative council, and he holds the title of president of the confederation. This is as near as Switzerland comes to having a chief executive officer in the sense that France and the United States have a president. The Swiss president, instead of appointing his cabinet, is himself chosen by the same body that elects the cabinet. Per-



haps it is in this feature more than any other that the idea of a confederation, instead of a strongly centralized republic, is maintained in Swiss institutions. This chairman of the federal council, or president of the confederation, receives no greater salary than the other members of the council. The term lasts only one year. The seven departments presided over by these administrative officials are the Exterior, Interior, Justice and Police, Army, Finances and Taxes, Industry, Agriculture and Trade, Mail and Railroads.

Each canton has a legislature called the Cantonal Council, corresponding somewhat to our state legislatures. The executive functions are administered by a State Council, of several members, elected either by the people or by the cantonal council. Each canton has a superior court, district courts and minor courts, corresponding in a general way to the judiciary system in our states.

Revision of the constitution is a much simpler matter than in the United States. The federal council, or any member of the federal convention, may propose an amendment, and, if both houses of the convention agree, the new article is submitted to the people, and if accepted by a majority of the voters and a majority of the cantons, becomes then a part of fundamental law. If an amendment is desired by the people and the federal convention refuses to submit it, a petition bearing fifty thousand signatures will compel the calling of a national vote on the proposed article.

In Switzerland, laws passed either in the federal convention or by the legislatures of the various cantons may, under certain conditions, be submitted to the people for endorsement; that is, a law of the federal convention must be referred to the people when so demanded by thirty thousand inhabitants or eight cantons. In the cantons the custom varies. In most of them



laws are regularly submitted to popular vote, but in some this is done only when a certain number of qualified voters so demand. In a few of the cantons the right of initiating legislation is also possessed by the people; that is, upon the demand of a certain number of qualified voters, a given law must be introduced and considered by the legislatures, or submitted to the people.

There are no direct taxes levied by the federal government in Switzerland. Its revenue comes chiefly from duties and from the receipts of the postal telegraph service. The budget of estimated national expenditures is submitted at the beginning of each year, by the federal council, and must be approved by the federal convention. The same system is followed by the cantons with reference to local expenditures. The cantons, however, have the right of direct taxation, and their revenues are derived from that source and also from official dues and inheritance taxes. The more recent tax laws embody the idea of progression, that is, the rate increases in proportion to the amount of property owned by the person taxed.

The recognized duties of the state in Switzerland are quite extensive, and in some cases perhaps the governmental functions extend over too far into fields that ought to be left to private enterprise. Nevertheless, the general principles laid down for the action of the state with reference to promoting public welfare are in accord with good political science. Among these duties (and in Switzerland one of the highest) is public education. The federal constitution compels each canton to furnish adequate primary instruction, and attendance upon these schools is compulsory. The federal government itself, however, does little in the way of education, beyond supporting a polytechnic school at Zurich. The other duties of the state are enumerated as "Ad-

vancement of political economy, protection of the laboring class, promotion of health, preservation of nature, and encouragement of art and science."

Under the first of these heads it is considered the state's duty to encourage production, trade and commerce; and this, (while sound in general principle,) in Switzerland is carried to the extent of distinctly paternalistic and questionable measures, such as agricultural bounties, public expositions, premiums to certain industries, public construction of dams, public operation of telegraph and telephone service; and now the proposition to take control of the railways is being agitated.

Protection to labor is given through the medium of laws establishing factory inspection, limitations of working hours, prohibition of child labor, accident indemnity, and regulation of hygienic conditions in factories. Several experiments have been made also in the way of granting state benefits for sickness and old age.

The state looks after the prevention of contagious diseases, and of epidemics among animals. Cantons are pledged to promote public health by educating physicians, erecting hospitals and insane asylums, and furnishing free medical attendance under certain conditions.

Switzerland is certainly ahead of the United States in respect of appreciating the value of forests and the need of preserving them from annihilation. A special department in each canton has charge of preserving forests and mountain waters. It is also considered one of the duties of the state to encourage art and science, by establishing public libraries, art galleries, and the like.

In Switzerland all citizens are equal before the law, and every citizen has a right to have his cause heard by state authority. The right of free speech is guaranteed, and everybody can engage in productive industry ac-

ording to his pleasure, except that licenses or certificates are required for the carrying on of certain businesses or practicing certain professions. Free worship is guaranteed, likewise the right of petition and of free organization, political or otherwise. There is entire liberty of the press, but it "must incur no breach of honor."

In the matter of foreign relations Switzerland has steadily pursued a policy of neutrality, and its neutral and independent position is defined and guaranteed by the powers of Europe. The little republic, therefore, has often been an asylum for political fugitives. Switzerland sends to and receives from other countries, ambassadors, ministers and consuls, and maintains a tariff system for revenue and protection.

In France the governmental system is much more highly centralized than in Switzerland. It is a thoroughly unified republic, and not a confederation of semi-autonomous states. The various political divisions in France are more for the purpose of convenience than to reserve inherent rights to different sections of the country. The central authority is supreme.

In general form, however, the French system is quite similar to that of Switzerland and the United States. There are three general divisions of governing authority, the legislative, executive and judiciary. There is a Senate, corresponding to ours, and a Chamber of Deputies, corresponding to our house of representatives. The senate has three hundred members, elected from the various departments; they serve for nine years, one-third of the senate being changed every three years. A senator must be at least forty years of age; in the United States the required age is only thirty.

Members of the chamber of deputies are elected by universal suffrage, one to about each 100,000 inhabitants or fraction thereof; each *arrondissement* has at least

one deputy. Deputies are elected every four years, and must be at least twenty-five years of age. The chamber of deputies has five hundred and eighty members, and has the same legislative rights as the senate, with the additional privilege of initiating financial measures, as in the case of the American house of representatives. The chamber of deputies can be adjourned by the president of France, by advice of the senate.

The president and his cabinet of ministers exercises the executive authority. The president is elected by the senate and chamber of deputies, in joint session at Versailles. His term is seven years, and he has the right of appointing all civil and military officers, controls the army, is authorized to make peace, and promulgates the laws. He may declare war or negotiate treaties with foreign powers, with the consent of both chambers. Like the President of the United States, he has the right to appoint his own cabinet members, but the function filled by these ministers in the French system of government is quite different from that of members of an American president's cabinet. The president of France generally selects his ministers from among the members of the chambers; they have a right to the floor of the chambers, and are responsible for the general policy of the government. As in England, when measures proposed by the government are defeated, the ministry falls, and the president forms a new cabinet. There are eleven ministers, in charge respectively of the departments of the Interior, Foreign Affairs, War, Marine, Justice, Public Instruction and the Fine Arts, Public Works, Industry and Commerce, Agriculture, Colonies, and Worship.

A Department is the largest political division in France, corresponding in a sense to one of our states; although, as we have suggested, the departments do



not represent previously independent communities that entered into a federation under the joint authority of the republic. They are divisions established for political convenience in the election of representatives and administration of local affairs. Each department is governed by a prefect, who is at once the agent of the general government and a representative of the department. Not only is it his duty to execute the laws of his department, as in the case of a state governor in this country, but he is charged likewise with execution of the national laws in his district. His authority is quite extensive, including approval of the department budget, control of the expenses, examination of contracts, etc. There is a local legislature in each department, known as the General Council, containing as many members as there are cantons in the department, and exercising legislative powers that pertain to the affairs of the department.

Departments are sub-divided into Arrondissements, governed by a sub-prefect in much the same way that a prefect governs a department. There is also a local legislature in each arrondissement, composed of as many members as there are cantons, though there must be at least nine such members. This council is charged with local legislation and with the distribution of taxes among the various communes.

The commune is the smallest political division. It is governed by a mayor and a municipal council having from ten to thirty-six members, according to population, elected for terms of four years. The mayor's authority is extensive. He is chief of the municipal police, and executes the ordinances of the municipal council. He proposes the budget and nominates municipal officers.

Primary education is compulsory in France for all children between six and thirteen years of age. They



must attend either public or private schools, or be taught at home by some competent person. There are commissioners of education in each commune, whose duty it is to superintend and encourage school attendance.

French citizens are guaranteed certain rights, including the right to hold property and the right of suffrage after attaining the age of twenty-one years. No one can be compelled to pay taxes that have not been legally voted.

The French system is distinctly less democratic than that of either Switzerland or the United States. The powers lodged in the executive department are very extensive, so that the president of France in reality exercises larger authority than the Queen of England. England, though a monarchy in form, is much more nearly democratic in spirit and in system of government than France. Switzerland is more democratic, but exercises a range of public activities so broad as to verge in some directions on socialism. In the United States, although the general executive officer, the president, exercises more actual power than the reigning sovereign in England, yet he has not been entrusted with so wide a range of authority as is given the chief executive in the French system. In fact, though our form of government is very similar to the French, both England and Switzerland are much more thoroughly in harmony with the vital spirit of our institutions.

## CIVIC AND EDUCATIONAL NOTES

Columbia University has taken a step in the right direction by establishing a department in practical road-making, in connection with the engineering and mechanical work of the University. Scientific road-making has reached a point of such importance, especially here in the East, that the necessity of adequately testing the road materials available in different localities has suggested the establishment of departments devoted to this purpose in connection with educational institutions. Harvard, however, is the only other university so far that does work of this sort. It is understood that students taking the engineering course at Columbia will hereafter have an opportunity to receive instruction in practical road-making, which is a line of education that has not heretofore been offered. Credit is due, by the way, to the efforts that have been made by the organized wheelmen of the country in promoting the cause of good roads. It is said that the establishment of this department at Columbia was first suggested and urged by the League of American Wheelmen.

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Down in North Carolina they are talking very seriously of withdrawing educational opportunities, in large part, from the colored race. In other words, the proposition is to devote all the money collected for educational purposes from white inhabitants to the education of white children, and let only that which is collected from negroes be applied to educating negro children. This scheme, which is speciously defended as "justice," is in reality contrary to the principles of taxation that apply almost universally in civilized countries, and can only be considered as an effort on the part of the south-

erners to escape a public duty. If the argument were sound, it could be applied in every state in the Union, not in reference particularly to colored children, but with reference to the children of the poor everywhere. Most of the taxes for public education are paid by the well-to-do classes, who could educate their own children if necessary, but the schools are open to the rich and poor alike. There is no injustice in this, because it is one of the means the state has to take to protect itself from the danger of developing an ignorant population, from whose follies, moreover, the rich would be the chief sufferers.

One of the minor explanations given of this North Carolina idea, however, really lets the cat out of the bag. It is said that the negroes are getting so much education that they all want to be ministers and lawyers and doctors, and will not work in the fields; and that there is a general demand for good field hands which is difficult to supply. When we come to look at the figures and see the meagre amounts spent on education, both for white and black, in the South compared with the North, we cannot help marveling that the colored race there should have such a predisposition toward the learned professions that a mere skimming through the very rudiments of education unfits them for practical industrial labor.

The fact is, the North Carolina people are not really afraid of any shortage of field hands, but what they do not like is to see the tendency towards higher development in the colored race, leading them to insist upon higher wages for the work they do perform. The planters would like to have the negroes remain in the same condition of stolid ignorance and indifference that they occupied before the war, because in that condition they can be hired at almost any price and are not troublesome about conditions of work or hours of labor.

With the increasing degree of education, however, and information about the outside world, it is natural that they should be getting more troublesome and afflicted with uncomfortable ideas of better wages and higher social standards. Undoubtedly this is what lies at the bottom of the proposition to deprive them of education. The scheme ought to meet with most vigorous opposition, and, if public sentiment against it in North Carolina cannot be made strong enough to defeat the scheme, at least it ought to be headed off elsewhere without delay. It is just the kind of a proposition that we should expect to see heartily endorsed throughout all the southern states. What little progress has been made in the civilization of the colored race in the South must be preserved and extended. The proposition shows, anyway, how far we are as yet from a solution of the southern problem, and does not offer very encouraging promise with reference to the far worse race problems facing us in our new possessions.

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Right in line with our article last month on "Teaching of Economics in Schools," we find in a recent number of *The School Review* some interesting information in regard to what is already being done in that direction. Civics and Economics in Schools

The Principal of the Hyde Park High School, in Chicago, sent out a series of inquiries to a considerable number of selected schools throughout the United States, asking what instruction is given in civics and economics and what are the the results obtained. Fifty replies were received, thirteen being from grade schools and thirty-seven from the higher secondary schools.

Of course, this has nothing of the character of a general investigation of the subject, but it is a straw, perhaps, indicating the tendency throughout the country with reference to instruction in these subjects. It ap-

pears that civics in some form is taught in all the schools that reported; economics is not taught in any of the thirteen grade schools, but is taught in thirty of the secondary schools. In these secondary schools, however, it is taught only after the second year's work. Some of the replies in regard to the methods pursued in teaching civics and economics are interesting; for instance:

"In civics a text-book is used, but the general *method is discussion*, very little of the so-called recital. Boys are encouraged to bring to class matter they find in magazines and newspapers bearing upon the topic under discussion. Each student writes at least one article each year upon some topic approved by instructors. These generally concern economic fact."

"In political economy the industrial history is developed and topics not considered in the text are prepared. The views of other schools of economists than that of their author are prepared."

"Economics, text-book and library work, supplemented by investigation and reports upon industries and institutions of the pupil's own city."

One of the questions asked was, "What evidence have you that the right civic knowledge given to pupils in your school has resulted in better citizenship?" Among the answers to this were the following:

"My graduates talk more temperately and intelligently than many grown citizens."

"The fact that the children are interested in municipal affairs through civics has carried earnest thought to many of their homes."

"Pupils think and believe more in the right direction, which will doubtless work out in better living at a later period."

"The stand taken by the young men in state and local politics and questions indicates that they were started right in school."



“Intelligent participation in public life by certain graduates.”

“I think pupils are more tolerant of differences of opinion, more interested in civic questions, and better prepared to reason and judge concerning them.”

Among some of the answers received from school principals in regard to the general idea of instruction on these subjects were the following:

“The subject has been so badly neglected that many educators, statesmen, and philanthropists have formed a national society—*The Patriotic League*—to work for a reform in this direction, and hope all who approve their action will join them.”

“I think it is the great reason for which the schools should be sustained: and the salvation of our nation rests upon it more than people realize or will realize, until educational people require that citizenship be taught by a more generous history course in every school.”

“Some emphasis has been given to the fact that schools fail in so far as their work must be undone in the sphere of the citizen.”

“The method must be adapted to the maturity of the student. Civics can be comprehended by the youngest high-school boy, and furnishes material for growth in power for the oldest. The facts should be taught objectively so far as possible.”

These replies it seems to us indicate that there is at least a rapidly growing interest in the subject of civic education, and that the scanty experimenting already done shows that very much larger, more thorough and systematic work is feasible, desirable and necessary.

# SCIENCE AND INDUSTRY

## CUBA'S INDUSTRIAL PROBLEMS

On the first day of January Spanish rule in Cuba, of nearly four centuries duration, came to an end. With the formal transfer of authority in the Governor General's palace, the last link connecting the western hemisphere of to-day with the early period of Spanish discovery and exploration was broken. In the normal evolution of civilization the old shell of despotic institutions has gradually been outgrown, cracked and broken, and now the last remaining vestige has been cast aside and all America stands free and unhampered, facing a future full of opportunities such as have never awaited any other lands or peoples. Canada may be cited as still under foreign dominion, but in reality Canadian institutions are almost as free as our own.

The United States is now in possession of Cuba and may remain so for a considerable time. Charged with the responsibility of establishing a safe and just government in the island, it may find that years instead of months are necessary to the carrying out of this programme. At the very outset it has a three-fold problem to face. It must re-organize the political system in such a way as to promote the growth of self-government. It must also reform and redeem the administration and sanitary conditions of the cities throughout the island; and, finally, and perhaps most important of all, it must take hold of the industrial problems now presented as the result of generations of official plunder and years of civil strife.

The political reorganization of Cuba promises to be a most perplexing matter. Nobody knows anything about the capacity of the inhabitants for self-government, and only by experimenting can it be determined

just how far, with safety, they can be let into a share in the direction of affairs. The attitude of the insurgents is uncertain in the extreme, and if it shall appear that our presence in the island is necessary for a long period, and that we must pursue a stern and vigorous policy, it may be that the rebel army in its disappointment will stir up another revolution, transferring the point of attack from Spanish to American authority, and thus bringing the work of political and industrial reform to a standstill. In the very nature of the case, many of the high expectations entertained by the Cuban population cannot be realized. To them it has seemed that the simple throwing off of the Spanish yoke would bring with it not merely political independence, but steady and universal employment and a free hand with the public revenues. A people of the social type and character of the Cubans necessarily look upon government as a paternal institution, charging almost all their wrongs to it, or looking to it for employment and support.

This tendency has been shown already, in a very violent way, in our experience in the matter of customs receipts at Santiago. For several months after the conquest of that city all the customs receipts there collected were applied to municipal improvements right on the spot, and the result was that thousands of Cubans were immediately given employment by the government. But of course, when we entered on the work of reorganizing the whole island, the policy of applying customs receipts to the expenses of the particular port where they were collected had to be abandoned. There was no more reason why all the duties collected at Santiago should be spent there than that the revenues collected at the port of New York should be retained for the local expenses of that city. A certain proportion of the income was to be returned to Santiago, but not all of it, and the consequence was a

prospective cutting down of the work of public improvement and limitation of the field of employment. This almost produced a revolution. The natives looked to the American authorities for employment and support.

We began by giving them rations outright, next by furnishing work to all who applied. Of course this could not continue forever; but the very fact that the curtailment nearly brought on an insurrection shows the serious nature of the problem we are called upon to face in dealing with this kind of people. They have not yet really come into the stage of self-reliant, independent, law-abiding citizenship. If discharged from work for the city, their sole resort was to go to the hills and practice brigandage on travelers. The outlook is not encouraging, when we think of establishing a democratic system of suffrage and putting the government of the island and control of its finances and property interests in the hands of people holding this sort of idea of their personal responsibilities and relation to the government. There is, however, some reason for their desperate state of mind at the prospect of being discharged from work, as we shall point out later on.

The work of reforming the cities, both from a political and sanitary standpoint, is another immense problem. The regular order of affairs heretofore has been systematic plunder of public revenues by Spanish officials. Moneys collected for various public improvements, even to maintain the ordinary indispensable conditions of decency, have been diverted to private purposes. So customary has this been that public sentiment even has become deadened on the subject, and whatever public improvements are made now will be in the nature of pure paternalism on our part, instead of as the result of a popular demand carrying with it willingness and capacity to help in the work of reform. Most of the coast cities have fine harbors, but are un-

provided with adequate piers for large shipping. The work of loading and unloading has been done by lighters, and the construction of piers has been delayed chiefly because, so it is said and is natural to suppose, the Spanish officials have found it profitable to let the lighterage business continue.

With regard to sanitation the conditions are frightful, and the neglect has been criminal. We read the reports of the late Colonel Waring and of General Francis V. Greene, in regard to Havana, with amazement. Though the water supply is fair, there is practically no system of sewerage, and the public streets themselves are made the chief repositories of the filth, garbage, dead animals, and drainage of the city. Nearly every house has a cess-pool in its yard or cellar. It is to these conditions that the periodical outbreaks of disease in Cuba are due. The climate, during the rainy season, is enervating of course, but not necessarily productive of disease. Inhabitants of the rural regions of Cuba are not afflicted by pestilences except as they are communicated from the pest centers, where the filth itself breeds, harbors and propagates disease. Great sums of money will be necessary to remedy this state of affairs and provide the large cities of Cuba with proper sewerage and water supply systems, establish rigorous and effective sanitary inspection, and enforce sanitary regulations. Even if we continue to tax the Cubans as heavily as did the Spaniards, the proceeds will not begin to cover the necessary cost of the municipal improvements alone that are necessary. As we have said, General Wood found that the entire customs receipts at the port of Santiago were no more than enough to inaugurate and keep going the reforms and improvements needed in that one city. Practically nothing could be realized from local taxation there.

If, therefore, we are to put these Cuban cities in



the condition which civilization and decency demand, we shall have to appropriate money from our own treasury for the purpose, or else prolong our period of control there almost indefinitely. Certainly it will not be safe to leave Cuba to herself and put the control of affairs in the hands of the Cuban population so long as the population is of the sort that the conditions now existing inevitably produce.

Industrially, the island is practically in chaos. Whatever else is done, it is this end of the problem that must be set right before self-government can be successfully established. So long as the bulk of the inhabitants are without means of regular and sufficient support, through normal economic channels and without reliance on government, to put the political authority in their hands would lead at once to unmeasured corruption and all sorts of socialistic experiments. There is no lack of industrial opportunities in Cuba, and, under a strong and safe government and freedom from civil warfare, the island is capable of great development and steady prosperity. Its industrial future need not be confined entirely to sugar-cane growing. When peace and security are guaranteed there will be a large field for the cultivation of fruits, tobacco and coffee. Cattle herding is likewise a profitable industry, and there are deposits of iron which can be exploited much more thoroughly than at present when adequate capital and enterprise are applied. New railroads must be built and many old ones reconstructed.

Nevertheless, sugar growing and manufacturing will probably remain the chief industry of the island. Doubtless in time the refining of Cuban sugar will be done within the island, and nothing could be better for the social development of the people than the growth of just such manufacturing centers as this would give. Cuba is the greatest cane sugar territory in the world.

Its annual production, of about one million tons, is more than double that of Java. So admirably adapted are the soil and climate of the island to this industry that it has prospered even under the official plunder to which it has been subjected by the Spanish government. There is opportunity, furthermore, for extension of this industry far beyond its present limits. Mr. Wilfrid Skaife, a civil engineer who has been engaged in the manufacture of sugar in Cuba, says, in the *Engineering Magazine*, that "great tracts of land are available for sugar cane which are yet a wilderness." A great deal of modern machinery has been introduced for the manufacture of cane sugar, but the methods of planting and harvesting are still very primitive. In this line, says Mr. Skaife, "there is a crying need of machinery. The planting of the cane is nearly all done by hand. There are a few cane-planting machines, but little is known about them. The weeding is done by hand in the majority of instances, and finally the harvesting is done with a knife, and a laborious business it is. It takes five hundred men per day to cut the cane alone on a large estate, to say nothing of loading and teaming to the railroad tracks; and the man who can successfully solve the problem of a cane harvester has a large field to work in."

Besides machinery, the future development of the sugar industry in Cuba demands an adequate system of public roads, additional railroad lines, and, perhaps most important of all, a period of peace and security to property which will save the expense of protection against marauders and insurgent uprisings. Says Mr. Skaife: "Common roads for wheeled vehicles hardly exist except in the near vicinity of the larger towns. What is known as the Camino Real (Royal Road) is merely a broad strip of country, sometimes fenced by cactus and barbed wire and passable on horseback and

by ox-carts in the dry season. The only time, in fact, in which hauling can be done to any extent is during the long dry season, when the field roads made by the sugar and tobacco estates can be traversed by great two-wheeled carts with four oxen. Two days of rain stops traffic in all directions. The opportunity for the building of common roads is larger, and in most places there is plenty of stone for the purpose."

How important the establishment of peace throughout the island will be, in its saving to the sugar industry, is shown by the statement of this writer that "in times of revolution, like the present, it costs an estate thirty to fifty thousand dollars a year to defend its fields."

In time, now that Cuba is rid of the repressing influence of Spanish rule, American capital and enterprise will enter and develop new industries and extend the scope and improve the character of those already existing. Eventually, there is no doubt, Cuba will become a prosperous, self-reliant, industrious community, offering adequate employment to labor and a good field for profitable investment.

But that has to do with the future. The immediate problem is pressing in the extreme, and cannot wait for long-time economic forces to bring about results that are immediately necessary. Prior to the outbreak of the war a large part of the laboring population of Cuba had been withdrawn from the fields and huddled together in pest camps near the cities. When the war began all relief from America in the shape of supplies and medical help was of course cut off, and the condition of these sufferers since that time has been even worse than when the order of reconcentration was first being enforced. The results have been two-fold. First, the people themselves, or such of them as remain alive, have been reduced almost to physical

wrecks with neither ambition nor capacity to return and re-establish themselves among the ruins of their former homes. Second, the rural country, during this long period of neglect, has become largely overgrown with weeds and underbrush. The cottages, barns, implements and live stock have been destroyed, and it is impossible for these small farmers and laborers to go back into this wilderness, unless provided for a considerable period with the tools necessary to reclaim the land.

A voluntary organization known as the Cuban Industrial Relief Association, which may be reached at No. 30 Broad Street, New York City, has proposed a plan for dealing with this situation, which has been endorsed by the War Department, and seems to be a feasible method of relieving the immediate emergency. The plan is proposed by Mr. William Willard Howard, a gentleman of considerable experience in Armenian relief undertakings, and who has personally investigated the conditions in Cuba. It was explained in detail by him in an address delivered not long ago in Plymouth Church. Two or three paragraphs from this address will give the gist of the proposition.

“In my investigation of the condition of Cuba I was strongly impressed by the pride and sensitiveness of the people, and I became convinced that in giving aid to the Cuban poor we should be confronted by a problem that would put to the test the measure of our progress in civilization. . . .

“What shall we do with the Cuban poor? Shall we, by temporary gifts of free soup and old clothes, brand them as paupers in the eyes of the whole world? Now that we have placed them upon the threshold of a new life as a self-governing people, shall we so degrade them by indiscriminate charity that they may never lift their heads as self-respecting people among the free nations of the earth? Our responsibility is overwhelm-



ing. Is our humanity as equal to its emergency as our warships were to theirs?

“My plan for dealing with the problem of the Cuban poor is to help the poor to help themselves. Instead of pauperizing gifts of food and clothes I would give honest employment. The details of my plan are simple and easily understood.

“1. A tract of good farming land should be secured near a city or town where the need of the poor is most pressing.

“2. A thoroughly capable American should be placed in charge of this land, with sufficient funds at his disposal to give employment to a considerable number of men.

“3. This American should offer to the able-bodied poor of the neighborhood day's work at ploughing, planting and cultivating this land. The workers should be paid the full local market value for their labor.

“4. Only the common food crops of the island should be grown. When the crops come to maturity they should be sold for cash in the best available market. The money received should be turned back into the fund and used again in the same way. This should be continued until the need for this kind of relief no longer exists.

“5. At the earliest practicable moment individual workers should be assisted to return to their old homes to begin their broken lives anew. This will be determined solely by individual circumstances, and not by any philanthropic desire to thrust them forth in crowds simply because the war is ended and Cuba is free. No individual should be sent to his old home until he is mentally, morally and physically capable of going. The assistance given should not be in the form of a charity. It may be, and should be, a plain business transaction.



The giving of tools and seed and farm oxen and provisions, as a charity, should under no circumstances be permitted. The assisted farmer should be required to repay, with interest, the full value of the assistance given. This will not be looked upon by him as a hardship, but as an ordinary business transaction such as he has been accustomed to all his life. Nor will it in reality be a hardship. The soil of Cuba is wonderfully fertile, and, with ordinary diligence, farming is a profitable enterprise."

This proposition may, of course, impress one at first sight as merely a form of charity in disguise. Perhaps it is so, and yet there are times when even the call for charity is imperative; and the problem becomes one of how to administer the relief so as permanently to help and in no wise pauperize the recipients. Economic forces will ultimately solve the industrial problems of Cuba, but at the immediate present there is actual need of some philanthropy, and if we can have philanthropy working through economic methods, so much better. It would seem that these proposed colonies in the vicinity of cities, which could be used as restoring agencies and distributing centers for reviving the destitute population and sending them back to their former homes, adequately supplied with means of sustenance and work, all on the basis of rendering service for whatever is received and accepting debt obligations for whatever is furnished, partakes as little as possible, under such circumstances, of the nature of charity. In fact, from the recipients' standpoint there is no charity about it at all, unless it be in the nature of the treatment and interest in them which would be taken by the managers of these farms. A little of that, however, can very well be excused under the pitiable conditions that now exist. In fact, there are no conditions under which a little of ordinary humane consideration will not

make even the great interworking wheels of economic society run more smoothly and last longer. It might be, moreover, that in the end these colonies or farms, if conducted on the basis proposed, would pay for themselves and reimburse those who now contribute to their establishment; in which case the whole enterprise would be economic in its results, if not wholly so in its inception.

It is an emergency proposition, made to meet an emergency. As Mr. Howard says, "The rehabilitation of Cuba will not be the work of a day. Five years will not build up what five days can tear down. The present condition of the cattle industry is a fair type of the general state of Cuba. An impoverished cattle grower, who lost nearly two thousand cattle at the hands of the Spaniards and the Cuban insurgents, informed me that it would require five years' time in which to replenish, by importation, the depleted stock of cattle throughout the island. The province of Matanzas, which had 260,000 cattle before the beginning of the Cuban war, has now less than 5,000. . . . Last February I rode over the devastated fields of a Cuban planter who, before the war, was worth a quarter of a million dollars, but was at that time working in a New York hotel for twenty dollars a month. In another district I rode through the ruins of a large plantation house, the owner of which, a General in the insurgent army, was dependent upon the kindness of a friend for the support of his wife and children in New York. It will not be questioned that these men will need borrowed capital for the reconstruction of their estates; yet they are only typical cases. I believe that I am justified in saying that fully ninety per cent. of the landowners of Cuba are in the same unhappy situation. Until the planters obtain money with which to set the ploughs in motion the industrial life of the island will remain dor-

mant. Neither sugar mills nor tobacco factories will be able to turn a wheel in the ordinary course of business until the planters come with their crops. All classes of workers, from ploughboys to factory hands, will remain idle."

There is no question that the United States has a duty to perform in rehabilitating industrial Cuba. Our interference in the Cuban war, and expulsion of the Spaniards, places upon us a responsibility which cannot be escaped. The war was undertaken in the name of humanity, but humanity does not consist merely in destroying one political system and setting up another, while doing nothing to relieve the conditions of the people who have, through and because of all this struggle and the previous period of rebellion, been reduced to want and industrial helplessness. Our duty here is prior even to any that awaits us either in Porto Rico, Hawaii or the Philippines, because it was for the sake of Cuba that the whole policy which has resulted in the acquisition of these islands was undertaken. If it shall appear that individual philanthropy is not sufficient to establish and carry out some such form of industrial relief as we have instanced, the government should be prepared to take up the matter itself.

It may be said that to do so would merely point the way towards numerous similar expenditures in improving the conditions in all the other barbarian and semi-barbarian communities we have acquired; but this is one of the things that the expansion policy inevitably involves. Only, in the case of Cuba, we can do it willingly and with good grace, because we undertook the war solely for the purpose of removing a tyrannical and oppressive government and making progressive civilization possible there, and we propose to give Cuba to herself just as soon as it is practicable. In the case of the other communities, however, the question is still

open and debatable. To assume the work of regenerating, at great expense, three other entirely distinct and uncivilized communities, is indeed a most questionable and dubious task, and one whose undertaking would probably mean diverting the resources, energy and attention of this nation from the paths of its highest usefulness to humanity.

With Cuba, however, the responsibility and duty are plain and not to be evaded. The helpless population must be provided with opportunities of working themselves back to a condition of permanent self-support. The cities must be purified, reconstructed and honestly governed. Educational opportunities must be provided. Finally, the population must be gradually admitted to increasing measures of self-government, in proportion to their proved capacity to maintain order and secure popular rights, (until finally the directing and guarding hand of the United States can be withdrawn. Then, and then only, will our duty to the island whose government we destroyed for the sake of humanity, be discharged.

## SCIENCE AND INDUSTRY NOTES

An important English ship-building firm, Short Brothers, of Sunderland, have recently issued a report on the results of seven years' experience with the eight-hour system in their establishment. Under the old system the men began work at six in the morning, took half an hour for breakfast at eight o'clock, half an hour at noon for lunch, and quit work at five. Many were unable to endure the long hours, and large numbers of employees regularly lost a portion of their wages each week from forced absence from duty. Now the men get their breakfast before beginning work. They start at half past seven and finish at five. Under this plan they not only do more work but the general operation of the plant is much more economical. This has been practically the universal experience wherever the shorter-hour experiment has been tried, either by voluntary action, as in this case, or by uniform legal restrictions.

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The Nicaragua Canal Commission, which has spent ten months in making careful surveys and examinations of the various routes proposed, submitted a preliminary report to the State Department on December 29th. It finds "that the construction of a canal across Nicaragua is entirely feasible. The estimates for two of the best known characteristic routes have been nearly completed. These routes are known as the Maritime Canal Company's Route and the Lull Route. Their estimated cost is approximately \$124,000,000 and \$125,000,000 respectively." The commissioners state that in their opinion "the Lull Route is the more desirable, because it is easier of construction, presents no problems not



well within good engineering precedents, and will be a safer and more reliable canal when completed."

A full and exhaustive report is to be submitted in the near future, and it is to be hoped that practical steps will be taken by Congress without delay to secure the construction of this canal, either by guaranteeing the cost under proper conditions, or, if necessary, by authorizing it as a public undertaking.

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An illustration of the way in which the benefits of advanced industrial civilization are extended to less progressive countries has recently been furnished by a visit of European capitalists to some of the great iron works in this country. It is said that no less than a dozen great plants, representing an investment of \$100,000,000, modeled after American establishments and using American methods, will be erected in Germany, France, Austria and Hungary. The cheaper and better product that this will make possible will be of peculiar benefit in the countries named, because they are very large consumers of iron, not only in large buildings and engineering works but even in the construction of dwellings.

Thus, by developing our own possibilities in this line at home, we have not only established a high type of industry here but made it possible to extend better methods of production to other countries. This is the sort of practical American "expansion" that the world needs. Had we been content to throw down all barriers and refuse to develop our own possibilities, for fear such action might be considered a species of selfishness, we would not only have been far behind our present standard to-day but would not have developed anything capable of conferring any benefit upon others.

## CURRENT LITERATURE

### THE CITY WILDERNESS\*

South End is the slum end of Boston. North End is another slum section of the Massachusetts metropolis. This book is devoted to a description of the life of the slum inhabitants of South End. Each topic forms a chapter, and is furnished by a different author, but always by an active worker in the district. The book is another contribution to the municipal literature of the country.

The third chapter is devoted to an analysis and review of the nationalities and social character of the population. It appears that the Irish are wonderfully in the lead in the Boston slum population as compared with all other foreigners. They about equal the native-born. The Polish Jews, however, appear to be rapidly gathering strength. According to the writer, the power of the Jews to defy their environment, live right on the same street and in the same house with the Irish and negroes without apparently being at all affected by them or having anything to do with them, is a quality which gives the Jews the advantage over most of the others in their ability to live and maintain their status where others would decay and die. "They receive," says the writer (page 41,) "with pleasure everything which is offered, except the religious teaching. To this they seem to be entirely indifferent. 'I don't care what you teach my children at your Sunday School,' said one Jewish woman. 'It won't make any difference with them.'"

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\* *The City Wilderness*, A Settlement Study by Residents and Associates of the South End House, Boston. Edited by Robert A. Woods, head of the House. Houghton, Mifflin & Co., Boston and New York. Cloth, gilt top, 311 pp. \$1.50.

“The Jew has a surprising power of endurance,” says Mr. Bushee. “If employed under a hard master, he still works on under conditions which would drive the Irishman to drink and the American to suicide, until finally he sees an opportunity to improve his condition. Surely the modern Jew must have been the ‘economic man’ upon which the ‘dismal science’ was founded.” But this ability to endure dirt and squalor does not appear to be at all encouraging to the student of South End life.

The writer finally agrees that this problem is largely a problem of immigration, which indeed all students of municipal reform in this country must recognize. It may sometime again be true in this country, as it was fifty or more years ago, that unlimited immigration may be helpful to the nation, but to-day the great municipal problem which presents itself to the American people demands, in order that we may have an opportunity even to commence to deal with it, that immigration shall be greatly restricted, and it ought to be stopped for a few years at least. This is fully borne out by the investigation of the “City Wilderness” of Boston.

According to Mr. Woods, who writes a chapter on “Work and Wages,” legislation in Massachusetts has gone far to stamp out the sweating system in Boston. He says (page 87): “Massachusetts legislation against the sweating system has practically abolished that iniquity in Boston; while the general legislation of the State—including the limitation of the weekly hours of work for women and minors to fifty-eight, the prohibition of child labor under the age of fourteen, and the requirement of rather strict sanitary regulations—prevents a low order of factory industry.” This is indeed very encouraging. New York may well take hold and apply itself to the sweat-shop conditions of its own slum

districts. The thing that has done so much to extinguish the sweat-shop in Boston is the law recently passed by the legislature of Massachusetts forbidding the use of any buildings for manufacturing without a permit from the factory inspectors certifying to its fitness to be used for such purpose. All buildings found to be used for manufacturing without such permit were violating the law, and without further evidence were subject to the penalty. In his message to the legislature, Governor Roosevelt recommended the adoption of this permit feature for New York City, and it is to be hoped that the legislature will lose no time in converting the Governor's recommendation into law.

In the chapter "The Roots of Political Power" a curious phase of South End life is revealed. It is what the author designates as the "gangs," to which he says almost every boy in the tenement-house quarters belongs. "The boy who does not belong to one is not only the exception, but the very rare exception." In an elaborate description of the make-up and management of these gangs we are told that they meet on what is called the "corner" (though it may be in the middle of the block). They do all sorts of audacious things at first, from "scrapping" with each other to molesting pedestrians on the street. These gangs have one or more leaders, who acquire their positions, like the predatory chief, by being the best scrappers or the toughest fighters or the biggest bullies. In the history of these gangs the author traces the evolution of the ward boss. The one who can most successfully bully the gang becomes the political boss of the ward. These gangs of boys range from fourteen to sixteen years of age up. When they begin to have more serious objects than insulting pedestrians and annoying policemen, they begin to have clubs. That is, they meet in a room. Sometimes they hire an old house. One of the



invariable features of these clubs is one or more balls or dances during the winter, where the girls as well as the boys can be invited in, and thus a social status and influence is established. From these clubs they move into political action, deal out the patronage, make or unmake candidates for public office, and ultimately make their imprint upon the election machinery of the state and nation, as well as the city.

All this shows that the work of education goes on whether we will or no, and if it is not organized and directed in the lines of wholesome ideas and responsible conduct, it will organize itself for the destruction of all that is decent in society. Wesley resolved that the devil should not have the monopoly of good tunes. It is time that public educators and students of political science, leaders of public opinion and of public policy, should resolve that the real effective methods for organizing public action among the masses should not be monopolized by the vicious and neglected elements of society. If we would really effectively deal with the municipal problems we must not descend upon the population with the stilted methods of the successful and favored classes, but we must approach them through the methods that they themselves inaugurate, and with which they are familiar, viz: through their club life, largely of their own making. This is the direction in which the next great step in popular education must be taken. If the civic problems which are threateningly confronting us are to be solved consistently with democratic institutions, we must restrict immigration, repress the sweat-shops and educate the people through the methods of their social enjoyment. This is the way that educational forces must reach the under-side population of our large cities if Tammanys are to be abolished and the cities to be a strength instead of becoming a menace to the Republic.



## ADDITIONAL REVIEWS

YESTERDAYS IN THE PHILIPPINES. By Joseph Earle Stevens. Charles Scribner's Sons, New York. 1898. 232 pp. \$1.50.

The author lived in Manila during the years 1894 and 1895, and made several trips inland, as well as one sea voyage to islands other than Luzon. He writes an interesting narrative of his experiences, and description of the country and people, though the latter it must be said is somewhat superficial. The book consists of a series of letters written in a semi-humorous fashion, as is perhaps not surprising in the case of a young man suddenly introduced to a series of violent and ludicrous contrasts with the social conditions and customs of Boston.

Mr. Stevens represented the only American firm in the Philippine Islands, H. W. Peabody & Company, of Boston, and that house closed up its business and withdrew its representative two years ago. Mr. Stevens was not infatuated with what he saw in the Philippines, and on the question of annexation says, in the introduction to his book:

“Do we want them? Do we want a group of 1400 islands, nearly eight thousand miles from our Western shores, sweltering in the tropics, swept with typhoons and shaken with earthquakes? Do we want to undertake the responsibility of protecting those islands from the powers in Europe or the East, and of standing sponsor for the nearly eight million native inhabitants that speak a score of different tongues and live on anything from rice to stewed grasshoppers? Do we want the task of civilizing this race, of opening up the jungle, of setting up officials in frontier, out-of-the-way towns who won't have been there a month before they will wish to return? . . . . .

“The Philippines are hard material with which to make our first colonial experiment, and seem to demand a different sort of treatment from that which our national policy favors or has had experience in giving. Besides the peaceable natives occupying the accessible towns, the interiors of many of the islands are filled with aboriginal savages who have never even recognized the rule of Spain—who have never even heard of Spain, and who still think they are possessors of the soil. Even on the coast itself are tribes of savages who are almost as ignorant as their brethren in the interior, and only thirty miles from Manila are races of dwarfs that go without clothes, wear knee-bracelets of horsehair, and respect nothing save the jungle in which they live. To the north are the Igorrotes, to the south the Moros, and in between, scores of wild tribes that are ready to dispute possession. And is the United States prepared to maintain the force to carry on the military operations in the fever-stricken jungles necessary in the march of progress to exterminate or civilize such races? . . . . .

“The Philippines must be run under a despotic though kindly form of government, supported by arms and armor-clads, and to deal with the perplexing questions and perplexing difficulties that arise needs knowledge gained by experience, by having dealt with such problems before.”

One interesting and surprising fact brought out in Mr. Stevens' letters is the extreme fondness of the natives for music. It appears that cheap pianos are found in many even of the rude bungalows in and about Manila, and the natives display no little skill and musical appreciation in the use of these instruments. This at least indicates an imaginative quality which is a hopeful sign in any race.

But evidently this is almost the only redeeming

feature. What our author says about the cost of living, even in Manila, and the wages of the native servants and laborers, indicates a general social condition that will have to be very vigorously stirred up before even the first movements of progress made an appearance in the Philippine population. Mr. Stevens' valet cost him \$4.50 per month. "Where in the States," he asks, "could you rent a suburban house and lot, keep half a dozen servants, pay your meat bill, your drink bill, and your rent, all for less than a single dollar a day? You can scarcely drive a dozen blocks in a hansom, or buy a pound of Maillard's for that money at home, and yet, in Manila, that one coin shelters you from the weather, ministers to the inner man, and keeps the parlor in order.

"Our cook, for instance, gets forty cents each morning to supply our table with dinner enough for four people, and for five cents extra he will decorate the cloth with orchids and put peas in the soup. To think of being able to get up a six-course dinner, including usually a whole chicken, besides a roast, with vegetables, salad, dessert, fruit, and coffee, for such a sum seems ridiculous in the extreme."

Even in Manila, he says, the regular way of getting rid of slops is to throw them into the street, and it is necessary to hang garments high from the floor at night to keep them from being carried off by the rats. In some houses large snakes are kept in the attic as one means of getting rid of the overwhelming plague of rodents. Clearly, we have a lively time ahead in the Philippines, if it shall prove to be the policy of the administration to retain them and set up a permanent colonial or territorial government there. We have them; there is no question about that, but it is not too late yet to decide the question whether we shall keep them permanently and make them a part of the United States.

## NEW BOOKS OF INTEREST

### ECONOMIC AND SCIENTIFIC

*Outlines of Descriptive Psychology*, by George T. Ladd, D.D., LL.D., Professor of Psychology in Yale University. Illustrated. The Macmillan Co., New York, \$1.50. Not only profound in reasoning, but practically and helpfully suggestive.

*The Shifting and Incidence of Taxation*, by Edwin R. A. Seligman, Professor of Political Economy and Finance in Columbia University. The Macmillan Co., New York. A complete revision and enlargement of Professor Seligman's first work of this title. There is considerable new matter on early English experience in taxation; also on the Physiocrats, etc.

*Economics*, by Edward Thomas Devine, Ph.D. The Macmillan Co., New York. 404 pp. \$1.00. The author is General Secretary of the Charity Organization Society of New York, and the book is intended both for general reading and for class-room work in high schools and colleges. The discussion is wholesome in general, but not particularly vigorous on specific points.

### CIVIC AND POLITICAL

*Out of Mulberry Street; Stories of tenement life in New York City*, by Jacob A. Riis. The Century Co., New York. 269 pages. \$1.50. A collection of episodes throwing light on characteristics of life in the slum districts of New York.

*The Government of Municipalities*, by Hon. Dorman B. Eaton. The Macmillan Co., New York. Mr. Eaton was formerly United States Commissioner of Civil Service, and naturally his treatment of the municipal problem is largely from the standpoint of Civil Service Reform.

*First Lessons in Civics*, by S. E. Forman, Ph. D. American Book Co., New York. 192 pp. 60 cents. A text-book adapted for use in upper grammar school

grades and first years in high schools. Recognizes the need of reaching relatively young pupils with this sort of instruction.

HISTORICAL AND DESCRIPTIVE

*The Story of the Revolution*, by Henry Cabot Lodge. 2 vols. Illustrated. Charles Scribner's Sons, New York. \$6.00. This is the history recently published serially in *Scribner's Magazine*. Although containing little important new material, the method of treatment is exceptionally fascinating.

*Our War in Two Hemispheres*, edited by Albert Shaw, Ph.D. Review of Reviews Co., New York. 3 vols., about 1,500 pages. This is a profusely illustrated collection of writings by about thirty contributors, on the history of the Spanish-American War.

*The Porto Rico of To-day*, by Albert Gardiner Robinson. Charles Scribner's Sons. New York. \$1.50. The secondary title of this book is "Pages from a Correspondent's Note Book," indicating that the author was a war correspondent in Porto Rico. The book describes the people, customs, and the economic and commercial conditions of the island; and is well provided with illustrations and maps.

*In the Forbidden Land*, by A. H. Savage Landor. Harper & Bros., New York. 2 vols. \$9.00. This is a record of the author's now famous trip into the interior of Tibet, and his hazardous experiences in endeavoring to reach the sacred city of Lhasa. Contains material of value to scientific investigators.

*Recollections of the Civil War*, by Charles Anderson Dana. Appleton & Co., New York. 296 pages. \$2.00. This posthumous work will be welcomed quite as much because of interest in the author's personality as in the topic treated. It is a record of Mr. Dana's personal experiences as war correspondent, and later as Assistant Secretary of War from 1863 to 1865.



## THE BEST IN CURRENT MAGAZINES

In the February *Cosmopolitan*, Editor John Brisben Walker begins a series on "How an Empire was Built"; Part I being on "Mohammed." An important contribution is "City Subways for Pipes and Wires," by Henry F. Bryant.

The *New England Magazine* for February has a good illustrated article by Alfred S. Roe, on the historic "Massachusetts State House."

James M. Scovel gives some interesting "Recollections of Lincoln" in the February *Lippincott's*.

In *Cassier's Magazine* for February James Barrowman writes rather optimistically on "The Health Conditions of Coal Mining," giving comparative statistics.

Senator Lodge begins a history of "The Spanish-American War" in the February *Harper's*. The usual high standard in fiction and literature is maintained this month by such contributors as W. D. Howells, Margaret E. Sangster and Ruth McEnery Stuart.

There are two articles of special interest to sociological students in *The Chautauquan* for February,— "The English Poor Law and English Charities," by C. H. d'E. Leppington, and "Mill Operatives in the South," by D. A. Willey.

The Panama Canal project is carefully discussed in the February *Engineering Magazine*, by W. H. Hunter; and Louis J. Magee writes on "America and Germany as Export Competitors and Customers."

The *Atlantic Monthly* is running a series of attractively quaint "Reminiscences," by Julia Ward Howe; contrasting strongly with a parallel autobiographical series by the well-known anarchist, Prince Kropotkin. The February number has a practical, sensible article on "The Subtle Problems of Charity," by Jane Addams, superintendent of Hull House settlement in Chicago.

# INSTITUTE WORK

## CLASS LECTURE

### INTELLIGENT TAXATION

The problem of taxation is a very old one, and it seems to become more difficult of treatment as society grows in complexity. In simple society, where everybody knows everybody else, the problem of taxation is a comparatively easy one, because the objects for which taxes are levied are easily understood by all, and the simple conditions of industry and society create a common motive for the tax. With the growth of an infinite variety of industrial, social and political interests, easy solution of the question of taxation disappeared. The multitude of motives that produce this difficulty are obvious; some of which are disagreement as to the purposes of collecting the taxes, and a mere selfish aversion to paying for any purpose. Thus the effort to evade taxes, especially for an object with which one does not agree, as well as the lower motives which inspire people to pay only what they have to, make the question of taxation in modern society an increasingly difficult one.

In considering the principle of taxation, however, it should be remembered at the outset that there are two classes of taxes, levied for distinctly different objects. One kind is levied primarily and dominantly for protection, the other for revenue. Of course, taxes for protection should be levied solely with that object in view; regardless of revenue. If protective taxes do not protect, they are a failure. Some protective taxes may yield revenue, others may yield none; but this is entirely a secondary matter. Such taxes are a success or failure according as they accomplish the object of pro-

tection intended. For instance, the ten per cent. tax on the note circulation of state banks is a protective tax. Its object is to protect the country against injurious inflation of the currency by unrestricted state bank issues. The tax of ten per cent. made it unprofitable for state banks to issue any circulating notes at all. Thus it has yielded no revenue whatever, but it has completely accomplished its protective purpose. The tax on dogs is intended chiefly to restrict the number of dogs. Incidentally, it yields some revenue. The higher the tax, however, the more protective it is against dogs and the less revenue it is likely to yield. High license is another protective tax. It is primarily intended to restrict the number of saloons, and has that effect. It may increase the amount of revenue or not; but this class of tax, whose object is not revenue but the protection of society against some financial or social evil, should be levied solely with reference to this protective feature, regardless of whether it yields more or less revenue or any revenue at all.

The other kind of taxes are levied solely for the purpose of raising public revenue. The object in levying this class of taxes, therefore, should be to obtain the maximum amount of revenue with the minimum cost of collection and inconvenience to society. In order to get the maximum amount of revenue, then, taxes should be levied in such a way as to make evasion impossible. In order to give the minimum amount of cost in collection and inconvenience to the community, they should be so levied as to involve the smallest possible amount of inquisitorial prying into the private affairs of citizens, which is always objectionable and leads to a multitude of devices for evasion, misrepresentation, perjury, and a whole list of unpatriotic and immoral practices.

The objection to existing methods of taxation is

that for the most part they are arbitrary schemes devised to catch special cases which seem not to contribute their proper quota to public revenues, and are chiefly fruitful in producing social friction and endless efforts at evasion, resulting in relatively high cost and small collections. Of this character are all taxes on income, on personal property, on legacies, etc., because they are highly inquisitorial, involving the prying into the personal affairs of individual citizens.

From what source, then, can revenues be most equitably and economically derived. Clearly this cannot be wages and salaries, since these incomes are the necessary means of sustaining the social standard of living, and consequently to impair that would be to impair the social usefulness of the individual citizen. It cannot be production, because to impair that is probably to lessen industrial efficiency and thereby impoverish the community. The only source from which revenues can be drawn so as to impair neither the social usefulness of the citizen nor the productive efficiency of society, is economic surplus; that is to say, the surplus income of the community, which includes the rents, interest and profit. This is the body of wealth which is being created from day to day, over and above all the expenses of production,—wages, salaries, raw materials, etc. This body of wealth in any community is large or small according to the prosperity and progressive industrial state of the community. It is the fund from which capital is drawn for new investments and new developments, because it can be so taken without impairing the personal incomes upon which the standard of living depends. It is, therefore, the source from which public revenues can be drawn most equitably, without impairing the economic efficiency or social standards of the community. As a matter of fact, no government under free institutions can collect in taxes



more than the equivalent of this aggregate surplus, because to do so would take from the wages and impair the principle of productive investments, which would soon cause a revolution. How, then, can taxes be levied so as to draw the revenues from this fund of surplus earnings of the community?

There are two distinct methods of collecting public revenues. One is by direct taxation, the other by indirect. It is commonly assumed that direct taxation is the superior method, yet all experience controverts this view. If taxes were directly levied upon the surplus earnings of the community, from which they ought ultimately to be drawn, it would lead to all the devices of evasion and opposition that accompany the income tax and personal property tax. To levy taxes directly upon rent or profits or interest enlists the antagonism of the entire rent-collecting and profit-receiving class, to the tax collector and to the public improvements for which the taxes are expended; it also leads to unlimited inventions of misrepresentation for the purposes of evasion. This method of collection, therefore, necessarily involves making the tax collector the most objectionable inquisitor imaginable.

The psychological effect of the attempt to levy taxes directly upon surplus earnings would be a real stultification of industry. If profits, for instance, were to be taxed directly in proportion to their amount, the effect would obviously be to discourage efforts at profit-making, since it would only be creating a fund for the tax gatherer. Direct taxation, in fact, is the poorest of all methods of collecting public revenues, because it necessarily creates the maximum amount of antagonism, resistance and evasion.

Indirect taxation, then, is the only feasible way for a complex community to raise revenue for public expenditure. As a matter of fact, almost everything in society is



done better and cheaper which is done indirectly. Productive force is much more effective when applied indirectly through the medium of complex machinery than when applied directly by hand labor. The best judgment in the community on great problems of state can usually be ascertained by indirection of voting, through the various stages of political organization, as the caucus, local and state party conventions, and ultimately the legislature. Public opinion is developed, sifted and matured by a process of indirection, through the press and selected representatives. This is true of nearly all forces operating in society. The very process of indirection tends to eliminate the crudities, reject the obvious defects, and ultimately afford the greatest opportunity for criticism, and the application of the best representative intelligence.

What is thus true of the forces of production and government is equally true of the collection of public revenues. How, it may be asked, can we be sure that taxes levied indirectly will ultimately come out of the surplus earnings? This is a question of the mobility of taxes, which is least of all understood in connection with the problem of taxation. Wherever taxes are levied, we may be sure that they will be shifted as long as shifting is possible. For the same reason that people dislike to pay more than they have to, they will always transfer the payment to others of whatever they can. In order to make taxes invisible, and their movement as insensible as possible, it is necessary to levy them at the point farthest from ultimate payment; in other words, to levy them on the sources of production rather than on the finished products, so that in the shifting they will be spread over the entire product, and be sifted into all the crevices of profits throughout the community.

The point of levying taxes, therefore, with the maximum indirection, is at the source of production, or

on land and other real estate. There is only one way by which taxes can be shifted, and that is through the price of something that is sold. A tax on land would immediately be transferred to the price of the crop, and this because it is a part of the cost of producing the crop, just as much as that which is paid for labor, seed, implements or improvements. If, for instance, it was on wheat, it would be transferred to the miller, and the miller would shift it to the jobber, who would see that it passed on to the grocer, who would not in the least neglect to charge it up to the consumer. Where will it stop? is the question. It will stop at the place where the thing is not re-sold. It is commonly assumed that for this reason the consumer cannot transfer it. If the consumer is a person who lives on profits or rents, or other surplus income, he cannot transfer it, because he sells nothing on to the price of which he can put it. But, to the extent that the consumers are wage or salary receivers, they can transfer it, because they sell something into the price of which it enters, viz: their labor. The price of flour or clothing, or of whatever enters into the cost of living, not only can be but is put on to the cost of labor. If the price of commodities should rise, wages would rise. That is the experience of the world. Witness the movement of prices and wages during the civil war. When the money was depreciated, prices rose, and when prices rose wages necessarily followed, and this because of the simple fact that the standard of living is the real force by which stipulated incomes, as salaries and wages, are ultimately determined. So that, in reality, a tax that is levied at the source of production and has traveled through the community is paid by the consumer whenever the consumer lives on profits, because he has no means of shifting it; but so far as the consumers are wage and salary receivers (that is, live

on stipulated earnings) they have the same means of transferring it to the employers that the farmer had to the miller and the miller to the shop-keeper and the shop-keeper to the consumer. When it has reached the employer it has reached the end of the circle and the struggle for its final resting-place begins.

It may be asked, will not the employer re-transfer it to the price of his products, just as the farmer did in the first instance, or any of the intermediaries? No. The process is not the same. The resistance is greater, and in fact the conditions are altogether different. When the price of sugar is increased by a cent-a-pound duty, it is increased universally, all over the country at once, and it is taken for granted by all who buy and sell and use sugar that the duty must be added to the price, and sugar will rise. In the case of the laborer transferring the added cost of his living to the employer, it does not come in any such universal or uniform manner. Indeed, it comes very gradually and only in small spots at a time. The laborer endeavors to transfer the tax, or increased cost, to the employer through the demand for higher wages, but he does so only after considerable inconvenience, through pressure of inability to maintain his usual standard of living,—in short, by his inability to pay his bills without sacrificing some of the comforts or luxuries he has hitherto enjoyed. If this came among all laborers at once and in a uniform quantity, the employers might uniformly resist it or uniformly try to re-transfer it on to the product; but since it comes piecemeal, it reaches individual employers or concerns separately, first one shoe factory, then the general shoe industry. At another time it may be the carpenters in one city, then in another, then in another, and so on. This rise of wages is definitely a transfer of the employers' profits to the laborers for the time being. They cannot permanently resist the rise of wages.

To this extent the tax has come right out of the profits. If the employers attempt to transfer this rise of wages, which is in reality the tax that has been transferred, they come immediately in competition with their own class in their particular group of industry. In times of normal prosperity in progressive society, there are some who have large margins of profit, while others are near the no-profit point. Those who have large profits, like the Carnegies in the steel industry, when this pressure and contest comes, can afford the slight rise in wages without even attempting to put up the price of the product; while those who are making no profit, or only a very slight profit, will have their margin wiped out entirely. The contest begins for survival among the employers, and those who were at the no-profit point, in order to remain in business, have to re-organize their business on a more economic basis, adopt better methods, call in science and invention, or in some way create a new margin by economic devices. Cotton cloth, for instance, has been reduced in price from fifty to four cents a yard by exactly that process; the pressure upon profits compelling the introduction of cost-reducing devices which permitted the selling of the product at a lower price and still leaving a margin of profit. When this result comes, in the case of taxation, nobody is the poorer and the community is the richer.

Thus it is that indirect taxes are most equitable, most uniformly distributed throughout the community, least offensive in collection, and are ultimately paid out of the profits of the community; until the profit-receivers re-imburse themselves from nature by the use of new methods, which is always an addition to industrial progress and social welfare.



## WORK FOR FEBRUARY

### OUTLINE OF STUDY

This month we are to consider the subject of taxation. The curriculum topic is Number VI, as follows:

#### VI. THEORY AND PRACTICE OF TAXATION.

- a* Tariff taxes.
- b* How and when they affect prices, and when not.
- c* Direct and indirect taxes.
- d* Personal property tax.
- e* Income and legacy taxes.
- f* Influence of taxes upon wages.

#### REQUIRED READING

In "Principles of Social Economics," Chapter IV of Part IV. In GUNTON'S MAGAZINE for February, the class lecture on "Intelligent Taxation;" also the Notes on Required and Suggested Readings.

#### SUGGESTED READING\*

In Seligman's "Essays in Taxation," Chapters I, II, IV and V. In Adam Smith's "Wealth of Nations," Chapter II of Book V. In Ricardo's "Principles of Political Economy and Taxation," Chapters VIII to XVII inclusive. In Burgess' "Political Science and Constitutional Law," Section 9 of Chapter VII and Section 8 of Chapter VIII, both in Division II of Book III. Lecture on "Ethics of Taxation" in GUNTON IN-

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\* See Notes on Suggested Reading, for statement of what these references cover. Books here suggested, if not available in local or traveling libraries, may be obtained of publishers as follows:

*Essays in Taxation*, by E. R. A. Seligman, Ph.D. The Macmillan Co., New York. 434 pp. \$3.00. *The Wealth of Nations*, by Adam Smith. G. P. Putnam's Sons, New York. 780 pp. \$1.25. *The Principles of Political Economy and Taxation*, by David Ricardo. In complete works of Ricardo, published by Chas. Scribner's Sons, New York. \$6.40. *Political Science and Constitutional Law*, by John W. Burgess, Ph.D., LL.D. Ginn & Co., Boston. 1891. 2 vols. 337-404 pp. \$5.00. *Reports on Taxation in Foreign Countries*; in U.S. Consular Reports Nos. 99 and 100. (Nov. and Dec., 1888.) Can be found, probably, in local libraries.



STITUTE BULLETIN No. 12 (Vol. I); lecture on "Taxation versus Confiscation" in Bulletin No. 13 (Vol. I). Also see Taxation Reports, in U. S. Consular Reports, Nos. 99 and 100, 1888.

#### NOTES AND SUGGESTIONS

*Required Reading.*—To most people taxation is a perplexing topic, not because they have any difficulty in recognizing the tax collector when he comes around, but because our tax systems are so confused and apparently unequal, and because almost nobody has any clear idea of how a just and scientific system can be devised. The trouble comes, as in most cases of the sort, from lack of a general principle on the subject. Once let us get a clear understanding of how taxes are shifted, throughout the community, and by whom they are finally paid, and we are in a position to see what general principles should govern in laying taxes so that they shall be least burdensome and most just.

It is with this object in view that Professor Gunton discusses the subject in the chapter assigned this month. He first goes over the different theories that have been held as to the just basis of taxation,—whether it should be in proportion to the benefit received or to the citizen's ability to pay the taxes. The first theory defeats itself at the outset, because the very class that most needs the protection and help of the state is least able to pay taxes. Following out the other theory, that of ability, he reaches the conclusion that the best system is that which does not involve taking the tax out of the necessary cost of living of any class in the community, but draws it from the surplus wealth that is being constantly created in the form of rent, interest and profits.

To place the tax directly upon any one of these forms of income, however, is a most difficult and obnoxious matter. It necessitates inquisition into what everybody looks upon as strictly personal and private

affairs. Therefore it arouses the greatest amount of opposition to the taxation. When we come to look upon taxation, moreover, as merely another form of consumption, and therefore as actually beneficial to the extent that it is spent upon wholesome and necessary public improvements and services, it becomes important that the community should not be continuously in arms against this mode of expenditure, regarding it as an unmitigated evil.

Of course, no defence is to be offered for taxes that are misapplied or stolen; and the amount that is spent merely in the official administration of public affairs should be kept down to the lowest point of efficient service. But the portion that actually goes into public education, or sanitation, or adequate police protection, or administration of justice, or cleaning of streets, or good roads, or good water supply, is a benefit to the entire community, and each individual's share of this benefit is generally many times greater than anything he could have obtained for himself personally by spending the relatively small amount he has contributed to the public funds.

Two points, therefore, are clear. First, we want to draw the taxation from the surplus revenues of the business community, and, second, do it in such a way as to permit necessary and reasonable public improvements to go on without being crippled by violent opposition on the part of the public. How to do this is the vital problem considered in this chapter, and the solution is found by analyzing the problem of how taxes are shifted. As a general principle it is found to be true that taxes falling upon anything that is regularly bought and sold are transferred from the seller to the buyer. Thus, taxes on land enter into the cost of producing raw materials, and thus are carried along through all the subsequent forms of manufacture, finally reaching

the consumer of the finished product; and such of the consumers as are wage earners eventually transfer the tax to their employers, in the form of higher wages. Here the process ends, for the reason that these wage increases reach the different employers at different times, and no one of them is alone able to raise the price of the commodity so long as his competitors are unaffected by a similar demand for increased wages. In the case of the first going around of the tax, however, it starts with all the producers at once, and hence becomes an essential and necessary part of the cost which goes to make up the price of each specific product. Those who were already selling at the cost point are still needed to supply a portion of the market demand, and hence the price must rise to cover this new tax expense. This point is further elaborated in the class lecture published in this number.

Thus, in the long run the normal, regular taxation in the community comes out of the profits of capital. A real evil is encountered, however, when the systems or modes of taxation are violently changed year after year. In that case the shifting process does not have time to work around and transfer the tax on to surplus wealth before the system is changed, and thus it is paid at some of the intermediate points. This is chiefly true with reference to wages. The effect of taxes levied at the source of production is to increase the cost of the necessaries of life, but it is some little time before this makes itself generally felt among the laboring class as an actual restriction in their standard of living, and thus for a time the laborer does actually lose by virtue of this taxation. If the tax is continued as a regular thing, the final effect is a compensating rise in wages; but if the tax is removed before the laborers' demands have become sufficiently unified and strong, the rise does not come, on that account at least,

and they lose whatever they have been paying out in the higher prices. It thus becomes a matter of great importance that the tax system should be as uniform and invariable as possible, and we ought steadily to approach the point of levying taxes in the same way and according to the same general principle.

In the class lecture the effect of tariff taxes upon prices is discussed, and it is shown that the same general process of shifting holds good here. It should always be remembered, however, in reference to all forms of taxation, that the employer does not necessarily permanently lose by having to pay the tax in the end. The pressure upon his profits is the incentive to new economies in production, and the use of better methods whereby he may keep up the profitableness of his business. This means that in the long run the taxes come out of nature, in the form of increased production of wealth.

*Suggested Reading.*—For a discussion of all the various forms of taxation imposed both in ancient and modern communities, as well as the theories upon which these systems have been based, we know of nothing more comprehensive than Professor Seligman's "Essays in Taxation." The first chapter suggested in this book deals with the historical development of various forms of taxation, from primitive society down to the present. The next discusses the general property tax, based on the theory of ability, but radically defective in practice because of the extreme difficulty of collecting taxes on personal property. Chapter III deals with the single tax, and this we have omitted, because it is a subject discussed in next year's course on social economics. Chapter IV treats of the problem of double taxation,—that is, taxes on both real property and mortgages upon the same, or on corporation property and the corporate shares representing such property. This is simply



one more of the difficulties attending personal property taxes. The fifth chapter treats of the inheritance tax, and Professor Seligman inclines rather favorably to this form as an additional way of applying the principle of "ability" in the levying of taxes. The importance of this sort of direct taxation, however, is greatly diminished in the light of the fact that all taxes eventually come out of the surplus wealth of the community.

In none of these chapters does Professor Seligman do much in the way of suggesting remedies for the defects he points out in the various systems. The chief value of his work, perhaps, lies in the clear exposition of tax systems as they are, and of their many shortcomings. Those desiring to make a more complete study of the subject would do well to read the entire volume. The subsequent chapters discuss at length the taxation of corporations, different kinds of public revenues, recent reforms in taxation, etc.

The important feature in the reading suggested in Adam Smith and Ricardo is their emphatic assertion of the law that taxes on wages, or on commodities consumed by laborers, have the effect of raising wages. The laborers transfer the tax to their employers. There is an important difference between Smith and Ricardo, however, as to the final payment of the tax. Smith asserts that the employer charges the increased wages upon the price of his product, and thus that the consumers and landlords finally pay the tax. Ricardo, on the contrary, correctly maintains that the employer cannot add the increased wages to the price of his goods; he must pay the tax, represented in this wage increase, out of his profits. The point Ricardo fails to make, however, is that this very pressure on profits stimulates the employer to introduce new economies and improvements in production, so that the tax is finally compensated for by increased production of wealth. Per-



haps it is only natural that this fact did not strongly impress itself upon Ricardo, since in his day the field of machinery and capitalistic organization was still very narrow and its possibilities little anticipated.

Smith and Ricardo agree that a tax on economic rent cannot be shifted, because it is laid on surplus revenue; it falls on the landlord. Neither, however, could see that the same principle applies to profit, which is simply another form of surplus revenue. The difficulty with such taxes lies, not in the danger that they will be shifted on to the consumers, but in the extreme obnoxiousness of the direct personal tax, the ease of evasion, and the popular hostility to public improvements which this inquisitorial method of taxation begets. These are the reasons why it is better to let the tax come around by an indirect process; eventually it is paid out of surplus wealth, and far more certainly and economically than if it were directly levied on such wealth in the first place.

The sections suggested in Burgess are not specially significant, but they state briefly the powers of taxation conferred by the constitutions of the United States and Germany upon the national legislatures of those countries. Consular Reports Nos. 99 and 100 (1888) give the then existing tax laws of nearly all foreign countries.

#### LOCAL CENTER WORK

Last month's topic, Protection and Free Trade, is so closely interwoven with our study of taxation this month, that the two can be merged to a large extent in the work of local centers. We make the following suggestions:

Address on Protection *versus* Free Trade, by local lecturer or public man. Debates on: *Resolved*, That the general property tax is impracticable and unjust; *Resolved*, That tariff taxes are finally paid by the con-

sumer; *Resolved*, That all taxation should be levied directly on incomes; *Resolved*, That reasonable taxation, wisely expended, is a public benefit and increases the wealth and well-being of the community; *Resolved*, That the laborers most of all are interested in a policy of public improvements, and should not be misled by appeals against taxation.

Also, some member might be appointed to conduct a quiz on the month's work, or even on the whole subject up to date. There might be papers and discussions on such topics as: Ultimate effects of tariff taxes; Revenue and protective taxes; Direct or indirect taxation—which is better? Public expenditures,—the kind to encourage and the kind to restrict; How to avoid personal tax-dodging; How the custom of taxation developed; What are income and legacy taxes? Should taxes be uniform or progressive in rate? Should taxes be levied to confiscate wealth, or to support the government and make public improvements?

### 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 one of your recent lectures you said that the State has absolute right or authority over the individual in all matters. Is not this a case of might making right? For instance, if the State exercises arbitrary authority over individuals on all matters, does it not do so merely because it has the power to do so, but often in violation of the real rights of the individuals?

N. W. I., New York City.

Of course it is true that the State exercises its authority, however arbitrary, because it has the power to do so, but besides having the power to do so it has the only

right there is to do so. Its right consists in the fact that whether in the abstract it is wise or unwise, its action is the action of the best obtainable consensus of the community, which is the highest source of authority. I did not say that the State was always right in the sense of being wise, or even humane, but that it always has the right to act. There is a great difference between these two things. We may differ, intelligent people do differ, as to the legal and economic wisdom of the decision of the Supreme Court on the constitutionality of the income tax; but with our form of government nobody doubts either the wisdom or the right of the Supreme Court to have the final word, and it has the final word because it is the best devised obtainable consensus of legal wisdom. If the decision of the Supreme Court of the United States is not to be final, shall some lower court be final, and if so, which of the lower ones,—the bottom local magistrate? There is no stopping place for final appeal between the top and the bottom. That which is at the top as representing the most competent consensus has, ought to have and must have the power of final decision in all matters of law.

I repeat, we must not make the mistake of confounding the right to act with acting rightly. They are not the same. The state has the absolute right to act. It is for the people to see that it acts wisely, and that must depend upon the education and intelligence of the citizens in questions of public policy.

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JEAN| BAPTISTE SAY



# GUNTON'S MAGAZINE

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## ECONOMICS AND PUBLIC AFFAIRS

### THE ERA OF TRUSTS

It is manifest, even to casual observers, that we are entering upon an industrial era of trusts. Within a year, and especially during the last six months, the tendency towards re-organization and consolidation of a number of smaller industries into large ones has amounted almost to a stampede. Nothing like it was ever known before since the origin of the factory system. If this movement continues during the present year at anything like the rate it has been going the last six months, the leading industries of this country will have taken on the trust form of organization. Whether this movement will be permanent or will arouse public opposition which will bring its defeat through legislative restriction, will depend almost entirely upon the wisdom of the capitalists themselves.

The movement itself is an entirely natural one and is wholly in line with economic progress, provided it is not uneconomically directed. If these re-organizations are conducted on sound business principles, as in the adoption of new machinery, *viz.* to create profits by the introduction of economies in administration and sharing these profits with the community through a reasonable lowering of prices, there will be no serious danger of political molestation. But if the re-organization becomes a speculative game to take advantage of an industrial sentiment for the purpose of monopolizing certain lines of industry and "gouging" the public by putting up prices, to pay dividends on abnormal capitalization for promoters' bonuses, a social opposition which will take on

a political form is pretty certain to arise. There is already an antagonism to trusts, from sheer economic prejudice, largely born of socialistic antagonism to capital and partly stimulated by popular aversion to the new; but, on the whole, thus far trusts have been fairly economic in their policy. In a few instances they have departed from business principles and tried to establish uneconomic monopolies, and in every such instance they have come to grief. But this unwholesome effort has created an unfavorable impression in the public mind. All the trusts and large concentrations which have become permanently established have contributed very largely to the improvement of the products they furnish, and greatly reduced the price.

It is characteristic of all these large concerns, which have followed sound business principles and shared their profits with the public by reducing the cost of the product, that they are in the long run the most successful establishments. Moreover, these concerns are rapidly outgrowing public antagonism. The Standard Oil Company, for instance, which was once very unpopular and has been the subject of much hostile legislation, is rapidly coming to be recognized as a legitimate concern, making its profits out of economic improvements, and properly conducted; and it is moreover being generally recognized that this concern, which is the largest and oldest of the trust form, has for twenty years steadily improved the quality and lowered the price of illuminating oil and by-products associated with that industry.

A number of the industries now going through the process of re-organization are following the speculative, monopolistic rather than the economic method of procedure. They are using the concentration of the industry as a means not only to lessen the expense of production but also to put up the price of the product to the

community. Now, this is not merely uneconomic but it is against the public welfare and will not long be tolerated—and it should not. The result of this policy, if it is pursued, will be to array the public through the legislatures against the trust movement altogether, and thus work great injury to the community in general.

With the return of prosperity the universal impulse is again to make profits. Confidence has everywhere been revived. The demand for goods is rapidly increasing. New investments to supply anticipated demands are being freely made. In short, all the signs point to another era of prosperity. But the people have become accustomed to the low prices established during the era of depression, and it is more than probable that any attempt to re-establish former profits by re-inaugurating former prices would greatly check, if it did not destroy, the present business boom. Profits once lost by falling prices, except under the sudden pressure of war or depreciated currency, can never be permanently re-established by raising prices, but must necessarily come through new profit-creating methods, either in the form of improved machinery or more economic type of organization. Though not much understood, this fact is universally felt throughout the industrial world.

It is true throughout society that every class or group has to suffer for the sins of its most injudicious or hot-headed members. Trade unionists as a class labor under suspicion and distrust, and encounter considerable open opposition, because of the foolish and ignorant acts of a few hot-headed leaders who become conspicuous at the moment of a strike. So it is with capitalists. A few mean, unreasoning, and perhaps unthinking capitalists, who are only up to the level of making business a grand game of grab, bring discredit in the popular mind upon the whole employing class. Laborers and their sympathisers in the community fol-

low the same rule that employers do toward labor unions, and judge the whole class by their worst specimens.

This is true of the public attitude towards all new movements, and the present trust movement will be no exception. If a few concerns are unfortunate enough to be under a leadership sufficiently short-sighted to take advantage of the temporary opportunity the new organization affords to tax the public by increased prices, there is sure to be a vigorous crusade against the new movement. It will not be confined to the few indiscreet concerns that have not learned to recognize the highest business success, but it will be directed against capital and large organizations in general.

The tin-plate trust is one of these offensive examples. This is an industry which practically could not have existed in this country but for the legislative aid of the public. Until the tariff—a very high one at first—was placed upon foreign tin, the tin-plate industry had no existence in the United States. It has been born and nurtured by the protective aid the public has given it. Its very existence is due to the good will and political good sense of the United States. The tin-plate trust is one of the “fool examples” of using the trust organization to put up the price. Of course it would be unwise for the public to hamper a really helpful industrial movement because speculative “grabbers” get temporary possession; nor should a few mistakes of this kind be permitted to be used effectively against the protective tariff as a general policy. Nevertheless it would be perfectly safe and the part of good policy for Congress to pass a law empowering and instructing the Secretary of the Treasury to withdraw the protective duty from all products the prices of which are raised by trust organizations. In short, the moment a trust organization raises the price of a product enjoying any degree of protective duty, it should thenceforth be put upon the free list and become



subject at once to world competition. If the organizers of trusts in any line have not economic sense and public spirit enough to refrain from using their concentrated power to tax the public by increasing prices, the public should at once withdraw any protective advantage it has given to that industry. The primary object of protection is to make it possible to stimulate the development of domestic industries; but when industries have become established and proceed to take advantage of this protection for monopolistic, price-raising purposes, they should at once be thrown on their own competitive resources. This would be in harmony with strictly economic policy, and might have a wholesome effect upon the movement of trust re-organization.

We should utilize the coming period of prosperity to give to capital liberal profits, to laborers higher wages, and to the public better and cheaper goods. If the benefits of the trust era are thus distributed it will be an era of permanent advance in public welfare and social harmony as well as in economic organization.



## THE MENACE OF IMMIGRATION

One of the chief objections urged by the opponents of protective tariffs is that they are in the interest of capital and not of labor. While this statement is not correct, and protection to domestic industries does bring with it a benefit to the laborers as well as to the capitalists, it is true that the employing class and the protectionist party is much more eager to legislate restricting the importation of cheap labor products than to restrict the influx of cheap laborers. Thus, when the McKinley administration came into power, its very first act was to pass a new protective tariff law. Within ten days after the President's inauguration a special session of Congress was called for the purpose of enacting a new tariff law, and in four months the now historic Dingley Law was enacted.

A bill was introduced to apply the same principle of protection directly to the laborers, in the form of restricting immigration. Last year this bill, known as the Lodge Bill, passed the Senate, but is "hung up" in the House and now will in all probability remain pigeon-holed until the new Congress meets, and perhaps then be again doomed to procrastination and postponement. Protectionists in general, and the Republican party in particular, have no right to complain if the workingmen interpret this as an "unfriendly act." If they really believe in protection as a principle, and if they really advocate protection primarily in the interest of labor, their attitude towards measures specially designed to afford protection directly to laborers, like the immigration restriction bill, certainly needs explanation. No amount of ante-election eloquence or post-election explanation will much longer be accepted by the workingmen for the party's attitude on this subject.

Free traders may properly be expected to oppose

restriction of immigration. They do not believe in restriction at all. But the Republicans pretend to believe in protection, and especially in protection to labor. Protectionists pose everywhere as the enemies of cheap labor, as the friends of high wages. They accordingly, and properly, impose protective duties in order to secure the opportunities of the American market to American manufacturers. Then why not show the same eagerness and interest in securing the opportunities of the American labor market to American laborers? If they are really opposed to cheap labor, they surely ought to support the policy which shall restrict the influx of the cheapest, most benighted and poverty-steeped laborers industrial life in Europe produces.

During the last few years American labor has not suffered much from immigration. The policy of the last administration was quite as effective in restricting immigration as any statute law could be. There was, indeed, a short time during Mr. Cleveland's second term when the gates of Castle Garden swung outward, and the tide of immigration was more than overbalanced by the tide of emigration. But a new era of prosperity has set in. The wheels of industry have begun to turn with increasing speed. Industrial expectations are excited to a high pitch; all the signs point not only to a return of prosperity but to a lengthened period of business growth and expansion.

In the coming period of prosperity, capitalists will be capitalists. They will seek to survive in the struggle for profits and supremacy by having recourse to any available means which will enable them to undersell. A part of this movement will be to resist the demand of the laborers for shorter hours, better conditions or higher wages, all of which demands mean, temporarily at least, some increased pressure upon the employers' profits and competitive ability. If they are enabled

to refuse these natural demands of American labor by drawing unlimitedly upon the cheap labor of Europe, they may be relied upon to do it. It is not that employers desire to injure the laborers, but in the normal competitive effort to hold their own in the market they will use whatever available forces will aid that end.

If the American capitalists are going to acquire more wealth, as they should, they ought be compelled to do so by the employment of American labor. If for the next ten years protective legislation interposed as effective a barrier to the immigration of cheap labor as the tariff does to the importation of cheap products, the first decade of the twentieth century would constitute a new era for American labor. It would do more to solve the economic and social problems which are threatening political disruption than all the legislation against trusts and combines could do in a century. Moreover, in asking this the workingmen are asking nothing unreasonable. They are asking only that the established policy of the nation towards employers should be extended to laborers.

A special reason for adopting such a measure is that immigration has undergone a great change in the character of immigrants. They are coming in increasing proportion from the poorest wage-paying countries. For instance, in the decade 1861-'70, Austria-Hungary, Russia, Poland and Italy furnished only 1.05 per cent. of the total immigration, while Great Britain, Germany and Scandinavia furnished 82.10 per cent. of the total immigrants coming to this country. In the decade 1871-'80, Austria-Hungary, Russia, Poland and Italy furnished 6.44 per cent., and the number from Great Britain, Germany and Scandinavia fell to 64.97 per cent. In 1881-'90, Austria-Hungary, Russia, Poland and Italy furnished 17.65 per cent., and Great Britain, Germany and Scandinavia only 63.38 per cent.;

while in 1898 the immigration from Austria-Hungary, Russia, Poland and Italy rose to 57 per cent. of the total, and Great Britain, Germany, Scandinavia and France furnished only 33 per cent. Thus, during the last decade the proportion of immigration from these poorest countries has increased over 200 per cent.; while, during the same period, immigration from the most advanced countries has fallen off nearly 50 per cent.

The character of the immigrants is also indicated by the fact that, taken all together, the average amount of money possessed by the 229,299 immigrants in 1898 was only \$17.00 each. Remembering that the English and German immigrants would have on an average probably twice that amount, a very large proportion of them were evidently almost penniless. In 1897, 39 per cent. of the immigrants (we have not the facts for 1898) had no occupation—were practically vagrants, and 23 per cent. of the total number over fifteen years of age were illiterates, not being able either to read or write. Most of these also were included in the 57 per cent. coming from Austria-Hungary, Italy, Poland and Russia. Practically none of the German and very few of the English immigrants are now entirely illiterate.

The effect of this quality of immigration upon the condition of American labor has already been keenly felt. The Bureau of Statistics of Labor in New York State investigated the subject in 1898, and the results are given in the report, advance sheets of which are just out. According to this report, 265 labor organizations, constituting 25.5 per cent. of the whole number making returns, and representing 70,000 members (39.8 per cent. of the whole) stated that they were injuriously affected by the competition of immigrant labor. In six years, it is reported by 154 organizations, 17,322 trades union laborers were displaced by immigrants. Ninety-seven unions, having a membership of



22,318, report that the term of employment of their members was materially lessened, with a resultant decrease of wage earnings; 120 unions, representing 34,304 members, report that their wage rates were reduced by the competition of newcomers; while 137 unions, with a membership of 34,482, report that immigration had no effect on union rates. Thus, about half the members of the trades unions were, by this estimate, injuriously affected by immigrant labor.

In the building industry alone, the largest part of which of course is in New York City, 113 organizations, with a membership of 27,862, engaged in 17 out of 26 trades, reported displacement of union men by immigrant laborers; 74 of these unions report that 9,815 members were displaced by immigrants; 34 organizations, with a membership of 6,832, report curtailed employment and reduced earnings; 33 unions, with 4,760 members, report reduced wage rates owing to immigrant competition.

The facts given in this report are elaborate and convincing, showing not in a general way merely but in thousands of specific instances in New York City and State, that American trade union laborers have been displaced, others had their working time curtailed, and a large number their wages reduced, through the deteriorating influence of immigration. The evidence is abundant and conclusive that against this inimical inflow of foreign poverty American laborers have a social and moral as well as industrial and political right to be protected. If the Republican party, which is now in a clear majority in both houses of Congress, refuses this legislation for the wage earners of the United States, it can hardly expect their confidence and political support. Its attitude on this question may very properly be made the test of its interest and of the sincerity of its proclamations in favor of American labor.



## LABOR LAWS IN THE UNITED STATES

Most people are unaware of the number and variety of laws that have been passed in this country in behalf of labor. Hardly a state in the North and West at least has failed to do something in the way of restricting the hours of labor of women and minors, prohibiting child labor, requiring wholesome factory conditions, and the like. The commonly accepted idea is that our legislation is largely controlled by, if not directly for the benefit of, corporations and trusts. How wide this is of the truth is seen by an even cursory examination of the statute books throughout the country during the last dozen or fifteen years. Generally there are a dozen laws against capital to one in its favor, while the laws directly intended to benefit labor interests are more numerous than measures of any other single class.

It is very true that not all of these laws are properly enforced. Some of the factory inspection and sweat-shop laws, for instance, are hardly enforced at all in the way intended, for lack of proper means, and sufficient energy in the executive departments. Nevertheless, it is a distinct sign of progress that public sentiment has been sufficiently aroused to secure the passage of so many wholesome measures for the protection of labor, and, if they are not adequately carried out, it is chiefly because the people themselves do not take pains enough to show to the executive officers that public sentiment will back them up in a vigorous policy of enforcement.

It has seemed to us a matter of considerable interest to know exactly what laws do now exist in various states with reference at least to hours of labor and employment of children. We have therefore made a thorough examination of the reports of the United States Department of Labor on these points, and are able to give herewith the facts down to November, 1898.

First, with reference to hours of labor. There are three general classes of laws that have been enacted on this subject. There have been laws restricting the hours of labor on public works, state or municipal; laws defining a legal day's work, unless otherwise contracted, and laws definitely limiting the hours of labor in factories, mercantile establishments, etc., to a certain number per day or week. These latter laws, for constitutional reasons, have generally been worded so as to apply only to women and children, but the practical effect has been in most cases to reduce men's hours to the same extent. This is especially true where complex machinery is used, and women and children perform certain indispensable operations in connection with the running of such machinery. When they stop work, the whole must stop, and the men are released at the same time. Even where the work of the men and women is independent, the fact of shorter hours for the women has often been a powerful aid to the men in demanding the same for themselves. In concerns where most of the employees are men, the labor unions have generally proved strong enough to establish shorter hour systems without legal help.

Laws limiting the hours of labor on public works have been passed by Congress with reference to United States government employees, and also by the legislatures of nine states. The limit is eight hours in California, Colorado, the District of Columbia (United States employees), in Idaho (for manual labor), the city of Baltimore (for mechanics and laborers), in Pennsylvania (for mechanics and laborers), in Utah, and Wyoming. Outside of the District of Columbia, eight hours is the rule for all laborers and mechanics employed by the United States government, and letter carriers are to be paid on the eight hour basis. In Massachusetts and Texas the limit is nine hours, and in New York

State all public work is to be paid for on the eight hour basis.

The laws defining the number of hours that shall constitute a legal day's work unless otherwise contracted, really amount to very little. When employers choose to prescribe longer hours it is assumed that the employee, by virtue of accepting the position, agrees to the longer system. In some cases perhaps it may serve as a basis for recovering pay for overtime, but instances of this sort are extremely rare. However, laws of this sort exist in sixteen states, as follows:

Eight hours is a legal day's work, unless otherwise contracted, in California, Connecticut, Illinois, Indiana, Missouri, New York, Ohio, Pennsylvania, Wisconsin, and Wyoming (for coal mine employees): ten hours in Florida, Maine, Maryland (for miners in Allegheny and Garrett Counties), Michigan, Minnesota and New Hampshire.

Several of the states have laws restricting the hours of labor of street railway employees. These are as follows:

California, twelve hours; Florida, thirteen hours; Georgia, thirteen hours; Louisiana, twelve hours; Maryland, twelve hours; Massachusetts, ten hours; Michigan, ten hours; New Jersey, twelve hours; New York, ten hours in cities of 100,000 and over; Pennsylvania, twelve hours; South Carolina, twelve hours; West Virginia, ten hours.

By far the most important laws are those which definitely restrict the hours of labor in factories, workshops, etc., and provide penalties for working beyond the limits established. These are the measures that represent the real gist of the shorter hour movement. The first of the sort were enacted in New England, but they have been copied in most of the middle and western states. The South is still behind in this respect.

Only one southern state, and that not in the cotton manufacturing region, has a ten hour law. It is very largely for this reason that it has become important to have a national uniform hour system established, which will prevent any one section of the country, such as the South, from having a competitive advantage over the rest by reason, not of superior productive capacity, but of inferior labor conditions. As we have said, most of the laws limiting the hours of labor in factories apply only to women and children, because it has been chiefly for their protection that such laws were needed. In the case of the men it has been left to the labor unions to establish conditions which women and children have not been able to establish for themselves.

In two states, Illinois and Nebraska, laws limiting the hours of labor were passed but have been declared unconstitutional. The Illinois law restricted the labor of women and children to eight hours. The Nebraska law prescribed eight hours as a legal day's work for laborers and mechanics. Laws have been passed and not overruled by the courts in twenty-three states and one territory, as follows:

Georgia; from sunrise to sunset for all persons under twenty-one years of age; eleven hours per day for operatives in cotton or woolen factories.

Illinois; ten hours for children under sixteen years.

Indiana; ten hours for women under eighteen and all persons under sixteen; eight hours for children under fourteen.

Louisiana; ten hours for women and for all persons under eighteen years of age.

Maine; ten hours for women, and for boys under sixteen years of age.

Maryland; ten hours for women, and all employees under twenty-one years of age, in cotton or



woolen factories; ten hours for children under sixteen, in any industry.

Massachusetts; ten hours, and not more than fifty-eight hours per week, for women and for all persons under eighteen years of age, in factories; and sixty hours per week in mercantile establishments for all under eighteen years of age.

Michigan; ten hours for women and for all persons under eighteen years of age; nine hours for boys under fourteen and girls under sixteen.

Minnesota; ten hours for children under fourteen.

Montana; eight hours for stationary engineers.

New Hampshire; ten hours for women and for all persons under eighteen years.

New Jersey; ten hours, and Saturday half holiday after twelve o'clock noon for women and for all persons under eighteen years of age, in factories; ten hours in bakeries and candy shops.

New York; ten hours for women under twenty-one and all persons under eighteen; ten hours on steam surface and elevated roads, except where mileage system of payment is used; ten hours for all brickyard employees; ten hours, or not more than sixty hours per week, in mercantile establishments, for women under twenty-one and boys under sixteen.

North Dakota; ten hours for women and for all persons under eighteen.

Ohio; ten hours for all persons under eighteen years of age.

Oklahoma; ten hours for women and all persons under eighteen.

Pennsylvania; ten hours in factories and mercantile establishments, for women and for all persons under twenty-one years of age.

Rhode Island; ten hours for women and for all persons under sixteen years of age.



South Carolina; eleven hours for operatives in cotton and woolen factories.

South Dakota; ten hours for women and for all persons under eighteen.

Utah; eight hours in underground mines and in smelters. This was the law whose constitutionality was affirmed by the United States Supreme Court on February 28th, 1898. Full review and comment on this most important case was given in *Gunton's Magazine* for November,—article, "Eight Hours and the Constitution."

Vermont; ten hours for children under fifteen.

Virginia; ten hours for women and all children under fourteen.

Wisconsin; eight hours for women and all children under eighteen years of age. The penalty, however, applies only to employers who *compel* work in excess of these limits.

Hardly less important than restriction of the hours of labor in factories is the matter of prohibition of child labor. Statistics gathered by the United States Department of Labor show that the employment of children in this country has been steadily diminishing for a number of years, not only relatively to population, but actually in the number of children employed. There is little doubt that this change is due almost entirely to the legislation on the subject that has been enacted during recent years. These laws have been of two general classes, one designed to prevent children from appearing in certain kinds of public exhibitions; the other intended to prohibit the labor of children under a certain age in factories, and to secure their attendance at the public schools.

The laws prohibiting children from taking part in certain kinds of public exhibitions, or begging in the streets, exist in twenty-three states and the District of

Columbia, to wit:—California, Colorado, Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Wisconsin and Wyoming. The age limit in most of these cases is sixteen years, in some fourteen.

Employment of children in various forms of productive labor is prohibited as follows:

Alabama; under twelve years (in mines).

Arkansas; under fourteen (in mines), and boys under sixteen who cannot read and write.

California; under ten years, in factories and stores.

Colorado; under fourteen years in factories, or in any business during school hours; under twelve years in coal mines, and under sixteen unless able to read and write.

Connecticut; under fourteen years in factories and stores, and under sixteen years unless able to read and write.

Florida; under fifteen years unless with the consent of parent or guardian.

Idaho; under fourteen years, in mines.

Illinois; under fourteen years in factories, stores, offices, etc.

Indiana; under fourteen years in factories, iron works and mines.

Iowa; under twelve years in mines.

Kansas; under twelve years in mines and under sixteen unless able to read and write.

Louisiana; boys under twelve and girls under fourteen, in factories.

Maine; under twelve years in cotton or woolen factories, and under fifteen unless having had certain previous schooling.

Maryland; under twelve years in all except canned goods factories.

Massachusetts; under fourteen years in factories and stores, or in any business during school hours; under sixteen unless able to read and write, or child is attending night school.

Michigan; under twelve years in mercantile establishments, and under fourteen in factories.

Minnesota; under fourteen in factories, mines, stores, etc.; under sixteen unless able to read and write.

Missouri; under 14 years of age, in factories where power machinery is used, or work is dangerous to health.

Nebraska; under twelve years in factories and mines.

New Hampshire; under ten years in factories and under sixteen years unless able to read and write.

New Jersey; boys under twelve years and girls under fourteen, in factories and mines, and all under fifteen unless having had certain previous schooling.

New York; under fourteen years in factories, and under sixteen unless able to read and write and having had one year's schooling; in stores, under twelve years, and under fourteen except during school vacations, and under sixteen unless able to read and write and having had one year's schooling.

North Dakota; under twelve years in mines and factories, and under fourteen years unless having certain regular schooling.

Ohio; under fourteen years, in factories, during school sessions.

Pennsylvania; under thirteen years in factories or stores, and under sixteen years unless able to read and write.

Rhode Island; under twelve years in factories and stores, and under fifteen years except during school vacations, unless having had certain previous schooling.

South Dakota; under fourteen years of age in mines during school hours; also in factories and stores unless having certain regular schooling.

Tennessee; under twelve years of age in factories and mines.

Utah; under fourteen years of age in mines and smelters.

Vermont; under ten years of age, and under fourteen unless able to read and write.

Washington; under fourteen years of age in mines, and under twelve years in collieries.

West Virginia; under twelve years of age in mines and factories.

Wisconsin; under fourteen years of age in factories, mines and workshops.

Wyoming; under fourteen years of age in mines.

Employment of children under twelve years of age is also prohibited in mines in the territories of the United States.

Some of the above laws are accompanied by provisions allowing local judges to suspend the law in cases where the child's work is absolutely necessary for the support of dependent relatives. In some other cases child-labor is permitted during school vacations. These exceptions, however, do not materially affect the scope or application of the laws.

## DISTINGUISHED ECONOMISTS

### IX—JEAN BAPTISTE SAY

Jean Baptiste Say (1767-1832) really stands on the threshold of modern political economy in Europe. He is the conspicuous landmark between the physiocrats and the commodity school represented by the English economists from Adam Smith to Jevons. He was really a convert and disciple of Adam Smith, and published his first great work, "Treatise on Political Economy" twenty-seven years (1803) after the appearance of "The Wealth of Nations."

Say, however, was quite a different type of man from Adam Smith. The great Scotchman was a monument of good sense. He was an extraordinary observer but he was not a systematic, orderly thinker. He was philosophical, equal to large generalizations, but capable of disorderly presentation. This was characteristic of his great work "The Wealth of Nations," by which he will forever be known to the human race.

Say's work shows much less of the observer, but more of the logician and scientist. He struggled to separate economics from political action, and make it an abstract science. He divided his work into three parts, — production, distribution and consumption. While he did much to give order and precision to the subject, he made it more of a physical than a social science. He treated production, distribution and consumption practically as three physical bodies operating upon each other, regarding production of one class of things as necessarily demand for another class.

This error to some extent flavored English literature. It was repeated with considerable elaboration by Professor Cairnes as late as 1874. All production is really induced, not by other production, but by the



social wants and desires of the people; and hence the real vitalizing force behind production, exchange and distribution of wealth is what has now come to be designated as the standard of living.

In the absence of this, and with his absolute acceptance of the Malthusian theory of population and utter repugnance to the paternal methods of mercantilism, especially as applied in France before the Revolution, Say was a bloodless advocate of *laissez faire*; not merely as a free trader, but as believing that government was good in proportion as it was negative and weak. To him, laborers were so much force in production, and could be considered in no other way. When there were too many, economic law did its proper work by starving a number of them out of the way. His countryman and great admirer, Blanqui, says that he even favored slavery on the ground that it was more economical to use slaves than free men; but, in a later work, "Complete Course in Political Economy," he modifies this.

However, Say's contribution to economic science was really to systematize it, separate it from politics and paternalism, and reduce it to a study of economic phenomena. In his hands, however, the science was reduced to an emaciated skeleton without flesh and blood and human sympathy and social psychology, a degree of nakedness in which it never appeared in England. But, with Adam Smith in England in 1776, and Say in France in 1803, mercantilism and the narrow agricultural physiocratic theories were essentially overthrown, never again to rise into prominence. In many senses it may be said that Say systematized Adam Smith, and, through the extensive use of the French language, popularized English economics in Europe.

## EDITORIAL CRUCIBLE

THE BALDWIN LOCOMOTIVE WORKS, of Philadelphia, has just closed a contract for building eighty-one locomotives to be sent to China for the new railroad being constructed in the Flowery Kingdom. These eighty-one American locomotives are to be the real missionaries of civilization. Nothing has occurred in a hundred years which so significantly indicates that the hardened crust of arrested Asiatic civilization is to be broken as does this order for eighty-one locomotives to snort defiance to superstition and demonstrate the efficiency of modern civilized methods under the very noses of fossilized Chinamen at home. Steam railroads will make the way for steam factories, and, when factory methods have been fairly well established in the Chinese Empire, real progress may be expected to set in. However terrible and sacrilegious the railroad may seem, the steam engine is the precursor of a new era and ultimately of a new type of civilization for the Mongolian race.

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COLONEL ROOSEVELT'S conduct as Governor thus far furnishes one of the rare instances of literal fulfillment of promises made on the stump. When he was speaking during the campaign he expressed pronounced views on the labor question, freely conferred with the more judicious leaders of organized labor, and in his first message made two definite recommendations for labor legislation. One was that the enforcement of labor laws should be put under the Board of Factory Inspection, and the other was an amendment to the law relating to sweatshops, designed more effectively to extinguish that type of industry. On the third and ninth of February respectively, these two measures were introduced, by Mr. Costello. If political promises

were generally kept like this, public confidence in such pledges would greatly increase. Co-operation in the support of this legislation will yield much more benefit to workingmen than the organization of new political parties all alone by themselves; and, if all candidates for office would live up to their promises in the same way, the temptation for workingmen to fritter away their political influence in socialistic labor parties would be very much diminished.

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THE CHICAGO *Inter-Ocean* seems to have taken a contract to hound Speaker Reed from his leadership in the House, and ultimately from public life. Chicago people are prone to undertake big things but there is a point at which one would think even a Chicago man would pause. Last summer the *Inter-Ocean* predicted that Maine was turning its back on Mr. Reed, and that he would not be re-elected to Congress; but somehow the people of Maine did not get the word from the *Inter-Ocean*. They did the extraordinary, and gave him a bigger majority than ever. Now he is to be removed from the Speakership by the coming Congress, and this will so rile the Speaker that he will split the Republican Party in two in the next general election, and so ruin the country. It is important, according to the *Inter-Ocean*, therefore, that Reed be killed off at once.

The *Inter-Ocean* used to be a very vigorous, sensible paper, but it seems to have become so Yerkes-ised that it can only act in public affairs by attacking persons. This is a misfortune. There is no doubt that the Yerkes influence in Chicago is very great, and may accomplish many things the history of which would better never be written; but really, the *Inter-Ocean* would better be content with something less than annihilating Speaker Reed.

AT A RECENT meeting of the Central Federated Trades in New York City, it was proposed that all elements of workingmen unite to form a labor political party. A resolution was passed adopting the following platform:

First; Public ownership and operation of all means of transportation.

Second; Public ownership and operation of the telegraph and telephone systems.

Third; Public ownership of all gas, electric and water plants.

Fourth; The strict enforcement of all labor and factory inspection laws.

Fifth; The establishment of labor bureaus in the chief labor centers of the state, under the control of trades unions.

This is about as poor a platform as could possibly have been devised. Four out of the five propositions are worse than good-for-nothing. The first three are pure socialism, and the fifth is a simple absurdity. The idea of the state establishing labor bureaus in all the leading cities and putting them under the entire control of labor unions cannot for a moment be taken seriously. The public would never endorse such folly, and, if it did, imagine the value of information collected by bureaus controlled by organizations which could endorse a platform like this. If this platform adequately represents labor organizations it is evidence that they are degenerating into the quagmire of political vagary. In proportion as trades unions transform into socialistic political organizations of this character is their economic usefulness nearing its end.

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IN A RECENT Bulletin issued by the Massachusetts Bureau of Statistics of Labor, a table of comparative wages in certain trades from 1870 to 1898 is given for Boston and for twelve cities in the United States. The result shows a general rise of the wage level in all the cities. In reviewing the subject the Bulletin makes the following significant observations:—



*Wages*  
*and*

“The more this matter of the standard of living is examined, the clearer it is seen that it touches the prosperity and welfare, not merely of the worker, but of society itself. The moral evils that flow from a low standard of living are obvious. It is not quite so obvious, but equally true, that it fosters economic evils as well.”

This is sound economic doctrine, which is steadily gaining acceptance. Twenty years ago the idea that the standard of living was an important factor in wage conditions and social welfare was regarded as putting the cart before the horse, but, as scientific investigation increases and social induction widens, it is gradually coming to be seen that the true philosophy of social progress is that improvement in wages, social conditions, and political institutions depends largely upon forces initiated by the social standard of living of the people. It is beginning to be a demonstrable fact in sociology that a high standard of living in a community is the great source of productive economy as well as of a higher grade of social morality and political integrity. The market as well as the morals of the community is graded by the standard of living of the people. In the long run a low-wage civilization is dearer than a high-wage civilization. The road to the maximum economy, lowest cost of production, and highest standard of intelligence and morality, is through good wages and a high standard of living.

IT IS PUBLICLY announced that Hon. Tom L. Johnson, formerly of Cleveland, Ohio, who has made a very large fortune in the manufacture of steel rails, has retired from money-making to devote his entire time to propagating the single-tax doctrine. This has brought upon Mr. Johnson some hypercritical comments; such, for instance, as demanding that if he believes the gains from private monopoly are robbery he should return his

*owner or labour class,*  
*the basis of social reform*



fortune to the public from whom he stole it. This is a little severe, and hardly fair. Nevertheless, Mr. Johnson must remember that it is an essential tenet in Mr. George's creed that unjustly acquired goods shall be confiscated, and if the original owners cannot be found it shall go to the public;—age, custom, law, and the other conditions which sanctioned the robbery, to the contrary notwithstanding. Still, this is where Mr. George was very weak, and Mr. Johnson seems rather strong; he declines to give it up. And in this Mr. Johnson is right; he would be not much short of a fool to do so.

But what is Mr. Johnson going to do with it? Is he going to pay for the propagation of the theory that to remove taxes from everything but land would solve the problem of poverty? If so, he would better have continued to make good steel rails. They would be of much more service to public welfare. Is he going to spend his fortune in propagating the doctrine Mr. George advocated when candidate for Mayor of New York, *viz.*: that surface railroads should be owned by the city and run free for the public,—which of course is only one step short of feeding and clothing the public at public expense? No, it does not seem possible that hard-headed, money-making, horse-sense Tom L. Johnson would devote his energies and fortune to such uneconomic and impracticable vagaries as these. Yet, what else can he do if he insists on spreading the gospel of Henry George? Justice seems to demand that judgment be suspended till Johnson is heard from.

## EVENTS WORTH NOTING

*February 1.* General Maximo Gomez, head of the Cuban insurgent army, assented to propositions for payment and disbandment of the Cuban soldiers, submitted to him by Special Commissioner Robert P. Porter in behalf of President McKinley. It was agreed that the United States should distribute to the Cuban soldiers the sum of \$3,000,000, not to be regarded as salary but to facilitate disbandment of the army, and that General Gomez proceed to Havana and co-operate with Governor-General Brooke in carrying out this program.

*February 1.* Since January 24th, inclusive, United States senators have been chosen in various states as follows:

New Jersey: John Kean (Rep.) to succeed James Smith, Jr. (Dem.); Texas: C. A. Culberson (Dem.) to succeed Roger Q. Mills (Dem.); Nevada: William M. Stewart (Pop.); and, Wyoming, Clarence D. Clark (Rep.) to succeed themselves; West Virginia: Nathan B. Scott (Rep.) to succeed Charles J. Faulkner (Dem.); Montana: William A. Clark (Sil. Rep.) to succeed Lee Mantle (Sil. Rep.); Wisconsin: Joseph V. Quarles (Rep.) to succeed John L. Mitchell (Dem.); Washington: Addison G. Foster (Rep.) to succeed John L. Wilson (Rep.)

*February 2.* At a conference at Melbourne, the premiers representing five of the colonies of Australia reached an agreement which will probably lead to political federation of the colonies at an early date. Under the proposed plan there will be a Governor-General representing the Queen of England, and seven ministers associated with him in the executive department. There will be a federal Parliament, with Senate and House of Representatives; each colony will have six members in the Senate, elected for six years; and in

the House of Representatives there will be 64 members elected for three years, 24 from New South Wales, 23 from Victoria, 7 from South Australia, 5 from West Australia and 5 from Tasmania. Formal ratification of the agreement of the premiers will of course be necessary before Australian federation becomes a fact.

*February 2.* An American syndicate has within a few days purchased several important railway lines in the sugar-producing districts of Cuba; aggregating a capital of about \$10,000,000. This same syndicate has purchased the principal line of coast vessels on the north coast of Cuba.

*February 4.* A severe battle occurred between the Filipino insurgents, numbering over 20,000, and the American troops in and about Manila, which was continued at intervals through the night and the next day. The American navy in the harbor took part in the engagement, and the insurgents were repulsed with estimated loss of several thousand killed and wounded. The American loss was about 50 killed and 200-wounded. The battle was brought on by repeated attempts of several Filipinos to pass the picket lines of an American regiment stationed at Santa Mesa; in accordance, probably, with Aguinaldo's pre-arranged program.

*February 6.* The Treaty of Peace between the United States and Spain, agreed upon by the Commissioners at Paris, on December 10th last, was ratified by the United States Senate by a vote of 57 to 27. The affirmative vote was made up of 39 Republicans, 1 Independent, 10 Democrats and 7 Populist and Silver senators; the opposition vote, 22 Democrats, 2 Republicans, 1 Silver Republican and 2 Populists. The treaty provides for relinquishment of Spanish sovereignty in Cuba, cession to the United States of Porto Rico and the other Spanish islands in the West Indies, also Guam in the Ladronez, and the entire Philippine group;

the United States to pay Spain \$20,000,000, send home Spanish prisoners, and secure release of Spaniards held prisoners by the insurgents in Cuba and the Philippines.

*February 10.* The American army drove the Philippine insurgents out of Calocan, a town about four miles north of Manila; our loss, four killed and 47 wounded. On the following day, the 11th, the city of Iloilo, capital of Panay, was captured by American forces under General Miller, with little fighting, and no losses on the American side.

*February 13.* The report of the War Investigating Commission was made public. The most important findings are: (1) That there was no corruption in the conduct of the war on the part of War Department officials; (2) That with few exceptions the refrigerated beef furnished the soldiers was "pure, sound and wholesome;" (3) That there was no neglect of duty on the part of Secretary Alger, but that (4) "there was lacking in the general administration of the War Department . . . that complete grasp of the situation which was essential to the highest efficiency and discipline of the Army."

*February 14.* Mr. McEnery's resolution was adopted by the United States Senate (26 to 22) declaring that by ratification of the peace treaty it was not intended to permanently annex the Philippine Islands "as an integral part of the United States," but to "prepare them for local self-government," etc. The resolution, however, contains no intimation of eventually withdrawing American in favor of local authority, as in the case of Cuba.

*February 16.* Felix Faure, President of France, died from apoplexy, in Paris. Two days later, Feb. 18, the National Assembly, convened at Versailles, elected in his stead Emile Loubet, President of the Senate, a conservative Republican.



# CIVICS AND EDUCATION

## MUNICIPAL SOCIALISM

The movement for public ownership of industrial enterprises, which, during the last few years, has cropped out at different points along the whole line of political agitation, from extreme populism to free trade, has now begun to concentrate upon municipal affairs. Public ownership of various economic functions, like street railways, telephones, telegraphs, etc., is beginning to take the form of an economic creed. It is probably safe to say that no general movement in society was ever all wrong. There is "A soul of truth in things erroneous." So, in the demand for extending government authority in the direction of certain social-economic functions, there is an increment of justification.

In this country, we can only expect that thing to succeed which contains the inherent elements of giving the maximum benefit for the minimum inconvenience, independently of social prejudice, but solely from the nature of things. History and economic principle, therefore, and not sentimental imitation of England, Germany, or other countries, is what must be relied on to work successfully in a country like this, which has no traditional superstitions to create highly flavored presumptions and enthusiastic co-operation with un-economic, paternalistic undertakings.

There is a "soul of truth" in both socialism and individualism. There is a class of functions that can be better performed by society than by individuals, and conversely there is another class of functions that can be better performed by individual effort than by society. The division between these two classes of functions is not arbitrary but evolutionary. In the progress of society natural selection has drawn a fairly



distinct line of demarcation between them. Conspicuous among functions that have passed to collective effort are protection of life and property, by army, navy and police force, charge of the public highways, popular education, regulation of weights and measures, and administration of justice. All these functions, which are highly representative of the class of things that have passed into collective management, have three distinct characteristics: they are of very general interest, they are impersonal in character and interest, and they are essentially simple and permanent. The army, for instance, is the very acme of simplicity and permanence; it is impersonal, and of general interest. Individuality is destructive of efficient army service. It is blind obedience to a single voice that makes efficiency in military service. The changes in the army are slight and slow. For these reasons it is eminently fitted for collective administration. This is essentially true, also, of the care of highways, conducting of public schools, management of police force, cleaning of streets, regulation of weights and measures, administration of justice, etc. All these functions are very largely impersonal and affect all the community substantially alike. They can be conducted by a collective, representative body, as well and in some instances better than by individual authority.

The characteristics of the class of functions which have gradually passed to the sphere of individual effort are radically different. They include such things as the right of religious and political opinion, the right of individual contract, fixing of wages, the pursuit of occupations, methods of business, and the conducting of productive enterprises. In all these, the first essential characteristic is that they are largely personal in their character. The great interest of religious opinion is to the individual. It is his concern and not the state's. Hence he is more competent to decide it than anybody

is to decide it for him. The consequences are his own, and hence the responsibility should be, and as progress advances is, his own. The same is essentially true of the right to make individual contracts, freedom of political opinion, and in fact of all the functions which have now passed to the sphere of individual action.

So, too, with complex industrial enterprise. Wherever success depends upon innovations and improvements involving quick and expert decision, it is obvious that the best results can only be obtained by individual control, because these features cannot be furnished by collective action. Government is too ponderous and slow to give a decision on anything of importance in less than a year or two. This incompetence increases as civilization advances and democracy supplants despotism in government. If, for instance, the Czar of Russia decides that electricity instead of steam shall be used on the Russian railroads, he can order it and it will be done. In this country it would be necessary not merely to convince the President of the importance of revolutionizing the motive power of the railroad system, but it would be necessary to convince the people in the majority of the congressional districts throughout the country, which might involve several presidential campaigns, and take a quarter of a century to accomplish what a Czar could decide in a day or two. Under private ownership this transition can, and usually does, take place even more quickly than under despotism, because those who control the railroads are the ones who profit most by the new, if it is a success, and lose the most if it is a failure. Their knowledge and interest both contribute to rapidity of decision and efficiency of the movement.

In manufactures, where the form, method and type of industry are constantly undergoing change (frequently quite radical,) collective authority would have the

maximum inefficiency, and it would be more inefficient under democracy than under absolute despotism. Instances illustrating this could be given indefinitely.

The successes and failures in the conscious experiments of collective action confirm this view. The history of co-operative or socialistic efforts in various economic and social undertakings show that in proportion as the undertakings have been general, simple and impersonal in character, they have had comparative success, and vice versa. Take English co-operation as an illustration. In the line of conducting wholesale and retail stores they have been successful. The buying and selling of sugar, butter and cheese is a simple, permanent process. All that is needed is integrity and intelligence enough to buy wisely and sell honestly. In this, collectivism has been a success, but wherever it has assumed the function of complex productive efforts, like manufacture, which was open to the competition of new methods and radical changes in machines and methods of organization, collectivism has signally failed. Its greatest success in this direction has been in farming, because the industry is of the simplest and most permanent character, with the least call for expert and quick decision and sudden adaptation to new conditions. Take the labor movement. Workingmen have succeeded most signally in the trades-union organizations, because the objects were simple and permanent. To organize for more wages, shorter hours, exclusion of children from workshops, and other simple, direct economic changes, did not call for the exercise of exceptional individual talent, and consequently they have been a constantly increasing success; but wherever they have branched out into undertakings of a complex, tentative character, they have failed.

The further we pursue this inquiry the clearer it becomes that efficiency in collective control can only be

secured in proportion as the function is general, simple, permanent and impersonal in character, and that in proportion as it is complex, variable and competitive the best results can be secured by personal control and responsibility for the benefits and losses of the undertaking.

How far, then, should we go at present in the direction of municipal socialism? Not a few of the inherent difficulties of public control, except where absolute permanence of character and method has been established, come with the habitual and often disreputable working of the spoils system. In what direction and how far can we at present extend public ownership in municipal matters? Municipal water supply, care of the public streets, and the schools, are evidently in the stage where they can safely be conducted under public control, although water supply is not yet a government function in all municipalities in this country. In these departments perfection of method has been sufficiently developed to entrust the duty to collective authority. Much improvement is yet to be made in the methods of education, and discussion of comparative methods will gradually evolve perfection in that direction.

But how is it in the case of the development of rapid transit in New York City? It is more than probable that if the surface roads had all been in the hands of the city, as socialists and single taxers advocate, very few of the great improvements that have been developed during the last few years would have been obtained. Horses might have been superseded by electricity, but even that is doubtful if surface car lines had been owned by the public in all cities, because the application of electricity might not have been developed at all, for want of sufficient incentive to call out the costly experiments, and the great difficulty in getting it adopted.

Having been developed elsewhere by private enter-



prise, however, electricity might have been applied to surface railroads in New York, but undoubtedly it would have been the overhead trolley system with all its annoying inconveniences. Once that system was in, it would have been practically impossible, for a long time at least, to get the public of New York to expend the millions necessary either to experiment with, or to apply after others had experimented, the later and improved system of underground trolley. Whenever a large sum of money is needed for a public enterprise the taxpayers have to be converted; whereas, with private enterprise, only the prospect of increased earnings is necessary to bring a decision.

Compare the transition from horse cars to underground trolleys in New York City with the improvement of the canals by the state government. The canals have cost many times as much as was expected, and the whole thing is now shown to have been inefficiently administered besides being scandalously corrupt. The state is taxed inordinately for the improvement, and now has to tax itself again before the work can be finished. The whole transition in the street cars of New York City has taken place without the public having been taxed a penny, and, instead of the cost of transportation having been increased, every move has been a reduction in price by extending the transfer system to other roads and avenues. The cable, which was put in at an enormous expense, is now to be torn up to substitute the underground trolley, simply because there is a slight economy and hence better profits in sight for the immense investment.

In this way, private enterprise is altogether more efficient in the development and perfection of the best methods than public ownership ever was, or in the nature of things ever could be, and all because of the capitalistic foresight, the complexity, need of expert



decision and power promptly to decide, which public ownership never can give. The elevated railroads are going to spend fifteen or twenty millions in a similar improvement, but this will come without any increased tax on the public.

The great advantage of having private ownership during the process of development and perfection of these public services is that the interest of the public is placed over against the service of the corporation. In other words, the public, not being called upon to make the expenditure but only to pay individually for the service, has all the incentive constantly to complain of poor service and demand better, and thus bring a social whip to bear upon the private concerns in question. When approximate perfection is reached, it may be feasible to transfer the control to the public; but, until then, such transfer would tend to lessen the improvements and keep back for an indefinite time the best service to the public. Collective action in this matter can be far more effectively exercised through legislative authority to inspect, to demand improvements, and to compel corporations to pay for charter privileges, than by ownership or control.

The principle is the same in the case of tenement houses. Much greater improvement can be secured by capitalist ownership of tenement houses than by individual ownership by poor occupants. If the very poor people in our great cities should own the vile quarters they live in—even if they were given to them—it would be a detriment to the progress of improvement in city residential properties. The owners of the poor hovels would become a resisting power to improvements, because they themselves would have to pay for the improvements. It is the experience of all boards of health that they have the greatest trouble to get good sanitary conditions into houses occupied by the owners. When

the poor people are tenants, their interests are allied with those of the public, and the board of health can get complaints and co-operation from them, and they will move out of the poor houses into better ones as fast as they appear; and so, both the competitive mobility of the tenants and the public spirit of the community are brought to bear upon the owners of the miserable tenement houses. Further, we can then get legislation demanding sanitation and ventilation and modern improvements; whereas, if the poor people themselves owned them they would vote against legislation enforcing such improvements. The improvement that has taken place in New York City under this pressure is many times greater than it would have been if the poor people had owned the vile places they lived in.

This is even more true of the great railroad systems, and of motive power for manufactures, throughout the nation. The whole system of transportation is still in its infancy. In all probability, if the power of competitive experiment under private control is permitted to continue, much of our railroad system, and the bulk of the power for manufactures, will be furnished by harnessing the great waterfalls of the nation to the production of electricity. The thousands of millions of dollars that will have to be devoted to experimentation in order to harness the great waterfalls, and perhaps the tides of the ocean, to the work of running our factories and furnishing power for our railroads would not in centuries, if ever, be furnished by public appropriations. Nothing but the confidence born of personal knowledge, and the hope inspired by profits yet to come, will impel the undertaking which shall perfect our railway system and give the maximum economy to the processes of manufacture which are yet destined to make an even greater revolution in motive power and a wider contribution to civilization than came with the substitution of steam for hand labor.

## CIVIC AND EDUCATIONAL NOTES

The Church Extension Missionary Society of New York City, including some twenty churches, is developing a plan for utilizing the down-town abandoned churches which have been for years steadily declining, because of the uptown movement of population, until now, if operated at all, it has to be by outside help. This society proposes to establish kindergartens in the abandoned churches coming within its sphere of authority, and several such kindergartens have already been put in operation. This is a most encouraging movement, both for the reason that it shows the increasing disposition of the church to take part in the solution of social problems, and also because it furnishes the ideal solution of the problem of what to do with the church buildings which the movement of population has left without support, by converting them into headquarters for kindergartens, training schools, social settlement work, meetings of labor organizations, etc. These would be effective methods of raising the new class of population that has come in around these churches, up to the level of their former congregations. It is impossible to maintain these organizations on the old lines so long as the people now living about them are of a type and character not in sympathy with the customs or beliefs held by their former supporters; hence it is necessary, in order not to abandon the churches entirely, to say nothing of restoring their religious functions, that the new population shall approach the standards of the old; and the churches themselves, by becoming centers of sociological work, can be important instruments of that very change.

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The United States Government now maintains 147

Indian boarding schools, accommodating last year nearly 24,000 pupils. Commissioner Jones says that the results are excellent in three per cent. of the cases, good or medium in seventy-three per cent., and bad or worthless in only twenty-four per cent. There is no denying that this is a good showing; but it is more than likely that whatever good effects on the character of the Indians come from this schooling are due more to the discipline and regular contact with the teachers, and thus indirectly with civilization, than to any of the book-learning that is imparted. We find this view confirmed in the annual report of Miss Reel, national superintendent of Indian schools. "The aims of the young Indian," she says, "must be made higher; he must be brought into touch and kept in contact with our civilization. Where tribes of Indians have been surrounded by a good class of white settlers the debasing effects of camp life have been ended. The placing of Indian boys and girls at service in families of farmers, although for a few months only—the girls instructed in the practical economy of the family life, the boys in farming, gardening, stock raising, etc.,—has met with abundant success at Carlisle, where the plan originated." She places the emphasis, furthermore, on the need of industrial rather than merely scholastic education, saying: "I desire to emphasize the statements of numerous Indian educators that industrial training should have the foremost place in Indian education, for it is the foundation upon which the Government's desire for the improvement of the Indian is built. The consensus of opinion of the superintendents at the last summer schools says that too little attention is paid to this field of labor, and it was insisted that large facilities for workshops and teachers be provided, that this work, upon which the civilization of the race depends, may not suffer."



# SCIENCE AND INDUSTRY

## THE ETHICS OF TICKET SCALPING

In primitive society it was considered good moral conduct to ravage, plunder, abduct or kill, provided the victims belonged to some other tribe. In the Middle Ages it was thought no particular crime to defraud or rob a Jew. Cheating and thieving were not in any approved code of ethics among Christians, but in dealing with Jews fraud was rather a sign of piety,—quite one of the homely old solid virtues, in fact. If you wanted to show a really devout abhorrence of a false religion, why, steal something from a Jew; or, if you were the government, confiscate his goods,—which is a politer word and sounds more moral.

To-day it is thought by many a part of good citizenship to “beat a corporation” whenever you can, on general principles. Not entirely because they are dishonest;—some of them are, more used to be,—but on the whole there is quite as much square dealing and effort to be fair in large business concerns as in the small, hard-pressed, penny-chasing establishments; perhaps a great deal more. But the great moral offense of a corporation is that it is rich, and succeeds. If it happens not to be rich, still it handles large amounts of money, and pays good salaries, and the officials do not grant concessions until they are forced to (which is true), and so on.

Hence it is good morals to “beat a corporation” whenever opportunity offers. Because it is a crime for them to fleece me, therefore it is virtuous for me to fleece them in return. Wonderful, too, the ingenuity and talent regularly devoted to this retaliatory art! If in the complex working of the vast machinery of a modern railroad system, for instance, individual cases of injustice and arrogance arise, why, I am ethically



justified in forging contract excursion tickets, and lying to conductors. If the Union Pacific Road smashes a trunk for John Smith and neglects to pay the full amount of damage done, why, it is all right for me to beat my way from New York to Philadelphia on the Pennsylvania road if I possibly can; and really there is a sort of moral satisfaction about it. If I get to Philadelphia undetected, I can feel that I have stood up and been counted among the foes of corporate iniquity.

The moral indignation of the community against railroads finds its largest expression probably in the patronizing of ticket scalpers. Scalping is a sort of providential instrument of justice, raised up on purpose that men might not lack opportunity to promote good morals by cheating railroad companies.

Coming down to plain speaking, irresponsible ticket brokerage is either dishonest in itself or rests upon breaches of faith of some sort. There could be no business for the scalpers at all except by selling tickets at less than regular rates, and they cannot get hold of such tickets except through secret dealings with certain roads publicly pledged to maintain regular rates, or by purchase of tickets or passes from individuals who have agreed not to transfer them. Perhaps the majority of those who buy scalpers' tickets do not appreciate this fact, or have allowed self-interest or prejudice very largely to determine their point of view on the matter. Not all scalpers themselves are deliberately dishonest. Some of them do not resort to the grosser forms of fraud, such as plugging tickets, changing dates and forging signatures; but nevertheless the whole business in its very nature involves and rests upon express violations of contracts between individuals and railroads, or of understandings between different roads, or underhanded evasion of the rates published for public information in accordance with law.

The morals of people who deal in fraudulent tickets, or avail themselves of such opportunities in full consciousness of the nature of the transaction, will not be improved by any law that can be passed abolishing the scalping business. That may be admitted at once. Nevertheless, it is good public policy to prohibit a business or institution based upon admittedly dishonest practices, just the same as it is good public policy to enact statutes against fraud of any kind, and provide penalties. It is justified not only for the sake of protecting the victimized parties, but also on the ground of removing influences that tend to lower the standard of public morality. This is the main basis of all the laws against lotteries, prize-fighting, gambling dens, foul literature, and degrading public exhibitions.

On the question of the economic effect of the scalping business, men may honestly differ, but it is an astonishing thing that reputable journals should be found arguing in favor of a confessedly dishonest business because it is believed to promote competition. If this line of argument is admissible, the public bullfights and lotteries of Spain are justified because they bring revenue to the government and diminish taxation.

In truth, ticket scalping is quite as indefensible on economic grounds as on moral. The apparent gain to the public is in reality wholly delusive. By inflicting upon the railroads a secret and unpreventable loss, the business is demoralized and regular rates are probably higher, or reductions less frequent, by reason of these unseen drains. In other words, it is probably true that the general traveling public has to pay in higher or longer-maintained rates a good part of what the patrons of scalping offices gain by the use of illegitimate tickets. Railroads not in bankruptcy, actual or hidden, seek to adjust rates with reference to total cost of service and fixed charges, and the estimated amount

of ticket sales; and the greater the cost or the fewer the tickets sold, necessarily the higher the rates. Counterfeit tickets sold by scalpers represent just so much diminution of regular cash sales by the roads, and unquestionably the constant effort is to make up for the loss in some other way. Some of the principal companies in New York State, for instance, lost nearly \$50,000 in 1896 on fraudulent tickets alone, that were unwittingly honored for passage by conductors.

Furthermore, scalping puts a constant and direct penalty on the granting of reduced rates or special privileges, because a considerable part of the scalpers' business consists in the misuse of these very privileges. There can be little doubt that cheap excursions, mileage books, family commutation tickets and special rates to public gatherings would be more numerous, and the terms more generous, were it not for scalping abuses. Normally, the fact of largely increased business is a constant inducement to companies to grant these special rates. This inducement is materially lessened by the knowledge that part of the expected profit will be offset by loss of regular fares that would otherwise be collected from passengers riding on the return coupons of excursion tickets originally bought by somebody else. This point is perfectly plain. The reduced fare is offered only on condition that the return coupon be used by the original purchaser, but passengers going only one way must pay regular fare. When this one-way passenger uses the return coupon of another person's ticket, the company gets, out of the whole transaction, only the price of one reduced rate excursion ticket. Otherwise, it would get the price of that excursion ticket, and also the full regular fare one way from the second passenger; as is proper. It was only with the object of persuading people to make the entire round trip that the lower rate was granted at all. A

person who does not buy the whole ticket has no moral or economic right whatever to the cheaper rate he is enjoying. In the language of Justice Clark, of the United States Circuit Court, District of Tennessee: "There is no process of reasoning, however strained, which can, even as a matter of form, conceal this practical fact that the company is deliberately cheated out of the value of the regular fare of every mile of its line over which travel is made under color of one of these void papers."

But it is urged that scalpers are a necessary means of maintaining competition between roads, because the largest part of the scalpers' business consists in handling tickets secretly furnished them at cut rates by certain of the competing lines, in violation either of express agreements with other lines or in defiance of rates published in accordance with the Interstate Commerce Law.

Now, a moment's consideration will show that this process does not produce any of the effects of legitimate economic competition. Economic competition consists in open and avowed reduction of prices, and if the cut is not a mere auction-sale sacrifice but is based on a genuine reduction in the cost of production due to economies and improved methods, all the competitors must sooner or later follow, or leave the business; and hence all consumers share equally in the advantage.

How is it in the case of scalpers' competition in railroad tickets? Just the reverse. There is no open cut of rates. All the roads establish certain rates, and publish them for the guidance of the public. Some of the roads adhere to these rates; others pretend to, but secretly furnish cut-rate tickets to irresponsible brokers. The result is that two sets of fares are all the time in force. Hence we have constant discrimination between passengers who buy regular tickets and those who patronize scalpers. It was chiefly to prevent this very



evil of discrimination that the Interstate Commerce Law was passed, requiring publication of rates and advance notice of changes contemplated by any road.

The public never derives any permanent benefit from services rendered at less than cost. If we could have enough auctions or forced sheriff sales to influence the whole market for manufactured commodities, we would have universal bankruptcy. Railroads that cannot be made to pay even their legitimate costs ought to go into receivership. The opportunity ought not to exist for keeping up a continuous bankrupt sale, as it were, merely in order that a certain set of managers may remain in control; or if they do insist upon that policy, let it be open and public. The result would very soon show whether the road could be made a paying property under the existing management; or whether it would have to go into receivership and be reorganized on a sounder basis. Under the present arrangement they are enabled to perpetuate themselves, not by fairly underselling their competitors, but by taking a fraudulent advantage of them. For instance, these weaker roads will enter into an agreement with all the others to maintain certain rates, or, if they make no agreement, they at least publish certain rates, in accordance with law. Now, such of these roads as secretly furnish cut-rate tickets to the scalpers deliberately take advantage of the superior honor of their competitors. These latter lines agree to maintain certain rates and strive to do so. The others, having tied their rivals up with this sort of an agreement, ignore their own part in the understanding and, while pretending to adhere to published rates, proceed to cut into their competitors' traffic through the under-handed agency of the scalpers.

Now, if cut-throat competition is better than uniform and more slowly declining rates, why, let all rate agreements between roads be prohibited. At least, let



them compete in the open. However desirable competition may be, there is no moral defense for a system which gives only a partial advantage to one portion of the traveling public, at the expense of the other, and that only by continuous violation of the Interstate Commerce Law or of traffic agreements between roads.

Another point frequently made is that the holders of unused tickets must suffer loss unless they can sell them to scalpers. This is untrue. Every well managed railroad company in the country redeems unused tickets, or portions of tickets, and the bill now before Congress prohibiting ticket-scalping makes such a reduction obligatory upon all railroads. In the case of return coupons of excursion tickets, the holder is refunded the amount paid for the ticket less the regular fare for the distance he actually travelled. Necessarily this reduction is made through the general offices, because local agents have no proper means of determining the exact amount due on unused portions of tickets, and neither have they any means of guarding against fraud on the part of the person presenting the ticket for redemption. During 1896 the New York Central Railroad alone paid out nearly \$32,000 in ticket redemptions. On the other hand, scalpers seldom or never redeem the tickets they sell. Passengers make use of scalpers' tickets entirely at their own risk, and are absolute losers if the fraud is detected by conductors.

But the immorality of this business does not apply merely to the brokers and such of the railroads as make a practice of secretly disregarding agreed or published rates. It offers a standing temptation to breach of faith or participation in fraud on the part of the public as well. It is often said that if a man buys a ticket to a certain point, he has an absolute right to do with it what he will, and if he chooses to sell it to another it is his privilege to do so. That is true enough with re-

spect to full fare regular tickets. It makes no difference either to the companies or to the public what individual uses a ticket of this sort; but it is not true in the case of tickets sold at a reduced rate and under the express condition that they be not transferred. The purchaser of such a ticket agrees, either by signing the contract or by the very fact of accepting the ticket, that in consideration of getting a special reduction he will use the entire ticket himself, or at any rate not transfer it to another. It is clear enough why the company should make such a stipulation. It is under no obligation to make any reduced rate at all. It is simply a matter of business, and if the passenger does not like to accept the conditions of the special offer, he is at liberty to buy a full fare ticket.

The railroad offers the reduced rate simply in order to induce people to make a full round trip between certain points. If it could not do this without thereby reducing all its regular one way traffic to the same basis, it would not make the special rate at all. The only object in granting the reduction is to call out new business, or insure a return trip over the same line. To secure this, it is necessary that the tickets be made non-transferable. This is a perfectly fair business proposition. If you do not like it you need not take advantage of it; but if you do, you are morally bound to live up to your part of the agreement, the same as in any other kind of contract whatsoever. The person buying such a ticket merely buys the permission to ride between certain points under certain conditions. He does not buy an absolute right to that ride under all conditions, simply because he does not pay what everybody else has to for additional privileges. A man has no more right to sell a conditional ticket which he has agreed not to transfer than he has to ride in the drawing-room car on an ordinary train ticket; or to ride on the plat-

form or engine, or to occupy half a dozen seats, or to smoke in the regular coaches.

Suppose a man buys an excursion ticket at a reduction of five dollars, on condition that he will not transfer the ticket to anybody else. That is equivalent to making a contract with the company that in consideration of five dollars, value received, he will do or not do certain things. What moral right has he to violate that contract? By selling the ticket he commits a deliberate fraud upon the company, which in effect paid him not to sell it. It is as if a man rented a house and grounds, and in consideration of getting cheaper rent, agreed not to keep animals or poultry on the place. He has not bought any absolute right to do as he pleases on the premises, but merely the right to live there under certain restrictions. Because he accepts those conditions he gets a cheaper rent. If he wants the absolute right to do as he will with the place, he must pay more rent, or buy it outright.

Or, it is as if a man hires a saddle horse for the season, and by agreeing not to use it for carriage driving gets it for considerably less money. It is just as reasonable to argue that he has the absolute right to use the horse for carriage driving as it is to say that a man has a right to use a limited ticket which he has agreed, in consideration of reduced fare, not to sell.

The case is exactly like that of commutation tickets. Some people seem actually to believe that they have a moral right to use a monthly commutation ticket until all the rides are punched out, no matter when that may be. They believe they are defrauded if any rides are left unpunched, and the writer has known people of unquestioned integrity to endeavor to use such tickets beyond the time limit, and even to alter the date, sometimes, justifying themselves on the plea that they have paid for so many rides, and propose to have them

anyway. In reality they have done nothing of the sort. What they have paid for is the privilege to ride a certain number of times *within a given period of time*. By agreeing to that time limitation they obtain very greatly reduced rates, frequently two-thirds to three-fourths less than what the regular fares would amount to during the month. The company is under no obligation to grant any such reduction at all. It does so with the hope of securing a passenger for every week day in the month. It could not possibly grant any such rate for transient passengers, and if the time limit were not enforced it would have to make a higher rate. The matter is so clear as hardly to require argument. If the commuter does not want to agree to surrender his ticket at the end of the month, he can buy regular tickets, the same as any other occasional passenger. It is a perfectly legitimate and understood contract on both sides. The company offers a large reduction on tickets good one month only. If the traveler expects to ride often enough to make the proposition profitable to him, he accepts it and signs the agreement. If not, he ought to know enough to buy single trip tickets instead. He has not the slightest ground, either in morals or in common sense, for claiming the right to use a ticket of this character beyond its agreed limit.

In the case of purchasers of return coupons of iron-clad excursion tickets, the fraud is direct and indefensible. It involves the forgery of another's name, and a lie, either outright or implied, to the conductor collecting the ticket.

As to the grosser forms of fraud resorted to by the more unscrupulous scalpers, little need be said, because it is inconceivable that anybody not directly interested should defend these. Nevertheless, it is fully proved that the amount of dishonest tampering with tickets on the part of scalpers every year is enormous. The ut-



most ingenuity is displayed in plugging punched holes, altering dates, forging signatures, counterfeiting official stamps, etc. Sworn testimony in abundance has been laid before the Interstate Commerce Commission and Congressional Committees illustrating these devices. Most of the purchasers of such tickets are unaware of the fraud, but if the conductor detects it the holder has no redress. He has simply been victimized, that is all.

Manipulation of the tickets in this manner is already a criminal offence, but in the nature of the case it has been practically impossible to convict anybody. This non-enforcement alone might not justify abolition of ticket brokerage, were it not for the fact that the whole business not only offers every inducement and temptation to fraud and breaches of contract, but provides the one and one only safe and easy opportunity for the less reputable railroads to take secret advantage of the others, or to violate the law in regard to publication of rates. Moreover, its economic results are waste and discrimination.

The mere fact that abolition of scalping would be a benefit to railroads ought not to affect the matter. If it is morally and economically wrong it ought to be abolished, no matter who benefits by its abolition. For that matter, laws against stealing chiefly benefit financial institutions and rich people, but nobody argues against the laws on that account. Moreover, not all the railroads want scalping abolished. Some of them would be very hard pressed if they were obliged to do all their business out in the open, with no secret advantages. The more reputable companies have no means of preventing these dodges on the part of those less scrupulous. The roads desiring to carry on a legitimate, responsible business must pay constant penalty for so doing. It is always a part of good public policy to make legitimate business possible at least, by protecting it from uneconomic and demoralizing influences.



## SCIENCE AND INDUSTRY NOTES

The field of electricity as a source of motive power is not necessarily limited to manufacturing industry.

Electricity  
in  
Agriculture

On certain large estates in Germany successful experiments have been tried in operating pumps, threshing machines, plows and other machinery by the electric power generated at a central station right on the estate. On the Dahlwitz Farm, for instance, 250 acres are plowed per annum, and the cost by electricity is considerably less than by steam power. The method is rather peculiar, but seems to have worked with entire satisfaction. A motor, supplied with winding drums and carried on a heavy wagon, is taken to the fields, and a rope runs from one of the drums to a pulley at the opposite end of the field, then back to the other drum; to this rope the plow is attached, and the plowman proceeds exactly as though he were following a horse on the old fashioned plan. It is said that experiments on the royal demesnes, Sillium and Cloeden, have given similar results.

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Some very interesting facts have been collected by *Electricity* with reference to street railways in the United States. It seems that in 1880 there were only 2050 miles of street railways in this country, and on substantially all of these animal power was used. In 1890 we had 8123 miles of street railway, of which 1260 miles were operated by electricity. In 1897, according to estimates made by the *Street Railway Journal*, we had 15,718 miles of street railways, of which 13,765 were operated by electric power. It is estimated that at the present date we have about 16,300 miles, on 15,600 of which electric power is used; and probably by the close of the century

we shall have 20,000 miles and very little animal power used anywhere.

This is really a remarkable illustration of progress, when we come to look at it. From 1880, when no electric power at all was used in street railways, to 1898, when almost all such roads are so operated, is only eighteen years, and not only has the motive power been revolutionized in that time but we have eight times as many miles of roads as well. In all Europe, with 400,000,000 population, there are but 10,000 miles of street railways, as compared with 16,000 miles for a population of say 80,000,000 in this country. In other words, one mile to every 40,000 inhabitants in Europe; one mile to every 5,000 inhabitants in the United States.

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Agricultural prosperity is a question not of direct encouragement to agriculture, but of better markets

How to Help Agriculture	for farm products. Now, agricultural people are not the ones to furnish a market for agricultural products. The great consumers of food stuffs are the employees in manufacturing industries, and, therefore, the great need of the farmer is extension of manufacturing industries all through the rural regions of the country. A writer in the <i>Manufacturers' Record</i> urges this point, and, with special reference to the South, suggests a scheme whereby farmers themselves in that region would do well to form joint stock corporations and establish manufacturing industries, which would at the same time create a demand for raw materials and bring factory laborers into the farm districts as consumers of food stuffs. It is doubtful if farmers in the South have sufficient surplus cash or time to devote to an outside proposition like this and make it practically successful on any very large scale. Something of the sort has
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been done in Minnesota, however, with reference to creameries.

The important fact in the whole matter is, however, that the factory is a necessary institution for the future and continuing prosperity of agriculture. Solution of western and southern problems will come largely by the extension of manufacturing industries to those regions. Probably, however, this will come more by outside capital being tempted into the field than by voluntary starting of enterprises by the present inhabitants. It is in this way that the cotton industry of the South is being built up. As the writer to whom we have referred says: "To encourage and promote agriculture alone, without reference to the commercial and manufacturing interests, will be virtually not to encourage it at all. To promote nothing but agriculture makes farmers competitors of one another; to grow more products than can be sold is wasted work; to double the products of the farm without providing markets for them, is like erecting houses without a prospect for tenants. The highest wisdom, therefore, suggests the policy of increasing the number of productive consumers who will engage in the manufacture of such articles as the farmers need, and who will exchange these articles for the products of the farm. This policy will give constant markets to the farmers and to the manufacturer, without the intervention of anyone."

This point has an interesting connection with the tariff question. Our protective system, by building up and diversifying manufacturing industries, has tended and is tending to create just this enlarging market for farm products. It is because of this fact that the protective policy, so far from discriminating against farmers and benefiting manufacturers at the expense of agriculture, is a means of making the one possible and furnishing a basis for the continued prosperity of the other.

## CURRENT LITERATURE

### THE STANDARD OF LIFE\*

This book is made up, as are a great many books nowadays, by the collection into one volume of articles published separately, and often independently, in current periodicals. The result is that it is a collection of essays on kindred topics, rather than a treatise on a single or even general topic. This is manifestly the case with Mrs. Bosanquet's book.

Nevertheless, the volume is very suggestive because it contains so many excellent things that seem to have been born of observation rather than of preconceived theory. In her first chapter, "The Standard of Life," from which the book takes its name, the author suggests what is really a fundamental fact in all societary life, *viz.*: that the standard of life (that is, the accepted standard of life) practically controls the action of the citizen and largely of society itself. She also brings out the idea, not sufficiently recognized, that in the last analysis standard of life is closely associated with employment. The fact which she does not elaborate but which universal history teaches is that, for the most part and especially in the more elementary stages of progress, the social character, institutions and type of civilization largely depend on the character of the employment of the people. This is for the obvious reason that the great mass of mankind devote most of their time to getting a living, and hence the influences which affect the intellectual, moral and social character of the people and through these the institutions of the country, are necessarily the forces with which they come

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\* *The Standard of Life, and Other Studies*. By Mrs. Bernard Bosanquet, author of "Rich and Poor." The Macmillan Company, London and New York. Cloth. 220 pp. Price \$1.50.



in contact incidentally, though perhaps regularly, while going about their business. It is always the forces which unconsciously operate with more or less silent continuity that actually affect the lives and habits of the people.

She endeavors to trace the existence of different classes in the community as resulting from the different social functions they perform or occupations they follow. In proof of this general view she cites the life of the Bulgarian peasant as given in Dicey's "The Peasant State." This author gives an account of an agent of an English mercantile firm who tried to introduce his business in Bulgaria, and, though he had been very successful elsewhere, had to report his utter failure. "When asked for the reason of his failure, his explanation was that the great mass of the people had absolutely no wants which they could not satisfy for themselves." In proof of this he gives a vivid description of how the Bulgarian peasant lives. He says:—"The average cost of a peasant's daily sustenance does not exceed twopence. His food during the greater part of the year consists solely of bread and garlic. Their only beverage is water; not that they have any objection to beer or spirits, but because they object to paying for them. Sheep-skins, provided in most cases from their flocks, form the universal dress of the peasantry. The clothes of both men and women are home-made. Commonly they only possess one suit, and they sleep at night in the same clothes as those which they wore during the day. Their beds are mattresses laid on the mud floors of the rooms where they have their meals. On these mattresses the whole family lie huddled together."

This surely is an adequate explanation of why the English merchants could do no business among the Bulgarians. During the next few years some of our American drummers will have similar explanations for

their failure to get liberal orders in the Philippines. With this kind of life, having no new wants, the standard becomes stereotyped and progress almost impossible. Nothing can really force a higher standard of life among the Bulgarian peasants which does not introduce, in spite of them, diversification of industries. So long as they all work alike and live alike they will feel and think very nearly alike, and new ideas will be intolerable innovation. In this our author has surely struck a fundamental sociological truth, and if the book had contained nothing else it would have been worth publishing. She recognizes the fact that discontent is a wholesome influence in society,—in fact, that it is the initiatory force of progress. One of her criticisms of the English public house (and it is an English book) as the poor man's club is that it tends to "make its frequenters comfortable for the time, without arousing a desire for anything more." It is the contact with the new that sets in motion forces which raise the standard of life.

In her chapter on "The Psychology of Social Progress" the author also recognizes what is too frequently omitted in sociological considerations,—the importance of habit as a conservative force in society. What has been habitual until it has become established, the people will advocate. Not even monarchs can defy the habits of their people. If a high standard of life and civilization can, therefore, become general and habitual, the energies of the entire people can be enlisted to defend it, even by war or revolution if needs be.

In this chapter she also makes a very wholesome suggestion which social reformers would do well to take to their souls, *viz.*: that successful reforms in society must always be accomplished by engrafting small branches of new on large trunks of old habits, institutions and methods. She passes a very wholesome crit-

icism on many of the reform efforts, particularly among laboring class movements, which, as she observes, gain their influence over the masses, "not by presenting them with wider issues and stronger sympathies, which would enable them to harmonize their lives with that of the community, and so to share in as well as to advance its progress; but by concentrating the attention of the class upon its narrower self, and by exciting disintegrating emotions." This is the most vital criticism to be made on all such movements as socialism, single tax, populism, etc. The chief burden of the propaganda of such movements is to turn the attention of the class not upon its normal relations with society and the possibility of its elevation and progress, but to make it brood over its own disadvantages and look only to the disruption of society as a remedy. Every movement which rests primarily upon this idea is a disintegrating rather than an integrating force in the community. As the author well says in the conclusion of this chapter: "The growth of wider interests should mean, not the suppression, but the fuller development of narrower ones; and what is needed in social as in individual life is the introduction of organizing and not of disintegrating ideas."

## ADDITIONAL REVIEWS

POEMS BY RICHARD REALF, With Memoir by Richard J. Hinton. Funk & Wagnalls Co., New York and London. 232 pp. Four tinted photogravures. \$2.50.

Richard Realf is an unfamiliar name to the present generation, but was not at all so during the decade after the close of the Civil War. He was an eloquent, warm-hearted, eccentric genius, unfortunate in the possession of a vacillating temperament and too impressionable character; but nevertheless he produced enough really creditable verse to warrant the task Mr. Hinton set himself in preparing this compilation. It has been a work of twenty years to gather the scattered materials of Realf's literary career, and only recently has it been possible to consider the work fairly completed. Realf committed suicide in San Francisco, in 1878, the result of long-continued domestic infelicities. The book is very finely printed on heavy antique paper, with four excellent tinted photogravures, and in a sense might be called a testimonial to the unfortunate poet from his friend.

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THE PHILIPPINE ISLANDS AND THEIR PEOPLE. By Dean C. Worcester. The Macmillan Co., New York. Quarto. 529 pp. With map and illustrations. \$4.00.

The author is Professor of Zoology in the University of Michigan, and has made two extensive tours of the Philippine Islands, the last one extending from the summer of 1890 until early in 1893. It is by far a more comprehensive and apparently authoritative and reliable description of the Philippines than any we have yet seen, and is beautifully printed, on a fine quality of paper and handsomely illustrated. The author travelled personally with a number of other explorers, and native guides, through most of the principal islands in the



archipelago, making careful notes and many photographs. His ability to speak with authority on this topic has recently been recognized in his appointment by the President as one of the special commissioners to visit the Philippines and report on the conditions there existing. He describes at length not merely the physical and geographical aspect of the Philippines, but the character of the motley collections of people that inhabit them, and the corrupt political machinery under which affairs have been administered.

There is an appendix giving valuable statistical information on points of importance, such as climate, agriculture, forest products, animals, fishes, etc., transportation, minerals, labor and manufactures. "Cigars," he says, "are the only manufactured article exported in any quantity. In fact, outside of the products of the tobacco factories, the Philippines can hardly be said to have any manufactures worthy of mention, although fabrics of several sorts are woven on simple hand looms."

What he says about wages is very interesting, not merely because it happens to be in the Philippines but because it illustrates some of the general laws that govern wage rates everywhere. An interesting point is that in any large enterprise in the Philippines, requiring the employment of a great many men, labor is very difficult to get; yet, despite this fact, wages are only about four to eight dollars per month. In other words, it is the laborers' standard of living and not the supply and demand that determines the wages. This is so completely true that even where the employers offer the laborers higher wages to induce them to work, they will lay off when they have earned a certain amount and refuse to work until their accumulations are exhausted. This tallies exactly with the experience of Sir Thomas Brassey in building railroads in India, years ago. "In some islands," says Professor Worcester,

“laborers cannot be had at all, unless they are imported, and in any event it is usually necessary to make them considerable advances on salary account before they will do any thing.” In the appendix he remarks that “the laborer is indisposed to exert himself unnecessarily, and is apt to relapse suddenly into idleness when he has accumulated a small sum in cash.”

When we contrast this condition of affairs with the fact that there is generally a considerable class out of employment and seeking work here in the United States, and yet wages are from ten to twenty times as high as in the Philippines, where it is difficult to obtain labor, it becomes plain that it is not mere supply and demand of laborers that determines wages. This is one of the points in the book of interest to economic students, aside from the many others of more particular interest to those who are studying the future of the Philippines with reference to their possible connection with the United States.

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### NEW BOOKS OF INTEREST

#### CIVIC AND POLITICAL

*Democracy in America*, by Alexis de Tocqueville. Introduction by Daniel C. Gilman, president of Johns Hopkins University. 2 vols. The Century Co., New York. A new edition of this author's famous commentary on American conditions as they were three-quarters of a century ago. \$5.

*Anglo-Saxon Superiority. To What it is Due.* By Edmond Demolins, editor *La Science Sociale*. Translated from tenth French edition. Charles Scribner's Sons, New York. Cheaper edition, \$1.00. Coming from a Frenchman, this is a remarkably frank and discerning analysis of the causes of Anglo-Saxon progress and the relative decline of the Latin races.

## HISTORICAL AND DESCRIPTIVE

*The Beginnings of New England*, by John Fiske. Houghton, Mifflin & Co., Boston. A new illustrated edition of a standard historical work.

*The Story of France*, by Hon. Thomas E. Watson. The Macmillan Co., New York. 2 vols. The former Populist leader has turned his hand to historical work, and the first volume of his history, covering the period from the settlement by the Gauls to the death of Louis XV, is now ready. Perhaps the feature of special interest is the large place given to the conditions of the laborers and common people.

*Campaigning in Cuba*, by George Kennan. The Century Co., New York. 12mo. 268 pp. \$1.50. Mr. Kennan was the *Outlook's* war correspondent in Cuba, and was likewise associated with the Red Cross work. His Siberian articles of a few years ago demonstrated an exceptional capacity for such work as is undertaken in this book.

*The Story of the People of England in the Nineteenth Century*, by Justin McCarthy, M.P. 2 vols. Illustrated. 294+272 pp. \$1.50 per volume. G. P. Putnam's Sons, New York and London, 1899. Mr. McCarthy records the industrial and social, more particularly than the political, progress of England since the close of the Napoleonic Wars; showing both the men and the movements that have produced the development in English civilization in this century.

## LITERATURE

*The Life and Letters of Lewis Carroll*, by S. D. Colingwood. The Century Co., New York. 500 pp. 100 illustrations. \$2.50. Lewis Carroll's real name was C. L. Dodgson, and this biography is written by his nephew. It consists largely of Carroll's letters to his children, extracts from his diary, etc., and it will have a large sale if it reaches only a small percentage of those

who have been entertained by the droll absurdities of "Alice in Wonderland."

*Ruskin's Letters to Rossetti and Others.* Dodd, Mead & Co., New York. \$3.50. Brings one nearer to the author's personality, but naturally is of less permanent value than his direct contributions to the literature of specific topics.

*Biographical Edition of Thackeray.* This new edition of Thackeray is now being published by Harper & Bros., in thirteen volumes, uncut edges, gilt tops, and finely illustrated, at \$1.75 per volume. It is unique in that it contains what is probably the nearest approach to an authorized biography of Thackeray that will ever be published, in the shape of an introduction to each volume by his daughter, Mrs. Anne Thackeray Ritchie. Eleven volumes are now ready. The March publication is "Denis Duval, Etc." and the April, "Miscellanies."

*The Works of William Black.* Harper & Bros., New York. This is an illustrated library edition in twenty-eight 12mo volumes; cloth bound; most of the volumes at \$1.25 each, the set \$33.50. Includes his latest book, "Wild Eelin," \$1.75. Since the death of Black there has been extensive discussion of the character and permanency of his place in literature, and hence this complete edition of his works is timely.

*The History of Japanese Literature,* by W. G. Aston, late Japanese Secretary to the British Legation at Tokio. D. Appleton & Co., New York. 12mo. Cloth. \$1.50. This is a new volume in Appleton's "Literature of the World Series." The author makes it a special point to bring out the individual characteristics of Japanese literature, as distinct from the Chinese and Buddhist influences embodied in it.

## THE BEST IN CURRENT MAGAZINES

Professor Edmund J. James, of the University of Chicago, contributed an exhaustive statistical article on "The Growth of Great Cities," in Europe and the United States, to the last bi-monthly issue (January) of the *Annals of the American Academy*.

In the March *Cosmopolitan*, Speaker Reed has a short article on "Richard Brinsley Sheridan," the famous playwright of a century ago, author of "The Rivals," "The School for Scandal," etc.

The third installment of Mr. Howells' novel "Their Silver Wedding Journey" appears in the March *Harper's*. There is an interesting article on "English Characteristics," by Julian Ralph.

George Ethelbert Walsh describes "An Electrical Farm" in the *New England Magazine* for March, and there is an illustrated article on "Portraits of Walt Whitman," which will interest all Whitman lovers.

Among the many good features in the March *Century* is a contribution from James Bryce on "British Experience in the Government of Colonies," also "General Sherman's Tour of Europe," as described in extracts from his diary.

Professor John Fiske tells of "Some Cranks and their Crotchets," in the March *Atlantic*; and John Burroughs writes on "The Vital Touch in Literature."

In the March *Engineering Magazine*, W. Henry Hunter points out the "Uncertainties and Difficulties of the Maritime Canal Company's Project."

*McClure's* has in its March number an article on "Lincoln's Method of Dealing with Men," by Ida M. Tarbell, author of the Life of Lincoln which appeared in *McClure's* two or three years ago.

Governor Roosevelt, Senator Hoar, and George W. Cable are conspicuous contributors to the March *Scribner's*.



# INSTITUTE WORK

## CLASS LECTURE

### COMMON SENSE ON MONEY

In discussing money we have at least three important questions to answer. First, what is money? Second, how is the value of money determined? Third, what is the essential difference between metallic money and paper money?

The so-called "sound money" advocates are in the habit of regarding only standard coin as money, like gold in gold-standard countries and silver in silver-standard countries. This leads to the idea that the money of a country must needs be metallic, and those who are opposed to the gold standard at once say there is not gold enough in the world to furnish money to do the business of modern society, which of course would be obviously true if only metals were money. But, these same people insist that money is whatever is stamped by the authority of the government as legal tender, and that the value of this instrument is determined by the government edict. The error in this is easily exposed by the sound money people, and thus the conflict goes on, because neither is reasoning from clearly stated facts in the case.

Now, if we will apply a little ordinary observation, coupled with unbiased sense, to the subject, it will be easy to see that money is not necessarily either the one or the other of these two things. The best way to find the character of a thing usually is to know what it does, and why it comes into existence. Money came into existence solely to facilitate the exchange of commodities when swapping or bartering became embarrassingly inconvenient. If a person has an article that another de-

sires, but that other has nothing that he can give in exchange for it that the owner of the article cares to accept, something mutually acceptable is required to complete the transaction. In order to facilitate the exchange, therefore, if the party desiring the article has nothing that its owner needs, then this owner must be given something that somebody else will take in exchange for things he does need.

The essential function of the money, therefore, is to facilitate the exchange of consumable goods and services. Hence it must be something that will always be honored or accepted throughout the community as a valid certificate of credit. Strictly speaking, then, money is a circulating certificate of credit.

What the money is made of depends very largely on the civilization of the community. Almost everything conceivable has been used for that purpose, but gold, silver and paper are the chief materials used in modern society. Take the metallic coins, gold or silver, where they are respectively the standard money. The gold or the silver is not the money. It is only the material of which that money is made. Why is it made of gold? someone may ask, or of silver? If we search close enough into the history and facts of the case, we shall find that it is because the people would not accept as money, or token, of credit, anything which did not have the full value of the property represented in the money itself, so that, if the money was converted into bullion, it would be worth just as much as the potatoes or whatever for which it had been received. The government stamp on the money has nothing to do with this, except that it guarantees, just as it does in the case of weights and measures and the length of the yardstick, that in quality and quantity it is what it pretends to be. The value of the gold or silver coin is determined by exactly the same means as is the value of the

potatoes or the shoes or coats for which it is given. It will not buy more or less of a commodity because it has the government stamp, except to the extent that it gives confidence that it is not a fraud, and may to that extent remove a hesitancy to accept it. The government stamp merely guarantees that the coin is genuine metal of a certain weight and fineness.

As a matter of fact, however, in modern society, and particularly in Europe and the United States, there is metallic money which does not contain the full face value it represents. This is true of all English silver and copper coin, as it is of American dollars, half dollars and subsidiary coins. Just why the silver dollar, containing less than fifty cents' worth of metal, twenty nickels containing only about ten cents' worth of metal, and one hundred coppers containing only about eight cents' worth of metal, all circulate as the equivalent of the gold dollar containing 100 cents' worth of metal, is a question around which much confusion has arisen. The fact that these silver, nickel and copper coins will circulate at par with the gold dollar, when the metal in these minor coins would not exchange for the metal in the gold if they were not coined, seems to lend color to the idea that the government stamp gives the value to the money, and indeed it is given as conclusive evidence of this contention. In reality, however, the government stamp does not do anything of the kind. The uniformity of value between these different coins is the result of economic and not political law. It is simply a part of that universal law of prices which tends to make the price of competing portions of the same thing uniform; as, for instance, in Worth Street where cotton cloth from scores and hundreds of different factories all comes into the same warehouses and will sell at the same price, for similar grades, regardless of the different conditions under which the output of the different

mills is produced. This uniformity of price, for reasons frequently explained in these pages, tends to gravitate towards and is always very near to the cost of furnishing the most expensive portion of the cloth needed. The price does not vary according to the different costs of production in the different mills, but it tends to uniformity at the cost of the output of a certain group of the mills whose expense is the greatest, and this for the obvious reason that these mills could not continue to furnish the cloth unless the cost of their output was covered in the price. What their cloth must bring the similar cloth of the other mills will bring; and hence the uniformity of price at the point of the most expensive part of the necessary supply.

Now, the value of different coins is subject to the same law. These coins, from the copper pennies to the gold dollars, for the purposes of money fill the same function and render exactly the same service, though the cost of furnishing each class differs, the pennies being the least, nickels next, silver next and gold the dearest. So long as they all are required in the business of the community, and circulate together, they will all have an uniform value as money. It will not be at the value of the coppers that they will circulate, nor of the nickels, nor of the fractional silver, nor of the silver dollar, because there is still another coin that is circulating with them whose cost of production is much greater,—the gold. Consequently, so long as they all are required in the circulation they will all have the value of the dearest and hence be equal to the gold. If the gold should for any reason be withdrawn, whether by competition or law, the value of all the rest would fall to that of the next dearest, which would be the silver dollar. It is for this reason that in countries where gold is not the standard money, and the dearest standard money is silver, the silver dollar is worth only

what is equivalent to its bullion value. Thus the Mexican dollar is now worth a little less than half the American dollar, though it contains a few grains more of silver. The obvious reason for this is that the value as money of the American silver dollar is determined, not by its own cost of production, but by the cost represented in the gold dollar, which is the most expensive of the group of coins used as money.

The question here is, why does the gold stay in circulation when silver is so abundant and so much cheaper? The only reason is that law has prevented the coinage of enough silver to do the whole business. Gold is needed, and, so long as gold is needed to make up any portion of the general metallic money, the value of all will be equal to that. If silver were admitted to free and unlimited coinage there would very soon be enough silver to do the whole monetary business, and gold would not be needed and would soon disappear. This is by virtue of what is called the "Gresham Law," that free coinage of cheaper metal will drive out the dearer. In order to prevent this, it is necessary that the cheaper metal be limited in coinage to an amount that will cause the dearer (in this case, the gold) to be still necessary; or else, if the cheaper metal is admitted to free coinage it must be coined at a ratio at which it shall contain enough metal to constitute the same bullion value as in the dearer or gold dollar. If the metallic value of the two is the same, neither will drive the other out and they may be put in free competition with each other, but if either one contains less metal value it will drive the other out if admitted to free competition; which would seem too simple and obvious not to be understood. That is why, when the value of silver began to fall, free coinage was impracticable unless we were willing to depart from the gold standard. Nobody would dispute for a moment that if free coinage were given to



coppers the mints would soon be loaded up with copper enough to furnish the entire metallic currency, and silver and gold would become unnecessary and disappear; because in the meantime the profits on copper would be so enormous that everybody would want to go into the business.

Paper money is essentially different from any of the coined money. Coined money circulates on its bullion value, the value of the whole being governed by the value of the dearest. Paper money is not property money at all, but representative money. It does not contain the wealth but represents it. The property is not in it but behind it. It circulates instead of property. The value of paper money, therefore, is determined by a different process than the value of inferior coins. Representative money is really a circulating certificate of credit. It passes from hand to hand throughout the community solely on the confidence the people have that it does represent its face value in wealth. In order that this confidence may be kept up it is necessary to test the paper money occasionally,—indeed, quite frequently,—by calling upon the parties who issue the paper or representative money to redeem it in property. Any kind of property will not do for this purpose. Potatoes, shoes, clothing, furniture, will not be accepted in redemption for this money, for the same reason that they could not be exchanged in trade. The property that paper money represents must itself be capable of doing the work of money; so that, when a representative dollar is presented for redemption, the redemption must be in metallic money, gold or silver, or whatever happens to be the standard of the community in which the paper or representative money circulates, because that is the only property that will itself circulate.

There are two kinds of paper money; one that is

legal tender and one that is not. Legal tender money is usually money issued by the government, as the continental money of the American revolution and the greenbacks of the civil war; considerably over \$340,000,000 of the latter is still in circulation. The disadvantage of legal-tender paper money is that it is not subject to redemption. It has to be accepted on the faith of the government everlastingly, with the result that there is danger of its going to a discount (which is usually called putting gold at a premium) whenever the credit of the government is disturbed. In the case of the continental legal-tender currency, the government's capacity to redeem was so doubtful that the value of the paper money fell to one cent on the dollar, at which price it was finally redeemed. The confederate money during the civil war was another instance of the same kind. It was made legal tender by law, and after Lee's surrender it became absolutely worthless, because it was issued as legal-tender money backed, not by property and subjected to redemption in property money, but by the edict of the government. The greenbacks issued by the United States during the same civil war were of the same character. They were not subject to redemption in full value metallic money, but they rested wholly on confidence in the government. Consequently, their value rose and fell with the fortunes of the Union army. When the Union arms were finally successful, confidence in the government increased, but it was not prepared to redeem its promises in full value property money, and consequently the greenbacks were still at a discount and remained so until 1879, when the government agreed to redeem them in gold; and that moment the confidence of the community rose and the value of the greenbacks became the same as that of gold.

This shows that the government is powerless to give value to representative money except to the ex-

tent that it stands ready to redeem it in full value property money. For that reason it is safe to say that, except in national crises like revolution and war, paper money should never be issued by the government as legal tender. That is properly the function of banking. If all paper money is issued by banks, and made subject to constant redemption or conversion into coin, then the issuing of representative money becomes a business, subject to business and economic conditions, which it is not properly the function of the government to assume.

One of the most important features in banking is the ability of the banks to loan money cheaply to the business community, under conditions that shall give adequate security that the paper money thus issued and loaned shall always be worth its full value in business circulation. The cheaper this paper money can be issued, the lower, with adequate security, can the rate of interest be to borrowers. Our present national banks are about as far as possible removed from this point of ideal banking, because they are permitted to issue paper money only on the deposit of government bonds which cost from \$115 to \$120 for each \$100 worth, and this only gives the right to issue \$90 of notes; so that, about \$120 or \$125 has to be invested in order to secure the right to issue \$100 worth of bank notes. This makes it very expensive, and consequently bank note circulation is relatively diminishing, because it does not pay.

It is to remedy this that the present banking bills before Congress have been introduced, one by Secretary Gage, the other by the Banking Committee. It is a settled principle, derived from the experience of centuries, that in order to preserve the community from money stringencies, and keep the rate of interest reasonably low, paper money should expand and contract with the commercial needs of the country. There

should not be such a large amount of paper money as to create a redundance at certain times, when the minimum amount is required, nor so small a volume as to create a stringency at the period when the maximum amount is needed. Universal experience has taught that a fixed volume of currency, therefore, is sure to furnish too much at some times and too little at others; and, since government paper money does not contract or expand according to business needs, but is fixed in volume, like coin, and of doubtful value except as public confidence in the government is wholly undisturbed, it lacks the essential quality of good paper money.

To insure this elastic quality in the issue of paper money it must not be legal tender, but must always be subject to redemption either when doubt arises or demand for its use diminishes. This can never be safely accomplished through government issues, but only through non-legal-tender bank issues. The principles underlying good banking existed in the first and second Banks of the United States, and in the Suffolk Bank of Boston. They exist to a high degree in the banking systems of Canada and of Scotland, and to a considerable degree in the Bank of England. Under these systems the banks have the right to issue paper money against the capital and assets of the bank, including the deposits. In order to secure the community against inflation and the depression of the notes thus issued, the banks must ever stand ready to redeem these notes in gold whenever presented. Moreover, in order to give the maximum security to this, the banks must not be individual, segregated from each other, standing isolated and alone, but must be co-ordinated, and the notes of the banks in a common district be redeemed through some selected strong bank as the redemption center. All the banks receiving the notes of any other bank should be able to send them every day to the redemp-



tion center, which immediately calls upon the bank issuing the notes to redeem them, and thus the test is applied to the ability of the bank to redeem its notes every day. The first failure to redeem a note closes the bank, and puts all its assets and deposits in the hands of a receiver, and they are held to redeem the notes of the bank. Moreover, the capital of all the joint banks in the district should be held to the security of the notes of each of such banks, as under the branch bank system. In this way all the banking capital of the community is really behind every note that is issued, and is a better security for the notes than any government pledge could ever be under any circumstances; because it is impossible for all the banks to fail at once, unless the nation collapses.

If Congress passes a banking law with this feature well developed, the United States will have as good a banking system as there is in the world,—as good as it had under the first Bank of the United States, established by Hamilton. We may then expect that the money question will pass out of politics; but until some sound system of banking is adopted, which shall give elasticity to the issue of paper money, and the security furnished by constant coin redemption, we may expect panics every time a little industrial disturbance arises, and greenbackism, silverism, or other monetary agitations returning into national politics, to the constant menace of industrial stability and business prosperity.



## WORK FOR MARCH

### OUTLINE OF STUDY

Our March studies cover the subjects of Money and Banking, sub-divided in the curriculum as follows:

- VII. Money.
  - a* Metallic money.
  - b* Paper money.
  - c* History and theory of Bimetallism.
  - d* History and theory of Monometallism.
  - e* Free coinage of silver.
  - f* Fiat paper money; (Greenbacks).
- VIII. Banking.
  - a* Banking experience in United States.
    - 1 New England Banks (The Suffolk).
    - 2 First and Second Banks of United States.
    - 3 State Banking system.
    - 4 Sub-treasury system.
    - 5 National Banking system.
  - b* English Banking system.
  - c* Canadian Banking system.
  - d* Banking in France and Germany.
  - e* Banking reform.

### REQUIRED READING

In "Principles of Social Economics," Chapter VI of Part II. In GUNTON'S MAGAZINE for March, class lecture on "Common Sense on Money;" also Notes on Required and Suggested Readings. In GUNTON INSTITUTE BULLETIN No. 22, lecture on "American Social Reform Movements."

### SUGGESTED READING \*

In Del Mar's "History of Monetary Systems," Chapters I, V, VI and XX. In Jevons' "Money and the Mechanism of Exchange," Chapters III to VIII

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\* See Notes on Suggested Reading for statement of what these references cover. Books here suggested, if not available in local or traveling libraries, may be obtained of publishers as follows:

*History of Monetary Systems*, by Alexander Del Mar, M. E. Effingham Wilson, Royal Exchange, London, Eng. 511 pp. 15s. net.  
*Money and the Mechanism of Exchange*, by W. Stanley Jevons, M. A.,

inclusive, and Chapters XII, XV and XXVI. In Laughlin's "History of Bimetallism in the United States," Chapters II and VII of Part I; also, the whole (two chapters) of Part III. In Giffen's "Case Against Bimetallism," Chapters I, II, VI and IX. In White's "Money and Banking," Book II. In Conant's "History of Modern Banks of Issue," Chapters IV, V, XIII, XV, XVI and XXIII. In Noyes' "Thirty Years of American Finance," Chapters VI to X inclusive. In the SOCIAL ECONOMIST (now *Gunton's Magazine*) articles on "Path to Safe Banking and Currency," October 1893; and "Our Banking and Currency Plan," January 1895. Articles in GUNTON'S MAGAZINE as follows: "Retire the Greenbacks Without Issuing Bonds," January 1896; "Professor Gunton's Address," "Fallacies about Gold and Silver," and "Some Questions on Silver Answered," September 1896; "Economic Effect of Appreciating Money," October 1896; "A Texas View of Gold Appreciation," December 1897. For concise description and explanation of the monetary and banking systems in the principal countries of the world to-day, students are referred to the small volumes, "Monetary Systems of the World," by Maurice L. Muhleman, Deputy Assistant Treasurer of the United States; and "Banking Systems of the World," by William Matthews Handy.

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F. R. S. D. Appleton & Co., New York. 350 pp. \$1.75. *The History of Bimetallism in the United States*, by J. Laurence Laughlin, Ph. D. D. Appleton & Co., New York. 258 pp. \$2.25. *The Case Against Bimetallism*, by Robert Giffen. George Bell & Sons, London, Eng. 254 pp. \$2.00. *Money and Banking*, by Horace White. Ginn & Co., Boston and New York. 488 pp. \$1.50. *A History of Modern Banks of Issue*, by Charles A. Conant. G. P. Putnam's Son's, New York and London. 596 pp. \$3.00. *Monetary Systems of the World*, by Maurice L. Muhleman. Charles H. Nicoll, 189 Broadway, New York. 198 pp. \$2.00. *Banking Systems of the World*, by William Matthews Handy. Chas. H. Kerr & Co., Chicago. 190 pp. \$1.00. *Thirty Years of American Industry*, by Alex. Dana Noyes. G. P. Putnam's Sons. 278 pp. \$1.25.

## NOTES AND SUGGESTIONS

*Required Reading.* The chapter assigned in "Principles of Social Economics" this month is on "Money and its Economic Function." Professor Gunton first makes a careful analysis of the nature of money and defines it as "the medium through which . . . . economic exchanges are facilitated by giving currency to credit and substituting obligation for present payment." Thus money does not necessarily imply the idea of a metallic coin; indeed, the metal is simply a sort of property guarantee accompanying the money, and as civilization advances the proportion of money in which this property security is necessary diminishes, and a larger and larger proportion of exchanges are effected by paper money and instruments of credit. Mr. Gunton then goes on to discuss the merits of various metals as standards of value, and points out the essentials of a sound monetary system. Unfortunately there is no chapter on banking in this book; it is possible that one will be incorporated in future editions. However, the class lecture in this number has a discussion of the banking question, and there is considerable historical matter along the same line in the Bulletin lecture on "American Social Reform Movements."

*Suggested Reading.* Del Mar's "History of Monetary Systems" is an exhaustive treatment of the origin and development of money from the earliest times, in the ancient civilizations, and then in various modern countries up to the present day. Of the four chapters we have designated, two treat historically of money in ancient India and under the Roman Republic and Empire; the third discusses "The Sacred Character of Gold," and the fourth (which is Chapter XX, the last in the book) is on "Private Coinage." The chapter on "The Sacred Character of Gold" is interesting, in that it shows how, under Rome, the force of sacerdotalism and

superstition availed to keep gold at a much higher ratio to silver than it could have had under normal economic conditions.

The chapters suggested in Jevons cover the functions and early history of money, the use of various metals as money, coins and coinage, and the way in which money circulates; also, in Chapter XII the author discusses the single and double standard, and disadvantages of the latter; Chapter XV is on "The Mechanism of Exchange," and treats of representative money, checks, clearing houses, etc. In Chapter XXVI, the last in the book, the author takes up the question of "The Quantity of Money Needed by a Nation," and shows that this is entirely an uncertain and varying amount which nobody is capable of estimating or determining. It is in a general way proportionate to the population, complexity of business interests, and volume of exchanges, but on the other hand is largely dependent on the rapidity of circulation of the money in use, and the proportion of exchanges effected by checks and other private instruments. As the author says: "So different, then, are the commercial habits of different peoples that there evidently exists no proportion whatever between the amount of currency in a country and the aggregate of the exchanges which can be effected by it." Manifestly this is true, and therefore it is clearly impossible to prove that either a fall or rise of prices is due to small or large supply of metallic money in the community.

In Laughlin's "History of Bimetallism in the United States," the chapters suggested treat of the first establishment of coinage and a coinage ratio between gold and silver under our constitution, and our early experience with the two metals; then the so-called "demonetization" of silver in 1873, its effects, and the charge that it was done surreptitiously; finally, the

history of the Bland law of 1878, and a statement of "The Present Situation" (1886), showing some of the causes that keep the silver dollar at par with gold. The economic cause for this maintenance of silver, however, is more satisfactorily stated in the class lecture this month.

"The Case Against Bimetallism," by Sir Robert Giffen, the well-known British statistician and economic writer, is a standard handbook of single gold-standard argument. The chapters suggested cover, respectively, "The General Case against Bimetallism," "Some Bimetallic Fallacies," "The Alleged Bimetallism of France, 1803-73," and "A Chapter on Standard Money." The bimetallism which Giffen attacks is, of course, the system of free coinage of two different metals; not the bimetallism which prevails here, where the coins of one metal are restricted in quantity.

Book II in White's "Money and Banking" gives the history of banking institutions in this country, from colonial times down to the present, including the two Banks of the United States, the wildcat era, and the national banking system. Mr. White also describes the functions of a bank, the clearing house, and the general mechanism of exchange. The first part of this volume is devoted to a theoretical and historical discussion of the money question, but, as this is well covered in our other readings, the section on banking is more particularly recommended. This book and Mr. Del Mar's "History of Monetary Systems" were reviewed in GUNTON'S MAGAZINE for February, 1896.

The chapters suggested in Mr. Conant's book cover the history of the Bank of England, the Bank of the United States, the American National Banking System, and a description of the excellent and famous Canadian banking system. This last chapter is especially important. To study the Canadian system is almost in it-



self an education in sound principles of banking and currency, and brings out in clear light the necessity of substituting scientific banking for our own crude, expensive and inelastic system.

Noyes' "Thirty Years of American Finance" is the most recent history of our financial experience since the Civil War. It begins with the inflation period, covers the resumption of specie payments, subsequent silver legislation, the panic of 1893, and government bond sales, bringing the record down to 1896. The reading we have suggested begins with "The Two Laws of 1890," and continues to end of book.

#### LOCAL CENTER WORK

Local Centers will find little trouble in preparing programs on the money question. We would suggest:

Papers on: Money—coin and credit; Private substitutes for money; Facts about gold and silver; The present monetary system of the United States; Theory of bimetallism; Has gold appreciated and so caused prices to fall? Probable effects of free coinage; What causes scarce money, insufficient coinage or lack of business confidence? Essentials of a sound money system? The two Banks of the United States; Evils of the sub-treasury system; Defects of our national banking system; The Canadian banking system; How should our banking and currency system be reformed?

Debates on: *Resolved*, That a scientific banking and currency system rather than free silver is the real remedy for western and southern money hardships; *Resolved*, That the government should restore free coinage of silver at 16 to 1; *Resolved*, That this country needs a reformed banking system similar in general to the Canadian; *Resolved*, That the greenbacks should be retired by the banks, and bank notes substituted.

It would be well to have the class lecture read and discussed in the meetings; also selections from the

suggested readings; and certain members might conduct question tests on the lesson for the month.

### 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: Dear Sir:—I do not understand your position that practically no civilization or freedom is ever developed in agricultural countries. How about our own country before the revolution of 1776? Must there not have been great development to have led up to an uprising out of which was established the only permanently successful republic the world has ever seen?

S. R. H., Holyoke, Mass.

Our own country before the Revolution was stocked with the products of centuries of town life in England. New England has a background of manufacturing and town life of several centuries, dating back at least to Edward III. If you want a real specimen of agricultural influence with a traditional rural background take the Russian peasantry, the English peasantry, the French peasantry, or the peasantry, in short, of any European country; then you will have populations whose whole life, practically, is drawn from agricultural environments. But neither our western farmers to-day nor the New England farmers of 1776 represent a product of purely agricultural conditions. They are, and were, a transplant from the best that four centuries of town life and diversified industries could produce.

# GUNTON'S MAGAZINE

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## ECONOMICS AND PUBLIC AFFAIRS

### TRADE UNION LEADERSHIP

During the last twenty years there has been an increasing tendency to divide the labor movement into revolutionary and evolutionary camps, represented respectively by socialism and trade unionism. In England, since the London dock laborers' strike in 1889, under the leadership of the London Fabians socialism has largely taken control of the trade union movement. Nearly all the trade union leaders of distinction in England are dominated with socialist doctrine, and under the name of "The New Trade Unionism" they are directing the trade union movement directly in the line of socialist propaganda. The English socialists pride themselves on being a little more practical than their German brothers, in that they do not so openly advocate socialism but rather advocate trade unionism and use the unions for the purpose of socialism. In this country the socialist movement has been chiefly under the leadership of the Germans, of the Marxian School, who have openly declared their principles, announcing as their purpose the ultimate re-organization of society on a socialistic basis.

The part of the labor movement which is historic and evolutionary is represented by the trade unions. In this country the trade union movement is represented by the Federation of Labor, which claims to have a membership of three-quarters of a million. In its annual convention the American Federation has proclaimed against socialism, and has thus far successfully resisted the efforts of socialists to capture its organiza-

tion. Mr. Samuel Gompers has been elected president more than once as the anti-socialist candidate. This was conspicuously the issue upon which he was elected at the last convention. Hitherto the trade union movement has repudiated the doctrine that private property is robbery and that all the tools and means of production should pass to public ownership. On the contrary, it has recognized the historic fact that trade unions are the normal product of industrial progress, and a natural part of the modern organization of industrial society. It recognizes the principle that the distribution of wealth among the masses is through wages, and that the material welfare, social elevation and political freedom of the laboring classes is secured directly as wages rise, prices of commodities fall, the working day becomes shorter, and the social opportunities of the laborer widen and multiply. The real function of the trade union, based on this principle, is to devote itself to the accomplishment of these specific results. It is contrary, therefore, to the character, tradition and principle of trade unions to become anti-capitalist organizations. Their function is not to abolish or hamper capital, but constantly to secure a greater and greater share of its products for labor.

In view of this principle and policy, it is not a little surprising to find the president of the American Federation of Labor declaring editorially in its official organ, the *American Federationist*, for an anti-capital platform as "An American Internal Policy." In its March issue Mr. Gompers gives his unqualified endorsement to the following:

- "Public ownership of public franchises.
- "Destruction of criminal trusts.
- "A graduated income tax.
- "Election of [United States] senators by the people.
- "National, state and municipal improvement of the public school system."

This platform appears to have been submitted by the *New York Journal*. Regarding it Mr. Gompers says: "In the five propositions submitted as an American internal policy, there is not a feature to which I do not give my hearty and entire approval."

If the American Federation of Labor stands upon this platform, it has ceased to be an economic organization and has become the victim of socialism without knowing it. This policy is neither good trade unionism nor good labor movement; it is not even good socialism. It represents merely uneconomic nagging of capital. Socialism stands for a consistent policy,—the abolition of private ownership of productive property. But the platform here endorsed by the president of the American Federation leads nowhere. Four of these five propositions are based upon crude public prejudice against successful business enterprise, mainly created by sensational journalism and socialistic propaganda. They rest on no sound principle of economics, sociology or statesmanship, nor do they conform to any rational theory of public policy or social reform.

The first proposition, which declares for public ownership of all railroads, telegraphs, telephones and other enterprises which are operated through public franchises, is out-and-out socialism. In advocating this Mr. Gompers has gone over to the Sanial and De Leon camp of Marxian socialists. It can be defended only on the general doctrine that private ownership is robbery, and that the public should own and control all profit-making industries. Here is Mr. Gomper's defense of this proposition:

"Certainly the lavish hand with which special privileges have been granted to private corporations and the unscrupulous methods used in obtaining and hedging about these privileges merit the contempt of every American and should call forth such an indignant protest as to compel the public ownership of such privileges and franchises."

Are the members of the federated trade and labor



unions expected to accept this sweeping, inexact and unreasoned statement as sufficient cause for joining populists, socialists, single taxers and political revolutionists in voting for the public ownership of industry? It is not to be denied that the applying of electricity to local transit, gridironing the country with trolley lines connecting cities, towns and hamlets with cheap and rapid transit, has not been entirely free from questionable methods. Improper influences may have been used to secure franchises in some instances, but it is not pretended that this is not exceptional, or that corruption characterizes corporate existence in general.

On the other hand, the benefits of this movement in improved and cheap service to the community are incalculable. But the astonishment is that Mr. Gompers should so far lose his balance as sweepingly to demand the public ownership of these properties, to correct the evils he speaks of. If the public officials throughout this country are so corruptible that their conduct "merits the contempt of every American," what might we not expect if we put the entire conducting of industry in their hands? That would seem to be an additional reason for entrusting them with as little power, especially where business interests are concerned, as possible. The community which cannot elect officials with sufficient integrity honestly to award a contract or grant a franchise falls a long way short of having integrity enough to own and conduct the entire property.

Such wholesale and indiscriminate condemnation of corporate enterprise hardly comports with mature conviction and thoughtful leadership.

The second proposition, "Destruction of criminal trusts," savors of the nomenclature of yellow journalism. It is practically stigmatizing all trust organizations as criminal. This is not a little surprising, from the president of the American Federation of Labor. No man

knows the importance of organization and integration better than Mr. Gompers. The Federation of Labor is a successful illustration of that principle. It is a combination of the organized local trade unions throughout the country, in all trades and industries, to increase the economic and social effectiveness of every local organization. There are capitalists who are crude enough and unintelligent enough to speak of this federation as a criminal combination, but enlightened public opinion ignores them as not a part of the competent consensus on the subject. Mr. Gompers would be the first to say that capitalists who talk in this way are either ignorant or wantonly antagonistic to the natural tendency of modern industrial conditions.

No, it is not true,—it is a bald, unwarranted assertion, to say trusts are criminal, either legally, economically or morally. There are fools among the organizers of capital, and there are fools among the organizers of labor. Mr. Gompers has many a time had to blush for the rash ignorance of his comrades in times of excitement and disturbance. Intelligent organizers of capital have to blush—and suffer—for the economic idiocy of some who become prominent in the management of trust organizations. There is a tendency in the community to estimate the character of every group or class by the poorest specimens, and thus the irrational, ill-informed capitalist who arrays himself against trade unions and denies the right of laborers to organize is too frequently taken by laborers as the representative of the capitalist class, when he is nothing but a belated member.

On the other hand, employers and the public too frequently insist upon judging all labor organizations by the irrational conduct of a few hot-headed, impetuous leaders who advocate all sorts of uneconomic folly. But no man in America knows the injustice of this better than Mr. Gompers. He has suffered many a time as

the atonement for this irresponsible and unrepresentative conduct. He, therefore, should be the last man sweepingly to condemn as a criminal movement what he knows to be a natural economic tendency. There may be criminals in it, but the trust movement is a natural economic movement towards more efficient methods of production, the improving of the quality and lowering of the price of all forms of consumable commodities for the community. It is the movement of applying the highest achievements of science and the highest development of organizing skill to furnishing the necessities, comforts and luxuries of life to the public. On this subject he says:

“The measures intended for the regulation of the trusts have too often been turned by a perversion of the law against the labor organizations. One instance of this perversion of so-called anti-trust legislation has been manifest in the court-made law extending the power and use of injunction.”

This is indeed true, but, as has more than once been pointed out in these pages, this extraordinary use of the “power of injunction” to prevent the right of laborers to strike, by anticipating their action, is really a boomerang from the anti-trust legislation. The workingmen, the populists, the anti-capitalists generally, induced the politicians to pass a law against trusts, granting the power of injunction. In this law the laborers clamored to have manacles put on the limbs of capital. Of course, it was not expected that the same law would provide manacles for the limbs of labor, but the capitalists were too alert not to see that there were two edges to that sword, and they promptly used the one against labor, which really threatened to jeopardize the freedom of labor throughout the country. We are by no means rid of the dangerous consequences to organized labor from this boomerang anti-trust legislation. Of course, the workingmen did not know the gun was loaded, but the capitalists soon discovered that it was.

If laborers think they can make laws to restrict organization of capital that will not re-act upon themselves, they have a great deal to learn in the line of social economy and human nature.

In support of the third proposition, "A graduated income tax," Mr. Gompers says: "That a graduated income tax is justified is attested by the increased values created by the community—the unearned increment." This is surprising in more ways than one. First, because the income tax is itself a most uneconomic and immoral method of levying revenues. Uneconomic, because it has the greatest amount of waste and expense for collecting the smallest amount of revenue. Immoral, because it is inquisitorial, annoying, and leads directly to all forms of lying and fraud, for evasion. But to advocate a graduated income tax commensurate with increased values, or the growth of so-called "unearned increment," is to apply the single tax doctrine to all profits. To apply the tax to incomes, graduated so as to increase proportionately as the income or profits of industry increase, is neither more nor less than confiscation of profits through the pretence of a tax. Economically this is not quite so respectable as socialism.

In support of the fourth proposition, "Election of senators by the people," Mr. Gompers says: "That senators should be elected by the people and not by the legislatures the merest tyro in the politics of recent times is aware." The "merest tyro in the politics of recent times" may be aware of this, but thoughtful students of political science and practical statesmanship are not. If the people cannot elect town officers, boards of aldermen, or state legislatures with integrity enough honestly to grant franchises, how is it to be expected that they would become suddenly intelligent and virtuous in the election of United States senators?

If candidates for the United States senate can corrupt legislatures, they could corrupt delegates to political conventions even more easily. The fact is, this plan of popular election of the United States senators on the ground of dishonesty of legislatures would be, if there is truth in that charge, merely transferring the selection from one corruptible body to another. It is not a reform; it is an impeachment of the integrity or the capacity of the people to elect honest representatives, and hence an impeachment of popular government.

There is an important conservative political principle involved in the election of United States senators by the legislatures instead of by the popular vote. The founders of this republic saw that democracy needed all the safeguards that conservative and diverse representation could give. This clamor—for that is what it really is—to have the president and the United States senators all elected by the direct vote of the people simply means reducing the selection of the United States government to market-place or mob opinion, which would be fatal to stable government. To submit the executive and both branches of the legislative government to popular vote at every election would probably lead to such unstable action as to jeopardize the vital interests of the nation and destroy confidence in popular government.

Nobody knows better than Mr. Gompers the uncertainty of a popular impulse among the working people. He knows how difficult it is to get rational conduct from the mass of the organization on the verge of a strike. Passion overrules reason, and sentiment sweeps the leaders off their feet; and he knows too that when the rash act has been committed and the strike has been inaugurated, against the judgment of the leaders, it is just about as difficult to keep the same men from indiscriminately rushing back and making



the strike a failure. He knows how important it is that executive officers should have authority to overrule unpremeditated decisions, and hence it is one of the rules of the organization that a strike inaugurated without the consent of the central body shall not be recognized. This has become necessary, in order to invest a veto or conservative power in some part of the movement, and thus not permit the first impulse of the mass, which is seldom intelligent, to be final and effective.

This is true, only in a far more important sense, of our political institutions. The theory of our government is that the popular will shall be represented in the federal authority in three different forms. One is the house of representatives, the members of which are elected by the direct vote of the entire nation, through districts determined by population. The term of these is two years. The president is elected by popular vote in a different form; that is, by states through representatives in the electoral college. His term is four instead of two years. The United States senate was designed to represent public opinion expressed in another form,—by states, through their legislatures, which are composed of the directly elected members of the assemblies and senates of the different states, making the popular vote somewhat indirect. The term of senators is six years.

Thus we have a system of government which affords three different forms of expressing the public will. This is the work of profound statesmanship. To wipe it out and subject the whole government at once to direct popular vote is a most serious proposal. A change in this direction should not be flippantly advocated, but should be a matter of the profoundest consideration. There is doubtless room for reform in the senate, but it is in the direction of a more

conservative policy of admission of new states, not in a change in the organic relation of the United States senate to the political constitution of the republic.

The fifth proposition, national, state and municipal improvement of the public school system, calls for no consideration, as it is a proposition that everybody with any public spirit will approve.

Wage workers, and especially trade unions, whose object of existence is to care for and promote the economic interests of the wage classes, are not interested in and cannot without great danger to their cause switch off into the advocacy of this class of propositions as an internal policy for this country. There is nothing in them that is really important to the wage class. To follow the advocacy of this platform is to chase a 'will-o'-the-wisp, pursue an economic mirage. It simply serves to lead away from public consideration of the really vital questions in which the wage class is concerned, like higher wages and shorter hours, and intelligent recognition of the status of organized labor as a legitimate factor in economic discussion and industrial policy. If the trade union movement is going to be led by yellow journalism into this kind of quasi-political and socialistic quagmire, its usefulness as an economic organization, and leader and defender of the interests and rights of the wage class, will soon be ended. Semi-socialism, impregnated with yellow journal antagonism to capital, is the most disintegrating virus that could possibly be injected into the labor movement. It possesses neither the consistency of socialism, the intelligent cohesiveness of trade unionism, nor the horse sense of ordinary politics.

## THE FUNCTION OF ART IN ECONOMIC EVOLUTION

E. E. SPENCER, M. D.

Economic evolution is the progress of society from poverty to wealth, from ignorant crudeness to social refinement, from barbarism to civilization. All that we know of personal, social and political freedom, of the growth of individual capacity, intelligence and integrity, is dependent upon and included in economic progress. Poverty is the source of weakness and the mainspring of despotism. Poverty stultifies ambition, paralyzes effort, and makes servile submission habitual and characteristic. On the other hand, wealth strengthens, broadens and vitalizes human life. It encourages ambition, maintains effort, broadens the social horizon, and inspires the hope of freedom. Nothing can give freedom to a very poor people, nor can anything enslave a rich people. The progress of any nation or community, therefore, from poverty to wealth, is the progress from slavery to freedom, from barbarism to civilization.

What, then, is the function of art in this all-embracing and ever-widening evolution? If we seek the initiatory power that impels individual action and social movement, the seed of new activity in any direction, we shall find it in *desire*. Give a people new and diversified desires, and nothing can suppress their activity or prevent their progress. No sacerdotal authority or political power can suppress the progressive impulse of a people whose habitual desires are being diversified and multiplied. And, conversely, no power can stimulate a people to activity and progress who have no new desires. Take away the desire for any institution, product, or association, and it will cease to exist. Con-

scious action must have a motive. Doing is a means to an end. We do things because we desire the result to be accomplished.

The function of art in economic evolution is to supply a motive for doing. It is the social yeast. It is the diversifier of taste and the creator of new wants. Human wants may be classified as physical and social. Purely physical wants, demanding sufficient food and shelter to sustain life, can be satisfied on a plane not much above the brute creation. All human wants above those of the nomad, including intellectual, moral and spiritual desires, are social wants as acquired by and developed through experience in human association. It is from these socially acquired wants and desires that all the efforts and accomplishments of civilization have come. The difference in the number, variety and quality of these social wants makes the difference between the lowest savage and the highest civilizee.

The great propelling force in human progress, then, is that which initiates and stimulates an ever-increasing diversification of social tastes, and this is the function of art. It refines and expands the old and introduces the new. The taste stimulated by the introduction of the new and more beautiful is the germ of a social force which is destined to develop an economic interest which sets the world in action. The desire for a more attractive form of anything habitually entering into the social life of a people creates a demand for its production, which sets the economic machinery in motion to supply it. At first it is produced at an enormous cost, only for the very rich, but, by the force of imitation and contact, what the rich have the less rich desire, and its domain widens from the monarch or aristocracy to larger social groups, until it reaches the masses and becomes the market basis for profitable capitalistic production.

It is in this way that the multitude of things which once were the exclusive enjoyment of the favored few now contribute to the comfort and refinement of the millions. Every step in the improvement of home decorations from the mediæval hovel without windows, chimneys, or hinged doors, to the best appointed modern home, is the economic outcome of art and innovation. This introduction of art into the social life of the people has been the yeast of modern progress. Not that all who use artistic products have artistic tastes. The human race does things and learns about them afterwards. The great mass of mankind follows the lead of a few. It is in this way that art has been the great revolutionizer. In dress, manners, language, personal bearing, morality, and even in sheer decency of conduct, we do what custom demands.

The great cultivating force in society is not the conscious teaching of lessons but the unconscious habit of doing as others do. We learn by imitation and refine by habitual repetition. Habit is the strongest force in human society. It is stronger than religion or governments. When a new desire created by artistic invention becomes sufficiently general to be a social want of a considerable class, it becomes an irresistible economic demand. It becomes a market force to which capitalists, inventors, statesmen and merchants all respond.

This social standard, thus established, has ever been the great power through which social institutions are sustained, modified or revolutionized. Art is the creator of discontent. Demand for new things, or better things, or more things, or a greater variety of things, is due to the force of social discontent. The evolution of architecture from the simplest hut to the artistic modern structure, which is now such a great force in social cultivation and in economic development, has come in this



way. Modern sanitary appointments could never have been developed from the deadening influence of huts without windows or chimneys, and hewn blocks for furniture.

Thus it is that the great contribution, or function, of art in economic evolution is to create the motives for economic action, through the diversification and refinement of taste for new and constantly increasing variety of things and experiences.

The social and economic activity thus created constantly tends, through the diversification of ideas and experiences, to develop the intellectual and moral faculties and broaden the view of social duties and human rights. The greater the variety of experiences, the more refined the judgment and acute the intellect, because, like every other faculty, these grow with use. In the multitude of experiences we evolve complex social life, and the opportunities for frequent comparison between the better and worse results of experiments are greatly increased thereby. Comparisons are made with a constantly rising standard of social ideal. In this way social problems are created and become matters of intense public concern, which in a simple state of society would fail to create a ripple of attention. Indeed, when houses had no chimneys, pestilence could wipe out the population with no more resulting public concern than attributing the calamity to an outraged providence. Sanitation and science have come along with improved architecture, upholstered furniture, carpeted floors and higher wages. Wherever art has failed to introduce the discontent-producing forces which lead to this diversification, poverty, pestilence, superstition and despotism still prevail.

It is probably true in every domain of human activity that, if we build at all well, we build better than we know. This seems to be especially true of artists. Of course, artists love their art, but they seldom recognize its

full social, much less its economic and political, significance. Art gives smoothness, grace, poetry and culture to human character. It softens, mellows and humanizes life; but it contributes its best to civilization only as these refining and elevating influences enter the daily life of the social masses. Nothing, not even culture, is broad and liberal when it is limited to a small circle or a narrow class. It becomes really altruistic and socializing only when it takes on the spirit of democracy and touches the millions.

In reality, then, art serves its best purpose and makes its best contributions when it is transferred from the sphere of individual hand-labor effort to the world of machinery and markets. It is then that it harnesses science and capital to its chariot, diversifies employment, increases and cheapens wealth for everybody, broadens social life, raises the price of human labor, and elevates the plane of civilization. In short, it is then that it makes wealth cheaper, man dearer, and human life more worth living.

But it is this very tendency to extend the production of art goods to the factory, and subject it to the profit-yielding influence of the market, that artists complain of. In his work "Culture and Anarchy," the great apostle of culture, Matthew Arnold, declared that machinery and wealth "have materialized the upper classes, vulgarized the middle classes and brutalized the lower classes," and all because it has made the wealth that the art taste has brought into existence cheap and abundant, and commercialized its production and distribution. Ruskin, in a similar strain, laments the substitution of machinery for hand work, because it commercializes the product. He thinks that the great function of art is to cultivate an artistic sense in the doing, and, when the producer is not an artist but a mechanic, art is really dethroned and debased.

This is all a mistake. The idea that culture must come through the process of doing, and doing in the slowest and least productive way, is a radical error. It is not so much by the act of making, but by the comfort and pleasure of having and being, that mankind is improved. It is not in the process of producing art products that society is improved; on the contrary, that process may narrow and dwarf the individual. It is the consumption of these products that broadens and socializes. It is in the process of consumption that social intercourse takes place, that the action and re-action of mental and moral criticism results, and that the imitation of the better and the elimination of the poorer is constantly going on. It is mainly the experiences on the consumption side rather than the productive that broaden, mellow, elevate and refine human character.

The other view fails to recognize the dominant principle in human progress, *viz*: that people learn by contact and imitation, and retain by habit. For this reason, all progress towards art and refinement begins on the outside and penetrates inward with repetition and criticism. That is why, in the evolution of art, whether in architecture, home decoration, clothes, personal adornment, or manners, the crude and superficial always precede the refined and thorough. So, when the use of art products is extended to a new social class, it is always by the use of the loud, cheap and inferior forms. This is not to be condemned as degradation of art, but rather as the beginning of art culture. It is through the introduction of these crude, and, to the refined, repulsive, forms of art product that the ultimate evolution of refined taste, good manners, and social cultivation is made possible. It is only in proportion to the frequency with which these experiences are repeated that taste is improved and real culture is widened. This influence gradually shows itself in improved taste in domestic

art. Every addition to the home improvement is a tendency to substitute the more refined and genuine for the crude and superficial, and with this the personal bearing, manners, and general culture of the family is improved. Every such step raises the standard of living and constitutes an economic force that ultimates in higher wages and the possibility of more wealth and social well-being.

To say that because wealth is cheapened and introduced to the poor in crude form, and furnished by factory methods, it materializes the upper classes, vulgarizes the middle classes, and brutalizes the lower classes, is to misapprehend the whole trend of societary advancement. In truth, civilization did not really begin to make any marked progress until art entered the commercial sphere and touched a widening social class. During the Middle Ages, when culture was confined to the few, it made no impression upon mankind. The range of its light for ages was only the range of starlight in the night, and it produced no serious effect upon the wide darkness of the times.

The greatest benefit mankind has ever received from the cultured classes has been, not as they in their self-satisfaction so confidently think, directly from their ideas and fine sentiments, nor from their ability to criticise Homer, or to appreciate beauty, or to moralize deeply; but from quite another direction. It has been their large consumption of the finest and most expensive goods of their day, the best stuffs and foods, houses, ships, tools, horses and cattle, and carriages, by which they have profited mankind. Their large consumption has led to increased and more diversified production by workmen, and to the invention of new kinds of industries whose pursuit was a living and training to the masses. Where the cultured classes were poor, as were the scholars of the monasteries in



the Dark Ages, they proved to have no effect whatever upon the social movements of their time. The rich rioted in sensuality and brutality, and the poor starved in squalor and misery, both unhelped by culture and untouched by it. The truth is, that even culture, when poor, is nearly impotent in its effect upon the progress of society. It is only rich culture that produces an effect worth considering, which effect is quite as much the result of its wealth as of its culture. No rich community can stagnate altogether, and no poor one advance very much, and the reason for this is that when culture is poor, art is produced for a small number; it is produced exclusively by hand labor, and is limited to a small circle. The smallness of its circle not only limits the area of its influence but it begets a social conceit and class exclusiveness which is itself inimical to broad culture, social advance, and increasing human welfare.

Machinery further contributes to general progress by giving to men increasing leisure and opportunities. Hours of labor are shortened in machine-using countries and multifarious interests created by new diversification of industry, and, through these greater opportunities and accompanying increased wealth, the laborers become consumers not merely of the physical necessities but of the comforts and art luxuries of civilization. This increase of comfortable leisure is something that no "sweetness and light," communing with itself in solitude, ever chanced to think about and could not promote if it did. To give the masses the resources of leisure is beyond the reach of everything and everybody, however well intentioned, except capitalistic methods of furnishing art products to the world. Nothing else than the swift and inflexible fingers, tireless as steel, multiplying production as the apple tree its blossoms, is able to cultivate square miles of corn and wheat where formerly only acres were tilled, and to create



train-loads of goods where before only wagon loads were possible, and to spread them over continents where before they could scarcely crawl through the country. Nothing less powerful than this materialized machinery, this commercializing of art creations, could ever give more than a few lonely scholars the time to cultivate the "sweetness and light" that the Arnolds and Ruskins represent. How, without this machinery, born of the commercial spirit if you will, was the opportunity ever to befall the masses to look for anything beyond the daily grind for daily bread, lasting as it used to fourteen and sixteen hours of the twenty-four every day?

In slandering machinery and scorning the commercial spirit, the Arnolds and Ruskins berate the best agent for effecting their own purpose. They know not what they do. They find fault with the very bridge which is carrying humanity across the stream of poverty, ignorance and vulgarity to the realm of wealth, culture and freedom. Machinery and commercialism, in countries where they prevail, have started the whole body of people on the road to a higher state of existence. Nothing of the sort has happened in non-machine-using countries. The masses of China, for instance, are still asleep. The Arab and Tartar are as they were in the days of Solomon. The Russian is drowsy in his ancient slumber, and the Moslem in his poverty is still content in crying "There is no God but Allah and Mohammed is His Prophet." Through social stupor and industrial neglect, Spain has fallen from her seat. Italy is but just beginning to rouse. But Germany, France, England and America are plunging deeper and deeper into questions of how the poor shall be made rich, the ignorant learned, the dull quick, the workman prosperous, and the whole community happy. While Mr. Arnold warbled like a lark in the heavens of his culture, the click of the machinery which he abhorred

was working out a greater benefit to mankind than was ever dreamed of in his philosophy.

It is only as wealth is cheapened and art can flow freely into the homes of the millions that any real progress in the nation and for the race is possible. It is this fact and this fact only that has put the United States at the head of the human race. It is this which represents the difference between the United States and Asia or Russia. It is because the creations of genius have been commercialized for the masses that the impulse of the whole nation is moved toward progress.

It is true that from the point of view of our Arnolds and Ruskins the masses are crude and vulgar; but they are virile, and in proportion as their social wants increase and their consumption of wealth expands they impart that virility to the life of the nation. They are making the politics, the laws, wealth and liberty of to-day. They are making human progress to hum on the smoking axles of the times, where the university and culture would let it drone helplessly on as it did before machinery and commercialism took the human problem in hand.

Exclusive culture may be beautiful to see—a rose of civilization—but the savior of the people is the machinery that makes wealth cheap and man dear. This is not a criticism on culture or art, but only a criticism on the contracted, non-social and un-democratic point of view that artists sometimes take of the social aspect of their function.

If culture were once to connect itself with the main interests and greater questions of humanity it would gain so much in solidity and power that it would be able to be of far greater benefit. Were it once to master the great machineries—the political, the economic, the scientific, the social,—it would add to its own present resources of grace and good breeding the qualities of

fitness for life and its duties, fitness for leading and advancing men. Then the people would have for their leaders not the rude and one-sided mechanics who now, by virtue of having the root of the matter in them and being engaged in active deeds, are shaping the future, but men of trained and comprehensive powers who would be able to conduct the world forward without the waste of blundering, the discord and rage, that now attend the methods of progress.

The bitter contention which deforms and distresses the course of affairs would give way to an orderly movement of well-planned and resolved measures. Instead of a progress slow, jolting and devious, like that of a farmer's ox-cart over a stony field, we might have one swift, smooth and direct like that of a flying express over the ordered rails of scientific foresight and determination. The routine cleverness and verbal facility of our educated classes might then be joined to a strenuous and virile potency which would at once forward, elevate and fraternize the whole social procedure, and culture instead of crudeness become the leader of human progress.

## DISTINGUISHED ECONOMISTS

### X—FREDERIC BASTIAT

Frederic Bastiat, whose picture is presented as a frontispiece in this issue, was one of the most brilliant of French economic writers. Bastiat was born in 1801 and died in 1850. His career as a contributor to economic literature was brief, beginning only about 1844. He was actively on the scene of the Revolution in 1848-49, and showed his greatest wit and brilliancy in combating the socialism of his time.

As an economist he was a follower of Adam Smith and Say, and an idolizer of Bright and Cobden. Bastiat can hardly be called a scientific economist, though he exercised a remarkable influence on economic opinion in France. His views on value were largely taken from Henry C. Carey, who also charged him with purloining his argument on rent. He translated the leading speeches of Cobden, Bright, Fox and other anti-corn law leaders, into French, which gave the doctrines of the Manchester School great popularity in France. His "Sophisms of Protection" is regarded by many as the most brilliant exposure of protective postulates ever published. As a matter of fact, however, his brilliancy was all on the surface. His treatment of the subject was in a narrow groove, never broad enough to include the social forces underlying productive expansion. He was a lover of cheapness, but never understood how economic cheapness was really developed. Bastiat never saw the economic and social difference between low prices caused by cheap labor and low prices caused by improved machinery.

He was dominated by the idea that all interests in the community were in entire harmony, and that they centered upon the point of low prices—in short, that

the consumer's interest was the interest of the human race. It made no difference from this view whether the low price was due to slave labor or to improved machinery, and this was the radical and fatal error in his whole economic reasoning,—philosophy he could hardly be said to have had. He insisted that all that was necessary in order to get complete economic harmony and low prices was absolutely free competition. Whatever it was for any individual's interest to do was for the interest of the community. From this view, if the capitalists wanted to work laborers, as they did, an indefinite number of hours, for unendurably small wages, it was all in harmony with the interests of the community, because in making the laborers work long hours for low pay they were able to give the public the products at a lower price, and thus, according to Bastiat and according to the whole school of *laissez faire* economists, the laborers received, in cheap commodities, what they lost by low wages. Anything more short-sighted and fundamentally fallacious it would be difficult to conceive. This doctrine ignored entirely the broad fundamental fact of all economic development and social progress, that the very basis of cheap production is not cheap labor but highly developed machinery, and that highly developed machinery can never exist for supplying the wants of a community in which exhausting labor at low wages, and consequent simple life and small consumption, exist.

Bastiat came upon the scene of action when the anti-corn law agitation of England was at its height. He drank in a few narrow postulates of the Manchester advocates, and mistook them for comprehensive economic principles. Consequently, it may be said that he was a brilliant dispenser of economic sophistry, but added little or nothing to the solid science of economics.



## EDITORIAL CRUCIBLE

THIS MAGAZINE has always advocated, and for many years single-handed and alone, the economic principle involved in trusts as a part of the natural tendency of economic society, but from the first we have insisted that the use of the trust power to put up prices is uneconomic and contrary to public policy, and should not be tolerated. In discussing "The Era of Trusts" in our last issue, we referred to the tin plate trust as open to this criticism, and suggested that if the trust continued this policy Congress would be justified in putting tin plate on the free list. Our attention has since been called to the fact that the rise in the price of pig tin and steel plate, neither of which the trust produces, and an increase of wages, are the causes which made the increase in the price of tin plate necessary. Of course, if this is true it removes the ground of our criticism. The trust cannot be held responsible for the rise in the price of raw material which it is compelled to buy, nor censured for the rise of price of its own product which this makes inevitable, especially to the extent that a rise of wages is the cause. While we are unqualifiedly opposed to any monopolistic price-raising action of trusts, we are equally desirous of doing no injustice. In the interest of fairness, therefore, which is not too prevalent in discussing these subjects, we propose to make a thorough investigation of the tin plate trust case and give our readers the result in the next issue of this magazine.

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IT IS ENCOURAGING to note the fact that with the returning prosperity in business is coming the news from all parts of the country of increasing wages. The cotton operatives of Fall River, Massachusetts, have received an increase of twelve and one-half per cent.,

which is a restoration of the reduction that took place a little over a year ago. This is the more significant because in the cotton industry Fall River leads New England, and, after the rise of wages in Fall River was announced, a similar rise took place throughout practically the whole cotton industry of that section. Similar news comes from the mining field. The united mine workers of Pennsylvania, Ohio, Indiana and Illinois have, since 1897, received an increase of thirty-three per cent. in wages, and, what is even better, they have obtained the eight hour work-day. The officers of the union have just issued a buoyant proclamation asking all the miners through that section to join in commemorating the event as a conspicuous landmark in the improvement of the miners' condition. It adds that the eight hour day "has not only proven a priceless boon to our craft but is now also looked upon with favor by our employers." This is real progress.

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AMBASSADOR CHOATE'S remark in his first speech in London, about our delight in "twisting the lion's tail," and our disappointment that "he would not roar at all" at the Venezuelan twist, seems to have disturbed the sensitive nerves of the *New York Times*. In a very serious editorial on the subject, with its full measure of dignity, it asks: "Was the utterance of the Ambassador authorized?"

What matter whether it was or not? It was the truth. There is not the least doubt that Mr. Choate's remark, indicating the mere political demagogy of Mr. Cleveland's performance in the Venezuelan matter, expressed the good sense of serious-minded, patriotic Americans, and certainly of the present administration. A more blunderbuss, uncalled-for piece of public policy was probably never indulged in by a responsible statesman than that Venezuelan message. It was an appeal

to the lowest, jingoistic national prejudice, in the hope of booming his chance for another term; but a more brilliant performer in this line carried the Chicago Convention. In this instance, at least, Mr. Choate was clearly right, and if he was not authorized he certainly will be endorsed.

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AS IF TO verify the adage that republics are ungrateful, Mr. Samuel M. Jones, the socialistic mayor of Toledo, Ohio, has been refused a renomination by the Republican party; whereupon he has announced his intention of running as an independent candidate. Mr. Jones is an out-and-out socialist; he endorses the most radical socialist doctrine. He has proclaimed, not only in Toledo but in New York and other large cities, how the people of his city are robbed by the private owners of capital. The people of Toledo did not know how badly off they were until Mr. Jones discovered their condition while mayor of their city. They have had Mr. Jones for one term, and it will be highly interesting, therefore, to watch the outcome of the Toledo municipal election. There is no ambiguity about his position. The voters know him, and know his doctrines. If he is elected it will be because the majority of the people of Toledo are either believers in or very favorably impressed by the principles of socialism, and are willing to give him a trial. The votes Mr. Jones receives on election day will indicate the state of the socialistic mercury in Toledo, which it is fair to assume is not radically unlike other American cities of 100,000 population and upwards.

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THERE ARE some public offices which may properly be filled for political reasons, provided the average amount of ability is vouchsafed, but the superintendency of the United States Census is a position that requires

expert ability for that special kind of work. If there is a man in the nation who has a known capacity in that line, he ought to be appointed. Does ex-Governor William R. Merriam, of Minnesota, possess any of the known qualifications for that position? If so, in what position has he revealed these qualities? The position of Superintendent of the Census should not have been given to any person who has not had previous experience and shown some talent in this direction. It cannot be said that such persons were not available. The bureaus of statistics in the different states furnish material for this sort of work. Even S. N. D. North, who was a candidate, has some known capacity for this position, and the most experienced statistician in the country, Hon. Carroll D. Wright, Commissioner of Labor, was at the President's disposal. Therefore, there was absolutely no need of giving the position to a mere ex-governor, entirely without statistical or census-taking experience. This was clearly a case where fitness rather than politics should have determined the selection.

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THE SO-CALLED Cuban Assembly is apparently doing its best to justify the conclusion that Cuba is not capable of civilized self-government. The attitude of this body toward General Gomez is worthy of the lowest type of Spanish conclave under a Weyler dictatorship. In imprisoning General Toral and Admiral Cervera, who are now awaiting a court martial which may order them shot, the Spanish have at least the flimsy excuse that these leaders were defeated in battle. But the Cuban Assembly has not even this excuse for disgracing General Gomez. Gomez was the Washington of Cuba. Without him the revolution would have been a farce, and Cuban freedom would have remained in Spanish keeping. Whatever advantage Cuba has



gained is primarily due to the patriotic sacrifice and statesmanship of General Gomez. And yet, because he was wise enough to accept the aid of the United States in good faith, this firebrand assembly has voted him a traitor, and some of its leaders demanded that he be court-martialled and shot. Baser ingratitude was never exhibited by untamed savages. The only encouraging thought in connection with this disgraceful affair is that this so-called assembly does not represent the character and spirit of the Cuban people. If it did, they ought to have been left under Spanish control. They would be unworthy of deliverance. Short work should be made of disbanding this self-constituted assembly, and the administration of Cuban affairs should be trusted entirely to American authority until, through the freely expressed will of the Cuban people, a representative government can be established.



# CIVICS AND EDUCATION

## GRAVE EVILS IN OUR PUBLIC SCHOOL SYSTEM

W. F. EDWARDS

In the March, April, June and July (1896) numbers of the *Atlantic Monthly* appeared four papers which are based on answers to a list of questions sent out to teachers by the editors. From these papers it appears that partisan politics, church interference, personal friendships and the influence of the agents of book companies are the most potent factors working against the best development of our schools. These conclusions are drawn from a consideration of about twelve hundred answers to the list of questions, which came from all parts of the United States, and which show much the same condition to obtain in nearly all of the states. In the fourth of these papers entitled "Confessions of Public School Teachers" are given the experiences of six teachers who have occupied positions where they were enabled to see the influences interfering with the action of the governing boards of the schools in which they were employed. Also, in the November (1898) number of the same periodical, in a paper entitled "Confessions of Three Superintendents" is given additional evidence of these interfering elements.

These experiences, while quite commonly known to and discussed by superintendents, principals and teachers, are, I believe, not generally known to be widespread and endangering our educational institutions. There seems to be a general sentiment in places where these school boards are bad that "We have the worst board anywhere to be found." If the citizens of any such place could take the time to look about they

would soon discover that there are other schools with bad boards or boards doing badly because of outside influences of the kind referred to above. It is commonly known that public office in general is subject to the degrading influences of "pulls" and the spoils system, although it is not generally openly approved. Even those who openly approve of the spoils system for other public offices agree that it should not be applied in the case of our schools; usually meaning thereby that no political (partisan) qualification should be imposed on our teachers.

These papers are based quite largely on data taken from city school affairs and leave a sort of impression that superintendents, principals and teachers are blameless and that the whole difficulty is largely due to the governing boards. Much that has been charged to bad boards has been due to bad presidents, superintendents and principals. A bad board of education and a bad president, superintendent or principal is a wretched combination to have in charge of a school or college, and is more common than one likes to admit. It is by no means uncommon for school boards to excuse their unseemly action by stating that they only followed the recommendation of the superior officer of instruction. The excuse is a good one, but when it has been given repeatedly for the same superior officer of instruction it becomes rather a confession than an excuse. Some of the ways by which officers of instruction and members of boards are "tied together" are illustrated by the following examples which have come to the writer's notice within a few months.

The board of regents of one of our state universities chose for the president a man who had sent his application to each member of the board and to other state officials high in authority. The man was at the time president of another state university, and writes Ph.

D., LL. D. after his name. Within two months after his appointment several members of the board threatened to resign rather than to vote for the recommendations of the newly chosen president. The "wires" to be "pulled" had simply become crossed by outside influences to which both the board and president were subject and amenable.

A member of the board of regents of one of our state universities approached one of the instructors in the university to persuade him to "pass" his son in a certain course in which he had failed from neglect. The instructor refused to do so, whereupon the regent told him how much influence he had had in retaining other instructors in the faculty and finally told the instructor that he had as much influence in his case. The instructor resigned and went to another university. Influential people resort to this method of forcing their sons and daughters through school quite frequently. Quite as frequently they are "passed" by the teacher because the parents are known to be influential.

In one of our cities several teachers in good standing with the principal of the high school were dismissed by the board of education after the superintendent had accepted another position and resigned. The superintendent denies having anything to do with it. Inquiry, however, brought out that the election of members of the board for several years had been a struggle to get a board with sufficient interest in the schools to dismiss this superintendent; also that this superintendent had obtained positions for near relatives in the schools, and that he obtained a position for still another near relative in the schools of which he had recently taken charge.

In a recent investigation in another city it appeared that several teachers contributed, through the superintendent, to the campaign fund for electing members of

the school board. To the casual observer the election appeared to be conducted largely on political party lines. It also appeared as if the superintendent considered his position secure in the hands of one political party only. Perhaps the most significant thing about this investigation was the quite common remark: "Is that all there is against the superintendent and teachers?"

In another school, when the principal was about to retire to follow another profession, he was approached by a prospective successor and offered a certain sum of money if he would resign in favor of the would-be principal. The principal was approached by letter, which is very unusual. He took the letter to the chairman of the board of education. The board had agreed on a successor but had not formally elected him. One member of the board had informed the man that he was chosen, it only remaining for the board formally to elect him; but when the meeting was called he and one other voted for the "boodler." It is unnecessary to inquire into the circumstances leading these two men to vote for this candidate.

In still another city, where the principal of the high school had resigned, the board of education concluded not to elect the teachers for the high school until a principal was selected. Some of the best teachers were not re-elected, because the new principal presented the recommendations of the old principal but neglected to state that he had changed several of the names in order to secure places for his friends.

A few examples of abuse of power, taken from our state institutions, will show that "higher education" is subject to the same retarding and interfering influences that obtain in city schools. These cases also show some of the dangers of the appointing power.

That it is easy for the appointing power to be misled by outside influences is well illustrated in the



case of one of our agricultural colleges. There was a vacancy in the board, to be filled by appointment by the governor of the state, and the probability was strong that a new president would be elected to take charge of the educational affairs of the college soon after the governor appointed a man to fill the vacancy in the board. A politician who was a member of the state legislature desired to have a certain friend of his become president of the college, and knew that he could, in all probability, manage the board if only he could secure the appointment of the right man to this vacancy therein. He advised his political friends in the legislature, who were of the same political faith as the governor, to "wire" the governor to appoint his candidate. They did so, and a few days later the governor received letters from these and other politicians throughout the state urging the appointment of this man. The man was appointed and the governor afterwards stated that he was not aware before that the man appointed was so popular. In another case, when a governor was asked why he appointed a certain man regent of the state university, he admitted that he had never seen the man and had only heard of him as belonging to "our party," until a few days before the appointment was made, at which time he had received a communication from the —county people stating that they had not been remembered in the distribution of offices and asking him to appoint Mr. — regent of the state university, vouching for his fitness. In large cities the mayors could be misled in much the same way, but in the smaller cities where every one is more or less known to every one else this could not so easily happen.

The extreme of bad effects that may follow from the abuse of the appointing power is well illustrated in the case of one of our state universities. A combination of circumstances had made it possible for the recently elect-



ed governor, whose political faith was opposed to that of his predecessor, to appoint four regents of the state university from the ranks of his own party (full board of regents was a board of seven members). These four regents began to caucus in order that they might control the vote of the board. Within a sixteen-month period after their appointment the university had three different presidents on its pay roll, besides an acting president; twelve new members in a faculty of twenty-two members, at the same time reducing the number to twenty; the sister-in-law of one of these new regents, and the governor's son, appointed to professorships in the faculty (the latter not accepting); a professor, who was retained in the faculty after the casting of seventeen ballots to determine whether he or another man should have the position, dismissed in May and reinstated in the following July; two members of the faculty removed to make a combination position for a member of the state board of education, who confessed to members of the board that he had made no special study of the subjects he was to teach; a deal in the board whereby the secretary of the preceding board of regents, who was also registrar of the faculty, lecturer on forestry, and instructor in local history, became professor of American history and lecturer on forestry. One of the new regents became secretary of the board of regents, registrar of the faculty, and librarian of the university, and the above mentioned sister-in-law became a professor in the faculty. A year later the professor of American history was dismissed, and a few months still later was appointed professor of history, it having been given out at the time that he was the most desirable of seventy-seven candidates, although several of the candidates had received instruction under some of the ablest teachers in some of our best universities, while the professor of history was known to

have had no such training in any way whatever, but was also known to be very familiar with the history of political intrigue in that state. Every workman on the campus was dismissed at the same time, and with only a week's notice, to be replaced by the political friends and relatives of these four new regents. A "normal diploma" was established, to obtain which the students were required to take two kinds of psychology and two kinds of moral science, the one kind being represented in the courses of one professor and the other kind in the courses of another professor. The conditions for graduation were changed four times, the students being asked to change their work in the middle of a term so as to conform to the new regulations concerning graduation. A religious row developed among the regents, which became so intense that the use of fists was threatened in one of the altogether too frequent meetings of this board. Seven other regents were appointed, making eleven that the governor appointed in a period of less than thirteen months; and there were various other absurdities too numerous to mention.

There was a wholesome feeling throughout the state against the actions of this board, and two petitions were sent to the governor requesting him to interfere, which he did by removing three regents. This, however, was of little use, for there were deals and complications after this interference that indicated that the governor was powerless, apparently, in the hands of the politicians, and could not appoint the right kind of men for educational affairs. Much of this arose from having a multi-functioned political officer in the institution. A politician of the state, who was a member of the state legislature, succeeded in getting a bill passed which gave the university its first liberal appropriation. As a result he was elected secretary of the board of regents and of the faculty and also a member of the faculty.

Notwithstanding this, he ran on his party ticket for the legislature and acted in the capacity of lobbyist for the university appropriations every term after his first election, thus putting himself in the position of lobbying for an appropriation from which he drew a good salary.

Another illustration is that of one of our industrial schools. A majority of the board of trustees of this school were of one political faith, and were inclined to use extreme measures to maintain this faith. They dismissed several members of the faculty, apparently because they were not of this same faith and were not altogether in sympathy with their ideas on the money question. The president was among the number dismissed. His successor was, as a matter of course, a pronounced advocate of the political notions and prejudices of the majority of the board.

Another danger to be feared from the appointing power is that which grows out of a misunderstanding of or a wilful misuse of departments of political and social science in our institutions for higher education, and the commercial courses including instruction on finance in our commercial and other high schools. Everyone is familiar with the case of Brown University and the Chicago schools. In a conservative college of the "middle west" a professor of political and social science was "dropped" from the faculty, nominally because the "hard times" had decreased the available funds of the institution to such an extent that it was necessary to curtail expenses in this way. Inquiry was made concerning it, and it was found that the real reason was that his courses did not meet the approval of the regents. In the case of one of our state universities about to employ a professor of political and social science, members of the board of regents said to the president of the university: "We will not try to interfere with any other department, but it will be wise for you to

choose a man for this department whose political faith and views on the money question accord with those of the majority of the board." The board was appointed by and were nearly all of the political faith of the governor of the state. In another case a member of the board of trustees of normal schools, in commenting on the privileges of the president of one of the schools, said: "I believe the president should practically appoint all the members of his faculty, but that the board should approve of or reject his appointments as a safeguard to the institution. For example, I may state that if he wished to appoint a professor of political science who believed in the free silver fallacy I should vote against him for I consider that idea a simple heresy." In another case where the political faith of the majority of the board had been changed by recent appointments to the board, and a new president was elected soon thereafter, it was given out as a sort of political slogan that there would not be a "gold-bug" in the faculty within a year, and at the same time that the university could be expected to amount to something when this had taken place.

These examples show that school affairs are managed very much like ordinary political affairs and that they are subject like other things to the influence of the "get there" spirit of the times. The spirit of right and of reform is still with us, as evidenced by the way the people come to the rescue at times when there is anything very serious threatening our schools or other public affairs. The unfortunate circumstance is that the people so soon forget these abuses and go on in the same old way until another shock is produced by some unsuspected outrage.

There are many difficulties between the present status of things and an even approximate freedom from bad influences tending to retard the development of and actually prevent the highest efficiency in our schools.



and colleges. We cannot hope that members of boards of education will always be chosen with a sincere regard to fitness only so long as civil service reform in other public affairs is scarcely more than a subject for campaign speeches in which each political party abuses the other and accuses it of almost criminal rascality in making appointments. We cannot hope that boards of education will not be influenced by "boodle" when supplying books and other equipment for our schools so long as boards of public works, city councils, and state legislatures can be bought in this way. We cannot hope that boards of education will not be subject to the importunities of their friends and relatives in making appointments, so long as public sentiment favors the home-industry idea of making teachers, and permits the schools to be filled with young girls as teachers because their parents are needy and find this an easy way of keeping their daughter in school until she has graduated from the high school. We cannot hope that these boards will not be influenced to some extent by the political faith of teachers as long as "party" is the paramount thing in our political affairs. We cannot hope that presidents and members of the faculties of our colleges and universities, and superintendents, principals and teachers in our schools, will one and all be above using political and religious prejudices and "boodle" to influence members of governing boards as long as they feel that these pernicious tools can be used. We cannot hope that any definition of eligibility of members or method of electing them, or any system of boards, will free our schools from all these bad influences; we can only hope to prevent the introduction of new evils and increase of the bad influences of the old ones. Drastic remedies must be applied to our educational affairs if we would have our schools stand as a safeguard to our democratic institutions.



## CIVIC AND EDUCATIONAL NOTES

It may be interesting to many people to know that over nine per cent. of the area of the three most populous boroughs of Greater New York,—  
Parks in Greater New York  
Manhattan, Brooklyn and the Bronx,—  
consists of park land; in other words, the parks cover 7,564 acres. In Manhattan and the Bronx there are 44 parks and 9 triangular spaces. In Brooklyn there are 25 parks and 6 parkways, the latter aggregating  $20\frac{1}{4}$  miles in length. The two largest parks are in Bronx borough,—Pelham Bay Park of 1,756 acres, and Van Cortlandt Park of  $1,132\frac{1}{3}$  acres. The famous Central Park in Manhattan borough comes next, with nearly 840 acres; then Bronx Park, in the Bronx borough, with  $661\frac{2}{3}$  acres; Brooklyn Forest Park, in the town of Jamaica, within the city limits, 535 acres; and Prospect Park, in Brooklyn,  $516\frac{1}{6}$  acres. The rest are considerably smaller.

In Bronx Park a botanical garden is now in process of construction, which will be a credit to the higher educational, artistic and scientific life of the city. It is to cover 250 acres in the northern part of the park, and the thirteen buildings devoted to plant culture and botanical exhibits will cover a space of 45,000 square feet. Heat is to be supplied from a central power house, and a complete system of drainage and water supply is being provided. A large museum building is well advanced toward completion, and will probably be occupied by the middle of the coming summer. This garden when completed will make Bronx Park one of the most attractive and interesting of all the parks of the city, as in many respects it is already by virtue of woodland and landscape scenery of exceptional beauty.

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Miss Jane Addams, in the February *Atlantic*, writes

an article on "The Subtle Problems of Charity," with a  
 Common practical common-sense insight into the  
 Sense in matter quite above what is sometimes,—  
 Charity we might almost say generally,—ex-  
 hibited in the attitude of people engaged in organized  
 charitable work. Miss Addams is the head of the Hull  
 House settlement in Chicago, and tears away with no  
 gentle hand a mass of uninformed sentiment that  
 prevails in regard to the customs of the poor, and the  
 need and effects of certain kinds of charity. The well-  
 known improvidence and apparently senseless extrava-  
 gance of the poor, which usually rouse the amazement  
 or indignation of nearly everybody on first becoming  
 interested in charitable work, is shown by Miss Addams  
 to grow out of a perfectly natural and inevitable trait of  
 human nature, not peculiar to the poor at all but ex-  
 hibited in other forms in all classes of society. "The  
 poor family," she says, "which receives beans and coal  
 from the county and pays for a bicycle on the install-  
 ment plan, is not unknown to any of us. But as the  
 growth of juvenile crime becomes gradually understood,  
 and the danger of giving no legitimate and organized  
 pleasure to the children becomes clearer, we remember  
 that primitive man had games long before he cared for  
 a house or for regular meals. . . . The parent who  
 receives charitable aid, and yet provides pleasures for  
 his child, and is willing to indulge him in his play, is  
 blindly doing one of the wisest things possible."

In other words, Miss Addams recognizes the fact  
 that social instincts are in some respects even stronger  
 than the craving for mere physical necessities; to the  
 extent, at least, that great masses of men will forego  
 what we would regard as the common necessities of life  
 in order to satisfy the craving for diversion, recreation,  
 knowledge, variety of experience, and social com-  
 panionship. This tendency, so universally denounced,

is in fact an indication of a most hopeful saving quality in the race, and one which can be utilized in behalf of social progress when an appeal on the lower physical and material plane would utterly fail. In this same fact is seen the root cause of the failure of movements designed to transfer large groups of population from cities to farm colonies remote from the centers of civilization. A certain number can always be sifted out who will take advantage of these offers, and for such these colony plans are perhaps a useful outlet; but it will never be possible to overcome the cityward trend of population, any more than it will be to abolish the law of gravitation or the attractive power of a magnet upon iron filings. It is a primary human instinct,—this desire for the human companionship, opportunity, and later the broader development, that come from the association and interdependence of urban life.

The great problem is not to disperse population and drive it back to the land (which is a reverse step, away from civilization) but to take hold of the evils associated with city life and, as far as possible, eliminate them. Extension of centers of population throughout the rural regions, and regeneration of these centers within themselves, is the really effective program of civilization. As Miss Addams implies in her excellent article, any method of attempting to remedy the conditions of the city poor which does not rest upon appreciation of the legitimate and necessary nature of the social and higher instincts must be mistaken, ineffective, and even positively harmful.

## SCIENCE AND INDUSTRY

### LABOR CONDITIONS ON EUROPEAN RAILROADS

No discussion or reasoning about modern industry is adequate which omits recognition of the labor interest involved in the matter. It is a narrow view which calls an industry successful merely because it continues to exist, regardless of the conditions under which it exists, especially as affects the employees. The sweatshops are successful in a purely mercantile sense, but they are a colossal failure from the standpoint of humanity and social welfare. The early factory system in England was a success, looked at solely from the point of view of the employer and profit-maker, but the word was not justly applicable to that system until more than half a century of continuous philanthropic and legislative effort to raise the operatives to the plane of decent working conditions and opportunity for rest and social life.

It would seem clear enough that success is a misapplied word when the meaning given it is so partial and one-sided as to include only the commercial or employer's side of the industry in question. Nevertheless, this is a very frequent error, and, strange to say, it is frequently made by people who are genuinely interested in social reforms designed to benefit the laboring class.

Thus, in the argument for public ownership of our steam surface railroad and telegraph systems, based on the experience of certain European countries, statistics are adduced to show that the operation of the state railroads in Germany, France, Austria, Belgium and other countries is successful from the point of view of profits, while the charges to the public are no higher. This



might be conceded, and yet it would remain true that our system was better if, as happens to be the case, the remuneration to labor was higher in the United States. In other words, if with cheaper labor they give no better service or lower rates, there is waste or less efficient management somewhere in their system.

It seems to be practically conceded that rates on European railroads are, on an average, at least no cheaper than in this country. There may be exceptions in the case of certain kinds of local traffic, but these are practically offset by extra fees for various baggage and porter services that are performed free in the United States. On long distance freight business, particularly for grains and other crude material, the rates are very much lower here. Exact comparisons are difficult because of the differences in the character of service, distances covered, and absence of a common unit of service by which variations could easily be measured. In the March *North American Review*, Mr. H. T. Newcomb, writing on "The Opposition to Railway Pooling," says that: "The average charges for railway transportation are, per unit of distance, lower in the United States, especially for freight, than elsewhere in the world." At any rate, it is entirely fair to say that the average on all kinds of business is not higher in this country than abroad.

Now, as to the remuneration and conditions of the employees on European railroads: information on this point is given in considerable detail in a recent Bulletin of the United States Department of Labor, and the reports of the Interstate Commerce Commission give the corresponding facts for the United States, so that fairly accurate comparisons can be made.

The French railways are not strictly government institutions, but the relation between the state and the railroads is very close, so that railway employees have the status, in a sense, of public functionaries. Certain



financial obligations of the French roads are guaranteed by the government, and in return the state exercises a large measure of authority in the general conduct and policy of the system. There were in the year 1896, 251,971 persons employed on the French railroads. In the same year there were 826,620 employees on the railroads in the United States. In France, 80.54 per cent. of all the employees received a daily wage of \$1.013 or under. In the United States, only 7.22 per cent. of all the employees received a daily wage as low as \$1.00 or under. In France, 17.84 per cent. of all the employees received between \$1.015 and \$1.978 per day. The corresponding group in the United States, receiving between \$1.01 and \$2.00, included 78.98 per cent. of all employees. In France, only 1.47 per cent. received between \$1.98 and \$2.943 per day, while in the United States 11.54 per cent. received between \$2.01 and \$3.00. In France, 0.15 per cent. received over \$2.945. In the United States, 2.25 per cent. received \$3.01 or over.

This does not represent the exact truth, however, with regard to the total income of employees on French railroads; in certain groups of service there are extra forms of compensation. This is especially true in the case of locomotive engineers and firemen, and the report from which we are quoting cites the case of engineers on the Eastern Railway who receive in premiums and gratuities an amount averaging 69 cents per day, which makes their total daily wage \$2.10; while the firemen receive extra amounts averaging 36 cents per day, making their total income about \$1.25 per day. These, however, are the highest wages cited for engineers and firemen in France, and the report observes, after commenting on these extra sources of income, that "the table clearly shows, however, the great preponderance of high wages in American as compared

with the French railway service. . . . The great bulk of French wages are under 5.26 francs (\$1.015) a day."

In Belgium the railroads, or at least those from which the figures in this report are taken, are owned and operated absolutely by the government. The statistics are given in somewhat fragmentary form, and it is necessary to reduce them from annual to daily rates (counting 300 working days to the year) in order to make comparison with corresponding figures in the United States. For station masters in Belgium the daily rate was, in 1896, \$1.62; station agents in the United States received \$1.73. The American average is small because of the large proportion of insignificant stations throughout sparsely settled regions. Blacksmiths and masons in Belgium received between 58 and 77 cents per day, and machine tool hands between 39 and 85 cents per day; nearly all of the latter, however, getting less than 62 cents. In the United States the employees most nearly comparable to these are machinists, carpenters and "other shop men." These received, in 1896, \$2.26, \$2.03 and \$1.69 per day, respectively. Enginemen in Belgium received from 88 cents to \$1.18 per day; in the United States an average of \$3.65 per day. Firemen and brakemen in Belgium received an average of about 73 cents per day. In the United States firemen received \$2.06 per day, and trainmen other than conductors \$1.90. Ordinary laborers on the Belgian roads received between 39 and 97 cents per day, but 95 per cent. of them received less than 58 cents. In the United States the group classified as "All other employees and laborers" received \$1.65 per day. The report, in commenting on the Belgian figures, says that they "must suffice to show the very low rate of remuneration prevailing on the Belgian State railways."

In Prussia also, the railroads are owned and operated by the government. The peculiar method of presenting wage statistics in Prussia makes it very difficult to give detailed comparisons. The rates of pay are graduated according to length of service, and all that it is possible to give is the minimum and maximum amount paid or that may be paid under this arrangement. There is no way of telling the number of employees at any particular rate.

Station masters of the first class begin with \$571.20 per year, and may attain to \$999.60 per year. Those of the second class begin with \$428.40, and may attain to \$714.00. Locomotive engineers begin with \$285.60 and may attain to \$523.60. Firemen begin with \$214.20 and may attain to \$357.00. Conductors begin with \$190.40 per annum and may attain to \$285.60. Clearly, without knowing the number of employees at various rates between these top and bottom figures, it is impossible to make definite comparisons with American wages. As a rule, however, it will be seen that even the maximum rates allowed are considerably less than the average in the United States, with the possible exception of station masters, a position that seems to rank somewhat higher in Europe than "station agents" in this country. The report, in commenting upon these figures, says that they "show the average scale of wages to be comparatively low in Prussia."

It should be stated that on most of the railways of continental Europe there are certain additional benefits which, if expressed in money, would somewhat increase the wage income of the employees. For instance, in France there is a state pension fund out of which superannuated employees may be paid, during the balance of their lives, a certain proportion of their previous salary. The age limit is from 50 to 55 years, and required term of service from 20 to 30 years; vary-

ing on different roads. Employment, also, is quite stable. Wages are continued in whole or in part during temporary sickness, and a considerable amount of free or reduced rate transportation is given to employees. Allowances are also made for relief during disability due to sickness or accident. Some roads give free medical service to employees, and establish co-operative stores.

In Belgium there is a pension and relief fund, almost exclusively for the benefit of the men in the lower and intermediate grades of employment. Out of this fund grants are made for help in case of temporary disability, also for free medicines and medical attendance, burial expenses, and pensions in certain cases of permanent disability. Considering the fact, however, that the principal contributions to this fund are made by the employees themselves, it is not exactly a labor "bonanza." The government deducts 3 per cent. of all wages not over 46 cents per day, and 4 per cent. of all wages above that sum, to maintain this pension and relief fund. The management of the fund, moreover, is entirely in the hands of government ministers, and grants from it are subject to "the most minute regulations."

In Prussia no special advantages are enumerated in the report, although of course the employees come under the operation of the national pension and labor insurance system, which applies to all kinds of industry throughout the empire.

In Saxony there is a relief fund which was originally maintained chiefly by contributions from the government and by contributions from and fines imposed upon the employees. Now, however, the contributions from the employees have ceased. There are two pension funds, managed under the national pension system of Germany, and to one of these all the railway



employees are compelled to belong, and contribute weekly amounts ranging from 3.3 cents for employees receiving less than \$83.30 per year to 7.1 cents for those receiving more than \$202.30 per year. Membership in the other fund is required only under special conditions, and the contributions from the employees range from 6.7 cents per week for those whose wages are under 43.6 cents per day to 18 cents for those who get more than 95.2 cents per day.

Many of these extra advantages on the continental railways are shared by employees of American railways without the intervention of law on the subject. For instance, on most of the systems in this country a reasonable amount of free transportation is granted to employees, and, except perhaps in the lowest grades of service, wages are continued in whole or in part during temporary disability due to sickness or accident. On the large systems employment is comparatively stable, and if for the country at large it is less stable than in Europe, this is due to the newness of very large sections of our country and the changeable nature of the traffic. So large a portion of our total railroad mileage consists of comparatively new lines, running through sparsely settled sections of territory, that in the nature of the case there cannot be that steadiness of business (and hence of employment) that prevails in long settled, fully developed communities such as the old countries of continental Europe. The difference in stability of employment seems to be due to physical and geographical causes rather than the character of the ownership and management.

While it is true that some of the European systems are in advance of our own in respect to insurance and pension funds, it should not be forgotten that these apply, with the possible exception of France, not merely to railroads but are a part of a general state labor in-



insurance system, particularly in Germany. Furthermore, considerable assistance of the sort furnished by state pension and insurance funds in Europe is supplied in this country by voluntary associations of employees. One of the most conspicuous features of all our important organizations of railway employees is an insurance fund, and on some of the large systems the corporation maintains and contributes to similar funds. Indeed, at a recent convention of American railway superintendents, the question of insurance and pension funds to be inaugurated by the companies was thoroughly discussed, and it was found that the principal opposition to such a plan comes from the employees themselves. They apparently desire to retain in their own respective organizations the power and prestige secured by independent management of so important a feature. The objection to a company system, which should involve deductions from employees' wages for the maintenance of such funds, is so strong in many sections that laws have been passed by state legislatures prohibiting railway corporations from forming mutual relief societies and compelling employees to join the same.

Of the voluntary relief associations among railway employees in this country the most prominent are: the Order of Railway Conductors, having a membership (1896) of 19,810 and a total outstanding insurance held by members of \$29,267,000; the Brotherhood of Railroad Trainmen, with a membership of 22,326 and outstanding insurance amounting to \$25,357,600; the Brotherhood of Locomotive Engineers, with a membership of 30,309 and outstanding insurance of \$40,344,750; the Brotherhood of Locomotive Firemen, with a membership of 24,251 and outstanding insurance to the amount of \$34,424,500; the Brotherhood of Railway Trackmen, with a membership of 1,250 and outstanding insurance of \$1,250,000. The total membership of the brother-

hoods having relief and pension departments is about 100,000, of whom 80,000 are insured; while the relief departments conducted by railroad systems for the benefit of their employees have a membership of about 125,000; and both methods of furnishing insurance relief are rapidly growing. These are in addition, of course, to voluntary insurance in private companies.

But if it is true that the employees of European systems have certain superior advantages in the way of universal pension and insurance relief, stable employment, and occasional gratuitous additions to income, there are other features of quite a different character that should not be overlooked. For instance, labor organizations on the European systems are practically unknown, or where existing at all are entirely ineffective. There is a national trade union of railway workers, in France, with an estimated membership of about 30,000. This, however, has practically nothing to do. Once during 1898 it got as far as to threaten a strike, but it did not occur; the union did order a strike several years ago but it was immediately suppressed. The organization publishes a weekly newspaper, which was sentenced in 1898 to pay damages for some offense or other, and was re-organized under a different name. The tone of the paper is said to be violent, which is perhaps the only obstreperous feature of the entire organization. In France also, the employee's right to compensation in case of accident is covered by the insurance system, and consists only of very ordinary relief during illness, or a small pension to his surviving relatives in case the accident is fatal.

In Belgium, any organization of railway employees is absolutely prohibited. Consequently, of course, there are no such unions, and never have been any strikes; "the only methods of obtaining an improvement in the conditions of railway employment being

by direct petition, by waiting for the initiative of the minister, or by agitation in the Legislature." Furthermore, no railway employee may accept any elective office in the government, or engage in any other trade or profession, or take part in the management of any society or any industrial or commercial establishment, except by special permission. Employees must live in the localities assigned to them by the minister of railways, and cannot move without his permission.

In Prussia, applicants for positions on the state railways must show in addition to other qualifications that they have not been "connected with any revolutionary associations or movements," and they are prohibited by law from taking part in any such organizations. In the language of the report from which we are quoting, "An energetic, radical trade union, such as the Amalgamated Society of Railway Servants in England, would probably fall under this category." The result is, of course, that no such trade unions exist. Employees "must work beyond the prescribed period and at unusual hours, if necessary," and all employees are compelled to join the insurance and pension funds, and consent to certain wage deductions for the maintenance of such funds. The bulk of the contributions to these funds, however, come from the state and the employers.

In Saxony, every railway employee before entering on his duties "must swear obedience to the king and to the constitution, and to the particular provisions applying to his position." He must obey the orders of his superior, whether such orders are in accordance with the rules or not; he cannot accept any presents except with the consent of his superiors. No employee "may live in any other place than that in which he works, nor change his place of residence without the knowledge and consent of his superiors." No employee

can have any secondary occupation or take part in the conduct of any other business from which any remuneration can be drawn; "neither can his wife nor any other person in his household conduct a business for which special license or permission is necessary without the consent of his superiors, and this consent may be subsequently withdrawn." The employee "may be dismissed not only when he has violated the rules of duty but when his financial means are in such a state that he cannot live in the manner demanded by his position."

It is fair to submit that American railway employees would not consent to surrender their right of free organization, personal liberty in the matter of residence and of interests aside from their railway employment, and right of action for damages against the employing companies, for double or three times the semi-charitable benefactions, special gratuities, free passes, cheap meals, or even insurance relief, granted on any of the state owned or supervised railways of continental Europe.

The comparisons of wages that we have presented do not, of course, mean that conditions on the European railways in this respect are absolutely bad. Except for the arbitrary restrictions on personal liberty they are perhaps no worse than the average labor conditions in other industries demanding a similar quality of labor, in those countries. Furthermore, it may be urged that the lower rates of wages in Europe are offset by a lower cost of living, and in small part this is true. Differences in nominal rates should not be taken to represent the exact difference in the actual conditions. As we have pointed out several times before, however, in other comparisons between European and American wages, the difference in the cost of living for the same general scope of expenditure and quality of



commodities is very much less than is generally supposed.

The aggregate cost of living of the American laborer is greater than that of the European, but so far from this being evidence of an inferior status it indicates precisely the reverse, because the great bulk of this higher cost consists not of more expensive commodities but of a broader range of social expenditures. His house rent is more, but he has a larger, cleaner, more sanitary and better house. His food costs him more, not because it is dearer in price, for many things are cheaper, but because he has a decidedly better and more varied dietary. If his clothing expenditure is larger it is chiefly because he has a larger assortment of garments and buys new styles more frequently. It is hardly necessary to add that there is no country in the world where the working people spend so much for sundries,—furniture, carpets, books, papers, amusements, travel and recreation, as in the United States. In other words, the higher wages in the United States do represent an actually superior condition of social well-being, to the extent probably of four-fifths at least of the higher nominal wage rate.

So far as these comparisons have any value as bearing on the relative efficiency of public and private management, the significant point is, as we have before intimated, that with wage rates so much lower on the European systems the charges to the public for services are practically as high as in this country. So large a portion of the expense of railway operation consists in wages of labor that we ought to expect to find much lower charges for service where labor can be procured so much more cheaply. On the contrary, we find not only the charges quite as high on the European roads for corresponding service, but the accommodations and quality of service distinctly inferior in almost every respect to what are offered on American systems. This



simply means that, in proportion to the wages paid and quality of service rendered, rates in Europe are considerably higher than in the United States. There seems to be no escape from the conclusion that, as compared with American roads, there is in the operation of the European a large element of waste, due to inferior methods, unnecessary crowding of the service with supernumeraries, and less efficient direction of affairs. The number of employees per mile on these systems as compared with the United States is larger than the difference in density of traffic would warrant, owing evidently to less effective disposition and organization of labor forces.

This is true to some extent even in England, because of the well-known conservatism of ideas, reluctance to adopt new methods, and the comparatively static, thoroughly established, reliable nature of the transportation business in an old, thickly populated, and geographically small country. Similar conditions exist on the Continent; and, in most of the continental countries, where until recently the general industrial movement has been sluggish, the innovations few, and government authority is highly centralized and arbitrary, it was possible to transfer the railroad systems to public control without much loss of efficiency. But, as the capitalistic industries of Germany, for instance, approach American standards in other respects, the deadening influence of government monopoly will become more and more apparent in her railroad system. Already we hear eulogies of Germany's remarkable progress and excellent methods in manufacture, and, simultaneously, complaints of relatively poor transportation service. The railroad system is lagging behind, while Germany's railroad employees are compelled by law to stand aloof from the great political or economic movements of the laboring classes.

## SCIENCE AND INDUSTRY NOTES

On January 13th, 1858, the famous *Great Eastern*, then the largest ship in the world, was launched. The

A Giant  
Ship

vessel was a complete failure and was eventually sold to junk dealers. Forty-one years and one day later (January 14th, 1899) the largest ship ever built, the *Oceanic*, of the White Star Line, was launched at Belfast, Ireland. The *Oceanic* is 704 feet long, will have a displacement of 28,500 tons, when fully loaded, and be capable of developing 28,000 horse-power. The *Great Eastern* was 692 feet long, had a displacement of 27,000 tons, at maximum draught, and could generate only about 6,000 or 7,000 horse-power. This was altogether disproportionate to the size of the vessel, and because of the *Great Eastern's* failure it was supposed that a passenger vessel of such immense size could never be successfully navigated. But in the course of forty years of scientific progress we have now reached the point where a ship considerably larger than the *Great Eastern* can be launched with entire assurance of success, because it is right in line with the normal possibilities of the times.

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United States Consul-General Wildman, at Hong Kong, in a letter to the editor of the *Age of Steel*, Machinery vs. Cheap Labor in China speaks of Chinese cheap labor as the chief obstacle at present to the introduction of machine methods of production. "Although several surveys have been made for railroads," he says, "and all the open ports are reached by foreign steamers, we are still living in the age of flesh and blood. Among the masses American tools have hardly gained an entrance. In the great quarries on this island there is not a single steam drill, and so long

as labor remains at ten cents a day stones will be quarried by hand, timber sawed, bricks made, piles driven and goods transported. Machinery at present cannot compete with cheap labor, and the only tools that have gained a footing on this coast are the tools of warfare, and even these are the cheapest kind."

In China, as elsewhere, poverty and hand-labor methods of production are but two sides of the same fact. Only with the advent of machinery is production possible on a scale sufficient to give anything more than the merest necessities of life to large masses of population. The factory system will become permanently established on a large scale in China only as the standard of living of the people rises so as, first, to make machine methods cheaper than hand labor, and second, to supply an adequate market for the products of manufacturing industry. On the other hand, one of the first influences in developing this higher standard of living will be the introduction of such factories as can find markets chiefly outside of China, for some time at least. The two forces will operate side by side, each re-acting on and stimulating the other, as has been the case in Japan. The foreign syndicates that are now engaged in obtaining railway and other industrial concessions in China are not exactly boards of foreign missions, but they will open the way for the regeneration of China in all the higher social and ethical respects more effectively, probably, than any agencies that have ever yet entered the Flowery Kingdom.

## CURRENT LITERATURE

### DEVINE'S "ECONOMICS"\*

This book is intended for class-room work in colleges and high schools, as well as for general reading. The feature most worthy of commendation is its treatment of economic problems from a progressive social rather than a purely static and mechanical point of view. The author endeavors to portray the social effects of various economic conditions and industrial tendencies, and gives some practical suggestions as to how social progress may be promoted.

We are disappointed to find, however, that the usefulness of the work is seriously impaired by the author's attempt to embody in it the abstruse and metaphysical "final utility" theory of value. We have yet to find a book devoted to the explanation of that doctrine which is not extremely difficult for even an adult mind to follow, and particularly so because of the inability of that theory to give one any practical grip, as it were, on the subject as a guide to practical conduct. We do not find that Mr. Devine's treatment of this doctrine improves its clearness in any important particular; but, on the contrary, he brings in certain seemingly unnecessary contradictions.

For instance, in discussing the money question, he definitely abandons his utility theory of value and adopts the old supply-and-demand doctrine in its most antiquated and arbitrary form. Thus, he says that in a community having no business relations with other communities, the general level of prices would be high or low in proportion to the quantity of money in circulation,—“a large quantity giving high prices and a small

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\**Economics*, by Edward Thomas Devine, Ph. D. Cloth; 404 pp. The Macmillan Company, New York. \$1.00.

quantity correspondingly low prices." Not necessarily. The particular terms in which prices will be expressed at any given time depend on the value of the standard coin, determined by the cost of producing the dearest required portion of the metal of which that coin is made. A diminution in the quantity of money is followed by efforts on the part of the people to supply the lack by other methods, such as book accounts, increased use of checks and drafts, or, as in panic times in great money centers, by clearing-house certificates. There is no definable relation between prices and the quantity of money. Of all the instruments that serve the purpose of money, in this country, only about five per cent. is coin or paper currency, and a large proportion of that is not in active circulation at all. Several hundred million dollars are in the government vaults, and large additional quantities are stored away by private individuals. In fact, the part played by coin or currency in the total exchanges of the country is relatively so small that an alteration in its quantity has no material effect on prices. Per capita circulation in this country has been steadily increasing for the last twenty-five years, and during the same period prices of most commodities have been falling quite as steadily; instead of rising, as should be the case according to this theory.

However, the significant point in this connection is that Mr. Devine should thus boldly adopt the old supply-and-demand doctrine, immediately after having developed with great care what he considers the only specifically correct doctrine of value, viz: the "final utility" of the things exchanged.

Mr. Devine adopts Professor Clark's definition that value is "the measure of effective utility" of a commodity, and appears to think that this firmly establishes utility rather than cost as the element which determines value. But in the explanation which he im-



mediately proceeds to give of this "effective utility," he unwittingly makes it entirely clear that it is cost that determines the matter after all. For instance: "Its effective utility is the extent to which the satisfaction of the desire is dependent upon the particular commodity. A glass of water has great utility if it quenches intense thirst, but if, on the loss of a glass of water, another could be substituted without the slightest labor or inconvenience, its effective utility is zero." Exactly. And he might have added that if another glass could be obtained by a very little effort, then its effective utility would be determined by the extent of that effort; or if another glass required a great deal of labor and trouble, its effective utility would be high to the extent of that labor and trouble. But the labor of reproducing a commodity is a matter of cost, pure and simple, and therefore cost is all there is to this "effective utility" which is advanced with so much ceremony as a new idea in economic theory.

In concluding his treatment of this subject the author summarizes the matter by saying that the market value of a commodity "is determined by its final utility to the last consumer whose co-operation is necessary to exhaust the supply." This is the familiar doctrine whose fallacy we have shown on many previous occasions. It leads to the logical conclusion that the price which the poorest purchaser is willing to give for an article will determine the value of the whole supply, and this without reference to what it costs the purchaser to put it on the market. There is only one condition in which this might be even approximately true, and that is in the case of a wholesale slaughter of the stock of a bankrupt concern. Even then the prices at first are often much higher than when the last remnants are being closed out.

In the regular course of industry no man will con-

tinue producing and selling goods which do not at least command a price sufficient to reimburse him for the cost of production. This being true, the willingness of all would-be purchasers to give less than the cost price of a commodity has no effect whatever on its value. The willingness of sweatshop workers to give ten dollars for a carriage has no influence upon the price of carriages, notwithstanding the fact that the market may be largely over-stocked with them. Rather than sell at less than the cost price, the manufacturers will hold on to their stock and curtail production until that portion of the community which is willing to give the cost price has carried off the surplus supply. If manufacturers were in the habit of acting in accordance with this final utility idea, they would produce an unlimited quantity of carriages without the slightest reference to the possible smallness of the group able to pay the cost price of such a luxury. They would produce as many carriages as there are families in the country, and the purchasing capacity of the poorest group of them all would determine the price of the whole carriage supply. Of course, nothing of the sort occurs. The manufacturers know what they must get for a carriage in order at least to cover the cost of its production, and will not permanently produce a larger number than they anticipate can be sold to the class of people able to pay that price.

Indeed, Mr. Devine practically establishes this fact himself by another all-important concession at the close of this chapter. He says: "If all of the supply is not taken by persons to whom it has a higher final utility, it is the final utility to its owner that determines the value of what remains." Of course this gives away the whole case. To the owner, the utility of commodities that he is regularly producing for sale is not their utility to him for purposes of personal consumption, but it is entirely a matter of unwillingness to part with

the goods at a price less than will at least reimburse him for their cost. The only interest he has in them is that he may exchange them for something else. He does not want them himself, and only produces them because somebody else wants them and will give for the articles at least as much as it costs him to produce them. If he is a favorably situated or well-equipped producer, he will get a profit above his cost of production, because the price is fixed by the cost of the most expensive producers whose supply is required.

Briefly, Mr. Devine's sentence, quoted above, is merely another way of saying that when the price gets down to the point where the owner would rather keep his goods than sell them, he does keep them, and at that point the final utility (and hence price) is determined. It is only necessary to add that this minimum point at which the owner would rather hold his goods than sell them is the point of his cost of producing them. In fact, in whatever way we analyze this final utility theory, it returns every time to the principle of cost as the real factor that determines the ratio in which exchange takes place.

The truth is, there is no need of all this confusion and contradiction in treating this subject. All that is necessary is a clear distinction of the meaning of a few simple terms. Utility is a personal and individual matter. It represents the usefulness of a given thing to the individual, for purposes of consumption. The same kind of commodity may have a great utility to one person and very little to another. Furthermore, a commodity—such as water—may be extremely useful in itself, but worthless as an article of exchange. There is no necessary relation at all between utility and value. Value is simply the ratio in which commodities or labor are exchanged, and that ratio depends on the marginal cost of production,—or, rather, of regular reproduction.

## ADDITIONAL REVIEWS

FIRST LESSONS IN CIVICS; a Text-book for use in Schools. By S. E. Forman, Ph. D. (Johns Hopkins.) Cloth, 192 pp. American Book Company, New York. 60 cents.

This little volume was "prepared for use either in the upper grammar grades or in the first years of the high schools." The method of treatment is accordingly quite elementary, and seems to be well suited to the capacities of students in the grades mentioned. A commendable feature is the logical and natural method of developing the subject, beginning first with the government of self, then of the family, then of the school, and thus broadening out into a treatment of the individual as a citizen, his rights and duties, and finally the character, powers and purposes of the government under which he lives.

In the sections on town and county government, cities, and the national government, the author greatly increases the interest and practical usefulness of his work by showing briefly the historical development of these institutions of government from their early beginnings.

The book is somewhat wanting in practical suggestions as to the duties of government and general principles which should guide it. This, however, lies outside the field of a work strictly devoted to explanation of civic institutions, but it would be a great gain if text-books on civics were combined with elementary treatment of practical statesmanship, in such a way as to leave the student with some broad general principles as to what the state properly can and ought to do, as well as merely giving him a description of the methods by which it works.



THE IMPERIAL REPUBLIC. By James C. Fernald. Funk & Wagnalls Co., New York and London. Cloth, 192 pp. Five maps. 75 cents.

This book is written in the same attractive, vigorous style that characterized the author's companion volume, "The Spaniard in History," issued last year. It seems to us, however, that Mr. Fernald's historical perception is superior to his philosophic insight. His book is a continuous argument for territorial expansion of the American Republic. "The distance from Cuba to the Philippines," he says, "is not to be compared with the distance from the ideal of a hermit nation to the ideal of a missionary nation." The implication that the nation whose example and progress has furnished one of the greatest influences in civilization during the present century is in any sense a hermit nation because it has not had foreign political complications, or that extension of its political authority is necessary in order that it may be in a true sense a missionary nation, is of course entirely untrue in fact and unsound in theory.

We can heartily endorse Mr. Fernald's principal conclusion, however; though it seems to contradict his own argument. He says, for instance, that we cannot return the Philippines to Spain, nor abandon them as "a derelict in the path of commerce." On this point there is substantial agreement. He then goes on to urge that we should hold the islands "till we can trust them to govern themselves, the first republic of the Orient." This is exactly the proposition that we are carrying out in respect to Cuba, and if it is followed in the case of the Philippines it will be a policy of the highest political wisdom, both with respect to those islands and to the United States. But there is nothing of permanent territorial expansion in this suggestion. It is merely the recommendation that we observe the course manifestly dictated by humanity and political



necessity, in preventing chaos and overseeing the development of self-government in the Philippines, until they are able to go alone. Mr. Fernald is much wiser in this suggestion than in his enthusiastic argument on quite the opposite tack, to which the book is devoted.

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### NEW BOOKS OF INTEREST

#### HISTORICAL AND DESCRIPTIVE

*Cuba and Porto Rico.* By Robert T. Hill. The Century Co., New York. 500 pp. 160 illustrations. \$3.00. Mr. Hill is of the United States Geological Survey, and naturally his book has a trustworthiness not to be found or expected in the average war correspondents' descriptions, now so common. Other islands of the West Indies than Cuba and Porto Rico are also covered in this work.

*European History: An Outline of its Development.* By George Burton Adams, Professor of History in Yale University. With maps and illustrations. Half leather. 577 pp. \$1.40. The Macmillan Co., New York and London. This is intended for use in high schools and some college classes, and, because of the complete bibliography and references, may be used as a guide to more thorough study on various phases of the history of Europe.

#### ECONOMIC AND SOCIAL

*Social Elements; Institutions—Character—Progress.* By Charles Richmond Henderson, D. D. Charles Scribner's Sons, New York. Crown 8vo. 405 pp. \$1.50. This is an attempt to outline quite definitely the exact field of sociology, and its relation to economic progress and practical statesmanship. Dr. Henderson discusses practical present-day problems, and the available methods of improving the conditions he describes.

*Value and Distribution: An Historical, Critical and Constructive Study in Economic Theory.* By Charles Wil-

liam Macfarlane, Ph. D. J. B. Lippincott Co., Philadelphia. Cloth, 318 pp. \$2.50. This is a review of the whole field of economic theory, particularly on the question of value and the dependent problems of rent, interest, profit and wages. The author advances some new considerations of his own on these points, but chiefly it is an attempt to correlate the Austrian "marginal utility" theory with the older "so-called orthodox school of economists."

*The Development of English Thought.* By Simon N. Patten, Professor of Political Economy, University of Pennsylvania. The Macmillan Co., New York. Cloth, 8vo. \$3.00. Shows the relation between economic conditions and national ideas and movements, as illustrated in English history.

POLITICAL

*Democracy: A Study in Government.* By James H. Hyslop, Ph. D. Charles Scribner's Sons, New York. 12mo. 300 pp. \$1.50. This book seems to have been inspired largely by Lecky's great work—"Democracy and Liberty." Dr. Hyslop holds that democratic institutions at present are too simple for the vast problems of modern industrial life, and require modification.

*The Lesson of Popular Government.* By Gamaliel Bradford. 2 vols. Cloth; gilt tops. 520-590 pp. \$4.00. The Macmillan Company, New York and London. This is a review, criticism and analysis of popular government, in theory and practice, as it has existed during the present century. He discusses English and French experience, then passes to the United States, and dwells on the legislative and executive features of state, municipal and national political institutions. He argues for increase of executive and decrease of legislative authority.

## THE BEST IN CURRENT MAGAZINES

The April *Review of Reviews* has a timely illustrated article on "Kipling in America"; also a discussion of "Material Problems in the Philippine Islands," by Samuel W. Belford.

There is an excellent article in *Cassier's Magazine* for April, by Thomas Hitchcock, on "Industrial Imperialism; the Growth of Gigantic Industrial Corporations."

"New England Governors in the Civil War" is the subject of an interesting illustrated article by Elizabeth Ballister Bates in the *New England Magazine* for April.

The April *Cosmopolitan* has an article by F. W. Morgan on "Recent Developments in Industrial Organization," upon which Editor Walker makes some very sensible editorial criticisms.

Dr. Henry van Dyke contributes a story of life in the Adirondacks, entitled "A Lover of Music," to the April *Scribner's*; and Professor William James, Harvard's well-known psychologist, has a suggestive article on "The Gospel of Relaxation," urging a more moderate pace in American business and social life.

The *Century* for April contains an illustrated article by Admiral Sampson on "The Atlantic Fleet in the Spanish War."

H. B. Marriott Watson begins in the April *Harper's*, a romance—"The Princess Xenia;" and there is a good anecdotal article on "Cromwell and his Court" by Amelia Barr.

"Improvement in City Life" is the subject of a series of papers commenced by Charles Mulford Robinson in the *Atlantic Monthly* for April. Professor John Fiske opens the number with a paper on "The Mystery of Evil."

# INSTITUTE WORK

## CLASS LECTURE

### LABOR, CAPITAL AND THE STATE

The relation of the state to the opposing groups of industrial interests, as capital on the one hand and labor on the other, is one of the most important subjects in public policy. It has been a permanent subject of public controversy ever since the dawn of capitalistic production, but at no time has it been of such immediate importance as to-day. Every year brings capital and labor into sharper and more decisive relations, involving more and more of the general public welfare. Capital is everywhere tending to concentrate and organize into more powerful economic groups, and labor, on the other hand, is organizing for defensive and offensive purposes in its demands upon capital.

What is the duty of the state in this situation? A certain type of political thinkers would have the state own all the capital and control the industries in the interest of the public. Still another school would have the state do practically nothing but pursue a *laissez faire* policy and leave the result to the unrestricted fight between the two forces.

Experience has demonstrated that the *laissez faire* policy is unsound in theory and unpractical in fact. The doctrine that the state should assume entire ownership and control is equally illogical and inconsistent with all governing experience, yet the fact becomes clearer and clearer that, in the growth of complex society, the state has an important function to perform in the situation. Instead of the state becoming unnecessary as society advances, it becomes even more necessary, and at the same time the rights and respons-

ibilities, in short, the sphere of action, of the individual increases with the advance of civilized society.

What is the public interest in the situation, on the capital side? The interest of the community is that capital, which is neither more nor less than an instrument of production, should be so used as to give the greatest amount of product for the least expense. In other words, that capital should be so invested in tools, machinery and materials, and so organized, either by individuals, firms, corporations or trusts, as to give the greatest economic efficiency to the productive forces employed; and so furnish the greatest amount of wealth, service or convenience at the lowest price to the consumers.

On the labor side the interest of the public is, primarily, that the method of its employment shall be such as to make the service rendered most efficient with the least possible inimical effect upon the laborer. The difference between pure capital and pure labor is that capital is wealth used in the production of other wealth, and involves only economic considerations, whereas in labor the force is human, and the manner of its use involves all the moral, social and political elements of civilization. In the use of capital, therefore, the only consideration is to make it do the maximum, no matter whether it is used up in the process, provided it reproduces a much larger amount. In the case of labor, this view is no longer admitted. Public interest demands that labor shall be so employed as not to impair its efficiency, but, on the other hand, constantly to increase the social, intellectual, moral and political capacities of the laborer.

Regarding capital as a productive instrument whose social usefulness consists in doing its work well and cheaply, the duty of the state is to protect it in that opportunity. That is to say, within the nation capital



should be kept as free as possible from local restrictive legislation. Every incentive that the demands of the community for products creates for any new movement of capital should be encouraged, but the risk, and the expense of innovations, should all be borne by capital itself; so that, whether in the use of inventions or new types of organization, leading out into new industrial fields, the losses due to bad judgment, if any, should fall upon those who are responsible for it. That is, the community should in no way share the losses of capital, but, since the community provides security and opportunity for capital, it should always share the benefits, in the form of lower prices, better service, and greater contribution to the public revenues for public improvements. Clearly, then, for the community to get the maximum benefit from capital it must give the maximum freedom to its operations. This freedom should apply as much to the development of capitalistic organization as to capitalistic investment. The state should secure the right and protect the opportunity of capital for the greatest freedom in both these directions, up to the point where its organized or corporate power ceases to minister to public welfare; as for instance when it uses its corporate power granted by the state to increase prices or oppress labor, or restrict the economic freedom of others by any other means than superiority of productive ability, expressed through the means of competition. Anti-trust legislation, and the hundred and one devices which are introduced into legislatures to tax, re-tax, hamper or circumscribe in some way or other the free action of capital, are mischievous, and are justified by no sound principle of economics, political science or sociology.

In the case of labor the duty of the state is not less clear, though perhaps it is less simple. Labor is not the competitor of capital, but its co-worker; yet the

relation is such in modern society that the laborer's portion of the proceeds is determined by what it can, by virtue of its power of social demand, insist upon. Capital assumes the whole responsibility of industry, and contracts with the laborer for a specific amount for the services to be rendered. What this amount shall be, and what the conditions under which the service is to be rendered shall be, must largely be determined by the laborer's ability to insist upon his demands in so contracting to work. In order that his economic influence may operate to the maximum in this situation, and thus enable him to obtain the maximum wages and the best possible conditions, it is the duty of the state to secure to laborers all the freedom of organization and other conditions which are conceded to capital. For the same reason that capitalists are becoming organized in large corporations, it has become a social and economic necessity for laborers to do the same. It is impossible longer for individual laborers to make effective contracts. They must work in groups for the same wages and under the same conditions, and start and stop at the same time, because the operation of modern machinery requires that all stop and start together. Since all are affected simultaneously it is but the logic of the situation that they should act as a unit; in short, that the laborers in the various industries become consolidated in the same way as capitalists.

In order that laborers shall have the maximum benefits of progress, it is necessary that the state secure the opportunity for the greatest freedom of action in this direction. While capital should be given the greatest possible opportunity for its own activity, it should not be permitted in the least to interfere with the same freedom among laborers. A combination among capitalists to prevent the organization of labor should be deemed conspiracy, and be punishable. The

organization of labor is as necessary to modern industry as is the organization of capital, and should receive the same protection at the hands of the state. This is becoming very generally recognized by capitalists, yet there are a few instances where capitalists act upon the assumption that they have the right not only to organize for protective purposes but to associate for the purpose of preventing labor from organizing. Protection to economic freedom on the labor side properly requires that membership in a trade union should not directly or indirectly be made a ground for discharge, or any other action inimical to the opportunity of the laborer to follow his daily occupation; and any combination of manufacturers or employers for such purpose should be deemed conspiracy.

There are many reasons why the state should be more solicitous as to the rights and conditions of labor than of capital. Labor is in many respects not so capable of enforcing its rights as is capital. For instance, poverty may force the laborers into submission to the most unjust conditions, whereas capital, in any such contest, could withstand an almost indefinite siege. Moreover, among laborers there is a very large proportion of women and children, and, in the present stage of development of the factory system, the proportion is augmenting.

Perhaps the greatest of all reasons why the state should scrupulously guard the interests and rights of labor is that upon the conditions under which laborers are employed, the wages they receive, and the hours of labor they work, depend their social, moral and political character; and, since the laborers constitute seven or eight-tenths of the community, their industrial condition practically determines the quality of the citizenship and thereby the civilization of the nation. There is something more involved in the conditions of labor

than merely securing cheapness of service. As a matter of fact, the progress of society finally depends upon the improvement in the industrial and social condition of the wage class, and this can only come in the last analysis through conditions which will give higher wages and lower prices;—economy on the capitalist side of production, and ever-increasing expensiveness on the laborer's side, as a consumer. Nor is this at all inimical to the interests of capital. On the contrary, it is the very foundation of successful capitalistic development, because every expansion of the laborers' consumption adds to the market demand for capital's productions. So that, in guarding the opportunities for the industrial freedom and activity of the laborer and his social improvement, the state is indirectly securing the basis of industrial success for capital, concurrently with raising the moral standard, the social life and political integrity and civilization of the community. Everything which militates against this it is the duty of the state to prevent, and to protect and encourage everything which directly or indirectly contributes to this end.

In securing to laborers the maximum of freedom in economic action, trade unions should be legalized. The right of laborers to act collectively should be as explicitly established as their right to act singly. All legislation, therefore, or power of courts, through injunction or otherwise, to prevent this, is clearly contrary to the public weal as represented in the laborers' industrial freedom.

Public interest also demands that the conditions under which laborers work shall not be inimical to their physical health or moral and social welfare; that they shall not labor under conditions which tend to stultify their moral nature or destroy the opportunities for the expansion and improvement of their social life. One



of the conditions that most directly affects the social life and character of the laborer is the length of the working day. Experience has demonstrated over and over again that it is both the moral and political duty of the state to regulate, with a tendency to shorten, the working day. To the wisdom of this the factory legislation of England and the United States is a monument, recognized of Christendom.

Another way in which the state may properly act in the interest of labor is by providing a system of labor insurance. Thus far, Christian civilization has provided only pauper aid to make up for the old age helplessness that has come with the wage system. Insurance has come to be a part of the recognized habit of prudence in all classes of the community financially above the laborers. For them, pauper relief furnishes the last resource of support when they are economically dislocated by age or the movements of industrial organization. The insurance principle, which is already applied to other classes, and to some extent in a few cases to laborers, should be made general and compulsory, and this can only be done by the action of the state.

Briefly, then, the relation of the state to labor and capital is to protect each in the greatest freedom of action in its own sphere, guaranteeing the maximum opportunity for development of both, and permitting neither to interfere with the organization or free collective action of the other. Since the success of capital, the prosperity of labor, and the welfare of the community all depend on increasing the educational and social opportunities of the laborers, it is the duty of the state to encourage, protect and if necessary inaugurate every influence that can be exercised in that direction.



## WORK FOR APRIL

### OUTLINE OF STUDY

In our study of practical statesmanship we now reach one of the most important questions in the whole season's course,—the relation of the government to capital and to labor. The topics are Nos. IX and X in the curriculum, as follows:

- IX. THE STATE AND CAPITAL.
  - a* Corporations and the public.
  - b* Corporations and individuals.
  - c* Character and influence of trusts.
- X. THE STATE AND LABOR.
  - a* Factory legislation.
  - b* Legal rights of trade unions.
  - c* Legal restriction of strikes; (Injunctions).
  - d* Hours of labor.
  - e* The rights of non-union workers.
  - f* Mutual labor and capitalist unions.
  - g* Labor insurance.

### REQUIRED READING

In "Principles of Social Economics," Chapters V, VI and VII of Part IV. In "Wealth and Progress," the Introduction, and Chapters III to VII inclusive, of Part III. In GUNTON'S MAGAZINE for April, class lecture on "Labor, Capital and the State," also Notes on Required and Suggested Readings. In GUNTON INSTITUTE BULLETIN No. 6, lecture on "The State's Relation to Labor;" in Bulletin No. 7, lecture on "The State's Relation to Capital;" in GUNTON'S MAGAZINE for March, 1899, articles on "The Era of Trusts" and "The Menace of Immigration."

### SUGGESTED READING\*

In Hobson's "Evolution of Modern Capitalism,"

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\*See notes on suggested reading for statement of what these references cover. Books here suggested, if not available in local or traveling libraries, may be obtained of publishers as follows:—

*The Evolution of Modern Capitalism.* By John A. Hobson, M.

Chapters V and VI. In von Halle's "Trusts or Industrial Combinations and Coalitions in the United States," Chapters I to VIII inclusive. In Howell's "Conflicts of Capital and Labor," Chapters X, XI, XII and XIV. In Brentano's "Relation of Labor to the Law of To-Day," Chapters VII to XVI inclusive, of Book I; and the "Closing Considerations." In the *Social Economist* (now GUNTON'S MAGAZINE) for September 1895, article "Evolution of Modern Capitalism." In GUNTON'S MAGAZINE for April, 1897, book review on von Halle's "Trusts or Industrial Combinations and Coalitions in the United States." Lectures in GUNTON INSTITUTE BULLETIN (1898-99) as follows: No. 16, "Rights and Wrongs of Trade Unions;" No. 18, "Has the Republic a Policy?"; Nos. 19, 20 and 21, "English Social Reform Movements;" No. 25, "Trusts and Watered Capital;" No. 27, "Moral Reasons for a Shorter Working Day." Also, reference may be had to John Rae's "Eight Hours for Work;" the pamphlet "Combinations, Their Uses and Abuses, with a History of the Standard Oil Trust," by S. C. T. Dodd; and pamphlets "Economic and Social Importance of the Eight-Hour Move-

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A. Charles Scribner's Sons, New York. 383 pp. \$1.25. *Trusts or Industrial Combinations and Coalitions in the United States*. By Ernst von Halle. The Macmillan Co., New York. 350 pp. \$1.25. *The Conflicts of Capital and Labour*. By George Howell, M. P. The Macmillan Co., New York. 536 pp. \$2.50. *The Relation of Labor to the Law of To-Day*. By Dr. Lujo Brentano, University of Leipsic. Translated by Porter Sherman, A. M. G. P. Putnam's Sons, New York. 305 pp. \$1.75. *Eight Hours for Work*. By John Rae, M. A. The Macmillan Co., New York. 340 pp. \$1.25. The copies of GUNTON'S MAGAZINE and the GUNTON INSTITUTE BULLETIN, and Professor Gunton's pamphlets on the eight-hour movement and the trust question, may be obtained of this office on receipt of price. Price of the pamphlets is 10 cents each. The pamphlet on *Combinations, Their Uses and Abuses, with a History of the Standard Oil Trust*, is published by George F. Nesbitt & Co., New York, but can probably be obtained from the Standard Oil Company at its office, No. 26 Broadway, New York.

ment" and "The Economic and Social Aspects of Trusts," by George Gunton. In GUNTON'S MAGAZINE for October 1896, article "Government by Injunction;" December 1896, article "Labor Insurance in Germany;" September 1897, article "Results of German Labor Insurance."

#### NOTES AND SUGGESTIONS

*Required Reading.* The amount of required reading this month is considerably larger than usual. This is inevitable, because one of the topics for study this month—"The State and Labor"—includes certain questions to which almost the whole of the book "Wealth and Progress" is devoted. That part of "Wealth and Progress," however, which deals with the history and the law of wages comes more properly under the course on Social Economics, and the chapters we have suggested for this month deal specifically with the question of legal restriction of the hours of labor. The points discussed in these chapters are "Economic Effect of Reducing the Hours of Labor," "The Effect of an Eight-Hour Law upon Profits," "What Would Be its Effect upon Rent?" "Feasibility of Short-Hour Legislation," and "Phenomenal Effect of the Ten-Hour Law and Half-time Schools in England." This last chapter is especially important, because it presents the remarkable testimony afforded by English experience confirming the wisdom of short-hour legislation. There are two other chapters in this book which properly should come in this month's reading, but, for the sake of more equal division of work, will be postponed until next month.

The chapters assigned in "Principles of Social Economics" are on "Business Depressions," "Combination of Capital" and "Combination of Labor." The last two, of course, are directly on the topics for this month's reading. The subject of business depressions comes very appropriately under the same head, because,

as Professor Gunton holds, the gradual elimination of industrial depressions is to come by means of forces intimately associated with the organization of labor and capital; that is, by the increase of wages, and hence of consuming power, which is the object of organized labor; and, on the other side, by the scientizing of production and exact adaptation of supply to demand, which is the ultimate outcome of thoroughly organized and integrated capitalistic production.

*Suggested Reading.* The chapters suggested in Hobson's "Evolution of Modern Capitalism" are on "The Formation of Monopolies in Capital" and "Economic Powers of the Trust." The author's attitude is one of pronounced hostility to trusts, and probably the chapters suggested contain as good a statement of the argument against these institutions as any to which we could make reference. There are certain very important errors of fact, however, in the author's discussion, which should not be overlooked, and for this reason it would be well to read the review of this book published in *The Social Economist* for September 1895, previously referred to.

The eight chapters suggested in von Halle's volume on trusts comprise all of the regular reading matter of the book, but there is an appendix occupying two-thirds of the volume, which includes copies of a number of anti-trust laws and various documents concerning the conduct of these organizations. The author's discussion in the main is fair and discriminatory, but, like Mr. Hobson, he falls into certain errors of fact which are noted and corrected in the book review in GUNTON'S MAGAZINE for April 1897, which we have also included in the suggested reading.

Howell's "Conflicts of Capital and Labour" deals chiefly with English experience, and the chapters we have suggested discuss such matters as federations, councils and congresses of trade unions, conciliation,

arbitration and co-operation, profit sharing, and the future of trade unions. The author's general attitude is best seen in his concluding remarks, on the future of labor: "We hear vague declamations about getting rid of capitalists, abolishing profits, and doing away with wages, hiring, contracts of service, etc., and of thereby adding to the welfare of the masses, and promoting the prosperity of the people. Labour's Utopia has been described as having reached the acme of perfection under municipal law, where the people are fed by a State-spoon, out of a State-platter, doled out by a State official, in a State uniform. Where the workers are no longer independent, self-reliant men and women, but parts of a huge State machine, moving mechanically in a State groove, under State regulation. No such dream has actuated the writer of these pages. He has endeavored to promote the liberty of the subject, freedom of association, better wages for working people, extended leisure, a higher standard of living, improved conditions of life and labour, healthier homes, wider culture, and nobler aspirations. To these objects his whole life has been devoted. If a nobler, a better, and a speedier way can be found, he will not object; but, until it can be demonstrated that the old methods have failed, he relies upon individual exertion, and mutual help by associative effort, to at least ameliorate the condition of the workers. If the advantages gained, and the opportunities now offered are properly utilized, the future of labour, if it does not realize the dreams of enthusiasts, will be improved, the workers will be elevated, the country will prosper, and happiness will dwell in the land."

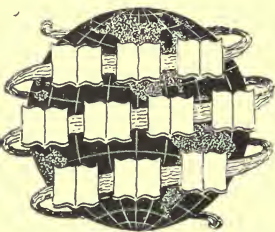
Some of the matter suggested in this month's reading was also referred to last year under the topic of "Social Reforms" in the course on Social Economics. This is true of most of the reading suggested in Bren-



tano's "Relation of Labor to the Law of To-Day." This month, however, we have mentioned only the ten chapters in the body of the book which deal with present century experience in the organization of labor. Chapter XII, on "Closing Considerations," was recommended last year and might well be re-read now, because it is an excellent statement of the economic forces by which the progress of labor is made, and of what can be done to promote this movement.

John Rae's "Eight Hours for Work" is an extremely earnest argument for the establishment of an eight-hour working day in England, and that by legislation. A large amount of evidence in support of the author's contention is embodied in the work, and any or all of the chapters are well worth careful reading. It must be said, however, that the keystone of Mr. Rae's argument for eight hours as an economic proposition is not the one which in reality gives the strength and soundness to the contention. The ultimate economic justification for shorter hours is not, as Rae maintains, simply increased capacity for exertion on the part of the workingman, but lies in the higher standard of living of the laboring classes, due to the enlarged social opportunities which leisure affords. This higher standard of living constitutes the increasing market upon which capitalistic industry necessarily depends for its enlargement. Students will find a review of Rae's book in GUNTON'S MAGAZINE for March 1895.

Mr. S. C. T. Dodd's pamphlet on "Combinations, Their Uses and Abuses" is an argument made by him before a senate committee of the New York State legislature some years ago. It contains the history of the Standard Oil Trust and a reply to the principal charges made against it from the time of its organization down to 1887. It gives the trust side of the controversy, and deserves reading in connection with the chapters



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# GUNTON'S MAGAZINE

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## ECONOMICS AND PUBLIC AFFAIRS

### SPEAKER REED'S RETIREMENT

The retirement of Hon. Thomas B. Reed from Congress and therefore from the speakership, and for the present at least from public life, is a significant event in American politics. The speakership, in connection with which Mr. Reed has earned world-wide fame as master parliamentarian, is the second highest position in the gift of the American people. There are a few positions which command a higher salary, but none, except the presidency, which commands so much influence, involves so much responsibility, and requires such a high order of statesmanship. By political friends and enemies alike, by statesmen and students of foreign countries, Mr. Reed is admitted to have been the greatest speaker this country has produced.

Mr. Reed is not a politician. He is a statesman. He is a student of political history and principles, a man with deep convictions and practical views of public policy. He has never been pre-eminent as an organizer, but he is a strong personality. In Congress he soon became a conspicuous figure in national affairs, not by the power of "machine politics," either state or national, but by strength of character, force of ideas and political sagacity in relation to public affairs. Through these qualities his influence in Congress and in the nation, and his reputation as a parliamentarian and statesman throughout the world, has steadily increased until to-day he is admittedly the greatest man and strongest character in American public life.

His intellectual and political integrity are above



suspicion; the breath of scandal has never touched him, even indirectly. He is too strong to be bullied and too honest to be bought. Moreover, he has definite and strong political ideas. He is pre-eminently an American in the best sense of the word. From Mr. Reed's point of view true Americanism means intelligent recognition of the political and social principles upon which our democratic experiment is being (and, if a success, must be) made. It is a principle in his political philosophy that no nation is intelligent enough or great enough wisely to govern other people much below them in civilization. If a people is in a crude and primitive state, where democratic institutions are impracticable and there must be despotism, the despotism should be its own. If it must have a monarchy and an aristocracy, it should not be arbitrarily superimposed by an alien nation with neither knowledge of, interest in, nor affinity with the habits and traditions of the people. Government by conquest and subjugation of part of the population by killing the rest is the slowest and most costly and the least civilizing method of promoting human welfare and free government.

According to Mr. Reed's doctrine, the true way to make this nation great and to increase its influence over less civilized countries is to broaden and strengthen industrial prosperity, social welfare and political intelligence among the people of the United States. Hence he strongly favored directing public policy towards dealing with domestic problems of the American people, and was opposed to the inauguration of a policy which should undertake the military subjugation and arbitrary civilization of groups of semi-savages in distant lands, under any pretext whatever.

With this conviction as a firm political principle, Speaker Reed was necessarily opposed to the annexation of Hawaii. He was very much opposed to demanding

the Philippines, and still more opposed to paying for them and then fighting to get possession of them. In proportion as this un-American policy was officially adopted he became out of harmony with the administration of which, as speaker, he was a very important part. His convictions on this subject were too deep and his ideas of political principle too clear to be stifled for party emergency, and he was too much of a statesman and patriot to become a mere obstructionist. Resignation was the only consistent course open to him.

This outcome is unfortunate but under the circumstances it was unavoidable. Conviction and adherence to principle is incompatible with timid optimism. One leads to positive, definite action and the other to hesitating uncertainty. This was really the case of the speaker and the administration. Theoretically, they both stand for the same political doctrine. In the crisis with Spain, when adherence to definite principle was most of all important, the administration slackened its hold on political conviction and floated into the open, apparently trusting that "something would turn up." Of course the war with Spain in Cuba, and the present sickening experience in the Philippines, were no part of the purpose of the administration. That the president is one of the most peacefully inclined of our public men will not be disputed, but the administration lacked definite purpose, lacked adherence to a policy consistent with the principles underlying American institutions. Statesmanship assumes the responsibility of leadership. It is more than probable that when the history of this war is written it will be apparent that not only the so-called "falling" of the Philippines "into our hands," but that the war itself was largely due to this lack of positive policy on our part. If, for instance, the present administration early in the controversy had confirmed in unmistakable terms the notice served

upon Spain by the previous administration that unless they settled matters with Cuba within a limited period, say a year, either by establishing order and authority or arranging some amicable conditions of self-government, this country would interfere, Spain would undoubtedly have made terms with Cuba, by accepting her offer of \$200,000,000, or the later offer of \$100,000,000, for the right of self-government. But instead of this the diplomatic correspondence was little more than polite parleying, at which Spain is an adept. Relying on her characteristic habit of procrastination and quibble, the Spanish ministry believed, and with some reason, that they could prolong the controversy indefinitely. So, when the blowing up of the Maine came as a decisive incident, it was too late for the Spaniards to retreat. Popular sentiment in Spain left the ministry no alternative but to face the situation, though disastrous defeat was certain.

Had a firm statesmanlike policy been pursued on our part, and Spain been made to understand that her time for trifling with Cuba and outraging the sense of civilized nations was limited, she could and in all probability would have found a way to accept the ransom price offered by Cuba, guaranteed by the United States, and the whole question of Cuba's freedom and Spain's departure would have been accomplished, and the war with all its direful consequences have been avoided.

But, as is always the case, one bad step involves another. Indecision and lack of policy in the early months of 1897 made either a change of front or more mis-steps in the same direction necessary in 1898-99. Again, the lack of policy led the administration to mistake the enthusiasm over the success of American arms as an expression of public opinion in favor of conquest. Hence, in negotiating the treaty of peace, our commis-

sioners were instructed to demand cession of the Philippines to the United States as conquest of war, and as a compromise agreed to pay \$20,000,000 for the transfer. The statement, therefore, that the Philippines "fell into our hands" is not true, but is merely an excuse for shifting the responsibility on to Providence, fate or accident. The result is an indefinite war with the half savage inhabitants of the Philippines, in which a great number of American lives will be sacrificed and a large standing army and increased taxation may be made necessary.

All this tends to show that the Republican party is being managed rather than led, and is gradually but surely drifting from its moorings of high principle and moral ideas, and tending to become a party of political expediency without fixed principle or policy.

Much that has occurred during the last two years tends to strengthen this apprehension. On the money question and other great issues of national importance the Republican party has no definite standing place. Even in the campaign of 1896, neither the candidate for president nor the convention which nominated him had the courage clearly to state its position upon the great question that was to constitute the main issue of the campaign. Whether either the candidate or the party were for bimetallism or the gold standard, or favored any definite policy of banking and currency, no mortal man could tell. As the campaign proceeded and public opinion crystallized they both became more definite on the silver question, but on the question of banking and currency, which is the very heart of the financial question, nobody can yet tell what is the position of the Republican party or the administration. When a party, or for that matter a nation, loses its grip on principle and settles down to a policy of mere expediency it has surely entered upon the road of decline.



Neither of the great political parties to-day has any really strong, characterful leaders. The Democrats are rallying around a superficial, self-anointed prophet, who is leading not by the power of experience and tested statesmanship but by his devotion to an economic superstition. The Republican party can hardly be said even to have a leader at all. It is being corraled by the familiar methods of party management rather than led by any political policy or statesmanship. The ignorance and demagogy in the Democratic party has practically relegated every strong character in that party to the rear; and mediocre and mercantile methods of political management appear to be doing the same thing in the Republican party. Reluctant as one must be to admit it, it does almost seem as if the standard of statesmanship is being lowered. Not that public men are less honest and less moral, or even that the rank and file are inferior to what they were formerly, but there seems to be less and less room for the highest talent and character of the nation to enter and remain in public life.

This is no doubt partly due to the flippant and superficial discussion of public questions, appealing to the passions rather than to the intelligence of the people, and so inspiring class feeling instead of civic and national pride.

Another fact that has contributed in no small degree to this seeming degeneracy—which in reality perhaps is not degeneracy but lack of commensurate progress—is the failure properly to recompense public officers. During the last thirty years the social standard and income of all classes has been greatly raised. Wages have doubled, salaries have gone up, business opportunities have increased; in fact, in every domain of life with the advance and prosperity of the nation the standard of incomes has risen. Yet salaries of con-



gressmen, legislators and public officials have been kept at a stand-still. The salary of a congressman is now so completely behind the income of high class efficiency in any of the professional and commercial walks of life that first class men cannot afford to enter public life. Banking, manufacture, railroading, commerce and industry generally pay for high class service twice and three times and in some cases five and even ten times what the nation pays to members of congress. Of course, in the nature of things, this means that a relatively inferior class aspire to this position. In the middle of the century \$5,000 a year would command practically the best service of the nation. To-day it will only command the equivalent of a first class salesman. With this tendency, and the growing commercial spirit in the distribution of political favors, has come a habit, which is practically converted into a policy, of rotation of office. This means that efficient corraling for the caucus to-day shall secure election to congress to-morrow, the result of which is that in most cases two terms is all that a person can expect, because others are waiting for a place. Thus, instead of getting the ripe experience and ability which permanence and devotion to public affairs can give, we are developing a system of cheap rotation which, as compared with the standard of character and efficiency in the professions and all other walks of life, is lowering the standard of our public service, particularly in legislatures and in congress, where the highest statesmanship should be developed.

In 1873 Congress, recognizing this fact, passed an act raising the salary of congressmen from \$5,000 to \$7,500 a year, and with unusual frankness included the then existing congress in the raise, which of course dated the increase of salary back to 1871. This congress being Republican, the Democratic party at once

made a great hue and cry about the extravagance of congressmen and their audacity in raising their own pay. Dating the increase back to the beginning of the term was called the "salary grab," which was made a political issue. The public so completely endorsed this demagogical outcry that the next congress repealed the act, and some of the members played the purity role to the extent of returning their pay.

If the American people insist upon having their public servants poorly paid they must expect only to be able to get commensurately poor quality. The \$10,000 people will not long work for \$5,000, nor ought they. It is doubtful whether the English system of no pay at all for members of Parliament would not be preferable to the system of low pay which will only command mediocre and often very inferior material.

The retirement of Speaker Reed and the seeming growth of Bryan's popularity are strong indications of the effect of this policy. If American politics is to rise to the high plane commensurate with the public demands which the complex problems of modern life have created, the American people must be educated to regard public life as a high and important calling, not as a cheap hackneyed thing which gives questionable reputation to all who engage in it. We must also learn to recognize the fact that the nation requires the best brains and most sterling character it can produce, that the highest qualities can only be commanded by the highest remuneration, and that the remuneration for public servants must at least be commensurate with the social life and standing which the incomes from professions and industry permanently establish. If the nation insists on paying its lawmakers and public servants less than half what the best talent can command in other walks of life, our statesmen will be sure to be of mediocre stuff.

## THE TIN PLATE TRUST

The manufacture of tin plate is one of the recent industries which have been brought into existence in this country exclusively by a protective tariff. Prior to 1890 there was not a pound of tin plate manufactured in this country. We imported all our supply, free of duty. Under the McKinley law (1890) a duty of 2½ cents a pound was placed upon manufactured tin plates. This immediately had the effect of establishing the industry in this country, and we now produce our entire supply, foreigners being unable to compete with American producers in the American market. The product since July 1st, 1891, has been as follows:

July 1 to December 31, 1891, (half year)	2,236,743
January 1 to December 31, 1892.....	42,119,192
January 1 to December 31, 1893.....	123,606,707
January 1 to December 31, 1894.....	166,343,409
January 1 to December 31, 1895.....	225,004,869
January 1 to December 31, 1896.....	369,229,796
January 1 to December 31, 1897.....	574,759,628
January 1 to December 31, 1898.....	<u>732,290,285</u>
Total product for 7½ years....	2,235,590,629

Before the McKinley Law was passed, when tin plate was on the free list, it cost \$5.10 per box. After the industry got well under way in this country the price rapidly fell, at one time touching \$2.75 a box. In 1894 the Wilson Bill reduced the tariff on tin plate to 1½ cents. Under the Dingley Bill, of 1897, the tariff was raised to 1½ cents, but the price did not rise. Indeed, it has remained so low that no foreign tin can come in.

In the fall of 1898 the price in hundred-boxes was \$3.00 a box. This price was regarded as very low, yielding very little profit for the best concerns and none

at all for poorer ones, and a loss for some of the poorest. Competition among the various factories that the tariff had called into existence was so severe that steps were taken to re-organize the industry into a trust, by which all the factories became parts of one concern. Almost immediately after the trust was organized the price of tin plates went up from \$3.00 to \$4.00 a box. This very naturally caused consternation among the consumers and a feeling of indignation in the community that the trust was using the power of its new organization to impose upon the public, and, instead of giving the consumers a part of the benefit of the economy created by the the larger organization, that it was acting the part of a monopoly and charging one-third more, merely for its profits.

In the March issue of this Magazine, in an article "The Era of Trusts," attention was called to this fact. It was suggested that if the managers of the tin plate trust had no better appreciation of the treatment that industry had received at the hands of the public in the form of a protective tariff, upon which its very existence depended, than to use its organization to tax the community by monopoly prices, its products should at once be put upon the free list; and, in fact, that congress should pass a law empowering the Secretary of the Treasury to put upon the free list the products of any trust that uses its re-organization to put up prices. In nearly all cases where legitimate trusts have been organized and great economies accomplished, the management has had the good sense to lower the price and so give the community a share of the advantages due to the superior methods of organization. Hence the fact that the tin plate trust was an exception to this and put the price up over 30 per cent. seemed to be an example of bad business policy.

Subsequent investigation into the facts of the case,



however, shows that the managers of the tin plate industry are not quite so unwise as this rise in price would seem to indicate. Of course, in passing upon all such cases we should be careful to hold the trust responsible only for what it does. It has frequently happened when the price of petroleum has teetered upwards that the trust has been condemned as the greedy cause, whereas a little investigation would show that it was due to a rise in crude oil. The same has more than once been true of sugar.

This happens to be true at least in part of tin plate. It should be remembered that the tin plate manufacturers, now the trust, simply buy the pig tin and the steel bars. They roll the bars into plates, and otherwise prepare them, and put on the tin coating. In other words, pig tin and steel bars are their raw materials, both of which they buy. Pig tin is all imported, duty free, and steel bars are largely manufactured here.

Pig tin has risen from  $12\frac{3}{4}$  cents to 25 cents a pound, or over 96 per cent. The price of steel billets, out of which the plates are made, has risen from \$14.50 to \$25.00 a ton, or 72.4 per cent. Allowing about 5 per cent. for waste in converting the billets into plates, this is equivalent to a rise of \$10.50 on 1,900 pounds. Therefore, the price of the  $2\frac{1}{2}$  pounds of pig tin used in the manufacture of 100 pounds of plates has risen 30.6 cents, and the price of the steel bars used in 100 pounds of tin plate has risen 54.8 cents, making a rise in the cost of the two elements of raw material of 85.4 cents per box of tin plate. Before the rise, the steel billets used in making a box of tin plate cost 74.1 cents, and the pig tin cost 31.9 cents, or just \$1.06 per box. Therefore the rise in raw materials in a hundred-pound box has been 80 per cent.

When the price of the finished plates was \$3.00, the remaining \$1.94 above the cost of raw materials



was made up of labor, fuel and miscellaneous expenses. The fuel cost is about 5 cents per box of tin, and if we allow a nequal amount for taxes and insurance respectively, which is more than ample, 20 cents for fixed salaries—a very high estimate indeed—and 9 cents for depreciation and incidental expenses not enumerated, the remaining \$1.50 represents labor cost,—including the salaries of clerks, etc. On this there has been a rise of 11 per cent., or 16½ cents per box. Adding this to the 85.4 cents rise in the price of raw materials makes a total rise of \$1.02 a box in the cost of manufacture, due to the rise of wages and in the price of raw materials.

Of course, the \$3.00 a box for which the tin plates were sold in 1898 did not all represent cost of production to the most successful factories. There were a few of the best concerns that were making a profit when business was at its worst and prices at their lowest; but with the poorer mills, or those producing at the greatest cost, all of the \$3.00 represented cost of production. They were receiving no profits, and some of them were working at a loss. This is always the case in competitive business, but it was especially the case during 1896, 1897 and 1898. That is to say, under all normal competitive conditions those producing at the greatest cost work without profit, and their cost is correctly reflected in the selling price. Usually these producers are comparatively few, but in 1896, 1897 and 1898 they were numerous; some of the poorest, as just observed, being compelled to work at a loss. Since these dearest producers always determine the market price it is perfectly correct to estimate the \$3.00 as representing the cost of producing the plate, not including any profit, as those whose cost really determine the price received no profit.

Strictly speaking, then, the rise in wages and raw

material in the manufacture of tin plate has been slightly more, or at least fully equal to, the increase in the price since the trust was organized. The increased economies of the trust probably amount to more than this. They have probably converted what was a loss to some, no profit to many, and a small profit only to a few into a more liberal profit for all, and it may fairly be expected that the trust will share this undivided profit with the community before long in a further reduction of prices. We are glad, however, to be able to believe that whatever increased profit the trust is now making it is not getting it out of the rise of price.

It is worth noting in this connection that the price of tin plate, with the increase of 11 per cent. in wages, is still \$1.10 a box less than it was when we relied on foreign supply for all our tin plate under free importation. What has really been accomplished is this: the tin plate industry has been transferred to this country, whatever profits there are now go to American investors, the wages expended in that industry are distributed to American laborers, and these have been increased since the trust was organized 11 per cent.; the producers are undoubtedly making a good profit, and still the product is sold to American consumers at \$1.10 a box, or 22 per cent. less than before the tariff was adopted and the trust organized.

## A PICTURE OF THE PHILIPPINES

B. W. ARNOLD, JR.

The opportunity of disposing of the Philippine Islands came to the United States as a complete surprise, through the sudden naval victory of Admiral Dewey. This hero produced a situation unprovided for and one which created responsibilities hitherto unseen. This has opened a way for trade to the heart of the Orient and disclosed golden prospects for commerce in the far East. A general picture of the Philippines, showing their mineral, agricultural and commercial resources, as well as an insight into the character and civilization of the people, will reveal the value of these islands.

The Philippine archipelago comprises about 1200 islands; many of them, however, are uninhabitable rocks. Twenty have an area ranging from 100 to 250 square miles, ten vary from 500 to 5000 square miles, and the two largest, Luzon and Mindanao, of about equal size, together comprise more than half of the total area of the whole group, which is 114,000 square miles. The soil of many of the larger islands is inexhaustibly fertile, and even under the most primitive system of cultivation yields large returns to the agriculturist. The chief products are sugar, hemp, tobacco, rice, coffee, maize, cocoa, yams, cocoanuts and bananas. In 1896 the sugar exports amounted to 303,994,899 pounds, notwithstanding the fact that many sugar producing districts still employ antiquated wooden or stone crushers, run by buffalo power. The last classification of the sugar mills showed that there were in operation 5920 cattle mills, 239 steam mills, 35 water mills and only 3 vacuum-pan sugar factories. Hemp or abaca, when carefully handled, will pay an annual return of thirty per cent. on an investment. It is a most valuable fibre plant that

grows to perfection in the Philippines, but, with the exception of North Borneo, seems to thrive nowhere else. Numerous attempts have been made to grow this hemp in other parts of the world, but all have failed. This is their most important export product. The output in 1897 was 825,028 bales of 240 pounds weight. It is asserted that about one-third of the fibre is wasted by the present crude methods of extraction. The Filipino tobacco has in the eastern hemisphere a reputation like that of the Cuban tobacco in the western. Manila cigars are sought there about as much as Havana cigars here. The home consumption is large, but in 1897 the islands sent to foreign countries 69,822,327 pounds of leaf tobacco and 156,916,000 cigars. About 20,000 persons in the neighborhood of Manila find employment in the tobacco industry. One company employs 10,000 hands, and has a capital of \$15,000,000. The total area of this crop under cultivation is 60,000 acres.

Rice and maize are staple food articles and both will yield two crops in a year. These products, however, as well as cocoa, coffee and sweet potatoes are grown for home consumption only, the primitive methods of agriculture rendering abundant yields impossible. The labor-saving implements of civilized countries are unknown. A sharpened stick dragged by a bullock serves for a plough. The cocoanut palms which thrive on even the poorest soil furnish oil and lard for the natives. In 1897, 801,437 pounds of the dried meat of the cocoanut were shipped to Europe to be used in soap-making.\* Fifty varieties of bananas have been found in the Philippines, and such tropical fruits as oranges, limes, lemons, tamarinds, citrons and papaws grow wild and in abundance. The vast forests of the archipelago contain an almost limitless amount

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\* "The Philippine Islands," by Dean C. Worcester, p. 505.

of valuable timber. Nearly sixty species of hard wood are known, many of which are susceptible of high polish and are serviceable for ornamental cabinet work. For carving and veneering purposes certain varieties which retain in the finished product their delicate green and yellow tints, natural to the growing wood, are of special value. Other varieties are used for the building of ships, wharves and aqueducts since they have peculiar qualities which resist the action of water. Gums, wax, cinnamon, dammar and gutta-percha are also forest products that would make handsome returns to capital, industry and skill.

The same can be said with reference to the mineral resources, which are known to be considerable though altogether undeveloped. Lignite, sulphur and lead are plentiful; gold and copper have been found in two of the islands; iron ore of excellent quality yielding up to 85 per cent. of pure metal exists in the Island of Luzon, but has not yet been mined.

The commerce of the islands, both internal and foreign, is at present very small. The exports of the Philippines in the best seasons amount annually to \$30,000,000 and the imports to \$25,000,000. The imports to the United States from the Philippines in the year ending June 30, 1897, were valued at \$4,383,740, and our exports to these islands were estimated at \$94,597. The chief ports for foreign commerce are Manila, Iloilo, Cebu and Zamboanga. The internal trade is still small, for the natives are not men of business enterprise and generally produce little more than the necessities of life. The climate is warm and calls for little clothing. Nature's abundant vegetation supplies them with food, so there is little incentive to hard work. The industrious landed proprietors and thrifty merchants are generally mestizos or men of mixed blood, the descendants of native mothers and



Spanish fathers. There is little encouragement for these in the production and marketing of commodities because of lack of transportation facilities. There is no rapid and profitable exchange of goods of different communities as in more civilized countries. During the wet season, which lasts from about the middle of April to the last of August, canoes, and sledges drawn by buffaloes, bullocks or coolies, must be used to carry goods through the interior country, and in the dry season the cut-up roads, baked as hard as brick, are so miserable that much of the traffic is confined to two-wheeled vehicles or horses with pack-saddles. Destructive typhoons and great tidal waves threaten coast-wise navigation for a considerable part of the year. The inadequate means of transportation have probably been the chief obstruction to the proper commercial development of the colony.

Manila and its suburban villages alone exhibit anything like bustle and activity in trade. Throughout the business section of New Manila, that part of the capital city on the north side of the Pasig River, appear the workhouses, stores, bazaars and merchant residences, where the thoroughfares are crowded with Spanish, Americans, Chinese, Malays, and representatives of various other nationalities, all busy in the purchase, exchange and shipping of goods. Craft laden with wares run up and down the narrow waterways that intersect this part of the city; diminutive street cars pulled by single ponies hurry noisily past, and native peddlers hawking lottery tickets, food, fruit and various fancy articles push along the highways filling the air with their cries. Many Chinese, who form an important and influential element of the population, are in evidence. They own considerable property. In the majority of the small towns they have the chief control of the retail trade, and banking business. They are also found

in all trades, serving as mechanics, barbers, carpenters, smiths, furniture-makers, dyers of cloth, and leather dealers. In this quarter of Manila the small steamships, which ply regularly between the islands, load and discharge their cargoes. No manufacturing enterprises worthy of the name, except the tobacco industry, are to be found here or in any other part of the Philippines, but the shops are filled with the bamboo hats, straw mattings, pina fabrics, coarse abaca cloth, dyed cotton stuffs, grass bags, wood carvings, furniture, clog shoes and beautiful embroidery, which have been ingeniously devised by the inhabitants of the suburban villages. This north side of the Pasig River is the residence district of the wealthier classes of the city.

Opposite this New Manila and connected with it by a stone bridge spanning the Pasig River stands Old Manila, a sleepy Spanish town of the 17th century, which has been but slightly influenced by modern life and ideas. The monasteries, government buildings, educational institutions, convents and churches present architectural features two hundred years old. The city is surrounded by a wide moat and a massive wall forty feet thick. Cannon made two centuries ago are mounted upon the wall, and at each of the several entrance gates are a portcullis and a drawbridge. The solid masonry of the residences also shows signs of old age; and throughout the entire place, in the paving of the streets, construction of the houses, nature of the docks, character of the fortifications and ornamental features of the city appear designs and tastes that belong to the distant past. It is a well-preserved type of the ancient Spanish walled city. The modern improvements connected with Manila are a few electric lights, water-works, street cars, a railway that extends 120 miles out into the country, cable communication with Hong Kong,

telegraph connections with all the islands, and the public drives of the city.

The population of the city of Manila and its suburbs is about 300,000, of whom 200,000 are natives, 50,000 Chinese half-castes, 40,000 Chinese, 5,000 Spanish and Spanish Creoles, 4,000 Spanish half-castes, and 300 white foreigners other than Spanish. The villages that lie along the Pasig River for several miles out from Manila comprise from 5,000 to 30,000 inhabitants, of whom the majority are Filipinos. In Luzon and all the important islands are many other smaller towns and stockaded villages whose population is composed almost entirely of natives.

The population of the whole group of the Philippines has been roughly estimated to be about 8,000,000. The eighty native tribes forming the bulk of the population are scattered over hundreds of the islands. About 15 per cent. of these people are semi-savage tribes who never submitted to Spanish authority. The warlike Tagals, an important Malay tribe, occupy fortified villages in the mountains or live near the water in elevated huts in the lowland districts under the rule of their own sultans. They have paid no tribute to Spain and, denying Spanish officials the privilege of living among them, always exercised the liberty of doing as they please. They are in full possession of the interior of some of the islands, and spend their days in indolence and barbaric gambling, dancing and cock-fighting. An absorbing passion for amusement and betting is common to all the natives, who are always ready to quit work and stake their spare coin on a cock-fight.

In the southern islands are found a few Moros, or Mohammedans, of pure Malay blood, representing an invading nation who have conquered and in large part exterminated the Negritos, the aboriginal people

of the Philippines. A few of the aborigines still remain, however, in the interior country; these are of the negro type, being small in stature, almost black, and woolly-headed. They are a nomadic and unwarlike race. The aggressive Malays have constantly made inroads upon them, have taken their territory, and multiplied until the invading race at present forms the bulk of the islands' population. These Philippine Malays, on the whole, are an improvement on the average Asiatic people and present many commendable characteristics notwithstanding their laziness and superstition. They are obliging, generous, kind-hearted, hospitable and fairly good-looking. The want of peace and good order among them must be attributed mainly to the oppressive injustice of Spanish rule.

The descendants of the early Spanish settlers, who have acquired in the course of time a strain of native or Chinese blood in their veins, termed Spanish mestizos, constitute an important element of the Philippine population. They belong to the merchant and landed classes, and also hold positions as clerks and subordinates in the government's employ. The mixed races, which have resulted from the marriage of the natives with foreigners of many different nationalities, form a large and influential part of the community. The Chinaman has produced an extensive progeny. The pure-blooded Spaniards, if the militia is excepted, did not number over 20,000, many of whom were only temporary residents. The non-residents were generally connected with the government, and lived in the islands for the sole purpose of making a fortune out of the people, to be spent later in Spain. Under the mediæval character of Spain's government the Captain-General, deputy-governor and head officials, aided by powerful religious orders, imposed and collected the most exorbitant taxes. There was a six dollar poll-tax, an income tax, a



carriage tax, a tax for cutting down a tree, killing a hog, running an oil press, keeping a horse, for all legal and official documents, for every cocoanut tree; and moreover there existed a most iniquitous exaction of 15 to 40 days' free labor for the government in raising products on which Spain had a monopoly. The result was that Spanish officials soon filled their coffers to overflowing. If trouble arose in collecting the taxes, the dwellings of the delinquents were frequently burned and they themselves were liable to be chased by vicious dogs. The poor colonists expended all their labor in futile attempts to meet their government dues, and yet this government secured them few personal or property rights, made no internal improvements, furnished no relief in times of distress, provided no adequate system of education, nor studied at all to better their condition. Is it not natural that such abuse and injustice should cause repeated insurrections and revolts?

And the Church representatives have worked hand in hand with the government officials in this wicked exploitation of the people, discussions arising between them only as to the division of the spoils. Many religious orders exist here, and no doubt some have fulfilled their purpose in laboring to save souls and elevate humanity, but the majority of these corporations have been engaged in a very different business. Instead of bestowing blessings the Church was ever seeking charity, and the forced contributions it has obtained for buildings, real estate and money, through its sale of indulgences, masses, holy pictures, candles, purgatory promises, marriage services, burial rites and what not, have given it the wealth, power and influence that render its edicts final and absolute with the islanders. The views of the Archbishop on all important matters had considerable weight with the Governor-General. Occasionally on great holidays,



when the Spanish soldiers, sailors, and officials were in procession, this grand ecclesiastic would drive along the line, stopping at each regiment as he passed, and, descending from his elegant carriage, clad in royal insignia of his office, tread upon its colors to demonstrate the subordination of these forces to the authority he represented.\* In the smaller towns the friars and priests are all powerful. All education is in the hands of the clergy, and it has thus far consisted mainly in teaching the natives a little catechism and a few prayers. Instruction in writing, arithmetic, and Spanish is the good fortune of a few of the inhabitants. No translation of the Bible has been allowed to enter the islands, and no Protestant institutions can be established. The natives have been held in a state of dense ignorance and barbarism, and left to the savage life of grass huts, superstition, nakedness and want, that elegant churches, fine residences, splendid style, ease and indolence might be enjoyed by the religious dignitaries at Manila.

The history of Spanish control in the Philippines, which continued from Magellan's discovery uninterrupted (except for 16 months from October 1762 to January 1764, when the English under General Draper had possession) up to the victory of Admiral Dewey in May 1898, was one of constant tyranny and cruel extortion. Civil, judicial, and clerical injustice kept the islands in constant revolt. In 1622, 1629, 1649, 1660, 1744, 1823, 1827, 1844 and 1872 occurred formidable insurrections on different islands. In 1896 the Malays and half castes, who had been robbed so long of their just share of the returns of their industry, arose with a determination to fight to the death for their rights and liberties. Two years later their fate was placed by Dewey in the hands of our government.

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\* "Life in Manila," by Wallace Cumming. *The Century Magazine*, Aug. 1898.

To know what permanent disposition to make of the islands has been for some time the all-absorbing public question in this country.

The present administration is directing its efforts toward complete annexation of this territory, while the leading Democrats and many conservative men of every political party are opposed to such a policy. The anti-expansionists declare that such a step will be contrary to the constitution of the United States, that it will launch the American people upon a career of colonial imperialism, which is contrary to the very spirit and conception of our republican form of government, that it will involve this nation in complications and interminable strife with European and Asiatic governments. They also urge that it will impose an annual financial burden of many millions of dollars in military, naval and governmental expenditure necessary to insure peace, order and progress; that it will before long necessitate conscription for obtaining men to serve in the army and navy in these unhealthy countries, and that this is too great a task for the United States to undertake with so many internal questions pressing forward for solution. Some of our wisest and best men fear an infusion into our population of a large element of half civilized races, and dislike the addition to our territory of these undesirable lands of earthquakes, torrid sun, and typhoons. It is asserted, too, that it will force the United States to abandon the principles of freedom, equality and representation in government and to accept the inferior political ideas of European colonial control; that it will injure laboring men by the disastrous competition of cheap labor in the East, that it will injure the agriculture of the South and manufactured goods of New England by introducing through the Nicaragua Canal, when constructed, the products of these eastern islands, and that it will effectually annul

## EDITORIAL CREEDIBLE

MR. DEWEY'S WARNING has recently been offering some very wise word of warning to New York financiers, regarding the responsibility for reckless methods in trust organization. Mr. Dewey is entirely right in saying that the public ought to and will hold Wall Street largely responsible for any industrial disturbances which may come from mere speculative industrial organization. It is honestly to be hoped that Mr. Dewey's frequent pertinent warnings will have a sobering effect among the banking fraternity.

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EVIDENCE seems to be gradually forthcoming tending to show that the present condition of affairs in the Philippines is in no small degree due to the belief, at least on the part of Aguinaldo and his followers, that they have been treated in bad faith by the United States. Aguinaldo co-operated with Admiral Dewey in defeating the Spaniards, and with more than an implied understanding that the Filipinos should receive at our hands the same kind treatment as the Cubans, and it was not until after we demanded cession of the islands to the United States that Aguinaldo rebelled. If this be true, and the evidence strongly points in that direction, it is additional evidence of character mistaken of our policy in our foreign affairs.

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THE NEW YORK LEGISLATURE has defeated the personality feature of an underground transit franchise. This is a vote of the people, but it ought not to have been made necessary by inserting such a clause in the Metropolitan Street Railway proposition. The projectors have greatly offended the popular feeling for public ownership. The only person who is known to be connected with this concern, Mr. Elihu

Root ought to have had more political sagacity, not to say statesmanship, than to have committed such a blunder. It sometimes seems as if the prospect of immediate gain entirely blind people to principle, or even to their own interest. The doctrine that "A bird in the hand is worth two in the bush" belongs to predatory society, not to civilization. It is poor policy.

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THE RE-ELECTION of Mr. Samuel M. Jones, mayor of Toledo, as an independent candidate against the nominees of the two regular parties, is more significant than the ordinary politician is willing to admit. It shows that popular sentiment is growing more and more in the direction of the public policy Mr. Jones represents, which is undisguised socialism. His popularity may be due in part to some attractive personal qualities, but it is much more largely due to the socialistic ideas he stands for. Toledo is not the only city in which this sentiment is entering as a force into practical politics. The votes Altgeld received in Chicago were of the same kind. Massachusetts has one city which has elected an out-and-out socialist mayor; Boston has a two-thirds socialist mayor; Michigan has practically a socialist governor, and in New York the yellow journals have become socialist organs, for the obvious reason that their readers like socialistic talk. Politicians and wealthy capitalists are mistaken if they think this movement can be headed off by any arbitrary short-range use of money methods. Nothing but a broad-gauge, permanent, educational campaign, based on rational and liberal interpretation of industrial conditions, can stem this tide of socialism which if not checked by educational means will put the socialists in the saddle and make economic confiscation a basic tenet in public policy.



## EDITORIAL CRUCIBLE

SENATOR-ELECT DEPEW has recently been uttering some very wise words of warning to New York financiers, regarding their responsibility for reckless methods in trust organization. Mr. Depew is entirely right in saying that the public ought to and will hold Wall Street largely responsible for any industrial disturbances which may come from mere speculative industrial organization. It is sincerely to be hoped that Mr. Depew's frequent pertinent warnings will have a sobering effect among the banking fraternity.

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THE NEW YORK LEGISLATURE has defeated the perpetuity feature of any underground transit franchise. This is a very proper step, but it ought not to have been made necessary. By inserting such a clause in the Metropolitan Company's proposition the projectors have greatly intensified the popular feeling for public ownership. As the legal advisor to this concern, Mr. Elihu



Root ought to have had more political sagacity, not to say statesmanship, than to have committed such a blunder. It sometimes seems as if the prospect of immediate gain entirely blinds people to principle, or even to their own interest. The doctrine that "A bird in the hand is worth two in the bush" belongs to predatory society, not to civilization. It is poor policy.

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THE RE-ELECTION of Mr. Samuel M. Jones, mayor of Toledo, as an independent candidate against the nominees of the two regular parties, is more significant than the ordinary politician is willing to admit. It shows that popular sentiment is growing more and more in the direction of the public policy Mr. Jones represents, which is undisguised socialism. His popularity may be due in part to some attractive personal qualities, but it is much more largely due to the socialistic ideas he stands for. Toledo is not the only city in which this sentiment is entering as a force into practical politics. The votes Altgeld received in Chicago were of the same kind. Massachusetts has one city which has elected an out-and-out socialist mayor; Boston has a two-thirds socialist mayor; Michigan has practically a socialist governor, and in New York the yellow journals have become socialist organs, for the obvious reason that their readers like socialistic talk. Politicians and wealthy capitalists are mistaken if they think this movement can be headed off by any arbitrary short-range use of money methods. Nothing but a broad-gauge, permanent, educational campaign, based on rational and liberal interpretation of industrial conditions, can stem this tide of socialism which if not checked by educational means will put the socialists in the saddle and make economic confiscation a basic tenet in public policy.

THE RECENT official announcement showing a marked decrease in British exports has created another ripple of alarm in England, and has again revived the talk for preferential trading between England and her colonies, and greatly strengthened public opinion in favor of Mr. Chamberlain's Zollverein plan. Of course, it is very difficult for English opinion to favor a return to protection under any guise, but, if England's foreign trade continues to diminish, doctrinaire pride will have to give way to practical sense, for which the English are always famous. Those who persist in refusing to look in this direction are endeavoring to lay the blame of England's declining export trade to the action of the trade unions. They complain that the unions are restricting laborers to the minimum output, to the great detriment of economy in production. There is a modicum of truth in this, but it is altogether inadequate to explain the falling off in export trade. The English trade unions are very persistent, but plodding and narrow. They have never indicated any appreciable comprehension of the great economic principle that low cost of production does more to increase the market and furnish employment than the one-penny method of restriction of production, limiting apprentices or prescribing the amount to be performed per day by individual laborers. That feature has never dominated the labor unions in the United States to any appreciable extent. Trade unions must learn to act consistently, with broad economic principle, and keep in line with the economic advance of society, or they will lose their usefulness. When they simply become organizations for restricting the output and opposing the introduction of machinery, and otherwise consciously limiting the productive process, they fail to contribute permanently to the welfare of the class they represent.

THE BOSTON HERALD has just waked up to the fact that with the eleven cent a pound duty on wool, the price has only increased two and three-fourths cents. With its habit of insisting that the full amount of the duty is always added to the price, the *Herald* cannot understand this, though to economic students of the subject it is perfectly clear. The present case is substantially the same as that which, as Professor Taussig showed, occurred under the McKinley law, when a ten cent duty only gave an average rise of less than three cents above the London price. There are cases under which the tariff is all added to the price, as in the case of raw sugar; there are conditions under which none of the duty is added to the price, as in the case of coal; and there are instances when part of the tariff is added to the price, as in the case of wool. The reason for this is the natural operation of an economic principle, which causes the price in the general competitive market to be determined by the cost of the dearest portion of the supply, a principle with which the *Boston Herald's* economist has always appeared to be unfamiliar. The tariff is all added to the price only when the dearest part of the supply comes from abroad. Whenever the levying of a duty changes the foreign product from being the cheapest portion of the supply to the dearest, only that portion of the tariff is added to the price which rises above the cost of the domestic product. If, for instance, the cost of producing a foreign product is five cents below that of the domestic product, and the duty is eight cents, only three cents would be added to the price. The other five cents is absorbed in raising the foreign product to an equality with the domestic. It is only the three cents which raises it above the domestic that is added to the price. That is why the duty on wool never was all added to the price—though the *Herald* will probably never understand it.

# CIVICS AND EDUCATION

## WHAT SHALL THE CITY DO?

Mr. Maltbie's review of "Municipal Functions"\* asks this question but does not attempt to answer it. He prepares the reader for the somewhat negative character of his work by the prefatory remark: "The present study is confined to stating what the municipality *does*, leaving to others the task of drawing conclusions as to what it *ought to do*."

But it must not be supposed, on that account, that the monograph is not a really important piece of work. It is. In it are embodied the results of an exhaustive investigation of municipal conditions, domestic and foreign. "Surprisingly full" returns to the committee's inquiries were received from no less than 500 cities,—150 in the United States and 350 abroad.

Space does not permit adequate review of Mr. Maltbie's interesting treatment of the rise of urban centers, from the primitive self-protective community, up through the communes, boroughs, chartered towns and free cities of the middle ages, to the great manufacturing and commercial cities of to-day. He recognizes the fact that: "The urban center is primarily an economic phenomenon," and incidentally shows that diversified tastes and demands on the part of the people are the great social forces that call into existence those forms of productive industry around which cities naturally grow up. He does not note the parallel fact, however, that these influences are interacting, in that city

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\**Municipal Functions: A Study of the Development, Scope and Tendency of Municipal Socialism.* By Milo Roy Maltbie, Ph. D. 235 pp. Published by the Reform Club's Committee on Municipal Administration, 52 William Street, New York.

life itself is one of the greatest stimulators of new desires and expanding social experience.

In discussing the numerous functions of the modern city, Mr. Maltbie notes the fact that German cities take the lead in providing poor-relief expedients of the class of municipal lodging houses, labor bureaus, non-employment insurance, land allotments and potato farms. Such devices seem to develop almost spontaneously in the paternalistic, bureaucratic atmosphere of German institutions,—which, by the way, does not necessarily imply a serious criticism on these efforts, *in Germany*. Much depends on tradition, habit, and national temperament. Employment bureaus and labor insurance, carefully administered, are doubtless capable of good results almost anywhere. It may be that free lodging houses and potato patch schemes can be carried on by German cities on an extensive scale without materially weakening the spirit of independence and self-help or lowering the standard of living and making semi-paupersism easy, but at best it is dangerous experimentation. It is no criticism on American cities that they have attempted very little in this direction. With our conditions and type of population such palliatives, freely provided, would in all probability simply weaken or retard the very social forces which are heading toward more satisfactory economic conditions in which charity, open or disguised, shall be an ever-diminishing factor. In proportion as semi-charitable sources of relief are made easily available it becomes more and more difficult to bring laborers within the range of economic trade union organization, wherein, not only are they able to maintain their industrial status more effectively, but assistance during enforced idleness comes not as charity but as a drain on their own organization, and it is therefore to the interest of both the laborer and his union to terminate this



drain as soon as possible by securing new employment for the idle member.

The city is a wonderful opportunity-creator in the matter of education. Where the school population is counted by the thousand instead of by the dozen, accommodations and facilities must be furnished on a large scale; and, by a well-known economic law, this makes it possible to conduct the work with the best appliances and by the most approved methods, while paying the highest salaries, at hardly greater proportionate expense than is necessary to furnish even the meagre facilities and low-paid service in rural schools. The larger opportunity of urban communities also increases the responsibility and obligation to provide the best in education, and the possibilities in this direction are not limited to the supplying of public schools. A striking instance of the expanding conception of municipal duties, in education, is seen in the rapid growth of free public libraries. This movement is very modern,—hardly half a century old. In this country, according to Mr. Maltbie, it began in Boston in 1847, at the investigation of Mayor Josiah Quincy, Jr., when “the Boston Public Library, the first institution of the kind, was set under way.” Fifty years later (1896) there were 627 free public libraries of not less than 3000 volumes each in the United States. Almost one-third of these are in Massachusetts—to her high honor be it said—while the parent institution in Boston now occupies a magnificent building which cost \$2,650,000, besides ten branch libraries and seventeen delivery stations. It possesses 700,000 volumes and loans a million and a quarter of books a year. Of the 125 cities with 25,000 population or over, 83 have municipal libraries; and of those over 100,000 all have such libraries except Louisville and New York. The latter contributes \$225,000 a year to private free libraries and is about to furnish a \$2,500,000 building

for the Astor-Lenox-Tilden library, which thus becomes as free and as public an institution as if owned outright by the city.

Great Britain has about 350 such libraries, with over 5,000,000 volumes, issuing 27,000,000 books a year. All but six of the sixty-five towns of over 50,000 population now maintain a free public library; while in 1850 there were none. The first was established in Manchester, in 1852. Public libraries are numerous in France and Germany, but are much less important to the public than the English and American, being intended chiefly for scholastic research. On the other hand, museums of art and science in the cities of continental Europe are more numerous and more richly stocked than anywhere else,—which is not surprising in that environment.

Continental Europe also takes the lead in providing municipal theatres and opera houses; but it is rather difficult to see why, in more advanced countries at least, such enterprises should be added to the list of municipal functions. Open air public concerts, so common in American cities, might of course be objected to in the same way; still, the concerts have a universal public character and make no pretence of competing with other musical entertainments, while the municipal theatres of Europe are avowedly designed to furnish this form of amusement at cheaper rates than would be offered by private establishments;—but this, however, not on any basis of fair economic competition. The cheap rates of the municipal and subsidized theatres of European cities are possible only because a large part of the expense is made up by public taxation. It would be better that these public amusements be furnished, if at all, entirely free to everybody, than on any misleading half-and-half plan which simply begets among the people

the idea that they are paying the legitimate value of the thing, and that the cheapness is due to the economic advantage of public management,—an absurdly false notion on the face of it. But the whole proposition that the running of theatres is a proper municipal function has an excessively faddish sound, in American ears at least.

Of a very different character are public parks. These are not merely important factors in the promotion of public health and happiness but actually exercise a refining, educative social influence. To furnish these agencies of civilization is in every sense a proper municipal function,—indeed, it is of the very essence of wise public policy. The United States is in advance of all other countries in this respect. The really serious need of parks begins perhaps when cities pass about the hundred thousand mark, and all of our cities above that point, except two, now have several hundred acres each, devoted to park purposes. Practically all English towns have parks, but they are considerably smaller than ours; and the same is true of German cities. Paris, in the matter of parks as of nearly everything, is France. Within and about the city limits are 200,000 acres of public parks; but the other French cities are meagerly supplied. No city in the world anywhere near approaches Paris in park facilities.

The German cities have done most, however, in providing small parks and playgrounds in the congested sections. England comes next, but the movement is very recent in the United States. Washington, St. Paul, Minneapolis and Boston are perhaps best provided; New York is beginning to make real headway, and is adding the feature of recreation piers. Just at present the chief emphasis in public park construction ought to be laid on the multiplying of these small breathing spots. They serve at least two excellent secondary

purposes,—reduce the number of old rookery tenements and diminish the density of population.

Mr. Maltbie's chapter on the industrial functions of cities is of greater contemporary interest than any other part of his monograph. The oldest of these functions, probably, is the ownership and renting of real estate; but this has steadily dwindled towards insignificance, unless the municipal lodging-house experiments in certain English and Scotch towns are to be considered a reverse current. The prime object of the lodging-house schemes, however, is not to secure large revenues, as in the case of early municipal landlordism, but rather to supply wholesome and cheap lodgings for the poor;—an enterprise that is now being taken up in American cities by private capital, thus rendering municipal action superfluous. Nearly all European cities own public markets, abattoirs, cemeteries and water works. Private water works are more numerous in England than elsewhere in Europe. About one-half the water works of American cities are under municipal management. Of the water works of continental cities Mr. Maltbie says that "in none does the quantity furnished approach that in English and American cities. In many cases the supply is extremely scanty and unsatisfactory." Of this he gives several illustrations.

Municipal ownership of gas plants is very common in Germany, and occurs in about half the large towns of Great Britain. In the United States and France, private enterprise in this field is the almost universal rule. Operation of gas works is a long step away from the perfunctory, mechanical, slow-going sort of enterprises that are already found to tax the efficiency capacity of municipal governments almost to the limit, especially where unlimited democracy prevails. The most important experiment of the sort in this country—that of Philadelphia—was recently abandoned. Eng-



lish experience has been more successful; indeed, a great many English and Scotch towns and cities have gone so far as to undertake municipal ownership, and in some cases operation, of street railway lines. About one-third of the systems of Great Britain and Ireland are now owned by the municipalities. Such experiments ought to show their maximum possibilities of success there if anywhere, because of the exceptionally high character of municipal administration. English city government, while democratic in form, has become by virtue of tradition and habit a sort of respectable aristocracy of well-to-do business men, serving for honor, and conducting matters in a very independent sort of way and with a freedom from popular criticism and opposition wholly impossible under American political conditions.

Strange to say, even Germany has done practically nothing in the matter of municipal ownership of street railways. Here in the United States the movement is unquestionably gathering headway. Boston constructed its own subway, but a private company operates the road. Mr. Maltbie appears to lean very strongly towards the municipal ownership idea, urging that street railways are natural monopolies and that "Competition has failed. Public opinion has no effect." Neither assertion is correct. The possibility either of direct competition or of withdrawal and transfer of franchises always exists, and this fact has recently produced an astonishing amount of activity on the part of the street and elevated railway companies even here in New York, where conditions are so naturally monopolistic. In consequence, we are about to have revolutionary improvements on the entire street transit systems of the metropolis. Moreover, public opinion has signally triumphed in the recent bitter contest over the matter of four tracks on Amsterdam Avenue; two of the tracks now there will have to be taken out entirely.



If public interest is not strong enough even to obtain improvements from private companies, and insist upon the desired quality of service, certainly it is inadequate to conduct the entire enterprise itself, efficiently and honestly, carry the responsibilities, and pay the bills for all improvements.

There can be no objection to municipal ownership of so permanent and unchangeable an affair as an underground tunnel, any more than of docks, parks and public buildings. Construction and operation of a railroad is a very different proposition. The municipality is in the most favorable position for getting cheap and efficient service when it offers its franchises to the highest bidders, specifies unmistakably the service to be rendered, and then holds over the corporations the constant threat of penalties for shortcomings. Thereby it exercises all the compelling and spurring power in the situation, but carries none of the responsibility, risk, or expense of changes. As has been pointed out many times in these columns, under municipal ownership all the complaints, threats and demands of the community must be directed against itself, and the improvements come at its own expense. This is to say nothing of the immense burden of indebtedness necessary in order to obtain the ownership of street railway systems, unless, as has been done in Great Britain, we should compel the owners to accept only the original cost of the plant, less depreciation. By this process people who have purchased the stock of these companies are mulcted outright of whatever portion of the price of that stock was represented by the good will of the franchise. Confiscation is a cheap way of transferring property from private to public ownership, but once establish that as a principle of legislative action and the final consequences to freedom and progress will be more costly than civilization itself can sustain.

## CIVIC AND EDUCATIONAL NOTES

Recently we recorded our protest against the reactionary movement in North Carolina, intended, in effect, to deprive the negro race of education. This scheme is, briefly, to apply only the school funds collected from taxation of negroes to the education of negro children, and to use all moneys collected for educational purposes from white people for the education of white children. In line with this, it is interesting to notice that a proposed constitutional amendment has been passed by the North Carolina legislature, providing practically for disfranchisement of the negro race by a one-sided educational test, like that in the new Louisiana constitution. This would dovetail in very nicely with the other plan, as a method of keeping the colored race out of active citizenship and preventing them from ever reaching the point of fitness therefor.

We are not disposed to be unduly harsh on the educational test in itself; it is difficult for northern people to realize what negro domination would mean in the South. If the educational test is to be a substitute for systematic political intimidation and murder, it is a distinct step in advance. If there should be coupled with this an enlarged and extended system of education, including industrial training, we should say that the South was dealing with the matter in probably the wisest way possible under the circumstances; but, on the contrary, they propose to withdraw what little educational opportunity has heretofore been provided. Furthermore, both in North Carolina and Louisiana, they have very ingeniously contrived to exempt the white people from the educational test. That is, the Louisiana plan establishes an alternative educational or property qualification for all negroes, but only for those

white people who did not possess the franchise at the time the new constitution went into effect; while in North Carolina it is proposed to exempt from the educational test all persons who could have voted prior to January 1st, 1867, when the franchise was extended to the colored race; or whose ancestors could have voted before that time. Of course this is purely arbitrary, one-sided, color-line legislation, and if the additional scheme for withdrawing negro education succeeds in North Carolina, to say nothing of being copied by other southern states, it will be a disgrace to southern sentiment and to the public opinion of the whole nation that allows any state to enact such a scheme without being made to realize the lasting shame it will thereby incur.

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At last it seems that action in the matter of providing suitable quarters for the New York Public Library, so long delayed, is about to be taken. The contract for removal of the old reservoir at Forty-second street and Fifth avenue has been approved, and \$500,000 appropriated by the city to do the work. On this site a building costing upwards of \$2,000,000 is to be erected, and it is expected that about half this sum will be available during the present year. It really seems probable, therefore, that work on this most important project will be commenced at an early date.

During the last four years of waiting, however, the New York Public Library has not been in a stagnant condition. Since the consolidation of the Astor and Lenox Libraries and the Tilden Fund, the library has been increasing at a more rapid rate than any other in the world. Since July 1st, 1896, the consolidated library has been augmented by about 80,000 volumes and 80,000 pamphlets, and it is estimated that at the end of the present fiscal year the total equipment will be

465,000 volumes and 180,000 pamphlets. The annual additions of volumes and pamphlets have been at the rate of 51,000 (of each about one-half) as against an increase of 30,000 per year of the Boston Public Library, and 28,000 of the British Museum. The new contributions to the New York Library have been largely in the line of reference works and additions to the historical collections, so that the standard has been preserved as well as the quantity of matter increased. The department of sociology and economics has grown with especial rapidity. The use of the Tilden fund has made it possible to extend new conveniences to the public, at the Astor and Lenox Libraries; so that, since 1894, the number of readers has increased from 66,500 to 106,000, and the number of books called for from 243,700 to 367,800. According to Chairman Cadwalader, of the Executive Committee, the management of the consolidated libraries during this period has been conducted with "singular unanimity of opinion," and the experience in conducting the libraries jointly, even with the present disconnected and inadequate facilities, amply justifies the consolidation, even though it were not to be followed by the erection of a library building which probably will have few, if any superiors of its kind anywhere.

# SCIENCE AND INDUSTRY

## THE PANAMA CANAL TO-DAY

Within the last few months there has been a marked revival of interest in the Panama Canal project. The impression has prevailed for several years that the physical difficulties of the route and the financial and legal entanglements were such as practically to remove the whole Panama enterprise from further serious consideration. Consequently, in the United States at least, attention has been centered almost exclusively on the Nicaragua route.

In December last, the government commission appointed in June, 1897, to investigate this route, made a preliminary report to the Secretary of State declaring its belief "That the construction of a canal across Nicaragua is entirely feasible." The commission surveyed the Maritime Canal Company's route and the Lull Route, estimated to cost respectively \$124,000,000 and \$125,000,000. In the light of this report, bills were introduced in congress providing for the construction of a canal across Nicaragua, the work to be guaranteed and controlled by the United States government, and some measure of this sort seemed for a time to be in a fair way of becoming law.

Meanwhile, whether because of the rapid progress of the Nicaragua scheme or not, the friends of the Panama Canal suddenly became active, and public attention has been called in various ways to its present satisfactory condition. The advantages it is claimed to possess over the Nicaragua route are being urged with great earnestness. This revival of activity in behalf of the older enterprise has not been without result. Congress failed to pass any of the measures providing for construction of the Nicaragua Canal, and instead author-



ized the president to appoint still another commission, "to make full and complete investigation of the Isthmus of Panama with a view to the construction of a canal by the United States across the same." This commission was authorized "particularly to investigate the two routes known respectively as the Nicaragua route and the Panama route, with a view to determining the most practical and feasible route for such canal, together with the approximate and probable cost of constructing the canal at each of two or more of the said routes." Information is also to be obtained as to the present ownership and financial status of existing canal enterprises; both at Panama and Nicaragua, and the cost of purchasing all rights therein. The president is authorized to spend \$1,000,000 on this investigation, and is to submit the results to congress.

This shows that the Panama route is once more a serious factor in the situation. Naturally, it is difficult to get a fair statement of the comparative merits of the two routes from the advocates of either one of them. The promoters of each project, whether intentionally or unconsciously, emphasize the strong points of the one and exaggerate the weak features of the other, so that at present the judgment of the public is likely to be influenced quite as much by the argumentative ability of the advocate as by the actual situation in either case.

Work on the ill-fated de Lesseps project of a sea-level canal at Panama was begun in 1881. The original company was capitalized at \$240,000,000, and the work was to be completed in twelve years. The preliminary engineering work and investigations of climatic and other conditions were totally inadequate; and the work had not been long under way before two or three immense and unexpected difficulties were encountered. The plan involved a mountain cut eight miles in length and from 100 to 325 feet in depth, and when work was

commenced on this it was found that the soil was of such a character that the side slopes caved into the excavation about as fast as material could be taken out. The canal was also to follow for a distance of 25 miles the course of a river subject to immense floods, against which no provision had been made. Again, climatic conditions had not been reckoned with, and the laborers sent there to do the work were carried away wholesale by fevers, especially while the fifteen mile strip through marshy lowlands, from the Atlantic Ocean to the mountain section, was being excavated.

After a few years the sea-level idea was abandoned and a system of locks embodied in the plan. The whole affair, however, had become so doubtful, costly and complicated that in 1889, after having spent more than \$156,000,000, the company failed and its affairs went into the hands of a receiver. Work was suspended, and about all the public interest that remained in the enterprise was centered for the next few years on the scandals growing out of its questionable financial operations.

In the fall of 1894 a new company was organized to revive the enterprise. It was estimated that the work already done on the canal, together with the machinery and material on hand, were worth fully \$90,000,000, and the new company started out with this equipment and a cash capital of \$13,000,000, subscribed by some of the strongest financial houses in France. The new company is said to be entirely free from any financial complications with the old de Lesseps organization; but, after the completion of the canal, the bondholders of the latter company are to receive 60 per cent. of the profits of operation.

The route of the canal lies wholly within the United States of Colombia; and the concessions which had been granted by that country to the old canal company were

renewed to the new, and the time extended until 1910.

This new company began by ascertaining the exact condition of affairs along the whole route. It conducted thorough and expensive tests as to the character and quantity of material to be excavated, and the extent and duration of the periodic floods in the Chagres river. Over \$4,000,000 was spent merely on surveys of the portion of the route yet to be completed,—which indicates the seriousness with which this effort to complete the Panama Canal was undertaken. As an additional step in making certain of the exact situation and re-establishing public confidence in the enterprise, the company obtained the appointment of an international technical commission to make an exhaustive examination of the route. This commission was organized in 1896, and contained representative engineers from the United States, England, France, Germany and Russia. General Henry L. Abbot, of the United States Corps of Engineers, was the American member of the commission, and he has published some of the results of his investigations, announcing the conviction that the Panama route is now entirely feasible and superior in fact to any that can be found in Nicaragua. It is asserted that the canal can be completed in less than ten years, at a cost of not to exceed \$100,000,000, although this sum does not seem to include the interest charges which will accrue during that period.

As everyone who has looked at the map of that region knows, the narrow strip of land between North and South America is shaped like an "S," so that for a considerable distance the Atlantic Ocean lies to the North and West of the Isthmus and the Pacific to the South and East. Consequently, the line of the canal, starting at Panama on the Pacific, instead of running to the East, takes a northwesterly direction to Colon on the Atlantic. At a point about one-third of the

distance from Panama to Colon the canal enters the bed of the Chagres River. This river comes down the Isthmus from the East until it reaches this point of junction with the canal, where it turns sharply to the Northwest and reaches the Atlantic several miles west of Colon. The Chagres is an uncertain stream and will be difficult to regulate, but it furnishes the key to the problem of water supply for the summit level of the canal. In this respect it occupies to the Panama Canal the position that Lake Nicaragua does to the Nicaragua route, with the exception that the Chagres is naturally a much less stable source of supply. It is proposed to control the Chagres floods by means of two great dams. The first of these will be thrown across the channel of the Chagres about  $9\frac{1}{2}$  miles above the point where it reaches the line of the canal. This dam, at Alhajuela, will be constructed of concrete masonry and rest upon solid rock. It will be about 937 feet long and rise 134 feet above the river bed—164 feet above the lowest foundation of the dam itself. This will create an artificial lake, which will serve a number of important purposes. It will dissipate the force of the torrential floods in February, March and April; supply electric power for operating the locks and lighting the entire canal; and also furnish, by means of a feeder conduit ten miles long, a water supply, constant during the dry season, to the summit level of the main canal. Careful and long continued observations of the maximum variations in the volume of water discharged by the Chagres show that the reservoir at Alhajuela must be capable of impounding at least 35,000,000 cubic feet of water in order to hold back the most violent floods; the proposed dam will more than accomplish that.

This, however, provides for only half the trouble to be expected from the floods of the Chagres. The canal and the river come together at Obispo, and from that



point the two run close together, intersecting at numerous points, for a distance of about  $13\frac{2}{3}$  miles, to Bohio, where by a series of locks the canal drops to the lowlands at sea level. To prevent washouts along this  $13\frac{2}{3}$  mile strip, and to protect the locks, another great dam is to be erected at Bohio. This dam will rest upon a bed of clay and will be constructed of earth, with a very broad foundation, and both slopes faced with stone. The upstream slope will be very gradual, only one-foot rise to three-foot base. The down-stream slope will be reinforced by a great mass of loose stone, rising with a very gradual slope almost as high as the water level on the upside. The dam will be 1,286 feet in length, with a height of  $75\frac{1}{2}$  feet above the river bed and  $93\frac{1}{2}$  feet above the clay foundation. It will be nearly 50 feet wide at the crest, which will rise ten feet above the high-water level of the artificial lake thus to be created.

It has been found that to regulate the floods along this part of the river an artificial lake capable of retaining nearly 53,000,000 cubic feet of water will be necessary; in reality a hundred times more than this will be secured by the Bohio dam.

Both these dams will have overflow weirs of the sort in use along the Manchester canal, in England. To provide for excessive floods at Bohio two distinct outlets have been provided, one discharging the overflow through the bed of the river below, and the other at the sources of the Rio Gigante.

The total length of the Panama Canal when completed will be  $46\frac{1}{2}$  miles, of which about three miles lie in the Bay of Panama, leaving  $43\frac{1}{2}$  miles inland. The depth is to be  $29\frac{1}{2}$  feet throughout. From Colon to Bohio, as we have said, the canal runs through low country and its surface is at sea level. This is a distance of nearly 15 miles, and on the Pacific side there is a short stretch of about  $4\frac{1}{2}$  miles also at sea level. Of



this total 19 miles of sea-level canal, about  $15\frac{1}{2}$  miles have already been excavated, and for that matter a very considerable amount of work in the mountain cuts has also been completed. Surveys have been made for three different summit levels, and of these the one which seems most feasible and likely to be adopted provides that the bottom of the canal at its highest portion shall be 68 feet above mean sea level.

Following along the canal from Colon on the Atlantic side, the first rise is at Bohio; here two locks carry the canal to the level of the artificial lake in the bed of the Chagres River. This lake at its lowest level will be  $52\frac{1}{2}$  feet above the sea, and at its full height  $65\frac{1}{2}$  feet. The lake, of course, will practically do away with the need of excavation for the next  $13\frac{2}{3}$  miles to Obispo. At least, the amount of dredging will be comparatively small. At Obispo the canal leaves the valley of the Chagres and rises by means of two double locks to the summit level—a stretch nearly six miles in length and, as before stated, 68 feet above mean tide level. The southern end of this summit level is at Paraiso, where another double lock lets the canal down to  $43\frac{1}{2}$  feet above sea level. At Pedro-Miguel,  $1\frac{1}{2}$  miles further on, there are two more double locks; and for the next mile and a half the bottom of the canal is twelve feet below mean tide level; the surface of course being  $17\frac{1}{2}$  feet above. At Miraflores comes the last lock, which brings the surface of the canal down to sea level,  $4\frac{1}{3}$  miles from the Pacific. To allow for the tides, however, the bottom of the canal here is 40 feet below mean sea level,— $10\frac{1}{2}$  feet deeper than elsewhere.

All the locks are to be double, built of masonry, upon foundations of rock. They will be 738 feet long, with a center depth of about 33 feet. The larger chamber will be 82 feet wide and the smaller 59 feet. The maxi-

mum lift for any of these locks has been fixed at  $29\frac{1}{2}$  feet; except at Bohio, where during the extreme floods of the Chagres the locks can be operated with a lift of  $32\frac{4}{8}$  feet.

The bottom width of the canal in the section from Colon to Bohio, on the Atlantic side, and from Paraiso to the Pacific, will be 98 feet in earth cuts and 111 feet in rock; through the artificial lake in the Chagres River valley, from 167 to 174 feet; on the summit level, 118 feet; and along the three-mile section in Panama Bay, 167 feet. At intervals of about five miles all along the canal there will be enlarged sections, having a width of about 197 feet at the bottom, to permit vessels to pass. The canal crosses the continental divide at Culebra, the highest point in the ridge being nearly 340 feet above sea level. This and the Emperador ridge, a little way to the North, are the points where the greatest amount of excavation has been and will be necessary. The work has already been completed, however, below the point where the danger of earth slides exists, and the slopes will be faced with stone. The remainder of the excavation through this section will be in comparatively solid material, and about 15,600,000 cubic yards of rock is yet to be taken out.

The points of superiority that are claimed for the Panama over the Nicaragua route are numerous. General Abbot, for instance, in comparing the two routes in the columns of the *Engineering News*, calls attention to the fact that the harbors at both extremities of the Panama Canal are good, while that at Greytown at the eastern end of the Nicaragua route can be kept free from sand only by extensive and costly jetties. Also, about 40 per cent. of the Panama Canal has been actually excavated and considerable work done on the remaining portions. The excavations yet to be made

on the Panama line will be chiefly in rock, so that the danger of sickness due to opening up fever soaked lowlands no longer exists.

Then, too, the construction plant is already on the line and thoroughly installed, and accommodations for keeping laborers and continuing the work are fully provided. A railroad has been built and is in operation along the entire Panama route, while more than 100 miles of railroad must be built along the Nicaragua line preliminary to beginning work on the canal. The Panama Canal is less than one-third the length of the Nicaragua; and in the construction of the latter one great dam is required of a type almost without precedent and of unknown staying qualities, yet upon which the summit level of the entire canal absolutely depends.

For the most part the Panama Canal is to be somewhat deeper and wider than anything called for in the plans of the Nicaragua route. It is also urged that the control of a summit level supply by so great a body of water as Lake Nicaragua will be very difficult and uncertain, but the argument is somewhat strained in view of the even greater fluctuations and violence of floods in the case of the Chagres River. The only point of difference here seems to be the possibility of controlling the overflow by adequate dams; and, while the much criticised Ochoa Dam on the Nicaragua route may be inferior from an engineering standpoint to either of those possible on the Panama line, it is not settled yet by any means that the Ochoa proposition is the only feasible one for securing a safe summit level for the Nicaragua Canal.

Such is the present status of the Panama Canal. On the whole, congress probably did a wise thing in suspending further action with reference to the Nicaragua Canal until full and exact comparative information could be had of both routes. Too much

credence should not be given to the claims of the Panama Company until very careful investigation has been made, particularly since the enterprise has so discouraging a record of failures and financial complications that a large element of doubt and suspicion inevitably attaches to it even yet. It is impossible to tell at present to just what extent the present company is entangled with the old, or what obligations would be assumed if we should undertake to buy out the Panama Canal as it stands. It may not be true, but it is barely possible nevertheless, that the revived agitation in favor of the Panama route is due to a desire on the part of the present company to sell out to the United States government at a good safe sum and be rid of further responsibility in the matter. If this is so, all the more important does it become to investigate the exact situation ourselves, as we are about to do, rather than to accept any second-hand information. If, as is estimated, it will cost about \$100,000,000 to finish the Panama Canal, and the equipment already on the ground is worth \$90,000,000 or \$100,000,000, it is evident that a considerably larger sum would have to be paid for possession and completion of the enterprise than the estimated cost of constructing the Nicaragua Canal.

The United States should be in absolute control, politically at least, of one of these canals. If it shall appear that the Panama route is the better and more feasible, and can be obtained at a reasonable price and without foreign complications and an inheritance of financial entanglements and litigation, perhaps it will be better after all to drop the Nicaragua proposition and take up the older and already half-completed canal. If these conditions cannot be met, however, we ought to delay no longer in going vigorously to work on the Nicaragua route, as a national enterprise, whether the Panama Canal is completed and becomes a competitor for inter-oceanic traffic or not.

## SCIENCE AND INDUSTRY NOTES

According to statistics collected by the government of Sweden, there are in use in the various countries of the world 1,288,163 telephone instruments, and the number of miles covered by telephone service is 1,509,499. Some of the more interesting figures are:

	Instruments	Miles		Instruments	Miles
Sweden (1897)	56,500	74,568	Great Britain & Ireland (1894)	69,645	83,401
Germany (1896)	151,101	147,093	Austria-Hungary (1896)	31,909	64,315
Switzerland (1897)	28,846	47,594	France (1894)	27,736	63,230
Italy (1896)	11,991	13,049	Spain	11,038	14,282
Russia	18,495	40,391	Japan (1897)	3,232	5,262
Philippines	452	592	United States (1896)	772,627	805,711
Cuba	1,818	1,181	Canada (1898)	33,500	44,020
Australia	823	2,390			

This would be one instrument to every 98 people, approximately, in the United States; one to every 543 in Great Britain and Ireland; one to every 7,000 in Russia; one to every 1,599 in Spain; one to every 12,700 in Japan. If it be true that the quantity and variety of things used by a people is some indication of the state of its civilization, these figures, as one of the minor "straws," will interest students of sociology.

The serious dangers to come from wholesale destruction of forests are at last being appreciated. Practical steps are being taken in many quarters to head off the danger and provide for scientific systems of forestry preservation. At present Minnesota seems to be taking the lead in this respect. A fire warden system has been

Forest  
Preservation



established as a means of protection against forest fires, and an extensive plan of re-forestation is now under way. This plan, briefly, is as follows: large tracts of land from which the timber has been cut away, instead of being turned into agricultural land are to be re-forested in sections, that is, a certain tract re-planted with trees every year for a long period of time, so that when the last piece is covered the first will be ready for cutting and re-planting on the second round. Scientific re-forestation was undertaken in certain districts of Saxony in the first quarter of the present century, with the result that the state forests of Saxony have increased in value more than five-fold during the seventy-five years, besides yielding a large annual revenue. Immense tracts of land ready for re-forestation can be purchased in Minnesota at twenty-five cents an acre, and it is estimated that if the state should undertake the work of reclaiming in this manner, say, two million acres at the rate of 25,000 acres per annum, the total annual expense would be not more than \$350,000. The whole two-million acres would be covered on this plan in about eighty years, and the first section of 25,000 acres could then be cut and re-planted. A system like this, if generally established, would not merely provide a constant timber supply but would do it without any of the dangerous economic consequences that are certain to follow the wholesale, unrestricted destruction of forests with no provision for the future.

## CURRENT LITERATURE

### JOHN BRIGHT\*

This is not exactly a biography of John Bright, but a review of his public career as indicated in his speeches on the various great public movements in which he participated during a half century of public life,—1839-1889. The author is a great admirer of Mr. Bright, as every student of political progress must be; but he is altogether more discriminating than most English writers of the free-trade school are likely to be when writing on such a theme.

The author gives an excellent account of Bright's connection with the anti-corn law movement, which is the movement that brought him into public life and in which his power as an orator and an agitator, rather than a statesman, was developed. The author is also much fairer in his treatment of the contemporary questions then occupying public attention in England, conspicuously the chartist movement, than are most historians of that period. It is the rarest thing to find an English writer at all associated with the Liberal party who can do the scantest justice to the chartist movement. It is with difficulty that they can speak of Fergus O'Connor and his colleagues except in a depreciating and too frequently a sneering manner. Mr. Vince is entirely free from this characteristic bias.

Besides showing Bright's great power as an orator and leader of reform sentiment, conspicuously in the anti-corn-law movement, the author gives an account of his attitude on legislation in favor of labor. He does not omit to relate, with great kindness of tone to be sure but with no uncertain sound as to the facts, how

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\**John Bright.* By C. A. Vince, M.A. Herbert S. Stone & Co., Chicago and New York. Cloth. 246 pp. \$1.25.

Mr. Bright was utterly incapable of recognizing any merits in the labor movement,—how he opposed Lord Ashley, Sadler and the great philanthropic Englishmen who aided the laborers in securing the ten-hour law, with as much invective, cutting sarcasm and unrelenting antagonism as he did the hide-bound protectionist and corn-law defenders. Mr. Vince records the painful fact, which the biographers of Bright usually omit, that he did not even repent of his opposition to this class of beneficent legislation, even to the hour of his death. Notwithstanding that many of the most conspicuous statesmen in England publicly recanted their mistaken antagonism to the factory acts, Mr. Bright died with the same seeming satisfaction with his conduct on this question as on the corn laws, or his opposition to the Crimean War.

Bright is usually regarded as a conspicuous member of the Liberal party. As a matter of fact, however, which Mr. Vince brings out clearly, it was not till quite late in his career that he became identified with the Liberal party. He was a reformer, with one or two exceptions, in the best sense of the word. Though not a party man he was not a mugwump. He did not make opposition to everything and everybody a conspicuous virtue. He was not permanently identified with the Liberal party because the party was too whiggish, too illiberal; in fact, it was little more in favor of popular progress than was the Tory party itself. It only took on new movements when party expediency necessitated an issue compelled it to do so. Wonderfully like the political parties in the United States! Mr. Bright took a very conspicuous part in the agitation for abolition of church rates, abolition of stamps on newspapers, and extension of the suffrage to workingmen. During our Civil War he may be said to have been the great power which created public sentiment in England in

favor of the Union cause. But for his influence and oratory, backed by the laborers of Lancashire who tramped from town to town, on one meal a day, to attend his meetings, England would probably have openly sided with the rebellion, which at one time might have been fatal to this republic.

Immediately after the close of our Civil War the movement in England for extending the suffrage to the laboring class received great momentum from Bright's endorsement and powerful advocacy. It was largely due to Bright that this movement became the policy of the Liberal party, which swept Mr. Gladstone in line as the champion of the laborers' right to vote. Then Mr. Bright became a veritable party man and was a Liberal, and when he became a Liberal and a partisan he had as little patience with deserters as do the Quays, Crokers and Platts of the United States. It was in the debate on the Third Reform Bill (1867), when the Hon. Robert Lowe (afterwards Viscount Sherbrook), a Liberal, made a vigorous speech opposing the extension of the suffrage on the ground that the laborers were not fit for it, that Mr. Bright made the ever famous speech characterizing him and his co-deserters as retiring to the "Cave of Adullam." Ever afterwards they carried the political stigma of "Adullamites," and in reality were the English mugwumps. As Mr. Bright truly pointed out, these English mugwumps had neither the character, principle nor consistency to be Tories by principle, nor the courage, foresight or faith in the people to be progressive Liberals. They were cultivated vacillators, who had neither the power to lead nor the faith to trust the people. This is a political species that comes to the surface, in small quantities fortunately, in the evolution of progress in every country.

From this time until a few years before his death Mr. Bright was the real leader of Liberalism in Eng-

land, though never the prime minister. Mr. Gladstone was the nominal and in a certain sense the real head of the Liberal party, but he was not the leader. He always opposed great measures, and became converted about the time that opposition could no longer prevent their adoption. Mr. Bright, on the contrary, almost never changed his opinion. He began with the advocacy of a reform and stood to it until it was accomplished. That is why he was frequently too liberal to be really in the party ranks a great deal of the time, especially as a young man; but as he grew older his political program, one measure after another, was adopted, and unfortunately the list was exhausted before he died. As a natural consequence, he began to show evidence of having outlived his usefulness because, unlike Mr. Gladstone, he was inflexible. What he did not take on at fifty he could not appreciate at seventy-five.

His liberal views of religion led him strongly to endorse the dis-establishment of the Irish Church in 1868, which was the first act of the new Parliament after the passage of the Third Reform Bill (1867). He could also heartily aid in the extension of manhood suffrage to the counties, which was in reality the enfranchisement of agricultural laborers, in 1874. But, despite all the testimony from every source in favor of the great benefits derived from the factory acts, and the recantation of public men like Peel and Graham and Grey and Gladstone for having opposed them, he placed himself uncompromisingly in opposition to the nine-and-a-half hour law in 1874; and when the question of home rule for Ireland became the issue of the Liberal party in 1886, Mr. Bright, with Mr. Chamberlain the present Colonial Secretary, Lord Hartington and a few hold-over Whigs, deserted the Liberal party and really played the part of Adullamites. From that time till his



death Mr. Bright lost the confidence and political support of the Liberal party, though he was admired and even revered for his previous public life. When he died, in 1889, he was in the shadow of political decline.

John Bright will ever stand out as one of the great men and conspicuous leaders of political progress in England during the nineteenth century, though he never held office but once. The strength of Mr. Vince's book is that it gives the strong parts of Bright's career without forgetting to note these evidences of narrowness which more than once put him athwart the path of progress of the English masses.

For an appreciative and even enthusiastic but thoroughly just account of the public career of John Bright, Mr. Vince's little book is one of the best yet published.

## ENGLAND IN THE NINETEENTH CENTURY\*

This is the first volume of what the author calls "The Story of the People of England in the Nineteenth Century," and that is what it really is. It can hardly be called a history. It is rather a description of England in the nineteenth century. It is quite unlike the author's "History of Our Own Times," which covers the same period. That is a narration of facts, mostly in the chronological order in which they occurred. This is rather the description of great political and social movements with the characterization of the prominent public men of the time, and Mr. McCarthy has done the work remarkably well.

Although the author has for a long time been a conspicuous figure in the Irish movement, in and out of Parliament, he has shown great fairness and impartiality. If the Irish and Catholic questions seem to figure very prominently in this volume, it must be attributed to the fact that they were very conspicuous during the period treated. The consummation of the Act of Union and the agitation for Catholic emancipation were two conspicuous events in the first half of the century. In this book one gets a wonderfully vivid conception of the character and condition of the English people during the reign of the last two Georges. Mr. McCarthy shows at once a great familiarity with the actual movements of the times and qualities of the men. His experience in Parliament has taught him how to estimate the real character of public men. He is entirely free from the pessimistic, misleading attitude that the present is always worse than the past. He indulges in none of that superstitious hero-worship which attributes

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\**The Story of the People of England in the Nineteenth Century.* By Justin McCarthy. Part I, 1800 to 1835. G. P. Putnam's Sons, New York. Cloth; illustrated; 280 pp. \$1.50.

perfection to statesmen in proportion to their antiquity. It has almost become a fad in this country to think of public men at the beginning of the century as so much greater and better than the statesmen of the present. Mr. McCarthy has none of that kind of perverted vision. On the contrary, in speaking of the great improvement in the manners of public men and their attitude toward their enemies since the reign of George III, he says (page 43): "No speaker on a platform, no writer in a newspaper, would be tolerated now who allowed himself to indulge even once in a passion of personal invective against a political opponent, which was common, even among men of education and position, during the earlier years of the present century."

The feature that makes this book both attractive in reading and instructive in fact is the very familiar way in which the author describes the salient and soul-stirring features of the reform movements. This is done with an accuracy of fact and sympathy of touch possible only to one thoroughly interested in the movements for the good they accomplished to the people. One cannot read a chapter, or even a page, without knowing that the author is in thorough sympathy with the purpose and progress of every reform movement he passes in review. That perhaps accounts for the fact that he brings out in stronger light than a mere historian ever does the struggle of the people for every inch of progress and freedom they accomplish. His description of the Cato Street Conspiracy, and of the struggle against religious disabilities, which included the Catholics, Jews and dissenters or non-conformists, his account of the efforts to accomplish the first Reform Bill, and his faithful narration of the life and treatment of the young "chimney sweep," is as fascinating as fiction and as inspiring as revelation. His account of black and white slavery, which treats of the abolition of slavery in the

West Indies and legislative protection to the chimney sweep, brings to light a great many facts bearing on the brutal treatment of labor in the early part of the century of which ordinary readers of English history have little idea. The treatment of the chimney sweep was a part of the treatment of the English factory laborer in the first third of the century. Of course, the chimney sweep was not a factory operative but his treatment was born of the treatment they received. The factory children were worked fourteen and fifteen hours a day and beaten with straps and belts for the slightest neglect or delinquency, sometimes under the excuse of preventing them from going to sleep.

The use of soft coal and turf for fuel in England created a great deal of soot, and the poorly built, crooked, narrow chimneys would frequently get stopped up, and to clean out the chimneys became a regular occupation known as chimney sweeping. It was a common habit for the boss chimney sweep to get little boys, sometimes their own children, as apprentices to this craft of chimney sweeping. The little fellow had to climb up the inside of the chimney and, with a brush and sometimes a little hoe, scrape off the soot from the sides. It frequently occurred that the chimney was so crooked and narrow that it was almost impossible for the little "sweep" to make his way through. For this reason the smaller the boy the better he was suited to the work, and, to be sure that he did not shirk or come down before he had completely finished his job, he was compelled to go through and put his head out of the top of the chimney and shout "sweep," as a guaranty that at least he had made a hole large enough for himself to get through. It was a very common occurrence for the little sweep to be sent up the chimney before it was cold, the fire having only recently been put out for the purpose of having the chimney swept. A great

many cases occurred when the chimney was so hot that the boy was burned, and in not a few instances died before he could be taken out.

This sympathy-deadening process increased the brutality of the masters until they became utterly unfeeling and heartless in their treatment of the boys. "In many cases," says Mr. McCarthy (page 271) "as it was proved by uncontradicted evidence, when a poor child stuck fast in a chimney a master-sweep declared that the boy was only shamming, that he was lazy and stubborn, and accordingly ordered the fire to be again lighted in the grate, so as to compel the unfortunate creature to mount the chimney in order to escape the flames." He tells of one case where a man married a very slight little woman for a wife, and dressed her in boys' clothes and made her become a sweep. The abolition of this brutal system, which Mr. McCarthy very properly describes as slavery, was a part of the great movement of which Earl Shaftesbury was the leader and which culminated in the passage of the ten-hour law in 1847.

This book is truly a story of the English people, and the story is attractively and instructively told by one who is thoroughly familiar with the facts as well as interested in the progress the story reveals. The second Part, soon to be published, will cover the anti-corn law, short-hour, chartist and other great movements immediately following the period treated in this volume.



## ADDITIONAL REVIEWS

NATURAL ADVANCED GEOGRAPHY. By Jacques W. Redway and Russell Hinman. American Book Company, New York, Cincinnati and Chicago. Quarto. 162 pp., with 12-page supplement on the State of New York. With maps and illustrations. \$1.25.

About a year and a half ago we received a copy of Mr. Redway's "Natural Elementary Geography," and reviewed it in these columns. The "Natural Advanced Geography," a much more formidable and comprehensive work, is now at hand and merits commendation quite as unqualified as that we gave to its predecessor. The two books taken together form, so the preface declares, "a complete and rational school course in the study of geography;" and that they are so recognized is attested by the extraordinary favor with which they have been received by school boards and teachers throughout the country.

In taking man as the central view-point, and studying geographic facts and phenomena with constant reference to their effect upon and contributions to human progress, these geographies are in accord with the spirit of the times. Furthermore, this method of keeping in the foreground all the time the practical relation of the subject to human life and experience adds enormously to the interest of the study. The Natural Elementary Geography begins by treating the immediate surroundings of the student, the school-room, town, etc., thence extending out to the state, the nation and the world. In the Advanced Geography the order is reversed; it is assumed that the pupils have progressed far enough in general comprehension of the subject to permit of beginning now to get a conception of the earth as a whole. Therefore it treats first of the earth as a planet, then of the formation of continents and sur-

face of the land, climate, distribution of life, the races of men and their industries; then a descriptive treatment of North and South America, Eurasia, Africa, Australia and the Pacific Islands, Colonial Possessions and Commercial Routes, in the order named. The diagrams, illustrations, physical maps and the larger colored maps are abundant and handsome, besides being directly correlated with the text. In connection with every topic discussed, questions and suggestions for spurring the interest and holding the attention of the student are introduced, sometimes right in the text and sometimes in the form of correlations and comparisons. The method of introducing these features is the outcome of practical experience in educational work.

The book, briefly characterized, is one of the milestones in the highway of scientific educational progress.

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SOCIAL SETTLEMENTS. By C. R. Henderson, D.D. Lentilhon & Co., New York. Cloth. 196 pp. 50 cents.

We welcome this little volume because it condenses a large amount of scattered information on a very important phase of social reform work. Dr. Henderson gives the history and present status of the principal social settlement institutions both in England and the United States, and a detailed description of the lines of work in uplifting, inspiring and stimulating the people of the slums. The general plan of work is practically the same in all the settlements, consisting of instruction, social gatherings, lectures, manual training, games, literary societies, economic debating clubs, local visiting, and participation in municipal reform work in the districts where the settlements are planted. These various methods of work are classified under eight general heads:—physical health, economic welfare, instruction, æsthetic culture, sociability, political

co-operation, charity and reforms, and religion. Children, young people, and adults are reached under all these heads.

In commenting on the work of the settlements, and the conditions brought to light through their investigations, the writer says:—

“ Workers among wage earners become aware of a certain wide-spread distrust of law and government. The belief is only too general that government is under capitalistic control. Socialists naturally and consistently foster this belief. The reports of legislative corruption and purchase of aldermen, tend to deepen and fix this dangerous conviction. The great journals and magazines carry the news to all parts of society. In times of strike the members of trade unions find the policemen always protecting property and rivals. If they go to law the appeals to federal and supreme courts take litigation far beyond their reach. They may not see the other side; the difficulties of corporations to secure fair treatment in face of popular prejudice; the almost certainty that a local jury will not be just to a rich man; and the legislation inspired by spite against the successful. They very naturally dwell on their own side of the grievance, and this brooding over real and fancied wrongs makes them opponents of law.”

Hitherto it has been difficult for the capitalists and public men of the country to realize the strength and universality of this feeling among the working class, and the ominous peril that lies in it unless a different attitude is taken toward the organized movements of the laborers for self-improvement, and serious attention devoted to the matter of their economic education. The settlements contribute somewhat to this, by furnishing a meeting ground, as it were, for the representatives of all the social classes, and a place where grievances can be freely discussed and modifying influences

brought to bear upon the revolutionary spirit of the sections in which they are located. This, however, is not entirely sufficient; because there is lack of any very definite leadership of ideas with regard to the social and economic problems the slum conditions present; and, as the author himself says, the settlements are often complained of as being hot-houses for the development of all sorts of revolutionary ideas, rather than really strong educational forces for the correction of dangerous social tendencies.

There is an immense field for this settlement work, in the line of stimulating broader living and higher thinking, and rousing the less active inhabitants of these districts from the stupor that poverty and degrading conditions have induced. The work should be supplemented, however, by an educational propaganda dealing directly with the social theories for the regeneration of society that take root in these sections, and pointing out the truly economic lines of progress towards better and more wholesome social conditions.

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#### NEW BOOKS OF INTEREST

##### HISTORICAL AND DESCRIPTIVE

##### *Harper's Pictorial History of the War with Spain.*

This is to be issued in thirty-two parts, each of sixteen  $11\frac{1}{4}$  by 16 inch pages, with colored frontispiece; suitable for binding when the edition is complete. It is to consist of contributions by a large number of army and navy officers, war correspondents, etc., and will be elegantly illustrated and printed. To be sold by subscription, at 25 cents a part. This reminds one of Harper's famous Pictorial History of the Civil War; but likewise forcibly illustrates the advance in typographical and bookmaking art since that time.

*Slav or Saxon; A Study of the Growth and Tenden-*

*cies of Russian Civilization.* By William Dudley Foulke. Second edition, revised. G. P. Putnam's Sons, New York. 12mo. 141 pp. \$1.00. This book was originally published in 1887, and the revised edition is now issued because of the increasing signs of a conflict between the Slavic and the Saxon races. It embodies an historical sketch of Russia, and description of its territory, government and people.

ECONOMIC, SOCIAL AND POLITICAL

*Municipal Monopolies.* By Edward W. Bemis, John R. Commons, Frank Parsons, M. N. Baker, F. A. C. Perrine and Max West. T. Y. Crowell & Co., New York and Boston. Cloth. 691 pp. \$2.00. This is volume XVI in Crowell's Library of Economics and Politics. Such topics as water works, electric lighting, telephones, street railways, gas plants, etc., are discussed, and, as might be imagined from the names of the authors, the general attitude is highly anti-capitalistic. The writers work around to one and the same conclusion in each contribution,—that complete municipal ownership and operation of all these quasi-public functions is our only hope of salvation, and the very acme of municipal reform.

*Fields, Factories and Workshops; Or, Two Sister Arts, Industry and Agriculture.* By P. Kropotkin. Cloth. 315 pp. Gilt top. \$3.00. The keynote of this book is decentralization of industry,—an ideal which, as might be expected, is very dear to the heart of this well-known exponent of anarchy as the true philosophy of human society. There is something almost pathetic in the seriousness with which he argues for a return to the system of small industries, village life and individualistic agriculture, as though he really believed that the whole onward march of human society could be reversed and made to go that way.



## THE BEST IN CURRENT MAGAZINES

*Scribner's* for May contains the second installment of "The Ship of Stars," by Arthur T. Quiller-Couch, the English author upon whose literary ability and promise the Scribners place an extremely high estimate.

The May *Century* fairly bristles with war articles. The naval battle of Santiago is described by every officer (except Captain Clark of the Oregon) who commanded an American vessel in that conflict.

*McClure's* has a story by Rudyard Kipling,—“The Flag of Their Country,”—in its May number.

Senator Lodge writes of the land and naval battles of Santiago in the May *Harper's*; being Part IV of his history of “The Spanish-American War.” Miss Mary E. Wilkins contributes a New England story of the Revolution,—“Catherine Carr.”

A short but rather suggestive article in *Lippincott's* this month is “The American Fondness for Movements,” by Edward Leigh Fell.

Brown University is described in an illustrated article by Henry Robinson Palmer in the May *New England Magazine*; and Clifton Johnson writes on “Work and Workers in Rural England.” This also is illustrated.

English experience in colonization in Australasia is discussed by H. de R. Walker under the title “Australasian Extensions of Democracy,” in the May *Atlantic Monthly*. Henry W. Farnum writes on “Some Economic Aspects of the Liquor Problem.”

In the current number of the *Review of Reviews* Dr. Albert Shaw discusses “The New San Francisco Charter;” and Prof. John Bassett Moore, ex-Secretary to the American Peace Treaty Commission, writes on “International Law in the War with Spain.”

# INSTITUTE WORK

## PRACTICAL MUNICIPAL REFORMS

Municipal reforms are among the most important problems in American public life. They are important because they directly affect the policy and government of our cities, into which the American people are rapidly becoming more and more concentrated; and they are still more important as immediate problems because they have hitherto been so very much neglected. This neglect of municipal problems for state and national politics has permitted, in many of our very large cities at least, a sort of local czardom to arise, based on "patronage and pulls." Political party managers have been so anxious to secure success in state and national politics that the management of public affairs in the cities has been left to ward or political bosses, the only result required being to deliver a large party vote for the state and municipal tickets. This has been made relatively easy by the large proportion of ignorant and alien population in the large cities.

For these reasons, which have not existed to the same extent in other countries, municipal politics seems to be in a more backward or lower state in this than in almost any other country. While we lead the world in most other respects, we lag behind in municipal government. Very naturally the outcome of this tendency is a civic revulsion, demanding radical municipal reforms. As is always the case with greatly neglected social problems, the reform spirit takes on an extreme and sometimes revolutionary character. This is strictly the case in municipal politics at present. There are two general propositions that have marked the progress of civic reform agitation in this country. First, the separating of municipal from state and national politics;

and, second, municipal socialism, demanding that all semi-public functions like furnishing gas, transportation, houses for the poor, etc., should be conducted by the public.

The first proposition anticipates a group of conservative and rational reforms. The second seeks to improve municipal government by establishing a sort of paternal municipal republic. The idea of separating local government from state and national politics has arisen because of the increasing practice of using the votes of city populations almost entirely for the promotion of state and national policies and parties, and so subordinating local problems to state and national issues, sometimes even ignoring the local interests altogether. But it often happens that in the zeal for reform or for correction of abuses we depart radically from the sound principles of government which we tenaciously adhere to in other respects. This is conspicuously true of municipal problems in this country. The American people believe in party government. They believe in the principle of evolving, digesting, and ultimately carrying into practice public opinion as evolved and crystallized through party action. This is sound policy. It is the only way of converting public opinion into public policy under democratic institutions. This principle ought to run through the whole political community, not only national and state but municipal as well; so that both political parties should stand for a policy in every department of American life, a policy for a federal government, state government and municipal government. In view of the existing prejudice, however, regarding the influence of national parties upon local government, it may be that segregation is inevitable, although no such movement has yet proved very successful. In either event, municipal reforms must come, and come rapidly if the integration of our

national life is to be preserved. The cities are becoming more and more the centers of population, and furnishing the social problems which are now perplexing the statesmanship of Christendom.

Practical municipal reforms, therefore, whether accomplished by the action of national party politics or by the separation of municipal from national politics and the organization of purely municipal parties, must take the form of improving the conditions which directly affect the life and influence the character of the individual inhabitants of our cities. First among the practical reforms in this direction is education, in its broadest sense. There are two great sources of education. One is in the school and the other is in the home and its environments. The furnishing of adequate school facilities of the very best quality should be a prime duty of municipal government. No excuse about taxation should prevent the public expenditure necessary to furnish not merely seating room for all the children of school age in our cities, but seating room under the most attractive and inspiring conditions. Second, the public school system of every city should extend down and include the kindergarten. Public kindergartens should become as essential a part of the public educational system as the grammar school. The educational influence of the kindergarten is in many respects more far-reaching than that of the grammar school. It reaches back into the homes in a way that the grammar school never does and cannot do. It brings educational institutions in contact with the mothers, and in this way often does quite as much for the mothers as for the children, particularly among the very poor. It makes every child a messenger of cleanliness to the home.

Another feature of public education should be a provision of opportunities for economic and political



study, through classes, lectures and literature, for the great mass of the young people who have left school and are being prepared, solely by newspapers and workshop contact, to become active citizens. From the time they leave the public school till the time they begin to vote they are educationally adrift, with practically no opportunity for acquiring rational and systematic information, much less pursuing the study of public questions upon which they are to pass as citizens, and the wise solution of which determines the character of our institutions and civilization.

Another feature of special importance in municipal policy is public improvements, such as clean and well-kept streets, public parks, public gardens, free museums, public baths, and other sanitary conveniences. The condition of the streets and other surroundings outside the home has much to do with the condition of the inside of the home. It is as true of wholesome domestic habits as it is of personal tastes, that the improvement begins outside and penetrates inward.

The housing of the poor is another proposition of great municipal importance. If the people of the nation live in poor houses, nothing can make them good citizens. The character is largely made in the home and its immediate environment. Degrade the home and nobody can lift the people; but expand, elevate, civilize and refine the home, and nobody can long degrade the people. The question of housing the poor, which involves to some extent the tenement-house problem, is one upon which there is likely to be more difference of opinion than on many other subjects. We are very much disposed to think the solution of this problem is somehow to provide conditions by which the poor can own their own homes. In large cities or cities of a moderate size this would be a great mistake. Very poor people if they build their own houses would always



build very poor ones, and once owning an inferior shanty they become a resisting power to improvement. They will resist public expenditures for local improvement, because they have to pay the taxes. Indeed, if such a thing were possible as to imagine that the poorest tenements in New York City were owned by those who lived in them, that would probably constitute an insuperable barrier to tenement-house improvement.

As it is, the sanitary conditions in modern tenement houses are very much superior to those of the middle class who own their own houses, so much so that taken as a class the inhabitants of tenement houses in New York City show a mortality of some four to the thousand less than the average mortality of the entire city. On reflection, the reason for this is not difficult to understand. Tenement houses, especially the modern ones, are built by capitalists as an investment. Nobody is in sympathy with the capitalist. He cannot build tenement houses without first submitting the plans to the department of construction, and also receiving the approval of the board of health. The sentiment of the community—of the laborers who are going to live in these houses, and the people who are not going to live in them—is all in favor of making the capitalist use the best material, furnish the maximum amount of ventilation and light, and supply the most modern methods of plumbing and sanitary devices. In this way the whole moral force of the community, and the law, are brought to bear upon the capitalist to insure that every new building that goes up shall contain the best that sanitary science has developed. In this way the poorest people finally get the very best improvements, which they would never voluntarily go to the expense of putting into their own houses if they built them themselves.

It is undoubtedly true that municipal government

furnishes more opportunities for public ownership than either state or national government. The water supply may very properly be a matter of public ownership, because the consideration of prime importance in water supply is not economy in supplying the water but its abundance and purity, regardless of what it costs. Education may well be a matter of public control, because here again the important fact in education is not its cheapness but its extent, uniformity and perfection. Even though it costs twice as much to educate children in public schools as in private, it would still be economy in a large sense, and good public policy, to have education furnished by the municipality, because in that way the very best may be and ought to be uniformly supplied, (though thus far it has not been) and compulsory attendance insisted upon. Good education is cheap at any price, and poor education is dear at any price. The economy in education comes not in saving the pennies in taxes, but in saving and expanding the character of the citizens. Civilization is cheap at any price.

This is also true of the care of the streets, sewerage, public parks, libraries, baths and the like.

The housing of the poor is of an entirely different character. For reasons just given, the best results in the housing of the poor will be obtained by having the houses supplied by private capital. If the tenement houses were the property of the city, we should have the same difficulty in a less degree that presents itself in the ownership of the homes by the laborers. The condemning of poor buildings and erection of new ones will be resolutely resisted by the laborers if they own them, and more difficult to secure by the public if the public owns them; but when they are owned by private capitalists then the public sentiment of both those who live in them and those who do not can be

most effectively brought to bear for exacting the best.

This is true also of transportation. So long as the public criticism and power of legislation and government are on the one side and the corporation on the other, the pressure of public opinion and law can constantly be brought to bear to make the corporations furnish the best that science and civilization can give. The recent outcome of the attempted Amsterdam Avenue grab by the Third Avenue Railroad in New York city is a striking illustration of this fact. It was only necessary for the people to realize that the corporation was acting contrary to the public interest to invoke the legislature at Albany and rule the corporation off the avenue altogether.

Municipal problems, then, are of paramount importance, but their importance does not consist so much in transferring functions to the government as it does in creating a public demand for specific lines of municipal improvement. Municipal reform will come when the people demand it, and it will never come before, whether we have public or private ownership of any or all of the functions of public service. Reform means nothing until it is reduced to specific demand for specific things. The conditions and character of municipal government in the United States are no exception to this general rule. Reforms will be accomplished just in proportion as they are feasible and reduced to definite specific demands, and no faster.

## WORK FOR MAY

### OUTLINE OF STUDY

The last topic in our study of Political Science is second to none of the others in importance. In many respects the problem of municipal government and policies is of supreme consequence, to-day as never before. The sub-divisions of the subject as shown in the curriculum are as follows:

#### XI. MUNICIPAL GOVERNMENT.

- a* National parties and local politics.
- b* Public education.
- c* Public improvements.
- d* Municipalization of franchises.
- e* Housing of the poor.
- f* Tenement-house problem.
- g* Public and private charity.

#### REQUIRED READING

In GUNTON'S MAGAZINE for May, the class lecture on "Practical Municipal Reforms;" the notes on required and suggested readings, and article: "What Shall the City Do?" In "Principles of Social Economics," the "Summary and Conclusion." In "Wealth and Progress," Chapters VIII and IX of Part III. In GUNTON INSTITUTE BULLETIN Vol. II (the current season), the following lectures: No. 5, "Our Municipal Problems;" No. 23, "Poor Man's Clubs;" No. 24, "Consumer's Leagues and the Sweatshops;" No. 28, "Taxation of Franchises;" No. 29, "Rapid Transit and City Evolution." In GUNTON'S MAGAZINE for March, 1899, article on "Municipal Socialism."

#### SUGGESTED READING \*

In Dr. Albert Shaw's "Municipal Government in Great Britain," Chapters I, III, VIII and IX. In

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\* See notes on suggested reading for statement of what these references cover. Books here suggested, if not available in local or traveling libraries, may be obtained of publishers as follows:

*Municipal Government in Great Britain.* By Albert Shaw,

Devlin's "Municipal Reform in the United States," Chapters I, II, VI and VIII. In Milo R. Maltbie's "Municipal Functions," Chapters VIII, IX and X. In "Man and the State," monograph by Dr. Lewis G. Janes on "The Problem of City Government." A collection of papers on "Municipal Monopolies," by Edward W. Bemis and others, recently published in book form, gives the public ownership argument with reference to all such enterprises as electric lighting, gas, telephones and street railways. The volume will be reviewed in these pages within a short time.

#### NOTES AND SUGGESTIONS

*Required Reading.*—The curriculum topic this month is covered by the class lecture and articles specified in GUNTON'S MAGAZINE and the five BULLETIN lectures enumerated. The article on "Municipal Socialism" in the March magazine is especially important. The two chapters assigned in "Wealth and Progress" are the last in the book, and belong properly to the topic "The State and Labor," which was one of our subjects for study last month. As explained at that time, these two chapters were held over until the present month for the sake of a more equal division of work. They treat of "Relative Industrial Progress in England and Other Countries since 1850," and "Social and Political Necessity of an Eight-Hour and Half-Time System."

*Suggested Reading.*—Dr. Shaw's "Municipal Government in Great Britain" is by all odds the most com-

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LL.D. The Century Company, New York. 385 pp. \$2.00. *Municipal Reform in the United States.* By Thomas C. Devlin. G. P. Putnam's Sons, New York. 174 pp. 75 cents. *Municipal Functions.* By Milo Roy Maltbie, Ph.D. Reform Club, Committee on Municipal Administration, 52 William Street, New York. Paper, 50 cents. *Municipal Monopolies.* Edited by Edward W. Bemis, Ph.D. T. Y. Crowell & Co., New York and Boston. 691 pp. \$2.00. *Man and the State.* Popular Lectures and Discussions before the Brooklyn Ethical Association. D. Appleton & Co., New York. 558 pp. \$2.00.



prehensive and satisfactory exposition of English urban government that has appeared. The relative excellence of English municipal government makes it an important subject of study in this country, even though much of their success is due to tradition and a habit of regarding and acting upon these matters which has never been developed in the rapid growth of American cities. We have suggested as specially important the chapters on: "Introductory: The Growth and Problems of Modern Cities," "The British System in Operation," "The Government of London," and "Metropolitan Tasks and Problems." Other chapters well worth reading describe the municipal government of Glasgow, Manchester and Birmingham, and the social activities of British towns.

Devlin's "Municipal Reform in the United States," was reviewed in the January number of this magazine. It is a sensible, practical and really suggestive little book. Whoever consults it at all will probably read it through, but we especially call attention to the chapters on "Reform Efforts," "American Conditions," "Cost of City Government," and "The Official, The Press, and The People." The author writes directly with reference to American city conditions and problems.

Mr. Maltbie's "Municipal Functions" is reviewed in detail in the article "What Shall the City Do?" in this number, and requires no further comment here.

Dr. Janes' lecture on "The Problem of Municipal Government" is an analytical review and criticism of American experience in this line, with many practical suggestions. Particular attention is paid to the political and electoral aspects of the problem.

#### LOCAL CENTER WORK

Our study of municipal government this month marks the conclusion of the course on Political Science. This being the case the time is opportune for review

work. The closing meetings of local centers should be of a somewhat general character, summing up as far as possible the chief points of the year's work. Of course, the topic for the current month should not be neglected by any means; it is one of the most important in the course. We would offer the following suggestions for use in making up programmes of meetings:

Papers on:—National and local politics; Cities as forces in civilization; Importance of good municipal government; Public improvements a social duty; Tenement-house reform; City slums, and what is being done to reform them; Poor relief, wise and unwise; The government of cities in Great Britain; Evils in American city government; Practical city reforms.

Debates on: *Resolved*, That municipal elections should be conducted solely on municipal issues. *Resolved*, That the future success of democratic government requires the regeneration of tenement house and slum districts, abolition of sweatshops, and more ample educational work in our great cities. *Resolved*, That city gas and electric lighting systems should be owned and operated by the municipality. *Resolved*, That street railway systems should be owned and operated by the municipality.

#### THESES

Students who desire to receive certificate of completion of the two years' course on Social Economics and Political Science are required to prepare and submit to President Gunton a thesis on some approved topic, at the end of each year's work. To do this will be found of great value to the student, because it necessitates a review of the subject and clear comprehension of the general substance and point of view of the course. Preparation of a thesis is not obligatory, but without this test we are unable of course to certify to the student's satisfactory grasp of the subject. Theses

should be not less than 1000 nor more than 3000 words in length, on some one of the following topics, and be sent to the Institute office by June 1st:

Social and Moral Basis of Patriotism. How Industrial Conditions Affect Political Freedom. The Monroe Doctrine and Territorial Expansion. Theory and Practice of Tariff Protection. Scientific Taxation and its Results. What will Solve our Money Problem? Trusts and Social Progress. Labor Unions in Modern Industry. What Good Municipal Government Demands.

If extension of time, or a different subject for thesis, is desired, special application should be made to the Institute office.

### 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: Dear Sir:—How would State Labor Insurance affect the present incorporated insurance companies and fraternal beneficial societies?

SUBSCRIBER, Philadelphia, Pa.

It would only affect insurance companies in so far as they insure wage workers for amounts to be received and used during life, which is very little. Labor insurance would hardly affect that class of policies which insure for amounts to be paid at death, because it does not insure for income after death but only for income while living. Labor insurance is not against death but against old age, and thus is the reverse of most insurance systems. Fraternal benefit societies are also mostly for insurance against sickness and death and, so far as we know, none provide for incomes during old age; so that in reality labor insurance such as we advo-

cate is something entirely in addition to and fills a function not filled by any other insurance system. Instead of injuriously affecting volunteer insurance organizations, national labor insurance would probably increase it, because it would make the benefits of insurance, in one feature at least, universal, and as people become more acquainted with the advantages of the insurance principle they become more inclined to insure in different directions and for different purposes. The great bulk of insurance to-day is held, not by people who are most in need of it, but by people who are comparatively well off but are intelligently interested in providing against unforeseen contingencies. Labor insurance would only be extending the principle to another large class and so making insurance more universal throughout the community.

# GUNTON'S MAGAZINE

VOL. XVI

JUNE, 1899

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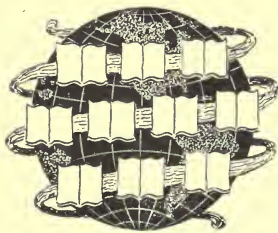
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ANDREW CARNEGIE

# GUNTON'S MAGAZINE

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## ECONOMICS AND PUBLIC AFFAIRS

### THE TETHER OF LARGE FORTUNES

The retirement of Mr. Andrew Carnegie from business, with the announcement that he intends to devote the remainder of his life to giving away his fortune of \$150,000,000, has given rise to a good deal of discussion of millionaires and their fortunes. Mr. Carnegie has some rather unique characteristics. For a time he took considerable pains to announce in different ways that it is very unfortunate for a young man to be born with a fortune, and that it is not creditable for a man to die rich, because by so doing he really handicaps his sons or other relatives to whom the fortune passes. Since the advent of his little daughter, however, this particular phase of his philosophy of wealth has been less emphasized, and it would almost seem as if the little girl were in some danger of being terribly handicapped.

Yet, as a part of that idea and not inconsistent with it, Mr. Carnegie is credited with announcing that in retiring from the cares of business he is going to devote himself to becoming a public benefactor in giving away his immense fortune. To perform this task wisely may indeed be quite as difficult as it was to earn it. In accumulating a fortune by successfully conducting productive enterprise, a person is sure to benefit the community in ways that are economic and permanent, because the helpful influences which arise from productive industry operate silently and unconsciously through the distributive forces of society. Millions of new wealth may thus be created and distributed in

wages and profits and other forms of earnings which are sure to find healthful lodgment throughout the community. But when a single individual undertakes to make a business of distributing a hundred or more millions, there is danger of considerable wasteful misplacement. Yet this step of Mr. Carnegie's has met with a good deal of approval, and, but for the misfortune of the Homestead affair, which will probably never be entirely erased from his shield, Mr. Carnegie would receive well nigh universal applause.

There is a very strong feeling abroad, and it seems to be growing, that capitalists, and especially multimillionaires, are a menace to public welfare, in grabbing the world's wealth to the impoverishment of the great mass of the community. Hence Mr. Carnegie's new departure—for it is about the first case of the kind that ever occurred—is regarded as an example to be emulated.

It is quite an open question whether, if all millionaires should follow Mr. Carnegie's example, they would really render better service to the public. He made a very sensible remark on this subject when he said the reason so few rich men retire from business is that while they have plenty to retire from they have little to retire to. In other words, their lives have been so absorbed in the pursuits of industry, out of which their fortunes have been made, that there is not enough in other walks of life to attract them, or even to make life tolerable to them if they should leave business altogether. This is very true. The men of great business affairs are tied to their business long after they have made adequate fortunes, because they cannot leave it. Life would be a burden to them if they did. In short, to continue in business is the only way to them for life to be worth living.



This brings up a side of the life of great business men and millionaires that is generally overlooked by those who insist that the industrial magnates who control great enterprises are "gobbling all the benefits of civilization." A little consideration of this side of the problem reveals the fact that, after all, even millionaires can only really take unto themselves the amount of wealth that their social life and character can absorb. Very few of them can really absorb more than \$25,000 a year. They may spend \$100,000, but they give it largely to other people; the rest of the income from their millions goes directly or indirectly to society. As the capitalist cannot use by his own social absorption but a small portion of his fortune, the rest must be invested productively or it is in danger of slipping from him. In reality, both the millionaire and his wealth, outside of the little he can absorb socially, are devoted in spite of themselves to the service of the public. By virtue of a life habit, acquired in the creation of his fortune, he has become tethered to the service of production. He has become so closely tethered to business that he does not even take on as much of the socializing influence of civilization, does not really absorb as much of the progress of society, does not, therefore, enjoy as much of the mellowing and sweetening influences of culture, as many others who have not a hundredth or a thousandth part of his wealth. In short, there are even whole classes who get far more of the best results of the wealth of modern society than do the capitalist millionaires themselves, who have become the closely tethered servants, not to say slaves, of productive fortunes.

It may be said with some truth that in many instances these servants of fortunes are really dwarfed on the best side of their nature, and in not a few instances have become indifferent to the great ethical and

social movements which are making for a higher type of human life. This is frequently made a subject of criticism. They are denounced as mean and selfish, illiberal and oppressive. But it is more correct to regard them as victims of an exacting industrial life. By their very superior capacity as industrial organizers, developers of the world's resources by which wealth is made cheaper and more abundant and the whole standard of life raised, they have become tethered to a duty from which they cannot escape. The notion that millionaires monopolize the enjoyment of their millions is wholly unwarranted. They really get the benefit only of a diminishing proportion of an increasing product. In proportion as their fortune increases their exclusive enjoyment of it becomes relatively smaller. Whatever else may be said, it is obvious that the great millionaire capitalists of modern times are drudges to their fortunes, and indirectly to the community.

From an immediate moral point of view it may seem to be a misfortune that the class who contribute most to the possibility of civilization should thus be dwarfed by the process, but this seems to have been inevitable under the circumstances. Thus far it appears to have been an inexorable edict of evolution that the efficient few should render exceptional service for the benefit of the less efficient many. In no other way could modern progress have been possible. The application of science through the use of machinery, which periodically has involved the re-organization of industry into larger and more economical concerns, has necessarily brought with it more and more exacting demands upon the managing captains. This movement toward greater productive efficiency, which every hour is increasing the world's wealth, has practically involved forcing successful capitalists into a business groove, which is the dwarfing process complained of. It is a

rare exception to find a man really broad, generous, public spirited and well rounded out at the same time that he is building up his fortune. His sons may be broader, more liberal and highly cultivated; the community is progressing, but he is immersed in the responsibility of successfully conducting an enterprise which makes this very broadening progress possible for others.

The capitalist is not only a servant in the highest sense to civilization, but his very service so shapes his habits and desires as to make it more difficult for him to escape than to continue the drudgery. It is very doubtful if one per cent. of capitalists to-day could retire from business at sixty-five without being less useful and less happy than they would be by continuing in the harness.

Of course, if industrial progress had this effect upon all the community it would be disastrous indeed. It would neutralize its own benefits. But fortunately, in this case as in the case of labor displacement, the sacrifice of personal disadvantage is limited to a few and the benefits are extended to the many, so that the great mass whose tastes, habits and life create the standard of civilization and the environment for each individual are helped by the process.

It is true that this warping or dwarfing influence is a feature almost peculiar to modern industry. At least, it has very much increased with the growth of modern methods. The farther back we go the more we find the condition where the employer was an easy-going, paternal kind of man, largely a public character, the mayor of the town, the advisor of the widow, and a sort of godfather to the community, and if we go still farther back where there were practically no employers and everybody worked for himself, this element did not exist but barbarism was the lot of all. Neither was

there any dislocation of laborers in that primitive simple state. Both these phases of seeming sacrifice have come with the colossal movement of progress. It is fortunate for society, that this whole movement is concentrating the dwarfing responsibilities for the wealth-getting efforts of the world to a smaller and smaller proportion of society and distributing the results to an ever increasing number.

For instance, the wage and salary system, which is a part of this progress, harnesses a constantly increasing proportion of the workers as simple productive automatons, where their hours are prescribed, their wages fixed, the quality of their efforts specialized almost to the point of monotony. In proportion as their duties become automatic they become unexacting, and to that extent the nervous force and vital energies of the people are reserved to be let loose in the sphere of social activities in which the gratifications of the higher side of life come. In the lines where this reaches its highest perfection, the drudgery or exacting side of earning a living is measured by the hours of daily application. In proportion as these can be shortened, the world of social expansion and rounded human cultivation is enlarged. Thus, by this process, the millions are being more and more relieved from the burdensome narrow rut of life by being made irresponsible parts of the semi-automatic whole, for the successful management of which a smaller and smaller number, relatively, become responsible.

Of course, in the philosophic aspect of the case the question arises, will this always be necessary? Will progress always demand the sacrifice of the most painstaking experts in the productive life? It would seem not. The tendency of this movement is manifestly to organize, systematize and centralize, so that ultimately a large amount of automatic momentum

will be established, and this will bring relief even to those at the helm. When the machinery and organization in an industry has reached approximate perfection, or a stage where great revolutions are no longer possible, what has heretofore required practical genius to direct becomes an established order, each part of which almost takes care of itself. When the presence or direction of no given individual is indispensable to the movement of the whole, when the death of the guiding genius would not disrupt the working of the concern; when that point is reached—and it has already been reached in some industries—the capitalist or the great captain of industry will become more perfunctory, less tightly tethered to duty, and in common with the rest of the community may take on more of the broader and refining side of life and be less immersed in the drudgery of business.

But in the evolutionary process which is now going on they are the drudges of industry. In a broad view of the subject, therefore, great capitalists in pursuing a seemingly narrow life, absorbed by business and dominated by margins and markets, are rendering the best service to society of which they are capable, and the fact that they appear to find the highest gratification in the pursuit of industry is in this age at least to the great advantage of civilization.

It is a misfortune that the function of the capitalist class is so much misunderstood. It leads to a great deal of adverse criticism of their conduct, and tends to sour them towards public interests. They are made to feel that they are hunted and censured for their success. They are kept constantly under the harrow of public criticism and censure, which tends to make their social life even less attractive and endurable than it otherwise would be, and here



the capitalists as a class help to intensify this social antagonism by too frequently ignoring and defying public sentiment. They must learn that, right or wrong, the public is master; that public opinion is the opinion that rules and will rule; and that it is a part of good economic investment, a part of wise industrial statesmanship, to devote a part of the earnings of their enterprises to the education of the people, to a broader and more philosophic understanding of the capitalist's relation to society and society's relation to capitalistic enterprises. It would be a mistake if the capitalists should evolve the theory that the true way is to ignore the public till they get rich and then retire to spend their riches for public purposes. By this process they would succeed in being disliked as capitalists and doubted as philanthropists.

The true function of a capitalist is to be a successful organizer and director of industry, and devote a part of the proceeds to movements of education and public improvement as he goes along. In that way his contributions are likely to be good investments, involving little waste and producing the maximum results. In most cases it is safe to say that the great fortune would do more good to be left in productive enterprises than to be distributed in great lumps in any lines of philanthropy. What is needed is that the people should understand the function of the capitalist, and that the capitalist should understand the need of wealth for public improvement. In this way an altogether more harmonious relation between capital and the community would be evolved, and the capitalist do his best work for civilization, make his best contributions to public improvement, and get a larger and larger personal advantage out of pursuing an important, and what has hitherto been an exhausting, life of business drudgery.

## ATKINSON AND FREEDOM OF DISCUSSION

Freedom of discussion is a sacred bulwark of democratic institutions. Whenever the right of citizens freely to discuss the public policy of the nation is impaired, decline of democratic institutions has begun. Free discussion is the safety valve to wholesome thinking and intelligent action, and is indispensable to the perpetuity of popular government.

Freedom should not be confounded with anarchy. It has always been difficult for a certain class of minds to distinguish between them. They seem to imagine that freedom consists in the absolute and unconditional right of every individual to say, write and do whatever he pleases. This is anarchy. So far as it partakes of the element of freedom at all it is the freedom only of the savage, who recognizes no rights of society, no consensus of opinion or rule of action any one is bound to respect, but only the absolute right to follow one's own notion.

This is the kind of freedom that Herr Most stands for, and in the interest of which he served a year on Blackwell's Island and is now a "martyr hero" among those who, like him, think government an oppression, capitalists a band of protected robbers, and the overthrow of law, order and society a sacred duty.

Mr. Edward Atkinson, though of somewhat different temperament and with an entirely different social setting, is very similar to Herr Most. While he is not arrayed against the capitalist system—being a capitalist himself—he is intellectually an anarchist. He believes government in the main to be an organized oppression. It is his habit to denounce as robbery the collection of revenues which he individually does not approve. He denies the government's right to do almost everything that it does in the direction of pro-

protecting the opportunities and caring for the interests of its citizens. To be sure, he does not advocate murder and personal violence, but he preaches the doctrine of contempt for government. His conception of freedom is the essence of anarchy; it puts the individual above society. In civilization, freedom implies society's protection to the rights of the individual, but this protection of individual freedom by society implies loyalty of the individual to society. The savage has chaos and anarchy but he lacks freedom because he lacks protection. Nothing paralyzes freedom like insecurity. The essence of liberty is protection, which only organized government can give. Hence, with the growth of society, human freedom has gradually widened until it has almost encircled the whole earth. This is all the result of co-operative societary action. The maintenance and recognition of collective social authority is indispensable to freedom. Anarchy can do without it, but freedom can exist only with and by it. This societary action, under every form of government or type of social organization, affords whatever of security and freedom exists.

The conditions and extent of freedom differ in different states of civilization, but in every instance the freedom that exists, be it ever so little, depends upon recognition of the fact that the final authority rests in the collectivity or political organization of society. Government reflects the consensus of the wants and opinions of the community. The more ignorant and impotent the people the more despotic the government, the more intelligent and liberal the people the more democratic the government.

Freedom, then, does not consist in defying government but in supporting and liberalizing it. Freedom is the child of order, and order is the child of government. Under democratic institutions government stands

for the expressed consensus of opinion of the community, and the preservation of freedom demands loyalty to this organized consensus for the time being, because it is the highest and only free expression of the people's will. To defy this or subvert it, other than through the machinery for developing a new consensus, is to set the dictum of the individual above organized society and substitute chaos and anarchy for order and freedom.

Now, this is precisely what Mr. Atkinson recently undertook to do. The United States government, wisely or unwisely, is at war with a foreign people. A great many intelligent people think the war a mistake, and that it might and ought to have been avoided. Not a few think the whole policy of which it is a part is contrary to the traditions and best interests of this country, but they recognize that the present administration was elected by the people of the United States and that its authority in the matter, for the time being, is complete and absolute. At the proper time, which is now very near, the administration and the party it represents will be called to account for its action, but until then it is the duty of every citizen loyally to support the obedience of army, navy and public officials to the orders of the government, because for the time being they are the orders of the nation.

Mr. Atkinson ignores this and assumes the right to defeat the government, not at the polls but on the battlefield, by the circulation of literature among the army, denouncing the government and praising the enemy. Because the government has interposed an objection and refused to permit the mail service to distribute his literature among the officers of the army at the front, he is endeavoring to pose as a martyr to the cause of freedom of discussion. It is just such people as Mr. Atkinson who injure the cause of freedom.

Fortunately, however, Mr. Atkinson's headstrong



and opinionated performances will not do any serious harm; as, with only one or two exceptions, even his mugwump friends decline to support him. It is urged by some that Mr. Atkinson was very conscientious, that he did not mean any harm. Of course not. Neither did Herr Most. It is not a question of honesty of motive, but of correctness of action. The wrong-headed people of the world are mostly conscientious and intensely in earnest. It is their very earnestness that makes them dangerous. Freedom of discussion, like freedom of action, is not governed by what a man thinks he would like to do, or ought to do, but what the community thinks he should be permitted to do.

As already remarked, freedom implies recognition of the authority of government, and freedom of discussion under the most liberal democracy is limited to creating a public opinion to be expressed at the ballot box. But it is not a part of the freedom of discussion to try to influence the army against the government, especially when on the battlefield in the face of the enemy. The army is the servant of the government, and through it of the people, and has but one duty,—to obey orders. Under those circumstances the wisdom or unwisdom of the policy which led to the fight is no part of the soldier's concern. Soldiers are not expected to pass upon the wisdom of the orders they receive. As citizens they have opinions, but as soldiers they have none. So long as nations need armies, the function of the soldier must be to obey. Every man who wears the United States uniform has no freedom of opinion, as a soldier, as to the wisdom of the work in which he is engaged, or of the policy of the administration. Any written or spoken effort to influence officers or soldiers while on the field in active service against the enemy, to make them doubt the wisdom of their superiors, question the policy of the government, the justice of the



war, or in any way to lessen their enthusiasm and faith in success is no part of the freedom of discussion but is downright disloyalty.

This was the tone and purpose of the documents Mr. Atkinson endeavored to circulate among the officers, and desired to send to the soldiers, in the army in the Philippines. Of course the effect, if any, upon the minds of the soldiers would have been to convince them that they were engaged in a bad cause, and ought to lose. He took the precaution to have these documents made a part of the speech of some anti-expansionist senator, so as to give them the appearance of official documents, and it is even a part of his defence now that they were such. Of course they were nothing of the kind. A speech in Congress is a privileged utterance, but its mere publication in the *Congressional Record* in no sense makes it an official utterance. This no one knows better than Mr. Atkinson.

The nature of his conduct, however, is becoming quite clear to the American people, and for the most part even to those with whom he has previously associated; and this seems to trouble him. In reply to his charge that "The *Times* and other papers of like kind are making an effort to suppress free speech and free mails," the *New York Times* very aptly says: "When you join the enemies of your government and exhort them to resist its authority, when you make these men your heroes and denounce Dewey, Otis, MacArthur, Lawton, Hale, Funston, as criminal aggressors, when you seek to cripple the military force of your country in the field; in short, Mr. Atkinson, when you turn disloyal and take up a traitor's work and expect the *Times* to follow you, you expect what cannot be, and you show that you have lost your powers of perception and of judgment when you express surprise that we condemn you."

That his performance was disloyal and seditious

there can be no doubt, but as to the wisdom of stopping the circulation of his pamphlets there may be a difference of opinion. It is urged by some that Mr. Atkinson's pamphlets are "so unreadable and dull" and so "unpatriotic and seditious," that they could influence nobody against the administration, least of all the officers of the army in the Philippines; and by others it is contended that the interference of the government will serve to give distinction to his pamphlets and cause them to have a much wider reading. All this may be true, yet from another point of view it may be a good thing. In the first place, the government's action shows there is a limit to the extent of so-called free discussion, of which Mr. Atkinson's kind of people needed to be informed. Moreover, it has made Mr. Atkinson notorious before the American people for disloyalty, and the more generally his pamphlets are read the more will his unsavory reputation spread. It will enable the American people more clearly to understand his true character.

There are few persons in this country who have enjoyed so much undeserved praise and publicity as Edward Atkinson. For a generation, with one or two exceptions, he has been on the wrong side of every great public question. Although he has managed, through his pamphleteering ingenuity, to get himself widely published in a certain class of newspapers, few men who have conspicuously participated in public discussions are so unreliable and so frequently wrong as he. In his own state for a quarter of a century he has been the most conspicuous antagonist to the beneficent industrial legislation for which Massachusetts is famous. There is scarcely a law upon the statute books of the Bay State in the interest of improving the laborers' condition which does not bear the imprint of his opposition. Every phase of the factory acts he tena-

ciously opposed, predicting all sorts of evils and presenting tables of figures to prove that those already enacted were injurious. Experience and investigation have shown his prophecies to be false and his figures worthless.

As an economist he has not said or written anything to entitle him to distinction. In his book on "The Distribution of Products," nearly one-fourth of which is devoted to "What Makes the Rate of Wages," he does not reveal an ordinary acquaintance with the principles of economic science. In his book on "Taxation and Wages," which was the re-publication of a series of newspaper articles, he crudely confounds statute law with economic definition and deals in the loosest kind of assertion, on the assumption that his word is authority; such, for instance, as saying that nine-tenths of the manufactured products in the United States are produced at a less labor cost than in foreign countries, which of course every ordinary manufacturer or business man knows is not true.

To be sure, he was on the right side of the silver question, but there he has damaged the cause of sound money by his loose misrepresentation of facts in the discussion. With his usual habit of sweeping statement, he issued a pamphlet making the bald assertion that the cost of producing silver was only from twenty-five cents to nothing an ounce, and hence in most cases the entire price and in others all above twenty-five cents an ounce was clear profit. Of course, every producer of silver and every practical man having any knowledge whatever of the subject, knew this to be a worthless and misleading statement. It was untrue, and discreditable to the sound money cause. Indeed, this has been the character of much of Mr. Atkinson's work, and it is doubtful if he has not injured more than helped any cause of which he has been a conspicuous

advocate. By this persistent grinding out of voluminous documents, usually accompanied by wearying tables, which were accepted largely because of the difficulty of refutation, he has managed to get himself vastly overestimated. But this time his lack of loyalty led him into a field where even his own friends hesitated to follow.

The claim of his right to do this in the name of free discussion will mislead no one. Fortunately for the nation, he is beginning to be correctly estimated by the public. Even the press is now talking of him as the "innocent old man from Boston," who "is too old for punishment and not young enough for reform," and "would be as much out of place in a federal jail as a baby on the battlefield." Whatever may be the bottom sentiment of the country regarding the expansion policy, the heart of the nation is loyal to its government when in face of the enemy, and whoever attempts to circulate sedition among the officers of the army overshoots the mark and simply discredits himself with the people.

On the whole, there is reason to believe that the incident is a rather good thing. It may dissipate that spurious halo which has gathered around Mr. Atkinson, and reveal him to the American people more nearly as he is. If his effort to spread sedition in the army, however ineffective and harmless, serves the purpose of putting him in the place in which he properly belongs in the mind and confidence of the American people, it will have been well worth the little flurry it has created.

## TAXATION OF CORPORATION FRANCHISES

The passage of a law by the New York legislature, taxing corporation franchises, has created an extraordinary amount of public interest in the subject. Corporate interests in the state have been aroused to a vigorous opposition, which is sufficiently strong to make the governor pause and give a hearing on the bill before signing it. The hearing produced a visible change in the governor's attitude to the bill, which he was about to sign, and he called an extra session of the legislature to amend it. His determination to sign either the original or an amended bill will have at least one good result; it will force a wide discussion which cannot fail to contribute something to the education of the public on the much befogged subject of taxation.

In the estimation of conservative people this bill labors under the disadvantage of having been advocated mainly as a punishment to corporations for being rich. It has been charged, and with some truth, that the arguments for it were "semi-political, somewhat hysterical and largely socialistic in their character." Even the speeches of Mr. Ford, whose name the measure bears, all had that semi-socialistic, anti-capitalist flavor. This semi-populistic character of the advocacy of the measure has naturally created suspicion and distrust in the minds of the conservative public regarding it, especially among those who have not carefully considered the subject.

On the other hand, speakers and journals who have suddenly jumped into the harness against the measure exhibit scarcely less of injudicious class feeling. Instead of discussing the merits of the bill in accordance with the principles of economic taxation, they proceed to denounce it as a populistic, communistic, confiscatory,



industry-destroying and' capital-banishing measure. For instance, the *Brooklyn Eagle* devoted over a column of a leading editorial to piling up adjective upon adjective of denunciation upon the measure, without giving a single sensible argument against the bill. The most socialistic advocate of the Ford Bill never descended to a less logical, more insinuating and demagogical plane of discussion. This method of treating the subject is not calculated either to enlighten the public or secure judicious tax legislation. What is really needed is less heat and more light on both sides of the controversy.

The doctrine that wealth should be taken by taxation merely because it exists, as laid down by the single tax people, is pure confiscation, and should find no place in the discussion of the subject of equitable and economic taxation. It is now generally admitted that corporation franchises are proper subjects of taxation. Whatever may have been the motive of the advocates of the Ford Bill, in constructing the measure they adopted the policy of simply extending the legal meaning of the terms "land," "real estate" and "real property" to include all franchise privileges of whatever kind and character. This had the obvious effect of reducing corporation franchises to the basis of real estate for taxing purposes.

This proves to be an altogether more effective means of accomplishing the end than either the friends or the enemies of the measure first supposed. As might have been expected, a measure drawn from this motive and under this influence was necessarily crude and indiscriminating, as the hearing before the governor brought to light. But a little consideration of the points made by ex-governor Hill will show that the objections relate to details and do not affect the principle of the bill.

The first objection urged by Mr. Hill was that "It constitutes a radical departure from well-established principles, and confuses the distinctions which have nearly always existed between essentially different kinds of property." It would have added greatly to the clearness and power of Mr. Hill's address if he had paused at this point long enough to have hinted at what the "well-established principles" of taxation in this state are. That would have entitled him to great distinction as a discoverer. If there is one thing more conspicuous than another in the hocus-pocus, crazy-quilt method of levying taxes in New York state, it is the entire absence of any "well-established principle." It is the very effort to make "distinctions" between a multitude of different kinds of property for the purpose of taxation that has made the tax system of the Empire State such a confused jumble.

The simplicity of the plan, which most people would regard as a great virtue, Mr. Hill declares "constitutes its chief danger." For the purpose of befogging and evasion it may, but not for the purpose of inexpensive, equitable taxation. After charging that it would lead to frauds he says: "If it be said that the same opportunities [for corruption] now exist in reference to real estate of a corporation, the answer is plain. The real estate is tangible, fixed, open, it can be seen, and its value estimated by everybody. It can be compared with the general adjoining real estate, and with sales in the neighborhood. It has a market value, and over-valuations or fraudulent ones can be detected." Now this is exactly what the Ford Bill proposes to accomplish. For the purposes of taxation it extends the attributes of real estate to all corporation privileges. The market value test, to which Mr. Hill points as security against fraudulent assessment in the case of land, will then be just as clear in the case of franchises.

“Land,” says Mr. Hill, “can be seen, and its value estimated by everybody . . . . It has a market value.” Has not corporation stock a “market value”? Is not this market value subjected to the test of actual sales every day? If the market price of real estate is the supreme test of its value, which cannot be tampered with, then the market price of a corporation's stock is equally so. The Ford Bill converts corporation franchises into the kind of property which Mr. Hill himself declares is the very best for taxing purposes.

“We do not object to the taxation of franchises,” he continues, “but our objection is aimed at the particular method here proposed. . . . The payment of a fixed percentage of gross earnings would be the most satisfactory system that could be devised.”

This is really surprising from Mr. Hill, as an avowed enemy to the income tax, and all inquisitorial taxation. Any tax which necessitates rummaging through the books of a concern or the pockets of a citizen to find its resting place is inquisitorial and highly objectionable, and, as Mr. Hill has more than once pointed out, leads to perjury and all the immoral motives that can accomplish evasion. Nothing except personal incomes are quite so doubtful as objects of taxation as profits and earnings. Whenever the value of taxable property is to be ascertained by an affidavit of the owner, the moral law is in danger. The suggestion that a fixed percentage of the earnings should constitute the tax on corporations is wholly unsound. This would give the maximum opportunities for undue influence and inequality. It furnishes no rule by which the assessors could be guided as to the rate or amount of the tax. Whether it should be one per cent. or five would be left entirely to the assessors. In the hands of semi-populistic assessors the tax might be

put very high, or under the influence of machine politics put very low. In converting franchises into real estate this evil is obviated. The assessors will have no power to discriminate as to the rate of the tax. It must be the same on all the earning elements of the corporation, which will introduce for the first time the element of uniformity and equity into the method of taxation.

Mr. Hill is evidently more of a lawyer and politician than a student of economics. But while the ex-governor showed little acquaintance with the principles of scientific taxation, he made some very potent criticisms on the details of the Ford Bill. He pointed out what the framers of this measure had entirely overlooked, if indeed they knew anything about it, that there are already several taxes imposed on corporations intended to make franchises contribute to the public revenues. Last year nearly two and one-half million dollars were paid into the state treasury from these sources. He also called attention to the fact that with these existing taxes the present bill would really amount to double taxation, which is the very acme of injustice.

But it will be observed that these are merely details. It shows that the Ford Bill was a little crude, but all this can be remedied by the insertion of a single clause repealing all existing taxes on corporations except that on real estate.

That would simplify the whole matter for the assessors and tax collectors, and for the corporations. It would simply reduce the corporations' assets to one general aggregate, the value of which is registered in the open market value of the stock. Nothing Mr. Hill said, or so far as we have observed that has been said by any of the critics, tends in the least to impair the validity of this principle of the bill.

Another objection made by Mr. Hill was that in



some communities corporations have paid full compensation for their franchises, while in others they have received their franchises for nothing, and that it would be obviously unfair to tax them both alike. One might as well raise the same objection because some corporations pay a high price for their land while others get land for nothing. If one corporation has paid too heavily for its franchise or its land or its rolling stock or its president, or for anything else, its earning capacity will be diminished by that amount, and this diminished earning capacity will reduce the value of the stock. Consequently its taxes will be lessened exactly in that proportion.

Mr. Hill further argues that "The scheme proposed by this bill will prove of no benefit to the people," for, he says, "The assessed value of all corporate real estate must then, as now, be deducted from the value of personal property of corporations—to wit, their capital stock, surplus profits, or reserve funds, which constitute their total assets, and the remainder therefore constitutes the amount of the total assessable property." If Mr. Hill really believes this why does he oppose the bill? If it would not benefit the people, of course it would not hurt the corporations. If the corporations really would not have to pay anything under this bill, surely they might have saved all the fuss and flurry of trying to defeat it. No such device could be effective, however, if a short clause were inserted declaring the principle of the bill and defining the way the assessors shall arrive at the value of corporation assets; that is, declaring that the difference between the value of the tangible assets, plant, land, etc., and the total value of the stock and bonds, shall be considered the value of the franchise, no trouble would be experienced. With that general rule, assessments would be uniform and just.

The real reform needed is simplification of the



method of levying and collecting taxes, and this feature is the real virtue of the so-called Ford Bill. It is a great step in the right direction, and if a revision of our tax system should occur once in five years with the definite object of putting our entire state and local taxes on this simple principle, we should soon reach the time when double taxation would be unheard of, and tax dodging unthought of.

If the special session of the legislature adopts the suggestions of Mr. Hill, the governor would far better sign the present bill, so that at least the principle it contains shall become a part of our taxing system. The defects of the bill should indeed be eliminated. A clause should be added repealing the other corporation taxes. It should go into effect all over the state at the same time. But if those who object to the bill will not add these amendments without killing the principle of the bill, then the governor ought to sign it in its present shape, and let them take the consequences of their opposition to the amendments. If the law goes into operation it will at least introduce into the taxing system of the Empire State a modicum of sound principle, the operation of which may have a wholesome educational effect on the public mind regarding the whole subject of taxation.

## EDITORIAL CRUCIBLE

THE FACT that the Baldwin Locomotive Works has received orders for locomotives from England, France and some South American countries, and that the Carnegie Company is sending steel rails to Japan and Russia, is being made the pretext for advocating abolition of protective duties on iron and steel. These people seem to forget that the mere fact that the Carnegie and Baldwin establishments have reached a stage of efficiency where they are beginning to compete abroad does not mean that the entire industry in this country is in that condition. Indeed, for many years Carnegie has not needed a tariff, but the great mass of the less wealthy concerns in the business could not have continued without it. With some people free trade seems to be the panacea for everything. If industries are depressed the remedy is free trade. If industries are prosperous, the cure for that also is free trade,—a theory more important than prosperity.

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CONSISTENTLY WITH the spirit which prompted the czar to call a peace conference of the European powers, comes the announcement that he has appointed a commission to devise a new method of punishing political offences, to be substituted for exile in chains to Siberian mines. This is another sign that the czar is really desirous of eliminating the harsh side of despotism from the political system of Russia. Sending the most brilliant and energetic Russian citizens into chains to end their days in the mines of Siberia under the most barbaric treatment, for political offences, has created contempt for Russia in the eyes of the progressive world. But in following up his call for the peace conference of Europe by official measures to abolish the horrors of Siberia, the czar has done much to entitle him to the

confidence and respect of civilization. It shows that the yeast of progress has begun to work in Russia, and, if the movement is not thwarted by rash acts of anarchists, Russia will ere long be on the road to constitutional government.

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GOVERNOR ROOSEVELT has passed through a trying ordeal. In championing the bill for taxing corporation franchises he placed himself nearly midway between two political forces. On the one side was the popular demand for the bill, and on the other the intense opposition of the corporations and the party organization managers. He has shown capacity to listen, and also a determination to insist upon maintaining the principle of the measure, which is, for the purposes of taxation, to treat franchises and other such privileges as real estate. In taking this stand he has really made a fight for sound principle in taxation. In refraining from signing the bill, and calling an extra session of the legislature to make amendments as to the methods of applying and enforcing the law, the governor showed a willingness to modify. In the treatment of the opposition he was exceptional, and in standing immovably for the vital principle of the bill he was scarcely less so. Although the new measure fails to lay down a rule of assessment, it does at least incorporate into law a sound and equitable principle of taxation, and establishes the precedent that a governor may have positive views on public policy not shared in by party leaders, to the advantage of the state. In this, it is no doubtful prophecy to say, he will be thoroughly sustained by the people. To insure the full fruits of the law, however, it should have provided that the value of the franchise be determined through the joint value of the stock and bonds.

IN THE *American Journal of Sociology* for May, Mr. Thomas G. Shearman, on whom the mantle of Henry George seems to have fallen, states the doctrine of the single tax in three sentences, thus:

"Tax nothing made by man. Tax everything not made by man. Collect all public revenue out of and in exact proportion to the revenue which some men collect from other men for permission to use that which no man made."

If we tax nothing made by man, then we shall tax practically nothing that has any value. In the last analysis, the value of everything in this world is traceable directly or indirectly to the application of human effort. Strictly speaking, all value is created by man, hence nothing that has value would be taxed. "Tax everything not made by man." All right; tax the sun, moon and stars. Man never was suspected of making these, and, like them, almost everything not made or modified by man has no value for taxing purposes. On Mr. Shearman's plan there is a good deal which would be subject to his single tax, but very little of it would yield any revenue. If the last sentence means anything it means to levy a tax equal to the rent, which is simple confiscation of rent. This is a departure from the position taken in his book, reviewed in this number; he there repudiates the Henry George idea of making the amount of rent the measure of the tax, but asserts that the tax should be levied for revenue and not for the purpose of taking the rent; which is the most rational proposition in his book. But he seems to have slipped back to the original George idea of confiscation.

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THE ADMINISTRATION took advantage of the visit of the Aguinaldo commissioners to Manila to announce the policy to be inaugurated in the Philippines after peace is established. It is as follows:

(1) A governor-general to be appointed by the

president. (2) A cabinet to be appointed by the governor-general. (3) All judges to be appointed by the president. (4) The heads of departments and judges to be either Americans or Filipinos or both. (5) An advisory general council to be chosen by the people by a form of suffrage hereafter to be determined.

The Filipinos are apparently to have no voice whatever in the government. The nearest they come to it is in being permitted to elect an advisory board which has absolutely no power. This comes pretty near being a despotism. The czar cannot get along without his governors-general and heads of departments. It would seem that some representative feature ought to have been introduced, else how can evolution of self-government ever be expected to come? The appointment by the president of a governor-general who shall in turn appoint a cabinet, and the appointment of judges by the president, all are well enough and even necessary, but it would seem as if the Filipinos ought to be admitted to something more than a mere advisory council without power. No form of government should be established by the United States anywhere without having some representation of the people in it. People who are capable of taking no part whatever in government are too low to enter our political system.

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IN REPLY to our criticism of its discussion of the effect of the tariff on the price of wool, the *Boston Herald* says:—

“This is all very well as a theoretical statement, but we would remind our contemporary that there is no fixed price of production for wool. It may cost no more to produce wool in Montana than it does in Australia, or in Texas than it does in South Africa.”

Of course there is no fixed cost of producing wool, any more than of newspapers or a thousand other ar-



ticles; but there is a practically uniform price at which, under competition, they sell in any common market, and that price, as we have often explained, approximates very closely to the cost of producing the most expensive portion continuously supplied. It is the difference between the market price of wool as thus determined, in London and New York, that the tariff affects. It is hardly possible that the *Herald* imagines that wool is any different in this respect from other commodities. What we said regarding the proportion of the tariff being added to the price is exactly as true of anything else under the conditions named as it is of wool.

But the *Herald* reminds us that this is not "what was aimed at by Judge Lawrence and his friends when they forced the present wool duty down the throats of eastern manufacturers." We are not and never have been concerned about what Judge Lawrence and his friends aimed at, but only with what is the economic working of a protective tariff, and this is what we supposed the *Herald* was interested in. The special point we tried to impress upon the *Herald* and upon those who reason from its standpoint is that the dogma that the full amount of the duty is added to the price is entirely erroneous, and all discussions of the subject based upon that assumption are unreliable, and the facts given by the *Herald* in relation to wool prove that we are correct.

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THERE IS NO calling in the community which gives a person a greater opportunity for usefulness than the Christian ministry. But when a minister talks without thinking, or thinks without data, he may become a most efficient instrument for evil. According to a report in the *Boston Herald* of his recent sermon, the Rev. Hiram Vrooman is a case in point. It is often easier to

reason from feelings than from facts—they are more readily obtained,—but in a public teacher, especially a preacher, it is less creditable. After quoting some large figures regarding trust organization, and comparing trusts in the United States to Aguinaldo in the Philippines, the reverend gentleman said:

“The trust is by inherent nature a business despotism—an economic tyranny. Political democracy and economic despotism cannot abide together in the same country at the same time. They are mortal enemies, and one of the two is certain to destroy the other. No free republic can exist where the trust controls the production and distribution of wealth; the republic will yield to the despotism of the trust, or the trust will bend to the democracy of the republic. This is inevitable.”

This statement shows a misconception of the whole trend of industrial history. To say “The trust is by inherent nature a business despotism—an economic tyranny” is simply to talk loud and use adjectives. They are by nature simply large economic enterprises, which are making wealth cheaper, employment more permanent, and poverty less general and severe throughout the community. Unfortunately they have some shortsighted and headstrong leaders, and so has the church, as this sermon shows. If, either through fanaticism in the church or demagoguery in politics, the movement of economic re-organization should be suppressed and a return to small individual concerns compelled, the best results of modern invention would be destroyed. The greatest economy of production, no matter how much concentrated, which makes wealth more abundant and cheap and makes profits depend upon larger consumption of products by the masses, is the surest guarantee of “political democracy.” To call this “business despotism” or “economic tyranny” is ignorantly to give a bad name to a good thing. Whatever makes wealth cheap and man dear helps progress, pessimistic preaching to the contrary notwithstanding.

# CIVICS AND EDUCATION

## CITY ADVANTAGES IN EDUCATION

Cities, like trusts, keep on growing and multiplying apace, oblivious of the army of Mrs. Partingtons who are always striving to sweep back the tide. As year after year and decade after decade come and go, the tendency impresses itself as so uniform, so steady, so irresistible, that even the Mrs. Partingtons one by one tire of their task and carry their brooms back to the more useful, if less heroic, labor of housecleaning.

There are several stages of opposition to every such great economic or social tendency. First it arouses merely a wondering interest, then alarm, then violent opposition and spasmodic efforts to stop and turn it back; then comes resignation to the inevitable, and finally the surprised discovery that it is after all a natural movement, wiser than its enemies, and is working out larger benefits to the race than could possibly have been brought about by any arbitrary reconstruction of society on the lines of this or that imaginary Utopia.

The cities have persistently grown despite protests and warnings, yet not because the city itself is a vicious something, working for the harm of society; it merely represents the result of a great natural movement of society itself. Nowhere has the growth been so rapid and the results so huge as in the United States. Two years ago there were 578 cities in this country, of upwards of 8,000 population, whereas in the opening year of the century there were but six. Moreover, these 578 cities (according to school census estimates) contained 22,531,091 human beings, or 31½ per cent. of the total population, while the six cities of 1800 could boast only a paltry 210,873, or 3.97 per cent. of the entire population at that time. Even since 1890 the city growth has

been most pronounced. During the six years after 1890, 130 additional communities rose above the 8,000 population mark, and the total population living in cities of 8,000 or more in the United States increased by 4,246,706.

Whatever our views of the matter, this is a movement that is certain to go on, perhaps for an almost indefinite period. Not that rural population will actually diminish, but in the nature of things rural industries will demand only comparatively slow increase of population, especially as agriculture makes larger and larger use of machinery. The bulk of the world's increase in population will continuously be absorbed in the enlarging and multiplying occupations of the city. The basis of the city is the great economic and social fact that practically all future expansion in the world's consumption of wealth must be in the line of manufactured products. This means not only a larger variety of industries but many more distinct processes in converting raw materials into new forms of commodities designed to satisfy new ranges of tastes and demands. Such industries are essentially urban in their character.

Cities will grow in size because it is becoming more and more necessary that industry be conducted on a large scale, requiring large factories and large groups of employees. Cities will multiply in number, also, because economy more and more demands that industries be located nearer the sources of raw material supplies. To this fact is due the rise of most of the manufacturing towns in the Central West, and more recently in the South. Cities are bound to multiply in those regions and elsewhere as this feature of economical production becomes more and more important.

There is some reason to believe, too, that urban life will some time become a feature even of agricultural industry, particularly with the development of



cheap electric transit. This may be far in the future, but in the light of the extraordinary development in cities during the last few years it is by no means visionary to imagine a time when isolated farm life will be a thing of the past. Farmers, some day, will be able voluntarily to locate in town centers and go out to their fields, just as thousands of city workers now live in suburban localities and go in to town every day to follow their various tasks.

Our present purpose, however, is not to talk about the general features of this movement, but to show some of the superior possibilities it affords in the matter of education of the young. We say *possibilities*, because it is unfortunately true that the standard of civic spirit in this country has not yet reached a point high enough to provide the full educational opportunities rightfully to be expected from large population and great wealth, grouped together. Indeed, it is possible that in proportion to capacity or ability in this respect, many of our large cities are doing even less for education than the rural districts.

It is hardly necessary to speak of the broad general advantages a large city school possesses in respect to organization, discipline, systematic grading of work, and scientific use of the best methods of instruction. These are perfectly well known and admitted by everybody. It is of more interest just now to see how the city and rural schools in the United States compare, in the matter of enrollment, teachers and their salaries, attendance, amount of schooling per year, expenditures for school purposes, and the provision of extra features such as kindergartens, evening schools and high schools.

Under the first head—enrollment—the country seems to make a better relative showing than the city. Of the total number of school children in cities of 8,000



inhabitants and upwards, 60.93 per cent. are enrolled in the public schools, and of the school children outside of such cities, 73.33 per cent. are enrolled. If we add the private and parochial school enrollment, however, the city showing is raised to 75 per cent. We have no statistics for private and parochial schools in the country and small towns, but the number in such institutions there is of course comparatively small, and probably would not increase the total country enrollment to more than 75 or 76 per cent.

The proportion of children enrolled in the country districts is kept down by circumstances very difficult to reach by law, such as distance from school, and employment by parents in home and farm work. In the cities it is much more feasible to enforce school-attendance laws, and the fact that city enrollment is no larger than country shows laxity and evasion, unmistakably. The temptation to set children at work in factories and stores is very very strong, and either our laws on this subject are not rigid enough, or their enforcement is neglected, and false age certificates accepted with little or no questioning or investigation. It is no excuse to say that the city enrollment is "up to the average." In the nature of the case it should be considerably above the average; otherwise the city is not doing so well proportionately as the country.

But registration figures, while they show the number of children reached, do not indicate the amount of schooling received by each child. Here the advantage is decidedly with the city. The average length of the school term in cities of 8,000 population and upwards is 188.9 days (nearly nine and one-half months); outside of such cities, it is only 122.8 days (about six months and three days).

Turning to the matter of teachers, it would seem again, at first sight, as if the figures were more favor-

able to the country schools. In the city schools there is one teacher to every 48 pupils, while in those outside there is one teacher to every 34 pupils. These figures, however, do not by any means represent the true condition of affairs. The apparently high proportion of teachers to scholars in the country schools is chiefly due to the large number of very small rural schools, where, by reason of the very sparseness of the population, there are not enough school children even to make ordinarily good systematic work possible, while in the larger village schools classes are frequently altogether too large. Thus, the figures for the country schools really represent, to a large extent, two undesirable extremes. On the other hand, the proportion of 48 pupils to one teacher in the city schools is much more nearly a correct reflection of the actual conditions, which are undoubtedly more favorable to effective work than where either very small or very large classes exist.

When we look into the question of expenditures for school purposes, and the salaries of the teachers, the superiority of city possibilities in education is very marked. The annual expenditures per capita for all public school purposes in cities of 8,000 population and upwards is \$3.77; outside of such cities, \$2.10. The contrast is even more strongly marked in the distinctly rural portions of the country. For instance, in the rural districts of the South Atlantic states the annual expenditure is only 93 cents per capita, and in the South Central states 91 cent. per capita. In the cities in these two sections it is respectively \$2.42 and \$1.93 per capita. It is a remarkable and interesting fact that the cities of Montana head the list with a per capita expenditure of \$6.85. The cities of Massachusetts come next with \$5.06, and New York is third with \$4.75. Alabama is at the foot of the list, with 96 cents per capita in the cities and 32 in the country districts. North and South Carolina and Florida are but little better.

The average monthly salaries of teachers and supervisors in cities of 8,000 population and upwards in the United States is \$66.19; outside of such cities it is \$35.31. Despite the fact that city salaries are almost double those paid in the rural schools, only 57.47 per cent. of the total expenses of city schools is devoted to teaching and supervising, as against 68.84 per cent. in the rural schools. The meaning of this is very plain, and is simply that in the cities a much larger proportion of a much larger per capita expenditure goes to provide superior educational facilities, in school houses, materials, etc., and this not at the expense of teachers' salaries but in addition to a city salary rate double that in the country. One can gather some idea of what the facilities in school buildings and supplies must be in certain rural sections of the country from the fact that in Georgia, even with the abnormally low salaries, nearly 91 per cent. of the total school expenditures outside of the cities is required for teaching and supervising, and almost 97 per cent. in Alabama, 88 per cent. in South Carolina; 87 in North Carolina, 89 per cent. in Mississippi, 87 per cent. in Texas, 87 per cent. in Arkansas, 85 per cent. in Kentucky.

Teachers' salaries are highest in the cities of California, where the average monthly pay of teachers and supervisors in cities of 8,000 and upwards is \$89.98, and outside the cities \$62.21. Wyoming comes next with \$83.29 in the cities and \$76.15 in the rural districts. The next highest state in the matter of salaries is (for cities) Colorado, \$82.04; next Montana, \$81.46; next the District of Columbia, \$76.00; next Illinois, \$74.95; next Massachusetts, \$70.90; next New York, \$70.74; and next Oregon, \$70.35. In these latter states the salaries paid outside of the cities are little more than half the city rates; indeed, in New York state the salaries in rural schools average only \$26.18 per month,

which is little better than in the rural schools of Mississippi. Even Louisiana pays \$32.64.

If it were not for the fact that the proportion of women teachers is very much larger in the East than in the West, the Massachusetts salary showing would lead the whole country,—which is very much as we should expect. The salaries of male teachers and supervisors in that state average \$144.80 per month, and of women \$52.20.

With reference to extra educational opportunities, such as high schools, evening schools and kindergartens, the cities of course are very far in the lead. It is in the nature of the case that evening schools do not exist in rural districts where the industrial conditions do not make them necessary. High schools and kindergartens, however, are among the distinct and peculiar advantages that the city has to offer in education. There are a great many high schools in large towns whose population falls just below the 8,000 mark; but, of the total of scholars enrolled outside of the cities, only 2.6 per cent. are high school pupils, as compared with 5.5 per cent. in the cities. In our Atlantic and North Central states, where cities are most numerous, there are 229 and 256 high schools respectively; in the South Atlantic and South Central states, conspicuously rural regions, only forty-two and sixty-four respectively. The total number of high school pupils in the two northern sections is nearly 150,000 and in the two southern sections about 19,000.

No comparisons are possible in the matter of evening schools, but it is worth mentioning that the cities of 8,000 population and over in the United States have 813 such schools, with 183,168 pupils. The great majority of these are in the North Atlantic states—558 schools and 140,053 pupils.

The statistics of public kindergartens are very in-



teresting. Only within recent years has this movement really begun to take hold. It is one of the most encouraging features of our educational progress, because there is a sense in which the kindergarten is an even more powerful factor of social progress than any other branch of the educational system. It is said that Superintendent Andrews, of the Chicago schools, has declared that he would be willing to give up the high school system of that city rather than abandon the public kindergartens; if that is his position he is absolutely in the right of the matter, and is the sort of educator whose influence in that line cannot be too widespread.

The kindergarten is peculiarly a city or town institution. In the cities of 8,000 and over in the United States there were, in 1896-97, 1,077 kindergartens conducted in connection with the public schools. These employed 2,024 teachers and registered 81,916 pupils. In cities and villages of between 4,000 and 8,000 population there were 80 public kindergartens, with 139 teachers and 4,717 pupils. In 1890-91 there were less than 460 public kindergartens reported for the whole country.

Philadelphia has the largest number of public kindergartens of any city in the United States, although not the largest number of pupils and teachers. There are in Philadelphia 122 such kindergartens, with 6,225 pupils and 163 teachers, an average of 38 children to each kindergartner. St. Louis comes next, with 100 kindergartens, 281 teachers and 9,154 children, an average of 32 children to each kindergartner. The third in rank is Boston, with 64 kindergartens, 125 teachers and 38 pupils to each kindergartner. Next is Chicago, with 53 public kindergartens, 108 teachers and 43 pupils to each kindergartner. Milwaukee has 40 public kindergartens, 6,358 pupils, but only 78 teachers,—an average of 81 pupils to each teacher, which is an absurd



proportion. Probably there is some voluntary assistance, but, so far as the city's efforts are concerned, it would seem as if Milwaukee intended her kindergartens to be public nurseries for the amusement of as many children as can be crowded into them, rather than serious attempts to apply the principles of Froebel to child training.

After Milwaukee comes Los Angeles, California, with 32 kindergartens, 71 teachers and 33 pupils to each kindergartner. Next is St. Paul, 27 public kindergartens, 52 teachers and 43 pupils to each teacher. New York has the undesirable distinction of holding only eighth place, with 22 public kindergartens and 25 teachers; but the average number of pupils per teacher is much more favorable to good work than in any of the other cities, being only 23. This poor showing for New York, however, reflects the unprogressive character of the city government rather than the spirit of the very large better class of the population. This is shown by the fact that the importance of kindergartens has been so strongly appreciated that a private association has maintained a number of them for several years past, by voluntary contributions; until at last the sentiment in their favor has become so strong that even the city has been compelled to embody the work in the general public school system. The movement may be expected to grow with great rapidity from now on; in fact, during the last year or so a number of new kindergartens have been started in the New York public schools.

Public kindergartens in Philadelphia, St. Louis and Boston were established before 1890; in Chicago since that year: the exact dates for the other cities mentioned are: Milwaukee, 1886; Los Angeles, 1890; St. Paul, 1892; New York (at first only two in private institutions but supported by public funds) 1886.

Anniston, Alabama, holds the record for heroic treatment of the kindergarten problem. There is in that city one public kindergarten, one teacher, and 122 pupils! The teacher may have some assistance, but if so it is voluntary, or supplied by student kindergartners, and not due to any prodigal generosity on the part of Anniston.

That kindergartner should have a monument and it should be erected at once, while she yet lives and labors. When the time comes for an inscription, if it be no more than "She hath done what she could," it will be high and ample praise;—indeed, the highest praise possible to any teacher under similar circumstances. Presumably this kindergarten was introduced as a doubtful experiment, upon which it would be impossible to spend too little money; and perhaps the future expansion of the system in that neighborhood is to depend largely on the success of this teacher in re-working the miracle of feeding the five thousand.

There is one other kindergarten in Alabama, however, in the village of Bessemer. The teacher there has only seventy-five pupils, which is even better than Milwaukee, and luxury compared with Anniston; doubtless she commands a proportionately low salary in order that the public may get its money's worth.

As we have said, while the cities offer the greatest opportunities, show the greatest progress, and afford the largest proportionate amount of high-class educational work, they have not completely fulfilled the obligation that their vastly superior ability imposes. This is particularly true of the metropolis. Proportionately to its size and wealth, it is at the foot in respect both to public kindergartens and high schools, while hardly anywhere else can it be said that ordinary grammar grade pupils are ever turned away for lack of accommodations. The general forward movement is

too strong, however, to be held back by reactionary forces anywhere. It is of immense importance that New York should be in the front rank in liberal and progressive popular education, because of its exceptional opportunities for exerting widespread influence. At present the standard of fulfillment of municipal duty in this respect is being set by other and younger cities, which at least shows that the cityward movement to-day is producing more sound and hopeful results than formerly. It is more difficult to reform an old conservative mass than to start right with a small new group; that is why New York lags behind. Not until the metropolis develops civic self-consciousness, and the sense of pride strong enough to produce determination, will it outgrow the need of goading and boldly step into line with the pioneers. Even if the standard of actual leadership in each successive period is raised in newer and smaller centers, New York should at least not fall below the high general average of what the coming city is to do for each coming generation.

## CIVIC AND EDUCATIONAL NOTES

Here is an amusing incident,—suggestive, too,—reported in the columns of the *Charities Review*. A

A Slum  
Experience

Brooklyn school teacher sent a little Italian girl home, “with the order to have her mother wash her until she was clean.

“The child returned shortly afterwards, accompanied by its enraged mother, who said some things not really polite to the teacher, finishing with, ‘She is washed now, anyway.’

“The only visible evidence of a bath was a clean spot around the little one’s mouth and nose. The teacher told the mother that she had meant that the child should be thoroughly bathed. ‘She should be put into a tub and washed,’ she explained.

“‘What! in a tub?’ the woman exclaimed. ‘Why, that would kill her! And, besides, she’s sewed up for the winter.’”

It may not be a “sample case,” but we strongly suspect it is. There might be some hope of arguing a few such parents out of the “sewing-up” custom, but when for each convert to cleanliness half a dozen new sets of inaccessible and unwashable infants are brought into the country, we are a little worse off than the back-sliding toad in the well. It is said that the American common school system is a cast-iron stomach, capable of digesting anything that is put into it,—but this is a delusion. There is a limit to any stomach’s capacity for embalmed food.

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What certain Scotch and English cities have been attempting in the way of municipal tenements and lodging houses, private capital is supplying in American cities as fast as the economic possibilities of that line of investment warrant it. The two Mills Hotels, in New York,

have been in operation long enough now to prove that sanitary, commodious, and almost elegant lodgings, with all modern conveniences, and wholesome meals, can be furnished profitably at very low rates. Mr. Ogden Mills, son of the builder of the Mills Hotels, and Mr. Ernest Flagg, the architect, have just bought twenty-two city lots, at Tenth avenue and Forty-second street, on which they will erect eleven model, fireproof tenements, constructed almost exclusively of metal and stone. Each tenement will be square, six stories high, and accommodate 450 families. In the center will be a large courtyard, so that all the rooms will have plenty of light and air. There will be no dark halls; all apartments will connect directly with the stairways. The average rental per room will be \$1.00 per week, and at this rate the investment will yield about 3 per cent. profit. The *Charities Review* comments very wisely on this undertaking:

“Nothing is said in this plan about philanthropic motives, and no appeals are necessary to secure the funds. The investors are interested in seeing the poor well housed, but their investment is not for charity. When we stop urging the charitable features of a number of things, in which philanthropic people may be interested, and present them as business propositions, the chances of social progress will be increased. Philanthropy is a strong motive force, but the prospect of sound business investment is stronger. And, indeed, there is no philanthropy more commendable than that which adequately meets for a fair compensation a recognized need of the community, whether that need be of sanatory homes, of pure foods, or of transportation facilities. The community, that is, the masses, is able to pay the man who does it a needed service.”

This applies, by the way, to municipal paternalism quite as forcefully as to private philanthropy.



## SCIENCE AND INDUSTRY

### POWERS AND PERILS OF THE NEW TRUSTS

Ten or a dozen years have now elapsed since the trust movement in this country began to assume really formidable proportions; yet the material conditions of the people gradually improve, and the republic still endures. Probably no great natural movement or tendency in the world's history ever brought out such universal protests and dire prophecies of disaster as this modern tendency of capitalistic combination. It has been declaimed against, preached against, flayed in the press, denounced in all political platforms, and attacked by professors of political economy with all their resources of scholarly exposition, showing the industrial despotism and thralldom of the masses that was sure to come, and uttering solemn warnings. "Combinations in restraint of trade" have been outlawed by nearly every state in the Union, and even by national legislation as far as it could be made to apply to the subject. Yet the trusts march on, and the laws step one side, because in not one case out of a hundred is it possible to show that they are combinations "in restraint of trade;" until, it is estimated, about four billion dollars of the capital invested in productive industry in this country has now come under some form of trust organization, and more than one and one-half billions of this during the last five months.

Is it not a little strange that, in spite of all this, the long promised cataclysm has not yet arrived,—in fact, seems farther off than ever? Was there ever anything so remarkable in the world's industrial history as this tremendous, silent revolution that has been going on right under our eyes, yet so smoothly and naturally as to create hardly a ripple of disturbance in the great

economic round of daily production and consumption? The average man would hardly have had cause to suspect what was taking place, but for the deluge of newspaper warnings. True, as the consolidation went on some factories, generally the poorer ones, were closed down, but that had happened over and over again in the natural course of free competition. Again, employees were discharged in many instances, but that too was no novelty. It had always occurred whenever a concern failed or a plant suspended operations because of inability to keep in the race. The laborers under such circumstances have always had to seek employment in other establishments; some of them, perhaps, remaining in idleness until the growth of business created new demands for labor. Hard as it is, there has been relatively no more difficulty about this re-adjusting process in recent years than formerly; in fact, at present the percentage of non-employment is very small indeed, and the question is chiefly one of finding the right sort of men for the different kinds of work to be done. As to ruin of small competitors, it has actually been a great cause of complaint against many recent trusts that they have taken in and saved groups of old and poor concerns that would shortly have gone to the wall anyway, making the productive part of the trust carry the burden of these unprofitable plants.

Neither in respect to small industries or their employees, therefore, have the trusts brought any new and unusual hardships. From the community's standpoint, it is notable that during the past year the growth of trusts and revival of business prosperity have come along hand in hand. Whether there be any connection between the two or not, it is clear that the one has in no way had the effect of preventing or destroying the other.

This has become so conspicuous, staring everybody

in the face, that public sentiment in many quarters is changing towards the whole problem. Old standard newspapers, the very ones that have persistently attacked the trust movement for years, are coming to discuss the matter in a markedly different spirit. Lecturers on the subject need not quite exhaust the dictionary of vituperation in order to get a hearing. Still, opposition has by no means died out. No political party as yet dares descend to mildness even, in its references to trusts. "Down with them!" is to be the chief rallying cry next year of one of the great political parties at least, and the other will meet this by trying to show that it (the party) has done more to stamp out trusts than has its opponent. Each party must be a St. George to some dragon, and what more convenient dragon is at hand than the trust? What would a political speech amount to without some hideous oppressor writhing on the rack, and the orator turning the screw?

But the opposition is not all mere "ranting," by any means. There is a well defined feeling among a large group of people not usually moved by mere prejudice, that we are rapidly drifting into a condition extremely perilous to industrial and political freedom and progress, even though these results are not yet manifest. They ask, in alarm, whether we shall not soon reach a point where, all competition being killed, the trusts will throw off all restraint and manipulate prices, wages and legislation precisely to suit themselves. They seem to see every avenue of individual effort closed, especially to men of small means, and the whole community reduced to the status of wage earners who will have no choice between serving the trusts and facing starvation. They are possessed of a dread that the outcome of all this will be one universal trust, controlling and disposing of everything like a mediæval despotism.

These are the powers commonly supposed to lie in the hands of the trusts, or that will lie in their hands absolutely if the movement continues much longer.

Now let us see what ground, if any, there is for all this alarm. Are the trusts all-powerful, or likely to become so? Before we can answer this we need, first of all, to find the source of what power they do possess. It is not in any arbitrary ability permanently to raise prices, reduce wages, and control the output. Many foolish attempts have been made to do exactly these things, and, except where there was some real economic justification for the step taken, they have disastrously failed. Several wheat "corners," the whiskey trust, copper trust, cordage trust, the nail and other attempted combinations in different branches of the steel industry, are examples of what comes of economic folly. Now, when these experiences are contrasted with the steady and permanent success of trusts which have adopted the opposite policy of permanent economic improvements, reduction of prices, and fair dealing with employees, it furnishes a very powerful object lesson to new trusts. Some, of course, have not profited by it yet, but they will encounter the penalties of their predecessors until they do.

It is not surprising that this should be so. A mere trade agreement between a group of concerns does not and cannot abolish competition. "Corners" cannot succeed. They must go on buying up every new competitor that appears in the field, but this cannot continue very long without completely destroying the profitableness of the business. It was this, chiefly, that brought about the collapse of the "corners" just enumerated.

The threat of new outside competition is more constant and powerful to-day than ever before. No trust organization can safely ignore it. One of the chief



reasons why it is becoming so important a factor is the rapid growth of our surplus capital. Industry has been so profitable in this country that we have gradually accumulated a great fund of surplus, and, instead of trying to borrow money abroad, our capitalists are actually seeking opportunities to place foreign loans. Interest rates have steadily declined. Railroad after railroad has been going through financial re-organization, refunding its bonded indebtedness at from one to three per cent. lower rates than were previously paid. Capital, instead of being difficult to obtain, is eagerly watching every opportunity for profitable investment. This means that nobody can have any absolute control over prices. A new method or invention in productive processes, if obtained by some actual or possible rival, is likely to undermine a trust at almost any time. Their only safety lies in maintaining the lead in introducing every possible improvement and economy, and thereby keeping the price on a steadily downward movement which competitors cannot follow.

A mistaken policy on the part of a vast industrial concern is a far more serious matter than the common daily errors in the conduct of a small business. That it is a very serious matter to maintain the constant supremacy of these immense concerns is shown by the necessity they are under of securing as officers and managers men of the greatest energy and ability that money can find. Indeed, it is pure folly to imagine that great power can exist without great responsibility, or can increase without making discretion and just conduct more and more essential. The great rough balance that exists everywhere in nature and keeps it right side up and in stable equilibrium operates also in economics, and prevents any permanent, one-sided monopoly of power and privilege.

The situation to-day in this trust matter shows how



true this is. We have been so impressed by the enormous growth of the trusts themselves as almost to overlook a fact of equal importance,—that competition also has been growing more and more keen, even though it is fighting now with larger weapons, and not with a multitude of staves and spears as under the system of small individual industry. The Standard Oil Company, perhaps, comes as near being an industrial monopoly as any concern in this country, yet it has either never cared to or been able to obtain control of some twenty-five or thirty independent refining companies, more than fifteen of which have from \$100,000 to \$1,000,000 capital and are quoted in the standard commercial rate books as establishments of good credit. Should this company, through some strange freak of management, reverse its established policy and try to restore the oil prices of several years ago, there is no doubt but that capital would be put into many of these outside plants, and into new oil fields, and powerful competing industries built up. The Standard maintains its position only by keeping prices at a point so low that only a few well situated outsiders can compete.

The sugar trust for several years after its formation had practically no competition. Now, however, for a year or more a fierce fight has been in progress between the sugar trust and the Arbuckles, which seems no nearer conclusion than ever. But, it is stated on quite definite official authority, that if at any time these competitors should combine there are at least two new syndicates ready and waiting to enter the field, one operating in Maryland and the other in New York. It is even more difficult to monopolize this business than the refining of petroleum. The one fact of the rapid growth of free capital seeking investment is a force tending to keep all such industries at the point of greatest efficiency and lowest prices, infinitely more power-

ful than all the legislation that could be devised for that purpose.

Much the same situation is developing in the case of paper manufacture. About seventy-five or eighty per cent. of the producing capacity of the country was brought into the recently organized paper trust, but there is already vigorous competition outside, and prospect of rapid growth of new independent concerns. The *New York Journal of Commerce and Commercial Bulletin*, a pronounced anti-trust paper, is authority for this information. According to the *Shoe and Leather Reporter* precisely the same condition exists with reference to the leather and rubber goods trusts. "There are a number of outside companies," it says, "who are holding their own and maintaining a high standing in the trade."

Even in lines of business that seem to be in their nature as nearly monopolistic as it is possible to be, there has recently been an unprecedented amount of competition. The severe fight among the gas companies in New York city has brought about a reduction, by some of the companies, to 65 cents per thousand feet, and by others to 50 cents, while the uniform price before was \$1.10. It is not probable that this state of affairs will continue long, because the price quoted is probably just about at the cost point of production. A consolidation may be effected and a somewhat higher uniform rate established, but it is safe to predict that never again will the former price be reached. If it gets above 85 or 90 cents, there is really nothing to prevent the entrance of still other competitors, as in the present case, anxious to share the profits at that rate. This has not been confined to New York. Other cities have recently secured considerable reduction in gas rates, and still others are considering propositions from competing companies to furnish gas much cheaper than at present.

This is also true in the case of street railway transportation. The steady tendency is to give us better cars, faster time, and cheaper service through the increased mileage covered by a five cent fare, and extension of transfer arrangements. In New York this movement has been so extensive lately that the suburban movement is really taking on enormous proportions. Competition between the elevated and surface lines, added the pressure of the public demand, has, within the last few months, produced most important results. The elevated railway is to change its motive power to electricity, equip its line with new cars and establish express train service. The Metropolitan is continually extending the area of transfers, and now the Third Avenue road has arranged a transfer system with the Manhattan Elevated, and also with the Union trolley lines in the Bronx Borough, so that it is possible to go from the City Hall to New Rochelle on Long Island Sound for eight cents. In Brooklyn, which is the competitor of New Jersey and Westchester County for suburban business, a recent re-organization has already given more rapid and cheaper long distance service, and very soon the old engines and trains of the elevated roads are to be replaced by electric cars running on express train schedules.

If, therefore, competition does remain in active operation in some form or other, even in such cases as these, is it not an idle fear that it can ever be abolished in all the open and not naturally monopolistic industries? There is no reason whatever to suppose that the whole field can ever be monopolized in any line of industry. It may be comparatively easy to combine half<sup>or</sup><sub>two</sub> or three-fourths of the large establishments in an industry, but it is immensely difficult to get a much larger proportion. The difficulty doubles and trebles with every new step toward the hundred per cent. mark, until further effort

becomes altogether more costly than it is worth. It is like the old catch-problem of finding how long it would take to reach the end of a road by traveling half the remaining distance every hour. Progress at first is rapid, but obviously it is impossible ever to reach the end.

But even if the amount of actual competition is reduced to very narrow limits, the possibility of new competition always exists; and, as we have pointed out, its probability increases with every increase in the surplus capital of the community. This is potential competition, and as industry becomes organized on a large and finely balanced scale it is not one whit less effective than the actual. Another important point is this:—potential competition, especially with respect to small employers and wage earners, is far more merciful and humane than when the warfare is actually on. We are forever hearing competition exalted and glorified almost as a sacred institution, of inestimable benefit to the entire community, but as a matter of plain, hard experience, it is only a part of the results of competition that is really beneficial. Its actual working, as between a multitude of small rivals, is attended with all manner of heartlessness and immorality, failure of employers and discharge of employees. The trust movement is tending to abolish these painful features by gathering the bulk of the concerns in various industries into large and permanent organizations. As these become thoroughly unified, the plants they control will have to keep in operation, some way or other, like railroads, however the management may change. At the same time, by the force of potential competition, the eagerness of idle capital, and the threat of new inventions in the hands of outside parties, we shall get the benefit of cheaper commodities the same as if the competitive struggle and slaughter were actually going on. The present movement in both these directions is tending, at least, to



give us an industrial system as nearly ideal as seems within the range of economic possibility.

The wage earner will not be injured. Alongside the organization of capital comes organization of labor, and this means more and more that industrial peace is absolutely necessary to the success of large concerns. As we have pointed out in another connection, the larger they become the greater the necessity of smooth operation and the more disastrous is interruption or strife. A prolonged strike or shut-down would be almost ruinous to very large concerns, while giving competitors a free hand in building up a rival business. This fact makes it more and more important to grant the reasonable demands of labor. Trade union organization in the hands of the laborers is a more effective weapon against large concerns even than against small ones, because the penalty they can inflict is immeasurably greater. Many large concerns appreciate this so keenly as to forestall trouble by voluntarily granting wage increases. This has been very conspicuous, lately, in the case of the steel, tin plate and leather goods trusts.

Nor is the man of small capital to be crushed. He cannot, it is true, engage with much chance of success in many of the old established lines of manufacturing industry, but this by no means implies that he has no opportunity for individual investment. On the contrary, the very growth of corporations and trusts opens a broader field for a small investor than ever before. Perhaps he cannot start a plant of his own, but he can buy stock, however small the amount, in any one of hundreds or thousands of different enterprises and share in its management. These opportunities constantly increase. It is now possible for men of experience and peculiar skill in any special direction to gather together the large or small accumulations of hundreds of



other people and carry on an industry that is much more likely to be profitable to them all than if each man tried to start a small business of his own. If a man happens to be a poor manager, the fact of owning his own little establishment is of no use or advantage to him. It is much better to succeed as a joint owner, employing trained and skilled management, than to fail as the incompetent sole proprietor of one's own business.

The fear that the trusts will finally control all legislation is equally groundless. At first, a decade or so ago, large corporations undoubtedly did exert a powerful influence in controlling legislation in certain directions, but the very fact that this was done in a few instances caused so great a reaction in public sentiment that the whole tendency has been to the opposite extreme ever since. To-day legislatures vie with each other in passing measures restricting the powers of corporations or increasing their taxation, while it is almost impossible for these concerns to get any legislation definitely in their favor. It is only necessary to look over the statute books throughout the country for the last few years to verify this. Every year sees increased anxiety on the part of legislators to make a record for anti-capitalist activity. There is not the least reason to suppose that this tendency will diminish. To just the extent that trusts fail to justify themselves to the public, or attempt unscrupulous methods either in business or in legislation, political hostility to them will continue.

Finally, we come to face this bugbear of a great universal trust which is to absorb everything and rule us by its own sweet will. Here again a very simple test reveals all the reasonable probabilities. Just as in the case of the permanence and stability of separate trusts, the limit to size and extension will be fixed by

the test of greatest productive economy. If it is found that several different kinds of industries can be conducted jointly more economically, and hence more profitably to the owners and with lower prices to the public, consolidation will go on to that point, but no further. If a combination is formed, in which the effort to handle two or more different kinds of industries under a single management proves more wasteful and awkward than the old plan, it will break down. New competition will be invited into the field, and former conditions will return. As productive methods become more and more highly specialized, and expert management more and more a real science in each different field, separation of very unlike industries becomes even more necessary to good results than formerly. An expert in the sugar refining business, for instance, if placed also in charge of piano making or cotton manufacturing, would probably hamper both those industries and perhaps before long render them unprofitable by his bungling interference. It is impossible for one mind to be supremely expert in three or four different fields, and this simple limitation of human capacity prohibits the universal trust.

Not even if the actual running of each business were left to special experts, and only the general business policy put in the hands of a joint committee, would success always come. Different industries require different general business policies quite as much as different factory management. It would be hard to imagine a more inviting field for competitors than one in which, for instance, a miscellaneous collection of industries such as oil refining, cloth manufacturing, wheat growing, stock raising, railroad managing and store-keeping were in operation under the joint direction of one committee of managers, each with a different idea of business methods. Such a combination would be so

grotesquely unnatural, cumbersome and inefficient that it probably could not last six months. It would be a more easy victim to innumerable outside assaults in specific lines than even the sleeping Gulliver to the Lilliputians.

Indeed, it is not altogether unlikely that after a few years there may be a dividing up even of some of the trusts already organized. Senator Depew, whose opportunities for insight into general industrial conditions are perhaps as broad as of any man in the country, takes this view very strongly indeed, and even believes that we shall finally return to the conditions of a decade or more ago. This does not seem very probable, except in the case of useless and unwieldy combinations; but it would undoubtedly be true of any attempt to unite a large number of wholly different kinds of industries under one management. The grouping of each industry by itself seems to be the natural point of greatest economic efficiency; but if, in time, a real advantage is found in still wider combination along certain lines, that will come. These larger trusts, however, would be subject to exactly the same perils as we have shown exist at present. The difficulty and danger of moving counter to public welfare increase as the trust grows and exposes fresh points of attack. The only protection to economic vulnerability is economic wisdom.

While the general trend of this whole movement affords no ground for sensational alarms as to its consequences, present or future, there are likely to be many serious disturbances in its progress, due to the ignorance or selfishness of individuals connected with it. This is and will be true wherever a speculative "corner" is organized to force up prices; or wherever a set of irresponsible brokers organize a highly over-capitalized trust and sell out their holdings, leaving the concern to

flounder around as best it may, and perhaps fail for want of any real economic welding force within it. This is true, too, wherever either corporations or trusts try to interfere with the legitimate organization of labor, or to reduce wages and exact longer hours of labor.

The great duty of the hour is to discriminate between the movement itself and the follies of individual bunglers. Most of the latter—"corners" for instance—bring their own economic penalties more promptly than any legislative ones that could be applied. In the case of stock watering, if the increased capital does not really represent a corresponding earning capacity, failure is certain. A few more experiences of this ought to be enough to prevent either the owners of industries from transferring their plants or owners of capital from loaning their money in aid of unsound reorganizations. Where capital interferes with the right of labor to organize, the law might properly step in and provide severe penalties for any attempt to black-list or intimidate wage earners, or break up their organizations, or require them to forswear trade union membership as a condition to employment. The duty of the public lies in watching these points, not in passionately opposing this great economic movement of society; which, as it gradually rids itself of error and attains its full possibilities will give us permanent industrial efficiency and security. At the same time, the trusts must learn that after all the public, as consumer, competitor and lawmaker, is the real and final master of the situation. Whenever the people cease to share, and share liberally, in the benefits of this movement, its end is come.

H. HAYES ROBBINS.



## SCIENCE AND INDUSTRY NOTES

In our March number we gave a complete list of laws existing in the various states with reference to hours of labor and employment of children. To this should be added a new law recently enacted in Nebraska prohibiting the employment of children under ten years of age in factories or stores and providing that children over ten years and under fourteen must not be employed unless they attend school at least twenty weeks during the year.

Our Consul-General at Calcutta, Mr. R. F. Patterson, sends to the State Department the following table of monthly wages in India:

Description	Bengal	Madras	Bombay
Able-bodied agricultural laborer.....	\$2 15	\$1 80	\$2 50
Cotton mill labor:			
Unskilled .....	2 00	1 90	2 50
Skilled .....	4 50	4 00	5 50
Household servants .....	2 85	2 25	3 00
Common masons, carpenters and blacksm'hs	4 00	4 70	7 50
Syce, or horse keeper. ....	2 00	2 00	2 50
Railway labor:			
Unskilled .....	2 00	1 60	2 12
Skilled.....	4 20	4 00	4 40
Coolie labor .....	2 00	1 90	2 25

The districts from which these figures are taken include the great cities of Calcutta, Madras and Bombay, and the wages are higher than elsewhere in India. Statistics are also given showing the average retail prices, during 1898, of the food grains consumed by the laborers. Nine different kinds of grain are mentioned, including rice, wheat, barley and maize; frequently several of these are cooked together, and the



quantity consumed by each person is about  $1\frac{1}{2}$  pounds per day, costing on an average  $2\frac{1}{2}$  to 3 cents. This would be perhaps 75 cents per month, and it is clear that a laborer who may have a family to support, rent to pay, however low, and clothing to buy, however cheap, is absolutely prohibited from sharing in any phase of life beyond the interminable struggle for mere physical existence. We are assured, however, by recent prophets of Buddhist philosophy as the coming regenerator of the race, that this barbaric condition is favorable to high spiritual development; and, indeed, there are some who actually seem to believe it.

Not long ago the United States Department of Labor made an investigation of the economic aspects of the liquor problem. Without discussing here the question of the social and moral effects of the liquor business *per se*, there is one point of purely economic interest brought out in this investigation which is well worth noticing. It has to do with the effects of industrial combination upon wages and employment. The report furnishes one concrete illustration, at least, of the results that follow this concentrating movement sooner or later in practically all industrial experience.

Economic Con-  
centration in  
the Liquor  
Business

The figures collected by the Department cover the period from 1880 down to 1896, but the statistics to which we now have special reference are shown only for the years 1880 and 1890. In 1880 the number of establishments engaged in the manufacture of alcoholic liquors in the United States was 3,152; in 1890, 1,924. Notwithstanding this decline in the number of concerns, the total capital employed increased from \$118,037,729 in 1880 to \$269,270,249 in 1890. In other words, the average capital per establishment increased from \$34,434 to \$139,953 in the decade.

This, of course, means that the movement towards consolidation of small into large establishments has been going on in the liquor industry as in so many others. As will be seen, this involved the closing of a considerable number of establishments; or, in many cases, no doubt, combination of the plants of smaller concerns with those of larger. The popular feeling and belief on this matter is that the closing of establishments or absorption by others means permanently throwing large numbers of workmen out of employment and reducing the wages of those that remain. That this is absolutely untrue has been demonstrated by various official and other investigations of the course of modern industry. The usual result of consolidation is such an increase in the business that the number of employees, instead of being diminished, is actually enlarged within a short time. Not only the men temporarily discharged at the time of the consolidation, but additional supplies of labor, are ultimately required in the same identical industry.

This fact is entirely borne out in the case we are citing. Although the number of industries decreased, the total number of employees increased from 33,689 in 1880 to 41,425 in 1890. The total wages paid in 1880 amounted to \$15,078,579; in 1890, \$31,678,166. In other words, the average wages per employee increased from \$444 to \$764 per annum, while at the same time the number of employees increased nearly 25 per cent.

Another result was a great increase in the aggregate product of the industry, the total value of the output in 1880 being \$144,291,241, and in 1890 \$289,775,639. Of course, it goes without saying that this does not represent increased price of the product, but a very much larger total output; in other words, a larger consumption,—which in the case of almost any other product of industry would represent just so much

distinct social gain. The economic tendency of industry in general is shown by this just as clearly, however, though the particular illustration now happens to be liquors instead of cloth, shoes, sugar or oil. The total value of product in 1890 was made up as follows: wages \$31,678,166; raw materials, \$80,230,532; miscellaneous expenses, including rents, taxes, special internal revenue taxes, insurance, repairs, interest on cash used in business, and sundries, \$113,726,594; leaving \$64,140,347 of economic surplus in the form of interest and profits.

To summarize, the net results of the process of consolidation have been, first,—fewer concerns with larger capitals; second,—a larger total number of employees; third,—an increase of almost 75 per cent. in the average wages per employee; fourth,—a great increase in the total output of product; and fifth,—no decline apparently in the profitableness of the business; or, if there has been such a decline, certainly the rate of profit realized in 1890 is not one to give any cause for complaint as to the possibilities of the business, however closely pressed some of the less favorably situated producers may have been. In other words, there was a substantial gain at every point, and it came entirely out of nature as the result of the improved methods of manufacture and the consolidation and better management of the industry. And, it is to be remembered, given similar conditions economic laws work out similar results, sooner or later, in all lines of industry, whether or not the showing for any particular period is quite as marked as in this particular case.

## CURRENT LITERATURE

### “CROOKED” REASONING ON TAXATION\*

The most formidable contribution to single tax literature since the death of Henry George is a book on “Natural Taxation” by Thomas G. Shearman. Mr. Shearman is not a single taxer in the sense that Henry George was; he is a free trader of the most extreme type, and espoused the single tax doctrine as an instrument of *laissez faire*. He appears to have the faculty of assuming that for things to be made plain they must be greatly magnified. The real character of the book is clearly revealed in the first thirty-eight pages, five of which are devoted to charging all the ills of mankind to bad taxation, and the remainder to denouncing “crooked taxation,” which is his vicious name for indirect taxation. And, it is safe to say, thirty pages of more “crooked” reasoning it would be difficult to find anywhere. Here is a sample of his method of discussion (pp. 8-9): It tends “to make the rich richer, and the poor poorer. . . . to force into existence a class of wealthy men, whose income depends upon legalized robbery. . . . It is crooked in its operation, crooked in its form, crooked in its motives, crooked in its aims, crooked in its effects, and, as fits a system inherently crooked, it is especially crooked in its influence upon the well-being of society . . . . It never arrives at the point which is its professed aim, and it is never meant to arrive there by those who control it. It never produces the chief results which are expected from it, even by its inventors, and it never produces any of the results which they publicly profess to expect from it,

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\* *Natural Taxation*, by Thomas G. Shearman. Doubleday & McClure Company, New York. Cloth, 268 pp. \$1.00.



except in rare cases, in which their secret calculations are entirely at fault."

Of course it can hardly be expected that a person who can reel off that sort of thing could discuss with fairness any phase of a public question which did not meet his fancy. Like most single tax advocates, however, he seems to have no definite idea of what constitutes the distinction between direct and indirect taxation. While violently denouncing indirect taxation as being all that is wicked, he advocates a single tax levied exclusively upon land under the evident delusion that a tax on land is a direct tax, whereas it is the most indirect of all taxes.

If there is any meaning to economic terms, a direct tax is a tax which is wholly paid by those upon whom it is originally levied, a tax that cannot be shifted. A tax on anything that is bought and sold can be shifted. It is only a tax falling on property that is not sold that is non-shiftable. Land being the source of the production of all salable commodities, a tax levied on land will adhere to the value of the products in exactly the same way as will any other item of the cost of production. As often pointed out in these pages, a tax on land and other real estate is probably the most equitable of all the taxes, solely because it is the most indirect. Its very indirectness insures the equitable distribution of the tax throughout the community, a distribution which takes place not by any wisdom of the assessors but by the silent imperceptible movement of unconscious economic distribution.

In the chapter on "Crooked Taxation," Mr. Shearman indulges in so much that is extravagant and unreal that it might readily be assumed that the remainder of the book is not worth reading. Yet this would not be true. There is much that is good in the book, though almost everything that is bad in this chapter.



Protective tariffs, about which he thinks nothing too vile to say which is not too shocking to print, he asserts are secured by open and flagrant bribery of voters, purchase of congressmen and debauchery of the public,—as if the American people had never voluntarily voted for a protective policy. After dealing in this kind of indiscriminate denunciation, he proceeds to construct some tables showing the colossal burdens heaped upon the people by indirect taxes, the basis of which is mostly colossal guessing.

To illustrate, he says (page 33): "Labor commissioners have repeatedly inquired into the savings of laborers, with the result of fixing these at not more than 5 per cent. of such incomes under \$500, after all taxes have been paid. As taxes consume, directly and indirectly, at least 15 per cent. of a laborer's average income..."—etc. Now, it is impossible for any labor commissioner accurately to have fixed the savings of laborers at 5 per cent., for there are no data of their savings. Savings bank deposits are frequently referred to as representing the savings of laborers, but nobody knows better than Mr. Shearman that they represent nothing of the kind. In exposing the fallacy of this claim, on one occasion, Mr. Shearman stated that his own wife had six savings bank accounts, in as many institutions. A careful investigation has shown that but a small proportion of savings bank deposits belong to wage laborers.

His statement that "taxes consume, directly and indirectly, at least 15 per cent. of a laborer's average income," is another guess. He doubtless makes this assumption on the ground that laborers consume some taxed articles; if he has any means of knowing how much that is he does not indicate the fact. But even if it were true that taxes add exactly fifteen per cent. to the price of all the laborers consume, that would not prove that this was ultimately paid by the laborers.

One might as well say the import duty on sugar is paid by the importer or grocer; it is not; they shift it. In the long run the laborers shift the addition to the price of the articles they consume, with about the same accuracy as sellers of commodities. Economic forces work with as much accuracy in adjusting the price of labor as of sugar, cloth, iron or steel. This has been demonstrated by experience over and over again, in periods of fluctuation in the price of commodities which enter into the laborers' living.

Even so arbitrary a monarch as Henry VIII was unable to evade the consequences of this economic law. By debasing the currency he cut the purchasing power of the shilling in two, but he could not make the new shilling buy more than half the old one. Prices doubled, and so did wages. For thirty years before the debasement of the currency wheat averaged 8s. 7½d. per quarter, and wages were 2s. 10d. a week. For the thirty-two years after the debasement the price of wheat averaged 15s. 8d. and wages 4s. 7d. The same effect was produced during our civil war by the depreciation of the greenbacks. As the money fell in purchasing power prices rose, and as the prices rose wages followed, and, conversely, as the value of money rose toward par (1865-1879) prices fell and wages declined with the prices. In this way a large part of the taxes is shifted by laborers as effectively as by manufacturers and shopkeepers.

Part of his method in rolling up this mountain of burden, to look at which is enough to make every laborer feel that he is a pauper, is to assume that all tariff duties are added to the prices of commodities, and also a profit on the duty, so that the effect is swampingly cumulative. To make this appear to good advantage, he takes pottery as an example; an industry in which there is a tremendous cost in handling,

through breakages. He says: "The nominal profit of dealers is rarely as low as 50 per cent. This profit is charged, as a matter of course, upon the duty as well as upon the cost." This sort of reasoning makes one take a long breath. Of course, the handling of earthenware, or articles that are very perishable, is a part of the cost of the production of these articles. It may be true that in order to cover the breakage in handling fine glassware in retail trade it is necessary to put the retail price at double the factory cost, just as it is necessary for the grocer in selling strawberries to allow for the cost of a few spoiled boxes. To assume, because in the handling of a particular article where breakage makes the difference in cost of production between the factory and retailer very great, that therefore a profit of 50 per cent. is added to the duty upon this and other products, is really more like ranting than reasoning. If the dealers can add 50 per cent. profit on what they pay as duty, why cannot they add 50 per cent. on what they pay as cost of production? They would be glad enough to do it, but competition would prevent any such bonanza-creating device. The importer can no more add 50 per cent. profit on the duties he pays than he can command 50 per cent. profit on any other investment.

Still another item in this monument of burden is made by assuming that the price of domestic protected goods is increased to the full amount of the duty imposed on the imported goods of the same class, an assumption which is flatly contradicted by the facts. Take, for instance, wool. There is to-day an import duty of eleven cents a pound on wool in the fleece, and the *Boston Herald* and *Springfield Republican* and other free trade papers are declaring that protection is a failure because the price of wool is no higher here than in London. During the entire period of the McKinley tariff, with the exception of a month or two at first, the

increase in price was never equal to the duty, and the average increase for the whole period was not one-fourth the amount of the duty, being less than three cents a pound, while the duty was twelve cents.

As we have pointed out many times, there are some instances, where the product is nearly all from abroad as in the case of raw sugar, in which the duty will all be added to the price. There are cases, as Bermuda potatoes and Nova Scotia coal, where none of the duty is added to the price, the obvious reason being that the duty is not equal to the difference in the Bermuda or Nova Scotia cost of producing, and our own. In other cases, where the cost of production is higher here, but not as much higher as the amount of the duty, as for years has been the case with wool and other products, part of the duty is added to the price and part paid by the exporting country.

With this economic movement Mr. Shearman seems to be wholly unacquainted, but on the *a priori* assumption that all the duty is added to the price and that it is added to all equivalent articles produced in this country, which is obviously untrue, he constructs another table (p. 27). In this table he gives the import duties as \$186,500,000, the increased price on domestic protected goods as \$559,500,000, to which he adds "Dealers' profits, \$134,000,000," and so with the rolling up of various imaginary data he gets a grand total of \$1,354,600,000 of oppressive burden by so-called "crooked taxation." On the whole, this chapter reveals a highly inflamed state of mind, the utterances of which cannot be taken seriously.

Passing from indirect taxation, which is to Mr. Shearman like a "red rag to a bull," he turns to the taxation of personal property. Here he appears to much better advantage. He thoroughly exposes the zigzag and inequitable working of the different forms of per-



sonal taxation. Even here, however, his dogmatic attitude and lack of close scientific thinking reveals itself in statements like this (p. 58): "Coin, like all other money is nothing but a representative of wealth, an order for wealth, which everybody honors; but not wealth itself." If an ounce of gold, in whatever form it is put, is not wealth, pray what is it? Wholly independently of any use as money, gold, whether in the English sovereign or the America eagle, is pure commodity. Nothing but the fact that it is wealth makes it useful as a monetary standard. The mere coining of it does not detract one iota from its wealth quality. But, despite a few such defects, his criticism of the taxation of personal property is thoroughly effective and well worth reading.

The remaining 145 pages are devoted to the virtue of the single tax. On this subject it must be admitted he makes an altogether more feasible proposition than did Henry George. He repudiates the doctrine laid down by Henry George that the tax should take all the rent, simply because the rent exists and not because the public needs the revenue, and insists that while the tax should be levied on rent the amount should be determined by the public need of revenue. In changing the basis of the tax from the mere motive to confiscate rent to the motive to collect the revenues for needed public improvements, Mr. Shearman really changes the single tax from the doctrine of confiscation to one of economic taxation.

He opens this part of his discussion by endeavoring to show that improvements should not be taxed, but only the original land values. In his effort, however, to distinguish the value due to improvements from the original value of the land, he musses and muddles very badly. He several times shows signs of realizing the difficulty of this task, but cuts the knot in his



usual easy fashion by some good round assumption, such as, for instance, that the value of land is 60 per cent. of the value of real estate in the community. Well, suppose it is. How has that land become valuable? It had no value once. Clearly its value is due to direct or indirect improvements which have become an inseparable part of the land. But he says all farms have some uncultivated land, and the value of this uncultivated or unimproved portion constitutes the standard by which all unimproved land may be judged. He seems to forget that the unimproved part of the farm acquires value by the improvements in roads and other improvements on portions of the farm of which it is a part. If this unimproved land were away from all highways and improved land and farming facilities, it would have no value. Then it would constitute a proper standard for judging unimproved land. To assume that a piece of virgin land surrounded by improved farms with good highways and fences and police protection does not acquire value from such improvements is to fail to recognize the chief elements of real estate value in modern society. There are building lots in New York city that are now huge masses of rock, which it will cost an immense sum to remove before the land can be used, and yet the lots have a high value. How did they acquire that value? Simply, it was conferred by improvements in streets and highways and sewerage on the property by which it is surrounded. Land value does not consist exclusively in what exists literally on the particular piece of ground. Surrounding conditions, which furnish access and protection to the land for any use, are a part of the improvement of that land, and it is from these improvements that it acquires its value. In short, the value of so-called unimproved land is largely reflected value from improved land.

Then, in order to show that this method of taxation would even lighten the burden of farmers, not to say manufacturers and traders, he re-introduces the fabulous figures he called into existence in his "crooked" chapter on taxation. If Mr. Shearman had continued the rational attitude he assumed when contending that the single tax should be levied not for the purpose of confiscation but solely for the purpose of revenue, and had applied himself strictly to showing the economic wisdom of simplifying taxation by reducing it as nearly as possible to one tax, and that on land and real estate, he would have had a strong case. But when he undertakes to argue that the tax shall not only be on land, but that it shall be confined to the original value of the land, apart from improvements, he confuses the subject and forces himself into a lot of special pleading which leads to untenable assumptions and absurd contentions and impracticable propositions.

On the whole, Mr. Shearman's book is well calculated to stimulate the narrow thinking and impulsive attitude of single tax advocates. There are indeed some excellent features in it, but it is so handicapped with sweeping assumptions and special pleading as to make it of doubtful value to the careful student who desires accurate statement and scientific reasoning on the subject.

## ADDITIONAL REVIEWS

THE SANTIAGO CAMPAIGN, 1898. By Major-General Joseph Wheeler. Lamson, Wolffe & Company, Boston. Cloth, 369 pp. \$3.00.

This book is useful as giving what we may reasonably assume to be a reliable narrative of the one campaign fought in Cuba during the Spanish War. Whatever popularity the volume may attain, however, will be due chiefly to the personality of the author. An ex-confederate general, and a very prominent one too, thirty-five years later becomes the historian of a campaign fought and won by United States troops of which he himself acted as one of the commanding officers. This is the unique circumstance that attracts attention to the book. It is typical of the national reunion which, having slowly progressed during many years by the intertwining of economic interests, became actual in sentiment as well through the incident of war against a common enemy.

Wheeler was serving as congressman from Alabama when, on the 2d of May, 1898, he was appointed a major-general in the United States Army, and immediately thereafter ordered to the front. He was an important figure in the entire Santiago campaign, so far as the land forces were concerned; and in this book he describes in detail the military operations from the landing at Daiquiri on June 23d to the surrender of General Toral on July 16th. He also gives the history of Camp Wikoff, of which he was in command after the return from Cuba.

His narrative is largely in the form of a daily journal, liberally interspersed with official orders and reports. Indeed, the last third of the volume consists entirely of "Dispatches on the Field," which the author considers sufficiently important to publish, since, as he

says, they "form by themselves a continuous official story." There are several large maps illustrating the operations about Santiago, and an excellent likeness of General Wheeler forms the frontispiece.

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STORIES OF THE OLD BAY STATE. By Elbridge S. Brooks. American Book Company, New York, Cincinnati and Chicago. Cloth, illustrated, 284 pp. 60 cents.

This is a delightful little volume for young people. It seems to fill the function of a straight, undisguised story book quite as satisfactorily as that of a preliminary text-book in American history, and so is as fascinating as it is useful. Stories of the Old Bay State are bound to be stories of perennial interest to every American youth. They seem like a personal inheritance, almost as much as the grandfather's tales of every really American family fireside. They tell of the place and the men and the thrilling experiences associated with the building up of most that has been distinctive, forceful and permanent in American character and greatness. As the author says in his preface: "The Old Bay State has built itself into the very bone and sinew of the Republic. Interests throughout our land are too often local, and loyalty is too apt to be merely civic pride; but the story of Massachusetts, as it is known to all Americans, is dear to all, for it is, to a certain extent, the story of America."

Thirty-two of the important events and movements that stand out most conspicuous in Massachusetts history are described under headings sure to be attractive to any American boy, such as: "How Captain Miles Standish met the Indians," "How William Pynchon Blazed the Bay Path," "How the Old Bay Colony led the Van," "How the Codfish came to the Statehouse," "How the 'Old Man Eloquent' Won the Fight," and so



on. The stories are so written, however, as to form a fairly continuous narrative, from the time of the Pilgrim Fathers down to the story of the invention of the telephone by Alexander Graham Bell, who is described as "The Man who set the World a-Talking." Probably not one in a hundred of the strangers who have visited the Boston State house, and been interested and perhaps amused at the strange spectacle of a great wooden codfish hanging over the speaker's chair, ever had the least idea how and why it came to be there. A codfish invested with the pomp and dignity of state is an oddity that piques the curiosity just enough to make Mr. Brooks' account of it worth repeating:

"And when victory at last came, when the independence of America was won, and, in the year 1784, across the seas in Paris, brave John Adams, in the teeth of British opposition and French indifference, saved the fisheries of Massachusetts for the people of Massachusetts, to whom they meant so much,—then it was that John Rowe rose in his place in the Great and General Court, of which he was a member, and moved that 'leave might be given to hang up the representation of a codfish in the room where the House sits, as a memorial of the importance of codfishery to the welfare of the commonwealth;' and 'leave' was unanimously given.

"Then Captain John Welch, of the Ancient and Honorable Artillery, carved out of a solid block of wood a great codfish, four feet and eleven inches long,—big enough even to satisfy Captain John Smith's fish stories. And when it was painted it was duly suspended in the representatives' chamber in the Statehouse at the head of State Street, and John Rowe paid the bill.

"So the codfish came to the Statehouse of Massachusetts, and in the Statehouse it has staid to this day, suspended either above or facing the Speaker's chair.



. . . . Nothing about the grand Statehouse on the hill is more interesting, nothing is more suggestive."

Mr. Brooks concludes his little volume with a well-put tribute to Massachusetts, in which he quotes the familiar opening sentence of the finest eulogy ever pronounced on any commonwealth. In a sense encomiums are superfluous, however, for, as Webster said of Massachusetts in that great address: "She needs none. There she stands. Behold her and judge for yourselves. There is her history; the world knows it by heart. The past, at least, is secure."

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#### NEW BOOKS OF INTEREST

(*Note.*—By an oversight, in our mention of "Field, Factories and Workshops," by P. Kropotkin, last month, we failed to specify the publishers,—Messrs. Houghton, Mifflin & Co., Boston, New York and Chicago.

#### BIOGRAPHICAL

*The Life of Nelson. The Embodiment of the Sea Power of Great Britain.* By Captain A. T. Mahan. Cloth, 750 pp. Illustrated. \$3.00. Little, Brown & Co., Boston. This is the popular edition of Captain Mahan's well-known work, which convinced even England herself that America had furnished the only really great historical exposition of Britain's maritime greatness.

*Lord Clive. The Foundation of British Rule in India.* By Sir Alexander John Arbuthnot. Longmans, Green & Company, New York. Cloth. 318 pp. \$1.50. To this book must be credited all the increased interest that attaches to an historical subject when written from the standpoint of the great individuals connected with it. Moreover, a work on the foundation of British rule in India is particularly significant in a period that is perhaps marking the foundation of American colonial experiments in the same quarter of the globe.

## HISTORICAL AND DESCRIPTIVE

*The Rough Riders.* By Theodore Roosevelt. Cloth, 8vo. With 40 illustrations and photogravure of the author. \$2.00. Charles Scribner's Sons, New York. This book, written at intervals during actual military service, the heat of a political campaign, and delivery of a series of lectures in Boston, bears testimony to the author's remarkable capacity for hard work. It relates graphically the story of one of the most picturesque and popular features of the war, from the raising of the regiment to the breaking-up at Camp Wikoff.

*Porto Rico and the West Indies.* By Margherita Arlina Hamm. F. Tennyson Neely, London and New York. Illustrated. Cloth. 230 pp. \$1.25. This book contains the record of the author's personal observations and experiences during two visits to the West Indies, one just before and one during the late Cuban rebellion. In it she has embodied a considerable amount of information regarding the fauna and flora of the islands described.

## EDUCATIONAL AND PHILOSOPHICAL

*Walker's Discussions in Education.* By the late Francis A. Walker, President of the Massachusetts Institute of Technology. Edited by James P. Munroe. Henry Holt & Co., New York. 8vo. 342 pp. \$3.00. This is a collection of Dr. Walker's essays on education, never before published in book form. A general idea of the subject matter may be gained from the sub-heads under which the papers are grouped, viz: Technological Education, Manual Education, The Teaching of Arithmetic, College Problems and "A Valedictory."

*The Gospel According to Darwin.* By Dr. Woods Hutchinson. The Open Court Publishing Co., Chicago. Cloth. 241 pp. \$1.50. As the title indicates, this is a treatment of religious and ethical problems from an evolutionary standpoint; laying the emphasis on social progress rather than individual salvation.

## THE BEST IN CURRENT MAGAZINES

The *Atlantic Monthly* includes in its table of contents for June the following: "Japan and the Philippines," by Arthur May Knapp; "The Outlook in Cuba," by Herbert Pelham Williams; "Brooklyn Bridge," by Charles G. D. Roberts, author of a "History of Canada."

R. H. Stoddard has an article on John Greenleaf Whittier in the June *Lippincott's Magazine*.

In the *New England Magazine* for June is a discussion of "William Morris's Commonwealth," with illustrations, by Leonard D. Abbott; also an article with the suggestive title: "Liberty through Legislation," by Joseph Lee; and an illustrated description of "New England's First College out of New England" (Hamilton College), by E. P. Powell.

Dr. Henry van Dyke opens the June number of the *Century Magazine* with an illustrated article entitled "Fisherman's Luck." Prof. Benjamin Ide Wheeler reaches the eighth paper in his biography of Alexander the Great, describing this month "Alexander's Mightiest Battle." Other contributors are Frank R. Stockton, Hamlin Garland, Ruth McEnery Stuart and Gustav Kobbe. This is a special "Out-of-Doors Number."

Marconi's recent experiments in wireless telegraphy are described by Cleveland Moffett, with Marconi's assistance, in the June *McClure's*. This number also has an article on the life of the Cornwall miners, who work in shafts that extend under the ocean sometimes a mile from the shore.

The story of "A Sled Journey of Sixteen Hundred Miles in the Arctic Regions" is told by Lieutenant Ellsworth P. Bertholf, U.S.R.C.S., in *Harper's Magazine* for June. This number also contains a review of "The Century's Progress in Scientific Medicine," by Henry Smith Williams, M.D.

# INSTITUTE WORK

## ANNOUNCEMENT

In our May number the course in social economics and political science, commenced in October 1897, was completed. Next October the course in social economics will be resumed, but the lessons will appear weekly in the GUNTON INSTITUTE BULLETIN, instead of monthly in the Magazine, and will be entirely revised and rearranged. The department of Institute Work will not, therefore, appear again in GUNTON'S MAGAZINE; but we shall devote the space to a larger variety of matter in the other departments. It is believed that this will be a distinct improvement both in the Magazine and in the system of conducting the Institute study courses. Full particulars of the course for 1899-1900 will appear later in the season, and it is urged that all our friends interested in this important educational work send in as many names as possible of people to whom copies of the prospectus and curriculum might appropriately be sent.

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### TIME EXTENDED FOR PREPARING THESES

On account of unexpected delay in the publication of the May Magazine, it has been decided to extend the time for completion of theses, to be sent in by students in the course on political science, from June 1st to July 1st. We take this opportunity of again urging upon all our students the importance of this work. It is valuable for review and test purposes; it takes the place of a written examination, and without it we can grant no certificate. The list of subjects from which selection may be made was printed in the May Magazine, together with particulars as to length of theses, etc. Should any student desire to write on a topic not included in the list given, or require additional time, special application should be made to this office.



## 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:—Do you not think it will more truly advance the interests of liberty and civilization for us to govern the Philippines than if we leave them to be governed by the despotic leaders of barbarian tribes?

———Brooklyn.

That depends altogether on how the despotic leaders of barbaric tribes gain their authority. At present the country is in a state of revolution, and the leaders probably are not the wisest statesmen, as they seldom are in revolutions, but the most hot-headed fighters. As a matter of fact, it is very doubtful whether we Americans know any more how to govern barbarian Filipinos wisely than we would how to govern ancient, solid and superstitious China. We may know how to kill them, as we have the Indians, but the difficulty now is that we have broken all their ties from their previous state of government. The Filipinos are not now as they were before we dislodged the Spanish. We have made the problem more difficult to deal with. We have practically burned the bridges between the Filipinos and any established government that they know anything about. Now the question for us to decide, after peace is established, is whether, under our power of protection to persons and property, a government cannot be evolved among the Filipinos themselves that would be more in accordance with their character and traditions and customs, and more thoroughly command their confidence, than even a better government were it superimposed by the United States, administered by American generals and politicians. The probability is that, if we are



wise enough, the former would be altogether a better policy. Our authority there should be limited to the preservation of order, and protection of life and property. If they want a monarch they should have one. If they want to worship suns or serpents or heaps of gold, or wear gold whistles, in these respects they should have their own way. It is none of our business, and interference on these matters would not enlighten them, but rather tend to enrage them. If we really want to Christianize and civilize the Filipinos we must first industrialize them, and give helpful direction to all the forces that will make for peace and industry. As they learn to consume more wealth and pursue larger fields of industry, they will begin to have higher ideas of personal rights and new concepts of integrity and morality, and with the growth of these elements of character will come the capacity for liberal self-government, and not before. But we can make them neither free, rich nor good, by simply imposing upon them the American form of government and authority.

Editor GUNTON'S MAGAZINE: Dear Sir:—You have said very often in your magazine that laborers get in wages only the equivalent of their cost of living. If this is so, how can any of them save anything? Yet the deposits of the savings banks of the country chiefly consist of workingmen's wages.

Student, New York City.

Our correspondent is mistaken in assuming that the deposits in the savings banks chiefly consist of workingmen's wages. Probably not half of them consist of workingmen's wages. These deposits consist in large part of the savings of people who do not work for wages but who want to deposit their money with the minimum risk and maximum interest. Savings banks give a larger rate of interest than government bonds, and for

the most part larger than on any other form of investment where the owner can withdraw on demand; for, while savings banks usually have the right of ninety days' notice, they seldom exercise it except under conditions of financial excitement when a "run on the bank" is threatened.

But the first part of the question, how can laborers save at all, is just as pertinent if only a quarter of the deposits were from wages. When we speak of laborers' wages being only equivalent to their cost of living, we mean just what is meant when it is said that the price of any commodity is only equivalent to the cost of production. If this were true of every portion of a product, every ton of coal or iron or every hundred yards of cloth, it is quite clear there could be no profits. It is also quite clear that if all laborers' wages were only equivalent to their cost of living, there could be no savings; but that is not what is meant. Everybody knows that the cost of all laborers' living is not alike. Some people live on much less than others, for various reasons. Everybody knows that the cost of making shoes or cloth or iron is not the same in every factory or furnace. Some can produce at a trifle less than others. When we say the price is only equivalent to the cost of production, it is always understood or should be understood to mean the cost of the dearest portion, or that whose expense in production and marketing is the greatest. All that produce at less than this have the difference as profit, and that is why Carnegie's profits are very much larger than some of the smaller iron and steel manufacturers', some indeed who have no profits at all. That is why the sugar trust's profits are greater than those of the small refiners, because by their superior organization and machinery they can produce at less cost per pound than the small concerns, and the prices can and will be kept up to what is substantially equivalent to the cost

of those small ones, who cannot keep in the business unless they get what will at least recompense them for their outlay.

It is exactly the same with wages. American laborers, who insist on having decent houses and modern furniture and some degree of comforts in their home life, must have a certain standard of wages, and if foreigners from Germany or Russia or any other country come and work at the same bench, even though they have been accustomed to live on perhaps half of what has become the habitual custom of the American laborer, they will get the same wages, because the rate of wages is kept up by the standard of living of the American laborers, which is much higher than their own. Hence, of course, the foreigner can save. It is in this way that the savings banks contain deposits of wage workers. It is a peculiar fact that there are very many more foreigners than Americans among wage workers who have savings banks deposits, and it is because they get a rate of wages determined by the cost of a standard of life higher than their own. In short, wage deposits in savings banks are entirely consistent with the theory that wages are only equivalent to the cost of the laborers' living, always meaning the cost of the dearest portion of the laborers in the given class or group.











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Gunton's magazine

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