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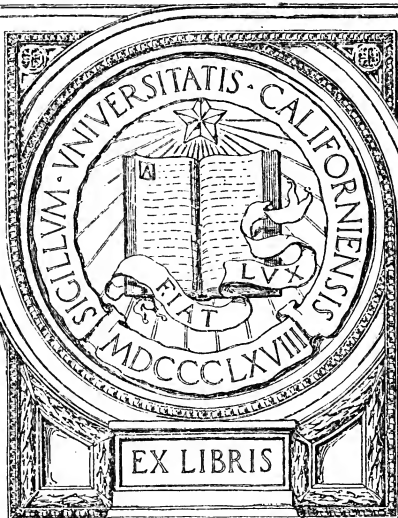


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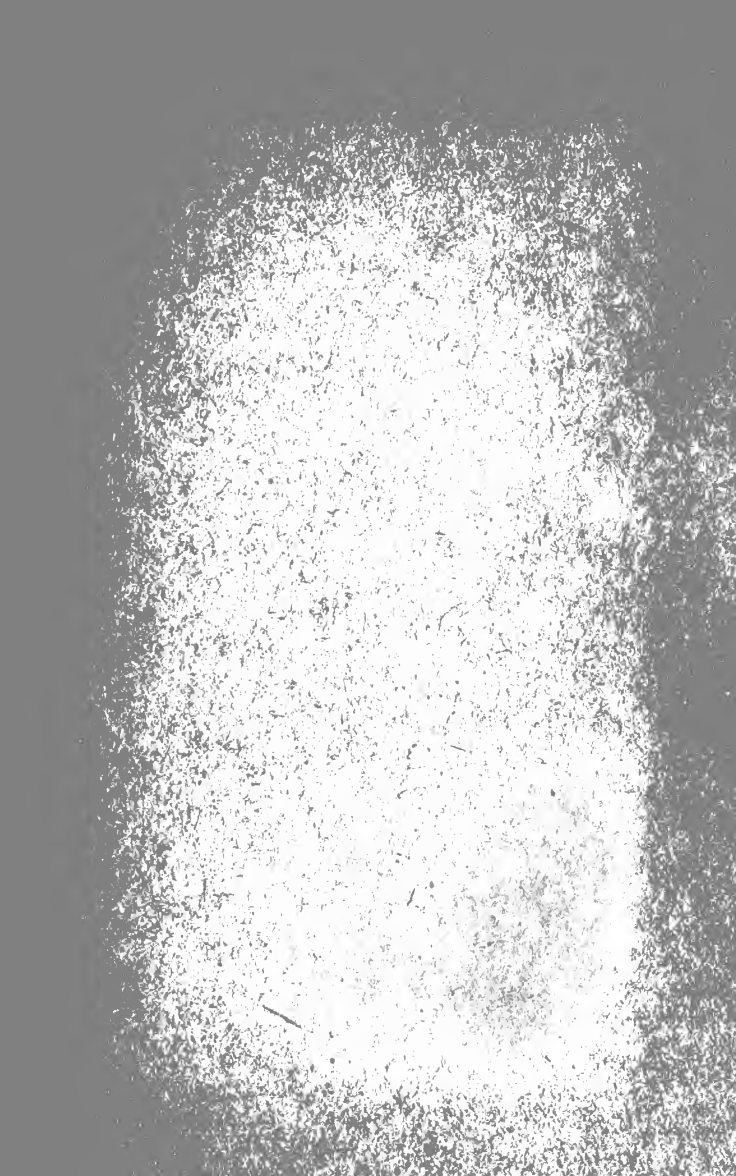
Prosperity  
and  
Politics.

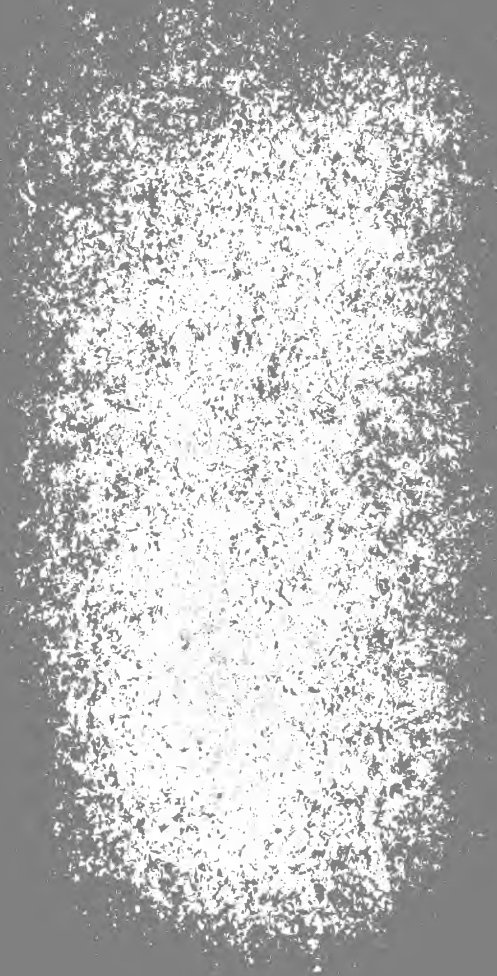


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# PROSPERITY AND POLITICS.

BY

ALLEN RIPLEY FOOTE,

AUTHOR OF

"ECONOMIC VALUE OF ELECTRIC LIGHT AND POWER"  
AND

DISCUSSION OF ECONOMIC PRINCIPLES INVOLVED IN  
"THE LAW OF INCORPORATED COMPANIES OPER-  
ATING UNDER MUNICIPAL FRANCHISES."

1893.

KENSINGTON PUBLISHING COMPANY,

WASHINGTON, D. C.

AMERICAN

HB 171  
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TAKOMA PARK, D. C.

Fit

## PREFACE.

Is anything interfering with your prosperity? Then some one has blundered.

Has it ever occurred to you that all the money you have lost by your own and others' mistakes; that all the time used in correcting your own and others' mistakes, if the mistakes had not been made, could have been used in the "pursuit of happiness?" Think of this! Does it not make clear to you the fact that mistakes are the fruitful source of all troubles and the real obstacles in the way of prosperity and happiness?

Money and time lost by mistakes is the cost of Education through *Experience*. This is the most uneconomic way of acquiring an Education. Education acquired through reason is much less expensive and far more satisfactory and helpful. *Money spent for Education through reason is put to its highest economic use,*

When you correct a mistake, you furnish proof that you are wiser than when you made it. Growth in intelligence is evidenced by increased capacity for useful work; greater precision in action; and diminution of of errors in judgment. The acquisition of intelligence is life for the wise, and death for fools.

Is anything interfering with the prosperity of the whole people? Then some one has blundered.

I have undertaken to show you in what form these blunders have been made, why they have been made, and by whom. I have also undertaken to indicate in what form these blunders may be corrected, why they

should be corrected, and by whom they must be corrected. The correct settlement of these questions is imperatively demanded as a condition precedent to a return of prosperity for yourself and for the whole people.

It is your duty first carefully to consider each subject *on its individual merits* and to correct your own views regarding it; and then, as you are suffering from the mistakes of others as well as from your own, to lose no time nor spare any effort in insisting that others shall correct their mistakes also. Show them where they have made an error and, if they are reasonable beings, they will be glad to make the necessary correction and to thank you for your service.

You will find that you cannot approve of some of the measures I advocate without being inconsistent with your past political record. Neither can you correct a mistake without being inconsistent with what you have done. Will you for this reason refuse to correct a mistake? If I cannot show you wherein you should change your views, I shall not succeed in being helpful to you. If I do succeed in this, you must not let a false idea about being consistent deprive you of the benefit to be derived from correcting a mistake.

Consistency is the jailor of small minds. It kills weak ones.

I am not interested in your past political record. The vital consideration is, what action are you ready to take to-day? I present certain measures and explain why I think their adoption will correct the errors of the past and will induce a return of prosperity for yourself and for the whole people. Holding these views as I do, it is my duty to make you acquainted with them. Having done this, it is now your duty either to adopt them or to disprove the correctness of my conclusions. More



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than this, it is your duty, if you cannot adopt all of these measures, to adopt such as you can approve and to work for their adoption by others, thus dealing with each question absolutely upon its own merits. In this way we shall co-operate where we can and disagree where we must. If we now ignore the well-being of the whole people for the sake of a supposed party advantage, we shall assume that the people are very stupid and very slow to anger. This will be an error. I think the people know when they have had enough of such nonsense ; that they are already satiated with suffering caused by the criminal disregard for their well-being that has been shown by politicians in the past, in their mad endeavor to maintain party lines, or to defeat or to embarrass opponents.

If you believe any measure that I advocate to be well calculated to promote the prosperity of the whole people, then, as an honest and a loyal citizen, it is your duty to work with all the energy you can command, to secure its enactment. It is your duty to do this, no matter how your former views and actions may align themselves with the measure. By doing this, we shall gain time for the further discussion of those measures on which we do not agree. It is probable, when we honestly examine our reasons for disagreeing upon any single measure that we can find a basis for mutual agreement regarding it.

The responsibility of action is yours. If the measures herein advocated are well calculated to induce a return of prosperity for the whole people, then you must admit that your earnest efforts to secure their enactment is the price of your own prosperity.

ALLEN R. FOOTE.

Takoma Park, D. C., *July 1, 1893.*

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## GOLD STANDARD.

Years.	GOLD VALUE of the bullion in a Coined Silver Dollar.	GOLD VALUE. Lowest Price Quoted for Wheat.	SILVER DOLLAR. Price of Wheat. Gold Value of the Silver Bullion.
1873	\$1.004 *	\$0.89 †	\$ 0.8938 ‡
1874	.988	.815	.8052
1875	.964	.8325	.8026
1876	.894	.83	.742
1877	.929	1.015	.943
1878	.891	.77	.6861
1879	.868	.8163	.7088
1880	.886	.865	.7664
1881	.881	.9537	.8402
1882	.878	.9112	.8000
1883	.858	.90	.7712
1884	.861	.695	.5984
1885	.823	.7337	.6038
1886	.769	.6937	.5335
1887	.758	.6663	.5051
1888	.727	.7112	.5170
1889	.724	.755	.5466
1890	.809	.7425	.6007
1891	.764	.85	.6494
1892	.674	.6912	.4659

\* Report—Director of the mint, 1893, page 30.

† Prices of wheat—Chicago market, World Almanac, 1893, page 133.

‡ Calculated, silver dollar price of wheat at the gold value of the bullion in the coined silver dollar.

# PROSPERITY AND POLITICS.

## CHAPTER I.

### THE ECONOMIC AND POLITICAL SITUATION.

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*“Nothing paralyzes business so much as uncertainty and the general distrust and contraction of credits growing out of it. The failures of the past few days throughout the country, the universal difficulty experienced by merchants in renewing their notes and the presence of out of town bankers in this city trying to rediscount their paper at abnormally high rates bear eloquent testimony to the truth of this.”*

*—Editorial, New York Herald.*

The present economic condition of industry and commerce is one of extreme uncertainty. Such a situation is, of all others, the most difficult to deal with and relieve when the uncertainty is the outgrowth of ill-considered, misinformed, or corrupt political action. When economic

conditions are disturbed by a sudden calamity, such as the great fire at Chicago, or the earthquake at Charleston, the disturbance is of short duration, the full extent of the damage is soon ascertained, and the natural recoil from the shock gives superabundant courage and energy to those who are thus suddenly called upon to rebuild their fortunes. It is not so when economic conditions are disturbed by political action that does not align itself in accord with the requirements of sound economic laws. Many years elapse before a wrong course of economic political action, which appears to run almost parallel with the true direction at the parting of the ways, develops evils of sufficient energy to disturb an otherwise prosperous nation. A people whose energies are absorbed in the pursuit of their individual affairs cannot be induced to make a serious investigation of the causes of such evils until they effectually undermine the conditions of their prosperity.

A practical lesson, such as every person in this country is now suffering from, is needed to cause the average citizen to know that something is going wrong and to realize it in such a way as to compel him to be in earnest about wanting it made right and in the shortest possible time. Now, every man who is experiencing difficulty in his business, every wage-worker whose hopes for better-

ing his condition have changed into fear of a reduction of wages or of a loss of employment by the stoppage or cutting down of the industry in which he is employed, knows he is being hurt. But few of them, however, can correctly diagnose the cause of the trouble and fewer still can clearly prescribe a certain remedy. Any man can tell when he has a fever. How many can tell *why* they have fever and exactly *how* to relieve themselves of it? Those who can do this seldom have fevers.

Industrial disturbances caused by a failure to guide business procedure and political action in accordance with the requirements of sound economic laws are always preventable, and being preventable they are always curable. They are not generated in any destruction of the economic value of tangible property. Uncertainty, distrust, contraction of credit are disturbances generated by the destruction of *confidence* in the soundness of a chosen course of action. This is the cause of the difficulties which now beset the prosperity of all classes of citizens. There is nothing in the situation that is startling or even new to those most capable to judge of it. The conditions that exist to-day were all depicted with scientific accuracy as steps have been successively taken in a wrong direction.

The national taxation of State Bank currency:

The reissue of legal-tender notes after the resumption of gold payments:

The enactment of the Bland Silver Law:

The enactment of the Sherman Silver Law:

The collection of import duties without regard to economic considerations:

The distribution of hundreds of millions of dollars of the people's money on the false pretence of rewarding the Nation's defenders, when the true reason was to distribute the surplus and to make an enormous revenue necessary so that, whether the tariff is laid for "protection" or for "revenue only," it will of necessity be the same thing:

The profession of a desire for legislative regulation of the public service while practicing the studied retention of all the patronage possible with which to reward party workers:

All of these courses of political action are departures from the true direction, plainly indicated by the requirements of sound economic law, and, as a result, have as surely led to distrust, uncertainty, and contraction of credit, as night follows day.

Every wrong step taken has been known to be wrong to able men in all the various avocations of life, but they have chosen to keep themselves deeply engaged with



their own affairs and have left the economic education of the people to professional politicians whose reward was power and office. Every wrong step has been taken with the full knowledge of political leaders that it was wrong. They have chosen to gain and to regain power at the price of the prosperity of the country. In this way it has come to be true that political action has been formulated on the lines of popular prejudices and weaknesses induced by ignorance of sound economic laws. The people have not been properly educated. That generic trait in human nature—a desire to gain an advantage without having a clear perception of, or just regard for, the effect that the means by which it is obtained may have upon the rights of others—has been played upon. Politicians have demanded support from prosperous, industrious citizens, because they stood for sound money and “the best currency in the world,” and yet, by their votes the Bland silver coinage bill became a law; the Sherman silver purchase bill became a law; the silver States were admitted into the Union, thus securing to the advocates of free coinage of silver an influence and voting power wholly out of proportion to their population or industrial importance. Were these things done solely for the purpose of inducing the greatest degree of prosperity, or solely to gain and to perpetuate political power?

Politicians have treated the suggestion that the National tax on State Bank currency should be repealed, as financial heresy of the most virulent type, one that justified labelling its proposer as a lunatic. Instead of considerably investigating the cause of the widespread and urgent demand of the South and West, because it was not wisely stated, that currency contraction should cease, and that the country should be supplied with an elastic and an abundant currency, and attempting to satisfy that just demand in strict accordance with the requirements of sound economic principles, politicians have chosen to disregard the conditions that would inevitably induce the greatest degree of prosperity, by failing manfully to insist upon legislation that would establish such conditions, and have gained or have perpetuated their lease of power, by a series of compromises with unsound economic currency measures. They have posed as friends of the people but have failed to make good their claim by that highest exhibition of true friendship, the pointing out of a correct course, and a manly refusal to assist in pursuing any other. They have been content to stop all action on currency measures for the relief of the people by the broad statement, "our national banking system is the best in the world; any one who proposes to supersede that in any way will plunge the

country into an industrial panic that will destroy prosperity." In the light of events now occurring, it is pertinent to ask whether this position, which has been so stubbornly adhered to for so long a time, has been maintained for the sake of the true interests of the people or to gain and to perpetuate political power?

The desire to gain and to hold power by an endeavor to secure an advantage for manufacturers, large employers of labor, the owners of corporate capital located in the centers of business activity, lead to the continuation of war taxes in the form of import duties. The revenues thus collected created an enormous surplus. Instead of paying off the national debt with that surplus and thus relieving the people from a continuing burden, a course of action that might have given a color of justification for the high tariff, a very different line of procedure was followed. The debt was not paid because that would destroy the foundation of the National Banking system. The surplus was distributed, largely in pensions, because in that way many voters would receive a quarterly reminder that the politicians in power were their friends. This was a false pretence. Had there been no surplus, and no desire to continue the collection of high import duties, the appalling stream of corrupt pension payments would never have poured its debasing torrents

into the pockets of men whose untempted instincts are honest. Industry bolstered up by such unnatural conditions can not be continuously prosperous. Destruction must come through the inevitable results of a false course of action. This being a scientific truth, is it not plain that it was not a sincere and well informed regard for the welfare of the people, which induced politicians to enact tariff legislation in the form they did? It was a desire to gain and to perpetuate power by magnifying the advantages of the adopted course, magnifying the evils that would follow the adoption of a different course, and belittling the burdens of which the people complained. It was a deliberate bid for power at the expense of prosperity.

To rightly honor the defenders of one's country is the distinguishing mark of loyal citizenship. Such a desire is most easily imposed upon by designing politicians who have the ear of a generous people. There being other and far more potent reasons for desiring to distribute the surplus, but none so sure of gaining a popular response, it was but a natural course for politicians to conceal the true reason and avow the duty of dealing liberally with old soldiers. Opening the doors of the Treasury in this direction gave an unlimited sweep to the process of creating demands for which public money

could be used. Taxation can not be decreased on the lines now being pursued, the payment of the national debt must be arrested, and, it may be, backward steps will have to be taken by the issue of more bonds, in order to pay one hundred millions annually on pension claims that have no foundation in justice. Was the pension legislation which makes this necessary, enacted in the interest of the prosperity of the country, or in the hope that it might perpetuate the political power of those who enacted it?

Vain would be the search through the platforms of political parties for a clearly stated intention to degrade or avoid the spirit of the Civil Service laws as they now stand, or the avowal of a fixed purpose to oppose an increase of their scope or to more firmly entrench their application. A party that has held control of the government for over thirty years could easily have so arranged the Civil Service laws that, when the time came for it to give way to an opposition, none of the faithful public servants in office could have been disturbed in their positions. Such a course is as manifestly in the interest of an economic and intelligent service, as is the practice of retaining employees in industrial undertakings. All men in touch with large business interests know how demoralized a service would become if all the employees

of great corporations should see a signal for them to resign their places and occupation in every change of a directory, for no other reason than that of having served under a different administration. The more stable and intelligent the Civil Service becomes, the better it will be for the welfare of the country. The giving of public employment as rewards for political services, substitutes loyalty to party for loyalty to country, and generates every tendency that contributes to the substitution of mediocrity for excellence. Why have such changes been continued if it was not to enable politicians to pay their political debts? Has this course been in the interest of prosperity or of politicians?

A striking peculiarity of the present economic and political situation is found in the fact that the politicians who until now have been out of power, are guilty of conduct identical in character with that which has been the besetting sin of those that have held power so long. In their efforts to gain power they have invariably chosen lines of action that were thought to be *politically expedient* instead of basing opposition on clearly defined and sound economic principles. Votes they wanted, and to get votes they have catered to the prejudices, the weaknesses, and the ignorance of the masses instead of sincerely entering upon a campaign of education braced at

every point by economic principles indisputably sound. When out of power they dared not antagonize the great vote winning measures, but sought to divide with their opponents the ignoble credit of enacting them, just as their opponents sought to neutralize any prestige the opposition might gain from passing the insane silver purchase bill and the infamous Chinese exclusion bill through the House, by enacting them in the Senate, and immediately affixing to them the signature of executive approval, thus making them laws. The result of such an opposition is a mixed multitude of ideas, sophistries and prejudices, but no clearly defined national policy, generated by sound and widely accepted economic principles, advocated solely for the purpose of so readjusting legislative conditions as to induce the greatest degree of prosperity for the whole people. Each Congressional candidate has given prominence to the issue on which he could most surely win in his own district. He has explained that, and all other issues, in the way that would secure him the most votes. At the same time, the Presidential candidate, by a courage never before excelled, stood manfully by economic principles, known to be in direct conflict with those held by a majority of his party, and by so doing, so inspired the people's confidence in him that he won his election by an unusual

majority. The anomaly of this method of opposition was quickly shown by the fact that, while the country demanded immediate relief from unsound economic legislation, on no issue is there a sufficiently clear agreement among the opposition to secure for it a reliable majority. This fact has prevented the incoming administration from at once calling an extra session of Congress and entering upon the great reforms with the execution of which it has been intrusted. It is this condition of incoherent opposition that engenders such wide spread uncertainty. Opposition is not construction. A child may destroy the page upon which a law is written, but he who repeals or revises a law must know that the change will better conserve the public good, or his term of power will result in acts of unwisdom. For strong, true men the present is an opportunity of unusual importance and value.

A generation has passed since economic and political conditions in this country have afforded an opportunity for level-headed leaders comparable with the present.

The last Presidential election placed the administration of the Government in the control of an opposition. Not a single proposal at issue in the last campaign can be selected, for which it can be shown that a majority vote was cast. Opposition proposals that defeated can-



didates in one section elected them in others. An aggregation of successes brought an opposition into power, but it is an opposition that is neutralized for effective work by the entire lack of homogeneous agreement within itself on any one of the propositions upon which it was elected and must act.

This condition is clearly shown by the fact that every urgent demand for legislative action is a demand for the repeal or revision of existing laws, and yet, without a national agreement as to the exact character, scope or limitation of the action to be taken.

- (1). Repeal the silver purchase law.
- (2). Repeal the national tax on State Bank circulation.
- (3). Revise—in the direction of repeal—the tariff laws.
- (4). Revise—again in the direction of repeal—the pension laws.
- (5). Revise—in the direction of extension—the Civil Service laws.

Here are five fundamental proposals of public policy demanding action, all of which, except one, call for repeals, none of which, so far as at present known, can command a clear majority in the Fifty-Third Congress for any proposed change that has been suggested by any one in or out of political life.

The election of a Congress on an issue of repeal, usu-

ally centers opposition around a definite proposal regarding at least one leading question, thus securing a united working majority by means of which it can proceed to inaugurate its policy of repeal, and under cover of which it can develop other measures to a basic line of agreement and then enact them. The peculiar feature of the Fifty-Third Congress is found in the fact that, while opposition in general terms to what has been done is in a majority, opposition to any single measure, in the form of a definite proposed change is not in the majority, in a form to permit such majority to demand, in clear and unmistakable terms, exactly what measure of repeal shall be enacted, and, of equal importance, what shall be the law when the repeal has been effected. This condition renders leadership by party names, impossible. No Senator or Representative can marshal a majority as a Republican, a Democrat, or a Populist, for any sound proposal pertaining to either of the five measures specified. The Senator or Representative who secures a majority for any measure he may favor pertaining to these questions, if his proposal is sufficiently drastic to be of any public benefit, must make up his majority by drawing support from all political parties.

These are conditions that will test most severely the ability, honesty and patriotism of Senators and Repre-

representatives, not only of those who, by force of individuality must lead, but of those who never lead, their function being to support the lead of others. These conditions are favorable to individual and patriotic, as distinguished from caucus and partisan action. If strong men really know what action will most surely promote the public welfare, they now have an opportunity to carry their opinions into practice. To do this is their patriotic duty. Now is presented an opportunity for doing it without being hampered too closely by party creeds.

Under these conditions, strong men will advocate measures based on fundamental principles that admit of no compromise; weak ones will want to sugar-coat every measure and will endeavor to carry out a reform or make progress without hurting any one. This cannot be done. Civilization has claimed its victims at every step. The railroad hurt the stage coach; the steamship the sailing vessel; the mechanical hoist the hod carrier; government by the people the business of royal families. The unequalled adoption of a single standard of gold will not please owners of silver mines. The repeal of the national tax on State Bank currency will not please the advocates of a centralized currency. The affirmation of *free trade as a principle*, and of *protection as a policy*, and the adjustment of tariff legislation to give expression

to such an affirmation, will not please those who favor extreme measures in either direction. The changing of condition which make claimants eligible for pensions, will not please those who may have their certificates cancelled or their claims disallowed. The extension of Civil Service laws will not please those who serve party for patronage.

*A compromise means future disaster*, on any one of these measures, as surely as the present monetary difficulty is the logical result of the compromises effected by past legislation. Fear of hurting or of displeasing someone, will as surely result in sacrificing the public good for the sake of political power, as it is true that such a result has always flowed from such action.

An opportunity, such as is now presented, seldom offers. It is an opportunity of that peculiar type which compels men to prove themselves statesmen or submit to rank as politicians. Legislative conditions now call for the removal of obstructions to progress, in a deeper and far more serious sense than that recently so happily caricatured by "*Judge.*" It is far more than simply to destroy. It is so to destroy, as to preserve all good material, and to render future building easy and substantial. It must be the destruction of growth; the growth of intelligence and honesty, discarding an inferior for a higher

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form of life. Those who simply destroy will soon disappear from public view. The people have no use for destroyers; they want level-headed leaders who understand sound economic laws and will construct legislation in accordance with such requirements as a stable basis upon which they can establish prosperity. In this way only can the evils from which the people now suffer be permanently cured, and a recurrence of similar evils be prevented.

## CHAPTER II.

### THE REPEAL OF THE SILVER PURCHASE ACT.

The most serious present obstruction to prosperity is the Silver purchase law. Its repeal is the first item in the programme to induce a return of prosperity. That such action may be easily obtained is made clear by the following analysis of the forces which secured the enactment of the law:—

1st. The silver men are the owners of silver mines and the representatives in Congress of the silver States. In the House of Representatives their votes are such a small proportion of the whole number, they are insufficient to seriously interfere with its business procedure. In the Senate, on account of the peculiar construction of that body, their votes are out of all proportion to the populations, industries, commerce, or financial interests they represent. Silver men willingly use their positions as members of a legislative body to openly vote for meas-

ures in which they have a direct, personal, and financial interest, an interest which would disbar them from acting as judge or jury in any civilized country, to try cases arising under laws which, by their votes, they seek to enact; an interest which openly bribes them to vote for silver measures. Fortunately, when the silver men are compelled to stand grouped by themselves in their advocacy of silver measures, they will find themselves in a hopeless minority. The silver Bugaboo once killed will never again menace the prosperity of the country.

2nd. All the power silver questions have ever had to retard or threaten prosperity has been, and is now, derived from currency men, those who seek to secure an automatically elastic currency. These currency men, broadly speaking, represent the West and the South; their numbers are sufficient to give them power both in the House and in the Senate. By combining with the silver men, they have been able to force injurious compromises upon antagonistic administrations on every great issue involving currency legislation. These steps may be briefly stated:—

(a) Reissue of legal tender notes after the resumption of specie payment.

(b) Bland silver coinage act.

(c) Sherman silver purchase act.

Had there never been any factor involved in these silver measures except the one question of bi-metalism, the re-adoption of silver as a money metal and the maintaining of silver on a parity with gold, the above named measures would never have reached a third reading in either the House or the Senate. All currency men who have favored silver legislation as a means of securing more currency will soon see their mistake, and will separate themselves from the silver men, in order that they may unite with those who favor a sound currency for the enactment of measures that will satisfy such demands. When this is done, the silver men will stand by themselves in their numerical weakness, where the whole people can see them in their true characters, a small clique who have, to further their own selfish interests, used those who desire an automatically elastic currency, regardless of consequences to their allies, and the results to prosperity. When currency men see the mistakes which they have been deluded into making by the plausible arguments and misinformation industriously disseminated by owners of silver mines and those who, by delusion or purchase, have been induced to work with them, the opposition to silver measures by currency men will be as energetic for the future, as their support of such measures has been loyal in the past.



Currency men have not as much interest in keeping up the price of silver to a point at which it will be profitable to work mines poorest in paying ores and least advanced in mechanical equipment for operation, as they have in keeping up the price of wheat to a point at which its production will be profitable on the most sterile farms, or where the land is tilled with forked sticks for ploughs, the harvests gathered with sickles, and the threshing done with flails. If producers of wheat should combine and demand that the Government should by purchase, or by special use, engage to make a market for wheat, with the view of making the production of wheat profitable under the least favorable conditions, all wheat producers would attempt to make the people believe that the cost of producing wheat is its cost on the poorest farm, to the most poorly equipped farmer. Taking the poorest farm and the poorest farmer as the standard they would argue that it cost two dollars per bushel to produce wheat when, the truth is, there are farms on which well equipped, intelligent farmers can produce wheat and make a profit at fifty cents per bushel. This is the cost theory on which silver mine owners claim that the cost of mining silver is one dollar and twenty-five cents per ounce, while many of them are mining silver at thirty cents, and the instances are not hard to find where it has been mined at twenty-five cents per ounce.

The minds of men seem to be enveloped in a superstition regarding silver because it has long been used as a money metal. They illogically argue that because it has been so used, it is the duty of the Government to continue so to use it, and to bind itself to keep its value on a parity with gold. What a contract the governments of the world would have if they were bound always to use as money the metals and materials that were so used in a crude state of civilization, or by their ancestors of a previous century! Some would now be trying to circulate copper and bronze, while our own New England States would be engaged in maintaining a parity between wampum, corn, and lead. The advance of civilization is evidenced by the disuse of all metals as money that become abundant, and the adoption of the metal most valuable in the estimation of the civilization of the world. No intelligent person will deny that gold is now the standard of value throughout all civilized countries.

If "our fathers" had made lead dollars at the time they used lead bullets as money, it would be just as logical to now use lead dollars because they were used then, as it is now to use silver dollars because they were used a hundred years ago. The fact is, a lead dollar would then have had about the same relative value to silver, as the silver dollar has to gold now. It is not a violent assertion that there

are more tons of silver, in bars and coin, now "in sight" in this country than there were tons of lead in sight at the beginning of the century. It would be just as logical to attempt to protect the price of lead, as to attempt to keep the price of silver on a parity with the price of gold, as it was when "our fathers" first authorized the coinage of silver dollars.

There is probably no question of practical business importance regarding which there is more widely varied and superstitious misinformation than that of bi-metallism, or double standards, and the parity between gold and silver. A technical discussion of these questions cannot be here elaborated. A few statements will be made for the purpose of challenging attention, which will be fully maintained when other opportunities offer, if seriously called in question.

1. There is not a civilized nation using gold and silver as coin metals, in which one or the other is more than a subsidiary coin.

2. There is not a nation using gold and silver as coin in which prices are not fixed on the basis of a single gold or of a single silver standard.

3. There is not an international transaction of any kind, between civilized people, in which valuations are not computed in the international price of gold bullion,

nor is there a trade balance settled between them that is not settled in gold at its bullion value. In such transactions, bullion is as serviceable as coin and sometimes more so. Coin does not circulate between countries except at its bullion value. For this reason the silver dollar that the farmer or laborer may have received to-day as being worth one dollar, if carried to England and offered in payment for anything bought there, would be worth there but fifty-five cents.

4. The amount of gold at the command of any country for the purpose of settling international trade balances is the total amount of its bullion plus its coin.

5. When a country uses silver as a standard of value, the free coinage of silver is not an important question, as the silver available for the settlement of balances will be the total amount of silver bullion plus the silver coin in the country. The logical result of expelling gold as the standard of value in this country and, as a necessary consequence, the adoption of silver as a standard of value will be, not only to inflate the currency by the amount of monthly purchases of silver now being made but by the value of all the silver bullion that can be mined in, or imported into the country.

6. It is not within the power of this or any other country to regulate the international market price of gold or silver bullion.

7. There is not a nation using a double standard where bi-metallism in practice, has any effect whatever on the standard by which prices are fixed. The prices in *international* commerce are invariably fixed by a single standard, the international value of gold bullion. Prices for internal commerce may be fixed by a single gold or a single silver standard, they are never fixed by a gold and a silver standard.

8. All prices in this country are now fixed by a single gold standard, notwithstanding all our warehoused silver bullion and our coined silver dollars.

9. Should we change our policy and at once coin all silver bullion now on deposit and all silver bullion that might be brought to our mints from any source, all of our *international* trade balances would continue to be settled in the international market price of gold bullion, while our *internal* trade balances would be settled in the value of silver bullion.

These conditions are fixed by natural economic laws over which the enactments of Congress have no more control than they have over the operations of the law of gravitation. In contending against natural economic laws, the action of currency men has been as mistaken and as impotent as was the rage of Xerxes when "he ordered his engineers beheaded, and the waters lashed

and chained in token of his displeasure" with winter storms and rising tides. Instead of attempting to render the currency automatically elastic by the impossible process of trying to keep silver on a parity with gold, they should advocate a single gold standard in order that they may keep the prices of internal commerce on a parity with the international market prices of the world. This is a parity that may be made real. This is a parity that must be established and maintained if the country is to suffer no impairment of its prosperity. When these facts are once made clear to the people, the silver votes in Congress will represent owners of silver mines, the votes favoring any monetary use of silver, except as a subsidiary coin, will be the votes of silver producing States against all agricultural and manufacturing States. Such a vote will show the silver men in their true and utterly hopeless minority.

"Under the law of 1878 the United States Government purchased 288,474,752 ounces of silver for which it paid \$305,135,497. Under the law of 1892 it has purchased 129,926,735 ounces for which it has paid \$127,237,410, making a total purchase of 418,401,497 ounces at a cost of \$432,372,907. This silver at the present market price is worth but \$351,457,257. This shows a loss of \$80,915,650,"\* or very nearly nineteen per cent. There is no

\* George Wilson, Secretary, Chamber of Commerce, New York city, New York *Herald*, February 2, 1893.

way of knowing what this silver would bring if placed on the market and sold to the highest bidder. Such a course would for a time send the price of silver below the cost of production in the most favored mines. It would close every mine in the United States. This is the possible calamity silver mine owners have prepared for themselves by instigating legislation that has compelled the Government to buy and store the products of their mines.

Wheat is a hardy cereal and can be kept for many years. The economic result as to silver, induced by the action of silver mine owners, is similar to what it would be if the producers of wheat should instigate legislation that would compel the Government to purchase at the market price, from month to month, for several years, a large portion of the entire wheat crop of the country and store it under conditions that would prevent anybody from being able to tell when the policy would be changed and the wheat thrown upon the market. The effect of this action would be twofold. The false market thus created by the withdrawal of such a large amount of wheat from use, would cause land to be devoted to wheat production that had not been before so used, thus enlarging the acreage. Countries that had usually bought American wheat would seek supplies elsewhere, thus

compelling the American farmer to compete with countries where wheat can be produced under different economic conditions pertaining to labor, transportation, cost of delivery, taxation, currency and credit. This stimulus to wheat production would cause the price of wheat to decline, just as silver has declined, so that American producers, instead of realizing a greater, would really receive a less price for their product, just as silver mine owners have done. These are the direct effects of such a policy. A secondary cause, equally potent to depress prices, would be found in the uncertainty about the ultimate disposal of the vast Government hoard. So long as the filled Government ware-houses could overshadow them, no private individuals, nor even international syndicates, would feel safe in holding wheat. They would only buy and handle what could be taken for immediate use. In this way it would happen that, instead of comparatively small holdings stored all over the country and throughout other countries, controlled by many different local conditions and circumstances, so that it would be impossible to secure concerted action to place the whole amount on the market at one time, there would be one enormous stock controlled by one interest which, when so ordered, could offer its entire supply to the highest bidder. If that supply were equal



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to the entire wheat crop for one, two, or three years, such a sale would destroy the wheat producing industry for that length of time. Wheat producers would be self defeated by the means they used to gain an undue economic advantage. This will be the inevitable result to silver mine owners. Should these persons once clearly understand the economic law governing the price of silver, they would become the most clamorous for the instant repeal of all laws for the purchase of silver for the purpose of hoarding. A similar result may be traced in the effect on the production, price and use of cotton, caused by the withholding of American cotton from the markets of the world during our uncivil war. The same result would follow the hoarding of any product of fields, mines or factories. These illustrations ought to be sufficient to demonstrate to the understanding of any person that a permanent interest, an industry that must continue to be carried on as long as the human wants it supplies shall exist, cannot be a gainer in the long run by means of unsound economic methods established by law. Any person whose opinion is worth considering must admit that the Government cannot continuously buy silver for which it has no use, and redeem the certificates issued for it in gold, of which it is in need. The logic of any arithmetic now mastered by a ten-year old child in any

public school, teaches the impossibility of succeeding in carrying out a never ending policy like this. The first sign of the approaching end would be seen in the increasing difficulty experienced by the Government in paying gold for silver. As long as gold is being paid for silver, and the silver bought is not offered for sale, the direct loss incurred in its purchase does not become individualized. As soon as the bubble bursts, however, its pent-up evils will affect every person in the whole country. A financial disaster such as has now overtaken this country has been foreseen by able financiers from the day when the people first started on their mad career of unwise economic legislation.

One of the mysteries in the silver question is the tenacity with which farmers, wage-workers and small tradesmen cling to the mistaken idea that silver is the money metal of the people, and gold the money metal of the rich. This intellectual phenomenon can be accounted for in no way other than by assuming that the literature they consult and the leaders by whom they are guided present to them but one side of the argument, or rather, arguments based on misinformation, and studiously exclude any instruction not in accord with their purpose. It is true that rich people as a class favor a single gold standard. It is not true that they do this for the purpose

of oppressing the poor. Any standard of value, any coinage regulation, any currency system that is best for the poor is also best for the rich. It is not true that the poor can improve their own condition by favoring bi-metalism or a single silver standard, no matter what reason may actuate them. The only reason the rich desire a single gold standard is because gold is the currency of civilization; it circulates at its bullion value in all countries; it makes a nearer approach to stability in value than any other money metal, and for these reasons furnishes the best basis for uniformity in prices and world wide credit. The poor man can never become richer unless he saves some portion of his income. The poorer he is, the smaller is his income, and the smaller is the percentage of his income that he can save. A ten per cent. saving on an income of \$500 per year would be but \$50 per year. This means that of the income, \$450 per year is spent to satisfy the wants of life and \$50 per year is saved. This is the entire betterment accruing from a year's work. This saving he must invest *at home*. He cannot invest \$50 in the best gold securities in the world as the rich may invest their many thousands; he must make his investments at home where they are subject to the conditions affected by local currency.

Persons having small incomes are the ones most in

need of the protection afforded by a stable and safe monetary system such as a single gold standard can alone supply. This may be further illustrated. The rich are constantly in touch with the financial conditions of the world. If their own knowledge of the operation of natural economic laws does not teach them, their observation of the course of events advises them of an approaching calamity. This gives them plenty of time in which to change their investments, either in form or location, or both, in such a way as to insure their safety while the disturbance lasts. The doing of this is the first evidence of distrust that becomes apparent to the public. This course immediately affects the prosperity of all industries. The poor are fixed in the place circumscribed by their poverty. They have no opportunity to foresee the impending disaster and no means of escaping from it when it bursts upon them. How far-reaching the disaster of the failure of the Government to pay gold for silver will be, can be indicated, but it cannot be fully measured and correctly understood. Gold payments while made, adjust the value of all property of every description to the gold standard. When the Government ceases to pay gold all of this enormous value will settle down to a silver standard. What will be the result of this change? All current money will shrink in

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value about forty-five per cent., that is, the dollar value of to-day will be worth only fifty-five cents. It may appear to the masses for a time to still be of its old dollar value, but they will soon realize that it is losing its purchasing power when they come to spend it. All owners of money will lose forty-five per cent. of their holdings, a loss as tangible and distressful to them as though their property to that amount had been destroyed by fire on which they held no insurance. There will be no real destruction of tangible property, but to individual owners of money the loss will be absolute. This loss will come to all money in pocket, on deposit, or loaned payable in current funds. All savings bank deposits will shrink forty-five per cent. This will entail an absolute loss upon all savings bank depositors. The loss thus caused on savings bank deposits alone, which must fall on the poor, will aggregate more than the total amount paid by the Government for silver since the enactment of the first silver purchase law in 1878 up to date and including the remainder of this year. Is not this fact sufficiently startling to compel one to wonder by what process of reasoning, intelligent men can favor silver legislation of this character, and at the same time pose as friends of the people? The savings bank depositors represent about one-third of the population of the United States.

They belong to the class who are dependent upon their daily work for their living; they are honest and industrious; they are the true nobility of American citizenship. Their support of the silver legislation of the past, which has been demanded in their name, has been secured by misinformation. If they suffer a loss of but nineteen per cent. on the purchasing power of their wages and on the amount of their savings, by a change from a gold to a silver standard of prices, a loss the equivalent of the present apparent loss on the silver purchased by the Government, their loss will exceed in amount the entire value of all the silver the Government owns. Can they afford it?

There is still another point of view. All persons engaged in the production of any commodity that is exported and sold in a foreign market *are gold producers*, for the simple reason that all balances of trade which this country can establish against a foreign country are paid in gold. This undeniably classes all agricultural and manufacturing States as gold producing States. When the voting power of these States is considered, either in the general elections by the people, or in the halls of Congress, the fact that a handful of silver mine owners have been successful in deluding the people and their representatives into the course of action that has

been and is still being followed, is one of the most astounding illustrations of the wide-spread acceptance of an economic fallacy that can be found in contemporaneous history. In vain, efforts to maintain a parity between gold and silver, *the supreme necessity of maintaining a parity between prices for international and internal commerce, has been overlooked.* Should the misfortune ever occur of having prices for internal commerce adjusted to a single silver standard, as must inevitably be the result of the present course if much longer persisted in, the losses in discounts and exchanges which will fall on every producer of export commodities, will exceed the value of the entire silver product of the country by such an enormous amount that the dazed sufferers will wonder by what method of delusion, hallucination of understanding or superstition of belief it was made possible to anyone to lead them into so fatal an error.

This subject is limited only by the vast expanse of our country, the magnitude of its wealth, the productive capabilities of its fields, mines and factories, the industry and forceful energy of its people. It cannot be exhausted in one chapter nor in many volumes, but it can be summed up in one statement:—A single gold standard is stable and safe. It is the only standard which will keep prices for internal commerce on a parity with prices

for international commerce. It is the only standard that can adequately protect the interests of the laborer, mechanic, farmer, manufacturer and merchant. This standard must be maintained, or an era of prosperity will end in a season of adversity and self-induced despair.

During the early history of Kentucky the Indians traded silver bullets to the pale faces for lead bullets. We laugh at the simplicity of their ignorance.

During the quadricentennial anniversary year of the discovery of America by Columbus our laws compel our Secretary of the Treasury from Kentucky to trade gold, for which we have many uses, to the silver mine owners for silver, for which we have no use, and all the intelligent world is laughing at the simplicity of our ignorance. They may justly call "the pale faces" of this country silver maniacs.

The first act in the programme of progress is the repeal of all silver purchase laws, and the enactment of the affirmation that, it is the financial policy of the people of this country to unalterably adhere to and maintain a single gold standard.



### CHAPTER III.

#### THE REPEAL OF THE NATIONAL TAX ON STATE BANK CURRENCY.

The only objection to this proposal is that, if the national law taxing State Bank currency is repealed, banks of issue will be authorized by the several States, and State Bank currency will displace National Bank currency. There is not to-day a State Bank of issue in existence. Before the war there were no National Banks. All paper currency was issued then by State Banks. This objection, and this fact, disclose the truth that the National law taxing State Bank currency is wrongly named. It is not a revenue measure. It is a prohibitory measure and was so intended. It was enacted as a war measure for the purpose of strengthening National Banks that they might be made more efficient aids to the financial policy of the Government. It was intended to and did close every State Bank of issue in the country. It is

not a revenue measure. No revenue is collected under it. It has destroyed, by the power of taxation, that which the National Government has no right to destroy by direct legislation. It therefore may be attacked through the Courts as being unconstitutional. Such a point will not be here argued. Under a government, the authority of which is based upon the consent of the governed, that has no other authority to control or limit its actions, all things that are undeniably for the welfare of the people, considered as a whole, can be and ought to be made constitutional. This view of the subject limits discussion to the direct question. Is a National law prohibiting State Banks of issue a measure well calculated to promote the prosperity of the whole people?

It will be admitted that the wisdom of a measure can only be determined by a comparison of its results with the conditions that preceded it, or by showing why the change it is intended to inaugurate may reasonably be expected to result in a decided benefit for the people. Hamlet's dictum—"rather bear those ills we have than fly to others that we know not of" is an eminently safe precept to follow in finance.

The National Banking system displaced State Banks of issue and many manifold advantages resulted, advantages that perpetuated themselves beyond the era of war

necessities, and have served the people well through thirty years of peace. It may be that a majority of the persons now entitled to vote never had any personal experience with State Banks of issue. They know that they have never sustained a loss by handling National Bank notes, and they are well acquainted through written and traditional history with the wild financial disorder that reigned supreme in many sections of the country during the evil days of State Bank currency. These facts render it almost impossible to secure a respectful hearing among a majority of financiers and business men, for any proposal to abolish the National law taxing State Bank currency. Such a proposal is always looked upon as equivalent to a proposal to establish State Banks of issue. This is invariably assumed to be the worst form of financial lunacy, and yet, wherein it is any worse than the financial lunacy exhibited in the silver legislation of the last fifteen years, it will be difficult for the "out of town Bankers in this city (New York) trying to re-discount their paper at abnormally high rates," or for that matter, those to whom they applied for assistance, to explain.

To relieve any person of the trouble of trying to discover whether or not the proposal as stated is really intended to open the way for the establishment of State

Banks of issue, and then to proceed to establish such Banks, I will state plainly that it is so intended. Having thus taken my position, self-assigned, among financial lunatics, I shall exhibit the workings of a mind that may be pronounced sane on all points but one. This reflection calls to mind the saying of some philosopher who said that no great reform has ever been carried to a successful issue that was not championed by a man who had become insane on the subject.

On the currency question, men have been led to act from sentiment or superstition, instead of a sound and judicial reason. They have permitted their views and actions to be limited to the narrow radius of their individual interests. To use the ordinary phrase of the day, gold bugs and National Bank men have considered their interests fully served by the existing order and have opposed every change. Currency men, once called greenbackers, thought their interests would be served by the issue of more paper currency. This conflict of personal interests resulted, as a first effect, in the re-issue of redeemed legal tender notes, because politicians thought their interests would be served by making this concession to an apparently popular demand. Silver men then made their appearance and, by sophistry deftly used, induced currency men to champion their cause, making it

appear to them that, as silver was abundant and cheap, they could secure an expansion of the currency by using silver as its basis. The gold men and the National Bank men presented a united front against this combination. The conflict has resulted directly in the Bland law of 1878 and the Sherman law of 1890, and in driving gold out of the country to such an extent that there is grave danger of our being carried on to a silver basis, because politicians thought their interests would be served by making concessions to apparently popular demands. This has paralyzed business by uncertainty, general distrust and contractions of credit. It has given merchants throughout the country great difficulty in renewing their notes, has caused many industrial, mercantile and financial failures, and has sent many country bankers to business centers to attempt to re-discount their paper at abnormally high rates, all of which bears eloquent testimony to the truth that this silver legislation is the work of financial lunatics. Yet, during the whole course of this legislation the administration has been in the hands of gold men and National Bank men.

Financial lunacy may be defined as a sound mind cracked on the currency question. So far as I am advised, gold men and National bankers have never honestly and sincerely set themselves at work to see what

kind of measures they could devise that would satisfy the reasonable demands of the currency men who had made the mistake of championing the cause of the silver men, and that would, at the same time, respond to all requirements for a sound and safe currency. The position of gold men and National Bank men has been one of suspended development which will certainly terminate in their death, if they do not rouse themselves into fresh activity and respond to the demands of the times. It may do for a few years to affirm that our currency laws are the best ever devised and should not be changed. This might always be true, if nothing else changed. But other conditions do change, and it is directly in accord with the nature of things that currency laws should change also. The time has come when a change will have to be made. It is as much a mark of lunacy on one idea to resist all change, as it is to advocate an unsound change. In this respect gold men and National Bank men have been and are to day, financial lunatics, as clearly defined and well developed, as are those who have espoused the cause of silver men through the delusion that they could thereby secure an expansion of the currency in a way that would induce prosperity. Their unlimited success will bring to them the most bitter disappointment. Prosperity and the non-expansion, or the

expansion of the currency, on the lines on which each party has been working, are as incompatible as light and darkness, knowledge and ignorance. They cannot both exist in the same place at the same time.

Currency men have made the same mistake that has been made by gold men and the National Bank men. There is no evidence that they have ever honestly and sincerely attempted to formulate their proposals, solely with the view of securing an automatically elastic currency that would be stable and safe, tested by all economic requirements, and thus gaining their point by including in their proposed enactments the sound principles of all features contended for by their opponents. They have always sought success through the physical force of numbers, rather than by strength derived by intelligently absorbing the essentially good features possessed by their opponents. Success by force of numbers, when guided by ignorance, is always translated as a defeat by those who write history.

There is no certainty equal to the positive convictions held by the ignorant and lunatics. Both parties to this currency conflict have been absolutely certain that their opponents were absolutely wrong, and have had their attention so riveted to this point, that they have not discovered, until a financial earthquake made the firm

ground under them sway and tremble, that the logic of events was proving them both wrong and establishing their financial lunacy beyond a reasonable doubt. This sudden awakening of both parties to the grave dangers in existing financial conditions, and their causes, is the first indication of the beginning of a new era, in which progress shall be induced by freedom from all unsound economic laws and policies enacted or entered upon in the agony of uncivil strife, to preserve the Nation, and that have been perpetuated for thirty-two years, while suspicions and resentments have been gradually dying out, as smoldering brands remaining after the national conflagration.

The financial danger that now threatens the prosperity of the country, it is sufficiently clear, is the logical outgrowth of compromises made between four classes of currency men. An attempt must now be made to adjust their demands on new lines to which all classes who seek only the prosperity of the whole country, can give a hearty endorsement. (1). The gold men want a single gold standard adopted and maintained as the permanent policy of the country. (2). The National Bank men want the continuance of the National Banking system, believing it to be the means of furnishing a safe currency



which they can issue and manipulate on a basis that will be profitable to them and fair to the people. (3). The currency men want a sound currency that is automatically elastic. (4). The silver men want a currency based on the free and unlimited coinage or purchase of silver. Each has his personal reasons for his wants, and each professes that the thing he wants, if granted in the way he desires, will be certain to induce the greatest possible degree of prosperity for the people.

It will be assumed that all persons are agreed that the operation of natural laws cannot be changed by legislative enactment. This being true, then all persons must agree that legislative enactments that are not in accord with the requirements of sound economic laws cannot induce the highest degree of prosperity. By testing their views by the requirements of such laws, a correct opinion may be formed as to the soundness of the policy of each class of currency men, and of the measures by which they have undertaken to secure their object.

First, a single gold standard. The superiority of gold for use as a money metal is so broadly acknowledged throughout the civilized world, it is not necessary to enlarge upon such a point. Economically considered, the metal best adapted to be used as coined money is one that fluctuates the least in international market price, in

its bullion form; one that is in use in countries with which the largest percentage of dealings are had; and one that has greatest value per weight and bulk. All of these requirements are responded to by gold more closely than by any other metal. This being true, it is not surprising to find all opposition to the adoption of a single gold standard as the fixed financial policy of this country urged on grounds other than those of the fitness of the metal to perform the service.

About the only objection seriously urged is the assertion that there is not a sufficient amount of gold for the purpose. Those who urge this objection lose sight of the fact that the more civilized a people become the less use they make of metallic money of any kind. The true function of a gold standard is to furnish the nearest possible approach to an unvarying measure for prices, a measure that is the same in all countries, and a means of settling international balances with a metal having a constant international value. Prices fixed by such a standard make the nearest approach to international equalization and enable those dealing in commodities subject to international exchange to conduct their business with the least possible loss on account of fluctuations in price of commodities or in the value of exchange. Prices for *internal* commerce, when fixed by

a gold standard, correspond closely with prices for *international* commerce. This gives stability to the entire industrial structure of a country and establishes the greatest attainable confidence in the industrial and commercial activities of the people.

*Confidence is the foundation of prosperity.* It has a greater effect upon the course of values than any other factor. Competition between nations for commercial supremacy will award the prize to that nation which commands the greatest degree of confidence in the stability of its financial policy. It is with nations as it is with individuals, so long as there is no doubt regarding the prompt payment of every obligation, principal and interest, in a currency of equal value with that in which payment of the money advanced was made, there is no limit to the amount of credit that can be obtained. Foreign holders of American securities do not return them so long as they have no doubt as to the prompt payment of principal and interest when due, in international currency, that is, in commodities at international market prices, which are always fixed by a gold standard, or in gold bullion. The need of gold is simply for the purpose of prompt redemption when called upon, or for the payment of a trade balance when one may appear against us. To obtain a sufficient amount of

gold for this purpose we have at our command the products of our own mines and the hoarded wealth of the world. Whenever the commodities exported exceed in gold value that of the commodities imported, the balance in our favor is paid to us in gold. Every person engaged in producing, from farm, mine, or workshop, a commodity that is exported, *is producing the gold of commerce*, as truly as the person who is mining that metal. Every such export is an offset against an import that would otherwise draw gold from us and, to that extent, enables us to keep the gold we have. When the export bill exceeds the import bill the balance is paid to us in gold. It must be admitted that the logical deduction from this known process of commerce, establishes the fact that *all producers of export commodities are gold producers*, and, as such, their industrial interests can be served in no other way as well as by establishing, and unquestionably maintaining, a gold standard by which all prices for international and internal commerce may be fixed.

The adoption of such a policy will result in establishing the stability and safety of all forms of American securities, and the belief that when paid they will be paid in the currency of international commerce. It is because confidence in this belief has been weakened

that American securities have been returned, in a constantly increasing tide, ever since the adoption of the policy of reissuing redeemed legal tender notes, and the adoption of the silver coinage and purchase laws. The economists of foreign countries knew then, as well as did those of our own country, that such a policy could not be persisted in without debasing our currency to the level of a silver standard. Foreigners pay for our securities as they do for our commodities, in the currency of international commerce. They do not want to pay gold for a security and when the security is redeemed, to accept silver for it. Being intelligent enough to foresee that such a prospect was before them, they have been seeking protection by quietly returning our securities while they could get our gold without trouble or discount.

There is no question of the ability of the people of this country to pay all of their liabilities, public or private, in gold values, it is their *disposition* to do so that is questioned. Disposition involves the factors of honesty and intelligence. If we credit ourselves with honesty, then we have to deal with the factor of intelligence only. This leads to the conclusion that the people have adopted the policies which have impaired confidence in their disposition to always make payments in

gold values, through an improper understanding of the resources at their command, or through misinformation as to the best way to use them. The fact that it is the consensus of the opinion of the ablest economists of the world, as well as of our own country, that it is perfectly feasible for the people of this country to undertake to pay all obligations, public and private, in gold values, is all the assurance any person should require for giving his vote in favor of establishing a gold standard for fixing all prices in foreign and domestic trade, and making a solemn declaration of a purpose to adhere to such a policy. By thus establishing the highest possible degree of confidence in our securities, we add their value to our gold producing ability. Foreigners cannot obtain our securities without paying gold value for them. When an unquestioning confidence in our *disposition* to pay all obligations in gold values, induces large purchases of our securities by foreigners, their value is added to the value of our exported commodities, and by so much, offsets demands against us for the value of imports, or augments the amount of our trade balance against foreign countries which must be paid to us in gold. These considerations plainly show that we have three sources of gold supply:

1. Products of our mines,

2. Export of our commodities.

3. Export of our securities.

The export of commodities is governed by the economic conditions of production, the cost of exchange, and the economic conditions of consumption.

The export of securities is governed by *confidence* in the stability of the monetary policy of the country; the supply of domestic funds seeking investments, and the demand for funds by securities of other countries offering equally as good or better returns in which there is an equal degree of confidence.

Some of these conditions are within our own control, others are beyond the limits of our power to control. It is our business, and our duty, to make the best use possible of the conditions we can control, and to accept the results as the measure of our ability.

A deduction that is perfectly logical from this examination of the subject is the conclusion that all commodities and securities that, by economic processes of production and transportation, or by a stable monetary policy intelligently adopted and honestly adhered to, become exchangeable with foreign nations are, to the extent of their export value, additions to our gold supply and additions to our currency. With this demonstration clearly in mind it is easily seen that *the impairment of*

*confidence in our disposition* to continue to pay all of our obligations, public and private, in gold values, has caused a greater contraction of our currency than the total amount that has been added to it by the illogical course of currency men in advocating silver measures.

An illustration of the important function of confidence as a factor in currency expansion and the amount of gold necessary to maintain gold values is furnished by the experience of the banks in Canada and in New York City, in maintaining gold payments during the panic of 1857. On account of the intimate financial relations between Canada and the United States, it was thought when specie payment was suspended in the United States, it would have to be suspended in Canada also.

“A meeting of bank officers, representing all the bankers in Montreal, was held there to consider the question and to adopt such precautions as were deemed advisable. It was found that there were eight dollars of paper money in circulation for each dollar of coin there was in the banks. The conclusion was reached by the meeting that with such a relatively large volume of paper money, enforced suspension was inevitable, and that in the public interest as well as their own, the banks would better suspend voluntarily. There was, however, one bank that refused to suspend, and as the other



banks, if they suspended could not maintain equal credit with it, no action was taken by the meeting. Specie payment was maintained in Canada through the crisis, simply by reason of the confidence of the people in their banks and bank currency. The good management of the banks had so far secured the confidence of the people as to compensate for the defective law that permitted an issue of paper so disproportionate to the coin reserve."

"The banks of the city of New York had one dollar of coin reserve for each three dollars of paper in circulation, yet they were forced to suspend, notwithstanding that they were well managed and that the banking law of the State of New York was the best in the Union. They were carried down by the general distrust of banks and bank currency, created by loose and discreditable banking laws and banking in other States."\*

It is the high degree of confidence given to foreign and domestic investors of large sums, whose action can be controlled only through their faith in the stability of a nation's monetary policy, that make its ability and disposition to maintain a gold standard of values, such a powerful factor in expanding current exchanges of values, and in permanently and safely expanding the currency of any country.

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\* A private letter on the silver question. Printed by request. By W. B., Toledo, Ohio, May 20, 1890.

The gold men who advocate the adoption of a single gold standard, have failed to secure their object because they have adhered to the theory that such a policy can be carried out through the United States Treasury only, and by continuing the national banking system. Instead of giving heed to the grievances of the people, because not wisely stated, and endeavoring to devise a sound banking system that would satisfy their demands, the gold men have joined their allegiance with the National Bank men, and have permitted the silver men to capture those who really hold the balance of political power,—the masses who demand the decentralization of the currency in order that it may be made more elastic, more readily responsive to the needs of the people. By doing this they have permitted unsound economic views to become the guides of popular action and have been forced to see their representatives accept compromise measures, which being only less wrong than the full measures demanded by their opponents, have simply slackened the speed with which approach has been made to the change from a gold to a silver standard, to which the course of adopted action inevitably leads. The advocates of a gold standard were beaten when their representatives failed rightly to educate currency men on the natural economic laws of trade and finance and instead, compro-

mised with them by consenting to a reissue of redeemed legal-tender notes. The gold men have been badly beaten in every succeeding contest. While holding the offices of government they have been governed.

National Bank men have wanted a sound and safe currency which they can issue and manipulate on a basis that will be profitable to themselves and fair to the people. In pursuit of this object they have clung to the form of their organization with a fanatical superstition that has prohibited the study of any other system. They have refused to recognize the fact that a cause for the final extinction of the system on which National Banks are founded is laid in the fundamental basis of the system,—National Bonds. When there are no National Bonds there can be no National banks of issue without radical changes in the system as first devised and now operated. This fact has been a more potent factor in arresting the rapid extinction of the national debt, which for a few years made the financial strength of this country the wonder and envy of the civilized world, than any or all other influences combined. By the course pursued, National Bank men have committed themselves to the illogical proposition that it is necessary to keep the nation in debt, paying interest on bonds, in order that it may be supplied with a uniform and safe currency and reach a

high degree of prosperity. Instead of searching for the cause of the demands of currency men and devising measures in conformity with sound economic principles for their satisfaction, National Bank men have resented their demands and forced them into allegiance with silver men as the only way to obtain relief.

The advocates of the National Banking system have failed to find a means for the perpetuation of that system, because they have committed themselves to the maintainance of its *form* instead of devoting themselves to a wide dissemination of a clear understanding of its *principles*, and gladly welcoming any new application found for them.

The currency men want a sound and an automatically elastic currency. They have failed to secure the co-operation of the business and financial interests of the country and of the world, because they have not correctly understood the economic conditions which will command with absolute certainty that which they need. They have repelled those who could be most helpful to them by a mistaken demand for *cheap* money, instead of a demand for *good* money. They have failed to see that every commodity exported is settled for at its gold value, and that, as an inevitable result, they are producers of gold values. These failures have caused them to

yield to the sophistries of silver men and to take actions that have produced results which are the direct opposites of those they desired. They wanted a safe and an automatically elastic currency. The fear of a change from gold to a silver standard; the shrinkage of values caused by the return of securities; the arresting of free action in industries and commerce caused by the loss of confidence in our disposition to maintain gold values, has compelled an enormously larger contraction of currency circulation of commodities, securities and funds, than all additions made to the circulating medium by the coining of silver dollars and the issue of silver certificates in conformity with measures enacted by their votes. This truth is eloquently attested by the universal difficulty experienced by merchants and bankers in trying to renew their notes and to rediscount their paper at abnormally high rates. This result of ill-advised currency legislation demonstrates the fact that large issues of "cheap" money tend to make good money scarce and dear.

The advocates of a sound and an automatically elastic currency have defeated the objects they have pursued because they have failed to guide themselves by the well-known economic fact that *certainty of prompt payment of principal and interest in gold values is the most powerful factor known in finance to induce an abundant supply of currency at the lowest attainable rates.*

The silver men want a currency based on a free and unlimited coinage or purchase of silver. The only assignable reason for this is the desire on their part to maintain or increase the price of silver. In this they have not succeeded, because their efforts have induced an increased production of silver and at the same time have restricted its consumption. They have mistakenly considered the silver sold to the Government, *consumed*, when the truth is, *it is only stored*. A change of policy by the Government could place the entire stock on the market in a day and thus bring the price of silver below the cost of its production in the most favored mines, and also seriously depreciate the value of every article into the manufacture of which silver enters. The knowledge of this fact is a potent factor in preventing the free use of silver in the arts. Every ounce of bar silver and every silver coin held by the Government is simply withdrawn from consumption and stored for the purpose of securing advances of current funds. This is the exact effect of the transaction and some day this silver will be sold for the redemption of the certificates issued against it. It is the knowledge that this day of redemption must come, combined with the unnatural and uncertain price of silver caused by the existence of such an enormous hoard under one control, that prevents all manufacturers

of articles into the production of which silver enters, from carrying a large amount of silver in either its manufactured or bullion form. This uncertainty as to its future, combined with its largely increased production, has rendered silver unfit for a money metal except as a subsidiary coin. These conditions would only change for the worse by being aggravated, should free and unlimited coinage of silver be substituted for compulsory purchase. This is fully illustrated by the effect on the price of silver caused by the stoppage of free coinage in India. The only remedies for the evils from which silver miners now suffer that will ever be found, are in promptly stopping the accumulation of a hoard which can be placed on the market at any time and thus depreciate the value of their product, and of all articles in the manufacture of which it is used; and in enacting measures for the distribution and actual consumption of the enormous hoard now held by the Government. When this is accomplished, and all sales of silver thereafter are for actual use, the price of silver will reach a normal condition in which it will fluctuate, as does the price of wheat and other commodities, in response to its supply and demand.

Instead of storing silver and obtaining advances on its market value, silver men, with the aid of currency men,

have induced the Government to buy the silver and issue its own notes in exchange therefor. As a result, the Government has taken silver which it did not want and paid for it in gold which it does want. It has held this silver until the depreciation on its cost at present values amounts to \$81,000,000. To this loss must be added the interest on the amount by which the national debt could have been decreased had all funds used by the Government in the purchase of silver been devoted to that purpose.

Of the four classes of currency men, the silver men have come nearest to securing their object *in the form in which they have sought to secure it*, and their success in doing this has burdened them with disabilities from which it will take them longest to recover. The successes of ignorance are always translated\*as defeats by those who write history.

There is not an interest represented by these four classes of currency men that cannot be served in the highest degree by the repeal of the national law taxing State Bank currency. All reasons that justified the enacting of that law have long since disappeared, and all reasons for its continued life are based on unsound economic theories. The reasons for its retention all refer to what State Bank currency was before the war. None



of them refer to what State Bank currency may now become. The repeal of the National tax law is a National question. The character of State Bank currency is a question for state legislation. For this reason no attempt can be made in this discussion to show in what ways State Bank currency may be made stable and safe, and sufficiently abundant to satisfy all requirements that accord with sound economy. This will be done in another work under the title of "*Money, Currency and Banks of Issue.*" I will state, however, I believe that it is perfectly feasible to devise a system of State Bank currency that will accurately respond to every requirement of a sound currency. and that will furnish as good a currency as that of the Bank of England, which will automatically respond to the varying needs of every section of the country by expansion and contraction, as naturally as the action of the lungs in breathing, and with a similar life-giving effect upon the growth of prosperity. With such a currency all need for retaining in circulation paper currency issued by the Government will cease.

The Government will then be relieved from the strain of acting as a clearing-house for banks and a general responsibility for fluctuations in currency supply. This will remove the principal factors of disturbance from the administration of Government finance.

A sound economic policy indicates to all currency men, that the solution of present financial difficulties and the sure way of inducing the greatest degree of prosperity *is in the direction of the repeal of the national law taxing State Bank currency and the maintainance of a single gold standard.*

The second act in the programme of progress is the repeal of the National tax on State Bank currency and the enactment of the affirmation that all currency issued in this country, by whatever authority, shall be maintained on a parity with gold.

## CHAPTER IV.

### REVISION OF TARIFF LEGISLATION.

Freedom of trade between all nations, and between all states, provinces and people within nations, is a natural condition and the only one in strict accord with the requirements of natural economic laws.

On account of the vast differences between nations in their systems of government; the development of their industries; the social and economic status of their wage-workers and their standards of living, it is desirable for a nation to encourage the production under its own jurisdiction of every article, the ultimate production of which,—with an economic advantage in comparison with the cost of producing a similar article under the jurisdiction of any other nation,—is not prohibited by natural causes.

A nation must achieve political independence in order that it may exist. Having gained political independence,

its duty of self preservation and of inducing the greatest obtainable prosperity, demands that it shall use every means it can command to achieve industrial independence; in no other way can it serve in the most practical manner the well-being of its people. In efforts to achieve or maintain political independence, all loyal citizens fuse their individual powers and interests and stand as a unit for the integrity of the nation. In efforts to acquire or maintain industrial independence and prosperity it is no less a patriotic duty for all citizens to fuse their individual interests and to stand as a unit for the vital principle that every industry seeking to establish itself in this country shall be protected. This principle is as vital to industrial independence and national prosperity as the principle that every person wishing to become a citizen of this country shall be freed from his allegiance to any other nation, is to political independence. A sound system of national economy can be founded only upon the policy of protection for every naturalized industry, as an effective system of national independence can be founded only upon the policy of protection for every naturalized citizen.

A sound system of national economy is as essential to American industrial independence, as was, or is, a system of American Civil Government to American political

independence. There is no difference of opinion regarding the desirability of American political independence. There should be none regarding the desirability of American industrial independence. I assert that there is none. Difference of opinion there is, as to the wisdom of measures designed to secure national industrial independence but difference of opinion as to the desirability of such independence there is not. Let no man delude himself with the idea that the policy of protection for American industries and for industrious Americans was defeated by the ballots cast on November 8, 1892. The opposition succeeded in convincing a very large majority of voters that the policy it advocated regarding a number of economic measures would, if adopted, better promote the well-being of the people, than does the policy now in force. Not by a single line or word or suggestion did any contestant intimate to any voter that he was endeavoring to do aught else than so to change conditions as to secure greater advantages or benefits for the people than they were then enjoying. This is the spirit and meaning of protection. The Presidential election of 1892 affirmed free trade as the ideal economic principle, and the logic of events will affirm adequate protection, as the practical economic policy.

To secure the production in this country of articles

that cannot now be produced here with the same economic advantages with which they are being produced in other countries, an import duty must be assessed of sufficient amount to equalize the difference in cost of production between this and foreign countries. The avowed object in assessing such a duty is to induce and establish the manufacture of such articles in this country, and develop their manufacture until they can be produced here with economic advantages equal to those enjoyed in any other country. When this point is reached, import protection should cease, as at this point the manufacture of an article is fully naturalized, just as a foreigner who, after residing in this country a sufficient time, on renouncing allegiance to his native government and subscribing to an oath of allegiance to this government, becomes a naturalized citizen. *If there is reason to believe that the production of a commodity cannot be naturalized within a reasonable time, the attempt should not be made, nor should aliens be admitted to this country when there is reason to believe that they can not be fitted for citizenship or that they have no desire to become citizens.* The burden of import duties being accepted for the avowed purpose of establishing the domestic production of a commodity, with economic advantages equal with those enjoyed in foreign countries, the duty when assessed

should be sufficient to secure the object in view, and it should be reduced from time to time as progress is made in approaching the objective point, *without regard to the revenue requirements of the government*. If the revenues produced by the collection of import duties, assessed and reduced as indicated, are excessive, the surplus should be expended in paying the national debt and that done, in making internal improvements; if not sufficient, the deficiency should be covered by internal revenue taxes, one of which should be an income tax. The policy of collecting no import duties on articles that there is no reason to believe can be produced here within a reasonable time, with economic advantages equal to those enjoyed by other countries, *nor upon the commodities that can be so produced here*, should be rigidly adhered to and strictly enforced, even though it places every imported commodity upon the free list. This is, in fact, the ultimate intent and purpose of protection as a policy. To this basis, tariff reform will ultimately come. That this course is the correct one is plainly indicated by the fundamental statement that untaxed and unrestricted freedom of trade between all nations and all people is the natural condition and the one in strict accordance with the requirements of a sound economy. The nation that can first reach this condition, and abolish absolutely its

import duties of every sort and kind, will be the nation whose industries and commerce will control the exchanges of the world. No nation can reach this position of supreme economic advantage until it has educated and accustomed its people to pay the expenses of their government by taxes assessed directly upon themselves.

In the contact of man with man, that man is best protected whose individual powers or resources render him perfectly able to protect himself. Commodities that can now be produced in this country with economic advantages equal to or better than those enjoyed by other countries, are the ones that *do not require the protection of import duties*. They are perfectly able to protect themselves. This is the most stable and effective form of protection; it is established by conditions that are sovereign to legislative enactments. To gain such an independent position is the object of every producer who asks that an import duty be assessed on the commodities in the manufacture of which he is engaged. To assess an import duty on commodities that can be produced in this country with economic advantages equal with those of other countries is as unwise an interference with freedom of trade, as not to assess an import duty on commodities, the manufacture of which can be established in this country by means of such a duty, is an unwise failure to protect domestic industry.



An American economic policy based upon the principle of protection for American industries will seek to equalize by means of import duties, the economic condition under which commodities are produced in this and foreign countries. The practical application of an economic principle to secure a definite object is both a science and an art. Properly to apply the principle of protection for American industries, economic science must show what commodities require protection to induce their manufacture in this country and the degree of protection they require. Economic art must devise the best means of supplying the protection required, of making it effectual and of reducing it until it disappears. Whenever protection is granted for the manufacture of a commodity it should only be for the purpose of offsetting the effects of existing deficiencies in economic conditions and it should be reduced as fast as such deficiencies can be overcome. The object is so to establish the manufacture of such commodity as to overcome the deficiency in economic conditions, so that it will require no protection. To secure such an object, the protection granted must be ample at the outset, and there must be no uncertainty as to its continuance and diminution.

The growth of an industry in economic conditions is a gradual development; the degree of protection should be

decreased as the growth of the industry increases, until a point is reached when it will be fully established and not in need of protection. Protection will then cease because there will be no necessity for it. No measure can be properly applied for the protection of industries that does not consistently and continuously adjust the differences between the economic conditions under which commodities are produced. The degree of protection must vary with the variations in such conditions. Under such a system, commodities will be constantly dropping out of the protected list, while other commodities will be continually placed on the protected list, commencing their course of development, to be pursued until their manufacture has been fully established, at which time they can be graduated by being placed on the free list.

The adjustment of economic differences, like the settlement of trade balances, is an ever-recurring contingency and can be properly done only by the assistance of a thoroughly capable and permanent Commission, directed to investigate and verify the facts for the information of the people and of Congress. Fiat adjustments can never be productive of the highest degree of good, because they must necessarily be uncertain and unequitable. So long as there is any commodity for the manufacture of which any degree of protection is required, the granting

of protection must be the settled policy of the American people if the manufacture of such commodity is to become naturalized, and if America is to realize the highest possible degree of industrial independence. Complete industrial independence will be achieved when all commodities used in America, the domestic production of which is not prohibited by natural causes, are produced in America *without protection*.

The protection afforded by existing laws is well designed to form the basis for a scientifically developed economic system. Accepting conditions as they now exist, no further example of assessing or removing import duties by fiat enactments should ever be found upon our Statute Books. Each commodity should be individualized and dealt with solely with the view of defining the economic conditions which govern its manufacture in this and foreign countries. The first action should be properly to adjust the rate of import duty so as to afford necessary protection, no more and no less.

The second measure should be to determine within what period of time those interested in the production of a commodity can so perfect their industry as to transfer the commodity to the free list. The avowed purpose of assessing an import duty being to establish the production of a commodity in this country, those who are or

may become engaged in its manufacture should be required to make a statement clearly showing in what particulars they are now unable to meet free foreign competition, the methods they can employ and the time they will require so to perfect manufacturing processes, acquire the necessary machinery, skilled workman and capital, as to be able to meet foreign competition without the interposition of import duties. The amount of import duty having been determined, the logical sequence is that Congress should require all persons engaged in the manufacture of such a commodity to make an annual report to an Import Commission that will show exactly how they are carrying out their representations and the success with which they are meeting, in reaching the point of development at which they will have no further need of protection. The import duty should be reduced each year by the per cent. of gain shown by the *most successful manufacturer*, and whenever the most successful manufacturer shall show that he can successfully compete with foreign manufactures the commodity should be placed on the free list. This method is a complete reversal of the theory of protection which calls for such import duties as will enable badly located and antiquated establishments to make a profit, and those that are well located, fully equipped with every successful

apparatus and provided with ample capital, to make enormous profits. This method takes as its standard the best that can be done as the measure of progress, instead of chaining energies down to wait for laggards. It will destroy the fallacy advanced by silver men, and those who desire to make inordinate profits out of advantages gained by an unnecessary rate of import duty, that the cost of a product is its cost to its poorest producer. This false position is taken by the American Iron and Steel Association when it declares on the strength of its statistical report of the iron and steel output for 1892, that the industry was not prosperous in that year. A few manufacturers made good profits, many made small profits, and many made none at all. As protection has been illogically practiced the many who make no profits, and the many who make small profits, combine to lobby Congress to retain or increase import duties, because their business was not profitable, while the few who made good profits can afford to pay all expenses of the lobby. Industrial prosperity is founded on the survival of the fittest, not on the survival of the unfit.

Every reason given for needing protection must be noted, every method indicated by which differences in economic conditions may be overcome, must be fully developed, every degree of progress gained must be an-

nounced by a corresponding reduction of the import duty. All statements upon which such action is based; all facts by which such a policy is guided to its consummation, are proper subjects for determination by commission. They pertain to economic conditions, not to legislative policies. The determination of fact is a judicial, not a legislative function. The findings of a Commission properly organized and equipped to collect evidence regarding the degree of protection needed for any specified commodity in order to establish its production in America, and the rate at which such protection can be reduced in order to keep pace with the best progress made in establishing the industry, will be a safe guide for proper Congressional action.

This system may be illustrated by the following diagram of—

#### ECONOMIC ADVANTAGES.

Best Economic Advantage in foreign countries.	100	100	100	100	100	100	100	100	100	100	100
American Economic Advantages	0	10	20	30	40	50	60	70	80	90	100
Import Duty.	0	90	80	70	60	50	40	30	20	10	0

It will be seen at once that those commodities for the production of which we have no economic advantages,

and those for which we have the full measure of economic advantages, are free of import duty, such as coffee and tea, on the one hand, and cotton and wheat, on the other hand. Between these extremes there is an endless variety of commodities for the production of which American economic advantages may be placed anywhere on the scale. Being once placed, its progress in the scale of economic advantages will cause a corresponding decline in the scale of import duties until the objective point is reached of having secured economic advantages equal to the best in foreign countries, at which point all import duties cease.

This system individualizes each article and deals with it on its own merits, irrespective of the requirements of any other article. Under its operation many manufacturers will be gainers by using commodities that are imported free of duty, or by manufacturing articles that can enter into the Exchanges of the world because they are produced in free competition with the industries of the world, while they may be engaged in the manufacture of other articles that are protected by an import duty. Under these conditions the tariff question will become purely an economic question, pertaining to those commodities only in the manufacture of which a sufficient degree of economic advantage has not been attained to justify placing them upon the free list.

Such an administration of import duties will give to them their highest protective value, because they will be fixed by a policy providing for their gradual abolition, within the shortest time in which such a result can be realized without injury to industry. This system will satisfy all intelligent demands for the reduction of import duties, and will clearly indicate to those engaged in the manufacture of protected commodities, the policy they must follow in preparing to meet the conditions of trade on the basis of a continually decreasing rate of import duty. Under such a system every strong and capable manufacturer will wish to reach the time as speedily as possible when the factor of diminishing import duties will be entirely eliminated from his calculations, and when he will be relieved from the necessity of making reports to an Import Commission. The recommendations of this Commission will be based on a full knowledge of economic conditions, continuously and scientifically investigated, and in accordance with clearly defined principles of American economy. The Commission will always be accessible to the people and will be devoted to the study and exemplification of a definite economic policy of vital interest to the whole country. It should be above sections, and uninfluenced by the exigencies of party politics.



The importance of such a Commission to the industries of this country is beyond computation. One service of enormous value that it will render, will be the stability it will give to the conditions under which the production of protected commodities can be developed, because of its ability to satisfy the people that the import duties it approves are just. Under the present system, import duties are assessed to satisfy the demands of a combination of the most numerous, who are the most incapable, who thus retard industrial progress. Under the proposed system, import duties will disappear when the most capable can do without them. This will stimulate industry to the highest possible degree of progress.

Another gain will be found in the fact that this system will cause those in power to prepare the country for a change in its financial policy, from deriving its revenues from import duties, to obtaining them by direct taxation. Revenues obtained by direct taxation will cause a careful scrutiny of all items of expenditure and will greatly assist every effort to check extravagant and corrupt uses of the people's money. When the public revenues are wholly collected directly from the people, it will be clearly seen that it is the people's money with which every demagogue is making free, when he grows eloquent over the "old flag and an appropriation."

Domestic commodities produced under economic conditions freed from all protection afforded by import duties, will at once enter into free competition with similar commodities of foreign manufacture in the markets of the world. The more such commodities are produced, the greater their variety, and the larger their volume, the greater will be the power of American exports and imports to control the carrying trade of the oceans. The more we produce with better economic advantages than other nations, the more we can buy from other nations of those things which we cannot produce with an economic advantage.

Closely allied with the cost of production is the cost of exchange. Every gain made in economic internal transportation and terminal charges; every gain made in placing ocean-carrying trade under the American flag; every gain made in the stability of American monetary laws and policy, and in economic conditions that are, or may be affected by legislative action, is a gain made for industrial independence and national prosperity.

No gain, however, in cost of transportation and of exchange, can compare, in its power to induce the greatest degree of economic advantages, with the gains made by obliterating the distance between producer and consumer. To do this the manufacturer must come to the farmer

and the miner. The fertile farms and productive mines of America cannot be distributed among other nations in order that their products may be delivered to the manufacturers there employed at the least possible cost, but all manufacturers, which term is inclusive of all employees engaged in manufacturing occupations, can remove their factories and themselves into the very midst of the farms and mines of this country. Such a change will forever obliterate all import duties on the commodities manufactured by them, which farmers and miners may consume. Such a change will reduce to the smallest possible minimum the cost of transportation and exchange between producer and consumer, and the saving thus effected will be divided by the natural laws of commerce, equally between the farmer, mine owner and manufacturer. Both classes are producers, both classes are consumers. In internal commerce there are no import duties. If the system herein advocated is intelligently instituted and unflinchingly carried out, the day is not far distant when, so far as America is concerned, there will be no import duties on international commerce,

Clearly defined principles for carrying out a fixed economic policy of protection for American industries will be a triumph for the people second only in importance to the establishment of manhood suffrage and a gold

standard for currency and prices. When an American economic policy is so fixed, then the American people will first realize the full measure of their strength, the true prestige of the triumphs of the Republic. Induced by the proclamation of manhood suffrage; acknowledging no authority except laws enacted, and that may be repealed, by authority of the people, individuals have come to America by millions to stand with uncovered heads and uplifted hands and received their baptism of personal liberty; subjects no longer, they have become men among men. Through this movement of the producers of wealth, all nations have paid tribute to America. Induced by the proclamation of a settled policy of protection for American industries, not individuals alone, but masters of industries, with all their belongings, will come to America to gain positions of advantage from which to command the markets of the world.

Governments are instituted with the intention of so controlling unequal individual powers that they may be fully exercised without abridging equal individual rights. That government which induces the freest and fullest exercise of unequal individual powers, while permitting the least abridgment of equal individual rights, will secure the greatest individual freedom. The policy of manhood suffrage is not a debatable question in

America. Neither should be the policy of protection for American industries. With this policy definitely settled; with a gold standard for currency and prices firmly established; with the command of a volume of internal commerce, untaxed by import duties of any kind, large enough to utilize to their limit all economic processes of production, we can equalize economic advantages with competing industries wherever located.

The autocratic power of kings and the servile obedience of subjects are buried together at all entrances to this realm of manhood. The end of government by kings is proclaimed by the success of government by the people.

With oceans on our east and oceans on our west, the control of the commerce of a hemisphere is ours by right of location.

With freedom from traditions, bequests, and hereditary titles, that bind the living present to the rule of the dead past, the best intelligence of the ages is ours by right of our freedom and ability to learn and to utilize it.

With a national conservatism resulting from the ownership of the government by the people, inspired by aspirations for national industrial independence as a means of securing individual well-being, American ideas, American institutions, and American industries

will become established, multiplied and expanded until their influence is felt by all nations.

With domestic peace assured, and foreign wars impossible; with the increasing respect for man by man; and the recognition by the people of true principles of government and of sound economic laws, we are ready to commence the industrial conquest of the world. Our conquests will be made, not by force of arms, but by supplies of needed food and raiment; not by subjugation to foreign authority, but by example of larger liberty; not by the destruction wrought by sword and flame, but by increased production wrought by nerveless machinery giving relief from burdens and bringing the light of prosperity to the people; with exchanges untaxed and unrestricted, freely responding, as the ebbing and flowing of the tides to the influence of the moon, to the universal law of supply and demand, the industrial and commercial supremacy of the world may be ours.

The power to achieve political independence gained us a place among nations.

The power to maintain national unity gained us a rank equal with the greatest.

The power to pay our obligations in gold gained admission for our securities to the favor of the world's ablest financiers.

The power to protect our industries, if properly used, will gain for us industrial independence and the highest attainable degree of national prosperity.

The industrial and commercial supremacy of the world is ours by right of our ability to acquire it by means of superior economic advantages.

Protection by means of import duties is a cover for weakness. The greater the degree of protection demanded, the greater the weakness confessed. What more worthy of the united effort of American citizens than the patriotic duty of eliminating all weakness from industries and assisting them to reach, within the shortest possible time, the full degree of economic advantage in which there is no element of protection, no element of weakness? The true protection to be contended for is *the protection afforded by economic advantages which exist independent of legislative interference*. These advantages include not only the primal conditions fixed by nature, but the acquired conditions resulting from progress made in government, science, art, and mechanical skill, and the economic strength resulting from the accumulations of the past. This is the most stable, the most effective form of protection. It is the protection afforded by superior intelligence and resources. It is the protection of which manly men are justly proud. To acquire the pro-

tection of best economic advantages for American industries, the system of protection by import duties herein advocated must be established as a fixed feature of American economic policy, unchangeable as the feature of manhood suffrage is in American political policy, and the application of this system must not be used as the foot ball of partisan politics. This can be done only by the creation of a commission to collect information for Congress, and to show, as the result of continuous scientific investigation, what the degree of import protection should be properly to equalize economic differences between domestic and foreign conditions, and the rate at which import protection should be decreased to keep pace with the gains made by industrial development.

Viewed in its logical meaning and sequence, the demand for a decreasing import protection for American industries is a demand for American industrial independence. This demand secures and concedes all advantages for which both great political parties have contended. For this reason it is a solution of the tariff question to which all parties can consistently give support. It also provides a way in which changes can be effected from high import duties to no import duties without creating a financial disturbance, or in any way retarding the prosperity of any industry. It is the patriotic



duty of all parties by united action to establish this system of decreasing import protection, because it will avert the impending calamity that will follow radical fiat tariff reductions, which are sure to be made if the people are not advised that the course indicated is the true way in which to secure the reforms they demand. It is of vital importance to every producer of a commodity on which an import duty is now assessed to urge upon his Representatives in Congress the adoption of this course as it will at once relieve him from all uncertainty as to the future course of tariff legislation and will protect him from sudden, and it may be, ill-considered changes which he will be powerless to prepare himself to meet. It is uncertainty as to the future of tariff legislation and the general distrust growing out of it, as much as it is uncertainty regarding the future of currency legislation, that is now causing the "universal difficulty experienced by merchants (and manufacturers) in renewing their notes," and creating such widespread and disastrous financial and industrial disturbance.

With this policy definitely settled, the work of applying its principles to existing conditions can be undertaken with the confidence imparted by an assured success. Under this policy more commodities can be placed upon the free list during the term of the present admin-

istration than have ever been so listed by any administration since the organization of the Government, and this can be done without interfering in the slightest degree with the progress or prosperity of any industry. It will, on the contrary, expedite and expand all manufactures and commerce. The inducement will be the reverse of what it now is. Instead of contending for the maintenance of high duties as manufacturers have been compelled to do in the past, because they had no definite assurance as to the policy those advocating free trade might adopt, the assurances given by this system will cause the most capable manufacturers to see that it is to their interest to effect the liquidation of import duties as quickly as possible so that they may be on an equal footing with manufacturers of other nations and in a position to enter into competition with them for the trade of markets other than our own. As long as they operate under cover of import duties they must act on the defensive; as soon as they have passed out of that condition they become aggressive. *It is sudden and ill-considered tariff reductions that most manufacturers fear, instead of the fact of a reduction.* When economic conditions are carefully analyzed as herein provided, the number of commodities that can be placed on the free list, as soon as public finances can be adjusted to the new conditions,

by decreasing expenditures and developing revenues from direct taxation, will be a surprise to the people. Every such addition will be hailed as a new conquest, widening the commerce and increasing the prestige of the Republic of Freedom.

It is hardly deemed necessary to discuss the policy of paying bounties to producers of domestic commodities. Such a procedure can find no defence under a system of decreasing import protection. The payment of such bounties as are now authorized by law has no justification in correct economic requirements. They are based on political expediency and that of the lowest order. They were authorized with no prospect or purpose of contributing to the prosperity of the people, but solely to perpetuate political power.

In the programme of progress, the reforming of tariff legislation holds a place of supreme importance. A condition precedent to its masterful accomplishment is the unquestioned adoption of a gold standard by which the internal and international prices of commerce may be fixed and comparisons between economic advantages may be measured. The next essential requirement is the organization of an "Import Commission" for the determination of all questions of fact pertaining to import duties. These things done, the policy of decreasing import pro-

tection can be proclaimed, and the nation started on its course to realize, in the shortest possible time, the ideal condition of free trade with all nations, as it now has free trade between all States.

American protection for American industries, adopted as the unchanging policy of the American people, will inevitably lead to American industrial supremacy. To the consummation of such a result the co-operation of every loyal American citizen may be consistently requested and should be enthusiastically given.

The third act in the programme of progress is the revision of tariff legislation in a way to place all commodities on the free list as rapidly as this can be done, without placing American manufacturers under unequal economic advantages with those with whom they will be called upon to compete.

## CHAPTER V.

### THE REVISION OF PENSION LEGISLATION AND ADMINISTRATION.

An economic discussion of the principles involved in pension legislation and administration is most earnestly demanded. Economic science undertakes so to guide the actions of men that they shall result in the doing of justice by each. The doing of justice by each will secure justice for each. That this may be done it is fundamentally necessary that every legislative act shall be aligned in accordance with the requirements of economic justice. When legislative enactments are thought unjust, they must be tested by the standards of economic justice in order to show wherein they are defective and in what way they should be changed properly to correct their defects. Changes so made will invariably be satisfactory to a people who ask only for justice and who honestly desire to be just.

The desire of every man to stand well in the estimation of his neighbors and the public is such that, no matter how willing he may be to profit by unjust legislation, he will not willingly forfeit his claim to respect by publicly declaring that he approves of or desires to profit by legislation that is not just. This being true, it must be conceded that if pension legislation is shown to be unjust in any particular, every honorable man will desire to have it so changed that it will conform with the requirements of economic justice, even though such change may deprive him of a benefit which he has been innocently receiving without previous knowledge of the injustice of the law. Any man who will not agree to this proposition will publicly acknowledge himself to be willing to receive that to which he has no claim founded in justice. On the other hand, a critical examination of pension legislation may disclose the fact that some are not receiving as much as is justly due them. In such an event the people are expected to promptly and cheerfully pay the full amount that economic justice may show to be due to any man, no matter who or what the aggregate amount. Those who object to doing this are no more worthy of respect or consideration than the receivers of benefits to which they are not justly entitled. The opinions of neither of these classes of persons should

have any weight in the discussion and final solution of the pension question.

A just pension claim must be founded upon two facts:

First. That a required public service has been rendered.

Second. That an economic loss has been sustained by reason of the service rendered, and that an honorable man who voluntarily risked his life in the defence of his country is unable to earn a comfortable living.

The payment demanded by a pension claim is an economic consideration and, therefore, the justice of the claim and the amount that should be paid, are questions of fact to be determined by the usual rules of evidence. Sentiments of sympathy or of revenge should be given no place in the consideration of pension legislation. Sympathy and revenge are fundamentally inadequate to fully realize the wish of those who employ them. No sympathy is so completely satisfying, so pregnant with abundant comfort, so devoid of all constraint, so resplendent with happy freedom as are the awards of justice. No revenge is so completely humiliating, so fruitful of misery, so pungent with contempt, so pitiless with enforced confinement, as are the awards of justice. This analysis is made to prevent any one from erroneously supposing that a demand for justice in pension legisla-

tion is generated by a spirit of antagonism to old soldiers. The demand is for the punishment of frauds, imposters, and the unworthy, who unblushingly crowd themselves into the places of, and devour the substance that rightfully belongs to, others. It must be borne in mind that those who pay, are as entitled to justice as those who receive. The pressure for "liberal pensions" instead of for *just* pensions does not fully consider this factor.

Military service is the only required public service in connection with which pension claims are considered. In the United States, military service is rarely compulsory. The government is "of the people, by the people, and for the people." Under such a government the fundamental law of self-preservation makes it the duty of every citizen to defend the authority of the government. Whenever the Chief Executive lawfully calls for volunteers for this purpose, it is the duty of every able-bodied man to voluntarily offer his services. It is the duty of one man no more than the duty of every other man instantly to respond to such a call. This being the duty of every man, it is clear that no man can justly claim compensation for loyally doing his duty. When loyalty has to be bought, it has no existence. To claim payment for loyalty transforms the patriot into a merce-



nary. It is also clear that if, in such an emergency, all men should withhold their services until they could barter for bounties, rates of compensation and terms of future rewards, government by the people would perish in the first determined attack made upon it. If such a government secures to its citizens any advantages, industrial, social or political, that are worth an effort on their part to save from destruction, it is for the preservation of these benefits that they contend, not for the ascendancy of a dynasty, the transmission of royal titles or the glory of a military ruler. In this respect, voluntary military service rendered for a republic is essentially different in character from military service rendered by conscripts for a monarch or an emperor. The sacrifices of the comforts, society, and pursuits of civil life for the discomforts, sufferings and dangers of military life, are the price the loyal volunteer pays for the privilege of being a sovereign citizen. By such sacrifices this high privilege was first secured. Civilization will falter and fade when it ceases to honor the men who mutually pledged themselves to support their declaration of American independence with "their lives, their fortunes and their sacred honor." Those who inherited the government so founded but paid their debt of inheritance when the demand came to them to maintain its au-

thority, and they in turn, pledged to its defence their lives, their fortunes and their sacred honor. Of such royal blood were the men who rushed to the defense of their country, as call succeeded call, giving their services without hesitation, without bargaining for bounties, without questioning as to future reward. Patriotic sons of patriotic sires, upon them and such as they, the hope of freedom for all men depends. They are the ones who to-day stand for the transmission to posterity of honorable services untainted by greed for gain.

All men cannot be employed in military service, though all should volunteer. In such an event only the required number, a few from the many, can be accepted for the post of high honor and personal danger. It is this selection that divides society into two classes, those who perform military service, and those who remain in civil life and there sustain the burdens and improve the opportunities occasioned by war. Without a word of law, without a written or spoken promise, based on the strong and broad foundations of equity and justice, it is the duty of those who represent civil life to make good to those who enter military life any economic loss they may sustain by reason of such services.

Before a man enters the service he stands related to all others by certain economic conditions. He has a cer-

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tain earning capacity. There may be certain persons who may be depending on him for support. His economic prospects are equal with others possessing similar qualifications. So long as he remains in civil life he is bound by these conditions and has no just claim upon the government for any preference in competition with others to secure economic gains, or for any failure on his part to secure a full share of such gains in comparison with the share secured by his equals. More than this, it is the duty of every citizen to use every means at his command, to provide for himself and those dependent upon him and not to be a voluntary charge upon the industry of others. If he fails to do his duty in this regard, society justly classes and treats him as a self-made pauper. By no decree of justice can any man be absolved from the performance of this duty to himself and to society, or from the just verdict and treatment of society in case of failure, on the plea of having been in the military service of his country for a few years or perhaps only a few months. If from choice he contracts habits and conducts himself in a way that would justify society in classing and dealing with him as a pauper, had he never been in military service, there is no rule of justice by which the fact of such service entitles him to any different consideration for his delinquencies of char-

acter or conduct. The truth of this is fully attested by the fact that for no other failure to observe the laws of civil life, is military service ever placed in evidence as an extenuating circumstance. If an ex-soldier commits a robbery, an assault or a murder; if he executes a forgery, is found guilty of perjury, or fails to fulfill his contracts, the fact that he once performed a military service, no matter how bravely or well, is of no avail to protect him from the just judgments of the law. Why then should the fact of such service in any way shield him from the consequences of the just judgments of economic law? "If any man will not work, neither let him eat." Further than this, why should the fact of such service shield him from the ordinary vicissitudes of life to which all men in common are subjected?

The duty of the State to those it accepts into its service to defend the public welfare, is in its turn the duty of defending the individual welfare of its defenders. The requirements of economic justice clearly demand that the man who leaves the avocations of civil life, the peaceful pursuit of economic gains, to defend the public welfare by doing military duty, shall not be required to do so at his own economic cost. In other words, those who represent civil life must pay those who perform military service sufficient to restore the economic loss

occasioned by reason of such service. This is the standard of economic justice. This is the basis of and limits the amount of any pension claim that can be justly made. The claim must be for economic loss sustained by reason of military service rendered. It cannot be for having been loyal, nor for having rendered an arduous and a hazardous service.

Economic gains are calculated in the currency of the nation. It is the manner in which they are obtained and not the amount of the gains that is the essential consideration. No economic gains can be justly obtained that are not honestly earned. To earn economic gains honestly, requires the proper use of every earning qualification and the improvement of every opportunity so to use them. The active competition of man with man for the enjoyment of economic gains permits no shrinking. If a man cannot do what he likes best to do, for want of opportunity, he is compelled by the unwritten law of necessity to do what he can, when and where he finds an opportunity. This is his duty to himself and to those who are dependent upon him. A man who has performed military service is in no way, by reason of such service, relieved from this duty. If he cannot, for any reason, after re-entering civil life, make economic gains in the ways to which he was accustomed before entering

military service, such a fact does not relieve him from his duty to make such gains in any way he honorably can. If he shrinks this duty, it is the duty of society to permit him to suffer the penalty for shirking, which is a diminished share of economic gains. If society pursues any other course it will commit a double economic crime:—

*First.* By rewarding a shirk for *not* doing his duty.

*Second.* By robbing those who have done their duty to obtain the funds with which to pay the shirk.

It is not only the duty of a man to earn what he can in the best way he can, honestly and fairly, it is also his duty to use what he earns for supplying his wants and the wants of those rightfully dependent upon him and, beyond this, to make such provision as he may for safeguarding himself and them from the effects of the declining vigor of advancing age and the unforeseen accidents and vicissitudes of life. He has no right to squander his earnings in dissipation, on games of chance or in any other ways not necessary for comfort, well-being and reasonable enjoyment. If he does this, he by so doing reduces his economic condition to the same status it would have been had he originally shirked the duty of earning the means he squandered. To protect him from the evil results of having squandered his means will be

to place a premium upon vice and reward him for his dissolute habits. Neither society nor the man can afford to ignore the natural laws of morals and of justice by such procedure. "As he sows, shall he reap."

It is plain that the only claim a man can make for compensation from the State is for an economic loss sustained by reason of a military service rendered, and that this loss must be determined by the standard of the amount of economic gain made by others having similar qualifications, who have not rendered military service. Such a loss cannot exist if, in any capacity, public or private, the claimant has or is offered an opportunity to earn in any way an income equal to that being earned by uninjured persons possessing similar qualifications. If, having an opportunity to do this, he refuses to do it, he forfeits all right to consideration. Congress has no right to reward him for shirking his duty by paying him for a loss self-imposed, nor to rob industrious citizens of a portion of their economic gains to obtain the funds with which to pay the claims of a shirk. *Taxation for the payment of unjust claims is robbery.*

Viewed in the light of the requirements of economic justice, it is clearly seen that the first condition to be created by pension legislation is not one for claiming payments from the public, but the organization of a

means by which to assist ex-defenders of their country in obtaining public or private employment the compensation for which will prevent them from suffering an economic loss. In no way is it possible for public or private employers to show respect for those who volunteered to defend the nation in its hour of peril in a more acceptable manner than, when choosing a person to perform a service, to give the preference, all other considerations being equal, to the one who volunteered to defend the authority of the Government when others remained in civil life. Such a preference can be accepted with honor by any ex-soldier or sailor. To any honorable man an opportunity to render a useful service which he can perform, the pay for which will support him in comfort, is infinitely preferable to receiving the same amount of income without giving an equivalent for it in such services as he can render.

There is another point of view touching the enormous number of pension claims that have been filed. From force of numbers they tend to create the impression that all ex-soldiers and ex-sailors have fallen from their high position of honor as patriots to the ignoble position of disgrace, as mercenaries. This forces the statement that all men who entered the Union Armies were not patriots, nor men of high character. The men who first



entered the service, who loyally responded to the first calls for volunteers, represented the best blood and brains of this country. Those are the men who received no bounties for enlisting; those are the men who saw most service and who did the fighting; *they are the men who are now opposing* the disgraceful corruption that is engendered by the present pension laws; *they are the men who are demanding* that the stench and stain of mercenary greed shall be wiped out before it shrouds the honor and glory of their services, in the memory of the new generation to whom the war for the preservation of the Union is but history; *they are the men who wish to let the world know* before they pass out of it, that all ex-soldiers and ex-sailors are not mercenaries, but that some served the Government because of their love for it. They are noble, generous, honorable men. While they scorn with a contempt that none but brave and honorable men can feel, the hideous and shameless creatures who mouth their claims for pay and filch by fraud from a treasury opened with a free hand by a generous people for the deserving, *they demand for every worthy comrade full compensation for the economic loss he may have sustained.* They demand that the people of this country shall cease to support shirks and greed-destroyed manhood, in the name of gratitude to the country's defenders.

The men who enlisted under the first calls, before bounties were paid, and who served all through the war are placed, by the pension legislation now in force and as the laws are construed, on a par or at a disadvantage with the men who enlisted for bounties of from \$1,000 to \$1,500, during the last six months of the war, many of whom were not assigned to regiments for more than ninety days, and some of whom never left their States nor saw real military service of any kind. It is from this class of men, from the ranks of those who received bounties when they enlisted, who had their greedy appetites sharpened by the money that came to them so easily before doing service, that this heartless plunder of the people comes. If equity and honor could rule in the administration of pension laws, this class of claimants would be made to understand that they could not receive more than their betters, and that when they filed claims for pensions the bounties they have received will be construed as liquidated benefits and no further payments be made until their claims, at the rates allowed them, exceeded the amount already paid them as bounties. In this way some approach might be made to establishing equitable compensation between those who were the first to enlist, who received no bounties, and those who were the last to enlist and received enormous bounties. As

the adjustment is now being made, compensation increases as the value of the service decreases.

To determine the amount of an economic loss is a judicial function. It is an absurdity to classify disabilities and then to enact that all men who can prove that they are suffering from a specified disability shall receive the same payment, regardless of the fact whether or not the disability named *necessarily* caused the claimant to sustain any economic loss whatever. To illustrate: a bullet wound in my right lung incapacitates me for earning my living by manual labor. The law as it now stands gives me a pension. The wound, however, does not incapacitate me for earning my living, nor does it prevent me from obtaining a good deal better living than I could obtain by manual labor if absolutely uninjured. Another man who was and is a manual laborer, and who may have received a wound of identically the same character as my own, would have his means of earning a living almost, if not completely, destroyed by it. In my case the economic loss is nothing. In his case the economic loss is his entire earning capacity, say, \$40 per month. The law as it now stands gives me \$10 per month and of course, gives him the same. If it is true that his earning capacity is entirely destroyed, the \$10 per month is not sufficient to support

him. Instead of providing for him properly and giving me nothing, the law makes him a pauper and gives me a little stipend which I could manage to live without. The principle I contend is, that economic loss is the only thing to be paid for. That principle applied to this case would award me nothing but it would give my less fortunate comrade \$40 per month, sufficient to enable him to live in comfort and with honorable self-respect as long as the Lord will permit him to illustrate to his circle of friends the saying that ought to be true "that he who feared not to lose his life shall find it," and of equally deep importance, to show that Republics are not only not ungenerous but know how to be, and are, just.

If the principle of compensation for economic loss sustained and full payment for such loss when sustained, is established and strictly applied to all now receiving pensions and to all applications that are or may be hereafter placed on file, the veterans of the loyal Army and Navy would be relieved from association with a horde of claimants who gloat over their success in getting money out of the public treasury to which they know they are not justly entitled. Under this rule no money would be paid to any ex-defender of his country who is not in need, or who, being in need, can be relieved by being furnished with employment the duties of which he can per-

form. No money would be paid to any person as a dependent upon an ex-soldier or sailor, who was not so dependent during the term of his enlistment, or became so within five years after his final muster-out, or to a dependent who is not in need. On the other hand there are many, but probably not as many as may be supposed who would have their pensions largely increased. Out of a total of 520,158 pension certificates] in force, for the war of 1861, but 3,161 are classed as totally disabled.\* If the whole number of totally disabled should be paid four times as much as they now receive, and all others were cut off or reduced as indicated, the total annual amount required for pensions will be so small, in comparison with the enormous amount now being expended, it will become one of the wonders of the age how an intelligent people ever permitted themselves to be so imposed upon, or how they rested quietly under the extortion when once it was shown to them.

If pension legislation is revised on the lines herein indicated the entire system of administration will have to be remodeled for the purpose of properly carrying the provisions of the new law into effect. To determine the amount of necessary economic loss for which payment may be justly claimed, it will be necessary to appoint a

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\*Report Commissioner of Pensions. Fiscal year ending June 30, 1891.

Commissioner of Pensions for each State and to organize a Court of Pension Equity to review the evidence that may be submitted to it by the State Commissioner. The first item in such evidence will always be the certificate that, on account of injuries received in the line of duty, while in the Military or Naval service of the United States; the applicant is unable to perform any service in public or private employment, the pay for which is equal in amount to the pay received by uninjured persons possessing similar qualifications, and is dependent upon his own labor for support. To obtain such information the Commissioner should find by public advertisement persons acquainted with the facts and request them to communicate to him the knowledge they possess. With such information to review, it will not be difficult for a Court of Pension Equity speedily to dispose of the cases that may be brought before it and to do substantial justice in each. Such a system will relieve the honest claimant from the necessity of employing an attorney, or worse still, from seeking political influence as a means of obtaining that which is justly and honorably his due. Such a system will shield millionaires, bankers, merchants, professional men, well-to-do farmers and artisans from the sophistries of claim agents who tempt them to make claims under "the manual labor" clause of the law,

which, unsolicited they would never file. Such a system will purge the pension roll of every undeserving name. To the deserving the people stand ready to pay, with gratitude and blessing, every dollar that is their due.

Let the necessary legislation be enacted to carry into full effect the system indicated and the millions of claims allowed and pending that are now centralized at Washington, can be quickly scattered among the States from which they emanated, and the work on the part of each claimant, to show that his claim is for an economic loss, as well as to the extent or nature of it, can be quickly done. Challenged to substantiate their claims on this basis, *not more than one-quarter* of the claims will be refiled with the State Commissioner. The annual appropriations for pensions will be reduced to below fifty millions of dollars, and, of still greater importance, the following affirmations, honorable to the characters, energy and intelligence of the men who composed the volunteer Military and Naval forces of the United States during the war for the preservation of the Union can be verified:—

*First.* While the associations and temptations of life in the Volunteer Army and Navy differed from those of civil life, there were more influences to rouse into energetic action the good than to call out the evil in men's

characters. That some men yielded their manhood to temptation is true, *but the number of those so yielding was not a greater proportion to the whole number engaged*, than the number of those who yield their manhood to the temptations of civil life is to the whole population. It should be known to all now living, while the fact can be verified, that it may be appreciated and by them taught to posterity, that the conditions, associations and influences under which the volunteers of 1861-65 served their country, *did not render it necessary for any man to lower his moral standard or to contract habits of vice.*

*Second.* Every comrade of the campaign can attest that good character was as necessary a qualification for a good soldier as it is for a good citizen, and that victories were won by men of intelligence and honest worth, not by the ignorant and morally defective. The weakness of every company, regiment, battery and division was in the shirks, cowards, vice-destroyed men who encumbered its muster rolls, devoured its substance, and crowded honestly disabled men out of its hospitals. Such are the men who to-day do not hesitate to live on the gratitude of a generous people through payments made on pensions obtained by legalized fraud and at the expense of public and private morality. Men of the



same type are to-day the leeches and evil-doers of society.

*Third.* The men who had the intelligence, courage, and persistent energy to win victories on battle fields, by virtue of these same qualities of character *are* able to compete successfully for the economic gains of civil life with those who did not enter the service. This fact is proven by their present characters and attainments. Many who sustained severe wounds, and almost all who retained their health, suffered no impairment of their ability to care for and support themselves and families. Multitudes of them have no more thought of shirking this duty now, than they had of shirking their duty when at the post of danger. These are the men who demand that pension legislation and administration shall be so changed as to permit it to be known that loyal volunteers are still patriots, self-respecting and self-supporting. The character of a vast majority of the loyal volunteers of 1861-65 is the sacred heritage of the manhood and womanhood that inspired and sustained them. This manhood and womanhood is the peculiar product and glory of American independence and American institutions. It should be transmitted untarnished, an inheritance of nobility for posterity.

In April, 1889, I wrote a paper on the pension quest-

ion under the title of "The Duty and Reward of Loyalty," in which the following occurs:—

The loyal volunteer sacrificed the hopes and opportunities of civil life in the flower of his youth. He gave to the civilian, opportunities, and defended him in his enjoyment of them.

The loyal volunteer tempered justice with mercy, as was never before done. He set an example for all the world; yes, to heaven itself, of generosity in the hour of triumph. He made no attempt, nor has he ever attempted, in any way, to degrade, disgrace, or impoverish the vanquished. Without restraint or molestation, the defeated were allowed to return to their homes and recommence all vocations of peace. All they ever had was still theirs except that which was destroyed in the ordinary course of a war of their own creating. As a result, hate has been overcome with kindness. The right hand of fellowship has been extended and accepted. We are one people.

Let the world admire the volunteer's loyalty and courage as much as it justly may; incomparably more admirable is the noble generosity with which he presented to the people of the North and the South the fruits of his victories, content to keep for himself but *his battle-flags and his scars.*

The loyal volunteer has performed his duty of loyalty and earned his rank of nobility. It remains for the people of the Nation to rightly perform their duty of gratitude and earn their rank of nobility. The obligation of the people of the North and of the South, though springing from different causes, unites in the same issue, a debt of gratitude due from them to the Nation's defenders. Let those who pay this debt make honorable acknowledgment of the fact that such payment, in the truest sense, is an act of justice due to their own honor, not a compensation for the loyalty of others.

To place this subject in a true light, all phrases about recompense for privations, compensations for hardships, remunerations for dangers encountered, rewards for loyalty, must be discarded. With these sophisms cleared away, the true principles involved appear.

The loyal volunteer did his duty when loyalty required courage and sacrifice. He was generous when generosity required a high sense of honor and self-denial. They show small appreciation of the true factors in the problem who talk about placing a valuation on these qualities of character as though they could be made marketable commodities. Do they not know that virtue is forever destroyed when a price is set upon it? Do they not know that loyalty paid for transforms the hero into a mercenary?

One gain that must be made is the teaching of the lesson that the duty of loyalty and the duty of gratitude are moral obligations, virtues of moral excellence, and for that reason they cannot be coined into money nor paid for in dollars.

HOW THE DEBT SHOULD BE PAID.

The debt to be paid is for *impairment of earning capacity*, not for duty done.

No one, more especially an honorable soldier, will claim that a few years of military service absolved any one from the duty of subsequently earning his own living by honest work. If any are sufficiently dishonorable to make such a demand, that moral deficiency of character should not be allowed to disgrace their more honorable comrades nor to find a cash value.

The discharged soldier should be made good to himself, and those immediately dependent upon his labor, for any impairment of his earning capacity that he may have received by reason of his service. The fullest possible compensation will be given him when he is provided with employment, the pay for which is equal to his normal earning capacity. For this reason, all persons who have an equitable claim to compensation for impairment of earning capacity should be given the preference, all other considerations being equal, for employment in

any public or private situation, the duties of which they are capable to perform. *While so employed and in the receipt of full pay they should not be allowed to draw pension payments,*

Such a preference is an honorable distinction. To any honorable man an opportunity to perform helpful service and earn full pay is infinitely more acceptable than to receive a small gratuity without employment.

*The soldier who is capable of, and is earning a respectable living, has no right to a pension, because he has suffered no impairment of earning capacity.*

The ex-soldier who *has* suffered such an impairment and is therefore incapable of earning, in any situation that may be found for him, a respectable living, should be paid enough to support him in comfort, not pauperized by a stipend too small to satisfy his necessities.

If impairment of earning capacity is the only thing paid for, and if the payment is made only when the beneficiary can not be provided for with public or private employment that will enable him to earn an honest and respectable living, the amount required for such pensions will not burden the resources of the country. The payment of such pensions will be made with infinite satisfaction by the people, and the amount received will maintain in comfort and independent self-respect every unfortunate ex-soldier.

*The initial error* was made when the principle of payment was based on duty performed instead of loss sustained. Basing the claim on duty performed, opened the way for claiming compensation from date of discharge and for the payment of pensions to those who have suffered no impairment of earning capacity. Payments on such a basis have gradually dulled the sense of honor of thousands to whom it would otherwise have never occurred that their loyalty was a quality of character to be valued and paid for in cash. Such a basis for payment has stimulated the cupidity and greed of the dishonorable; and the payments have been received as a gratuity by the unthinking who look upon what they receive from the Government as a free gift, that costs no one anything, like a refreshing shower in a season of drought.

The influence of payments made on the basis of duty performed, or as a reward for loyalty, has sapped the foundations of honor in the minds of thousands until they think it right that the industries and the wage-workers of the country should be taxed for their support. It has made them dishonest enough to be willing to receive that which they have not earned, to take by process of law a portion of the earnings of others and convert it to their own use. More than this, it has compelled them to rob their disabled comrades, through imperfect pro-

vision for their needs, leaving them crippled and helpless, to wage the struggle of life as best they can and perish when they must.

As a result of such payments, *old soldiers who need a full support* receive only a small pittance, totally inadequate to support them, while untold millions are paid to those who are perfectly able to support themselves.

To meet payments that satisfy no claim of justice or honor, but represent bribes sought and bribes paid for votes, the industries of the country have been burdened with war taxes during a quarter of a century of peace. *This burden is an economic crime.*

Beyond all this, the manner in which pensions are procured, and the implied degradation of the spirit of loyalty involved in the enactment of pension laws, have rendered a pension a mark of disgrace instead of a badge of honor for the Loyal Volunteer.

#### THE REMEDY.

Thirty years ago, responding to the duty of loyalty, volunteers rescued the Nation from destruction by force. To-day, responding to the duty of loyalty, volunteers must rescue the Nation from destruction by dishonesty. All old soldiers who respect themselves and honor their comrades, whose sympathetic demand for the unfortunate is that they shall be shielded from all want, whose love

for the old flag makes the prosperity of the Nation dear to their hearts, must muster and demand that the pension laws be revised on the basis of *payment for impairment of earning capacity, and that such payment be made only when the beneficiary is incapable of earning a respectable living or can find no opportunity of so doing.*

Further, that a diploma, or medal, showing the service of every loyal soldier or sailor, be prepared and furnished to those entitled to the same, and that it be made the rule of employment, public and private, that preference shall invariably be given to those so honored.

*Let those who are in need, be fully cared for. Let those not in need enjoy an honorable distinction and preference in the opportunities of life.*

Since this was written the Act of June 27, 1890, has become a law, and has proven how far wrong it is possible for legislation to go when once started in that direction.

On May 28, 1893, it was announced by the public press that the decision in the case of Charles T. Bennett, late private, Company F, Thirteenth Indiana Volunteers, will, it is believed, by those high in authority in the Pension Bureau, reduce the payments of pensions under the Act of June 27, 1890, between \$15,000,000 and \$20,000,000. What better confirmation need be asked of the correct-



ness of the position that I took in 1889 and have since maintained, that the *initial error* was made when the principle of payment was based on duty performed instead of loss sustained. The fundamental error of basing payment on *inability to earn a living by manual labor* is still in the law of June 27, 1890. This defect cannot be removed by a decision of the Secretary of the Interior nor by an order of the Commissioner of Pensions. *It must be removed by Act of Congress.* When this defect is eliminated from pension legislation, payments for pensions will fall below \$50,000,000. *Over \$100,000,000 annually are now being paid on pension claims that have no foundation in justice or honor.* This change can now be effected, not in opposition to but *in conformity with the honest wish of the living ex-soldiers and sailors who enlisted without being bribed by bounties.*

The Volunteer Armies and Navies of 1861-65 were not composed of *manual laborers* as the armies of Europe may be. They were composed of loyal citizens from every calling and vocation of life. The manual labor clause in pension legislation is an insult to their intelligence. Its presence there strips the mask of pretence from all politicians who claim that they have enacted pension legislation in order rightly to honor ex-soldiers

and sailors and properly to reward them. Their enactments degrade every intelligent man who ever wore the United States uniform. The manual labor clause was placed in pension legislation to enable pension attorneys to cater to the unthinking, the greedy and the corrupt; and as a vote-winning favor to the uneducated. The veterans now living—the vast and ruling majority of them—were not manual laborers before the war, they are not manual laborers now. Is there not a sense of the respect and justice due them, strong enough to wipe out this iniquity?

The taking of nearly one-half of the entire public revenue for distribution as legal prize money, among those who could not have been made soldiers in any war for a cause that was not held by them to be sacred, in a vain attempt to bribe them to support the politicians who voted for the bribe, grave as it may be as an exhibition of political corruption, has not proven a real danger to a Republic whose people are sufficiently intelligent to think, and sufficiently free to act for themselves.

#### THE GRAND ARMY OF THE REPUBLIC VINDICATED.

An incident which has passed almost wholly unnoticed, occurred in Washington during "Grand Army Week" (September, 1892). The Pension Office was then used as an agency for the distribution within its walls to

the noble Army of visiting veterans then assembled in Washington, of a circular designed to impress upon each and every one the contrast in *friendliness* to ex-soldiers and sailors as shown by the work and disbursements of the Pension Office during the first three years of President Cleveland's administration, and the first three years of President Harrison's administration.

To claim credit, as is done in this circular,\* for cutting down the "average cost in salaries for issuing each certificate" from \$24.24 to \$11.10, while the "total certificates issued" increased from 334,407 to 759,603, and the "amount disbursed for pensions" increased from \$237,685,704.77 to \$361,064,778.46, is such a stupendous exhibition of failure to credit the Grand Army of the Republic—the honest men in the ranks—with ordinary intelligence, it is no wonder they silently return to their homes and that the then Pension Commissioner was promptly voted out of office. Either party is now free to initiate measures of pension reform, since it has been proven that the party claiming the credit (?) of the legislation which has resulted in placing such unprecedented burdens upon the people, and in bringing the blush of shame to every battle-scarred patriot, cannot control sufficient votes to hold power. This demonstration ought to satisfy all manipulators of

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\* For the full text see Pension Office circular giving comparative statement, June, 1892.

party machinery that a people who think for themselves will act for themselves.

My object in discussing this question is to contribute what I can to the rescue of the nation from a cause of frightful corruption and unsound economic teachings, and to relieve ex-defenders of their country from the mercenary stain that has been thrust upon them by a combination of the improperly educated, the greedy and the unscrupulous; interested claim agents and designing politicians.

“Liberal pensions,” “generous pensions,” are always *unjust* pensions. Those who vote such pensions are liberal or generous *with other people's money*, which is dishonest; and their liberality or generosity has for its initial reason some expected personal or party profit, some political consideration other than the services rendered and losses already sustained. This is political corruption of the basest sort. To vote “liberal pensions,” in the name of gratitude to those who risked their lives in defense of their country, not for the purpose of paying a just debt, but to gain or perpetuate political power, is the most dangerous form of corruption to which a popular government can be submitted. This form of corruption does not hesitate, by subtle reasoning, to seek to dethrone the honesty of the masses by appealing to their popular

prejudices. Those who favor "liberal pensions," knowingly or by delusion, tell how much has been paid to bondholders for principal and interest on the National debt, how the wealth of the country is increasing, how small the amount required for pensions really is, in comparison with debt payments and the ability of the country to pay. By this subtle reasoning it is attempted to be shown that, because a just debt has been or is being paid, an unjust pension claim should be paid. Such reasoning is not creditable to the intelligence nor the honesty of those who use it. What has been done with any other class of creditors, what the ability of the people may be to make payment, has nothing to do with the justice of nor the amount of a pension claim. If it is desirable to further illustrate the sophistry that has led to corrupt pension legislation, it is only necessary to direct attention to the praise lavished on ex-soldiers. In the same address claiming their right to "liberal pensions" because the Government has paid the principal and interest of its debts, and because the country is wealthy and can pay, the world is told that ex-soldiers have, "by their peaceful industry, contributed to the public wealth as much as any equal number of citizens." If this be true, and I claim that it is, then their earning capacity was not impaired, considered as a whole, by their army

service, and claims for pensions as a logical sequence can have no basis in economic justice. The logic of the affirmation of the value of the ex-soldier as a citizen, destroys absolutely all the claims that pension legislation as it now stands has any just foundation for its enactment, or for the methods of its administration. My contention is for justice for every ex-soldier, and for proper compensation for economic loss sustained, independent of any question of other debt payment, party exigency, inequitable sentiment, or the condition of the Treasury. "Liberality," "generosity," in this case have become synonymous with corruption and fraud. This is proven by the fact that the ex-soldier who is the recipient of a pension, is at once branded as ungrateful, if he votes against those who are "liberal" and "generous" with other people's money for his benefit. The payment of a just pension places the recipient under no obligation. Being just, it is his due.

The following affirmations correctly define and limit the scope of just pension laws:

*First:* It is the duty of every citizen to be loyal. No citizen is entitled to a compensation of any kind for being loyal.

*Second:* It is the duty of every able-bodied male citizen to at once tender his services whenever the Chief Ex-

ecutive lawfully calls for volunteers to defend the Nation.

*Third:* Every person who suffers from an impairment of his earning capacity, by reason of duty performed in the service of the Nation, is entitled to full compensation for such loss. Such a claim is fully satisfied, when by means of public or private employment such a person receives an income equal to that received by uninjured persons possessing similar qualifications.

*Fourth:* Those immediately dependent for support upon a person injured, killed, or dying while in the line of his duty in the service of the Nation, shall be provided for by a pension payment equivalent to the economic loss sustained. Such persons shall include only those who were so supported at the time of enlistment, during the term of service, or who became entitled to such support within five years from the date of final muster out.

*Fifth:* Pensions in every case should be sufficient fully to restore the economic loss sustained, so that he who serves his country in its time of need and those who were then dependent upon him, shall suffer no economic disadvantage in comparison with uninjured persons possessing similar qualifications.

*Sixth:* Honorable recognition of patriotic service cannot be expressed by money payments, but is fully satis-

fied, with credit to the giver and respect for the receiver, when, choosing between two applicants for employment, all other considerations being equal, preference is given to a loyal volunteer because he performed the duties of a soldier or sailor while others remained at home, or took up arms against the Government.

Properly to revise the whole code of pension legislation, the orders, rules and practice and methods of its administration, to clear the way for and make possible an honest and thorough application of these affirmations, it will be necessary to create a Commission to deal with the whole subject who will be untrammelled by responsibility to party or by the precedence and limitations of office. The findings of such a Commission will be acceptable to the people, and can be given practical effect by Congress and the Administration, and thus secure an enormous gain towards inducing a return of prosperity, while guaranteeing to every ex-soldier and sailor his just reward.

#### THE TRUE REWARD OF LOYALTY.\*

When the debt for impairment of earning capacity is honorably paid, what is the true reward of loyalty?

Acts of loyalty are acts of moral rightness. In the sacred court of the soul, where God's justice is done, the reward of a right act is inseparable from the act. A right

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\* Duty and Reward of Loyalty. (Pamphlet.)



act is self-crowned. Its crown is truth—rightness. Such crown no man can give nor withhold. In the highest and best sense, this crown is the true reward of loyalty.

The loyal volunteer, endow him as you may, clothe him as best you can, decorate him with all the honors you can bestow, and you have but given a fitting tribute to your own sense of gratitude. Do not suppose for a moment that you have thereby rewarded his loyalty,

The gains of life are various. Some objects we pursue disappear as we grasp them. We are children chasing with excited delight beautiful bubbles floating free in air. We touch them and they vanish. Some objects are as enduring as the eternal truth of God. We pursue them with the stern courage of men upborne by the strength of moral conviction. Though in the hour of trial and triumph a crown of thorns be pressed upon our brow, the memory of a right act, courageously and generously done, will enrich the soul forever. The memory of such actions is the loyal volunteer's richest endowment and most sacred acquisition. How little all that can be given must ever be, in comparison with that which he has by right of his own achievement.

Ask him now how he values his memory of that day when, with his regiment, he first left home for the scenes of war. Can the picture ever fade? Streets thronged

with the populace and decorated with the flag he was to defend! Can he ever forget the holy inspiration of the silent cheer from his speechless father, mother, sister, or lover as he passed them?

Ask him now how he values his memory of the thousand incidents of army life that are never recorded by a single line on the page of history, but which revealed comrade to comrade, knit life to life, and gave opportunity for the expression of nobility by noble men.

Ask him now how he values his memory of the hours of conflict, when, by the magnetic touch of elbow to elbow, comrade to comrade gave courage, and the line grew firm as adamant, when the spirit of those who fell entered into those who remained, and the dying transformed their unwilling groans into cheers for the living. In the crucible of conflict, men become molten. Their blood mingles. Their souls blend. Their lives are fused into the life of the nation. Who that has felt the mystic power, the grand exaltation, the unutterable joy of that supreme moment when his heart's blood leaped forth as he fell at his post, would call back one drop of it for all that can be given him in return?

Ask him now how he values his memory of that day, duty done, his mission accomplished, when, with tattered battle flags, clothes soiled and torn, bronzed face

and hardened muscles, it may be with scarred and disabled body, he returned with the survivors of his regiment to his home. Again the streets are thronged with the populace and decorated with the national flag. The storm cloud passed, all are wild with joy made solemn by the thoughts of them that could not come, by none more tenderly remembered than those by whose side they fell. The glory of flowers, the mingled voices of music and song, enchant the eye, perfume the air, exalt the soul. Suddenly, out from the mass of eager faces there darts a father, mother, sister, or lover, as some looked for one is recognized. The heart can endure the strain no longer. He is snatched from the ranks and embraced, midst the cheers of all observers. Words!! There are no words for such moments! But the entry the recording angel wrote that day will forever read: Thank God! my boy, my brother, my lover, has done his duty.

The days of trial and victory are passed, but memory causes them to live forever in the eternal—NOW.

Such memories are the true reward of loyalty. They can be possessed only by those that earn them. Find such a one, become acquainted with him, and you will find one who will exact least from the defended and is most generous to the vanquished.

It is these memories that stir within old soldiers their

best manhood, and thrill them with noblest pride, as they look into each others' faces. They only are capable of appreciating at his true value their comrade of the campaign, the veteran of the battle-field. They, better than all others, know how to honor him that was loyal when the nation had need of his services.

To him that has no need, let no mercenary stain come. To him that is in need, let abundance be given. To all that were faithful to their duty of loyalty, let the true award of loyalty be an untarnished possession, a crown of true glory.

All who seek to perpetuate the history of the war for the preservation of the Union, by pen, or brush, or chisel; all who speak about or ponder over the events of those days, must ever stand uncovered in the presence of him who can say of the first battle of Bull Run; of the last grand review; or of any of the battle between: "I performed the duties of loyalty—I was **THERE.**"

The fourth act in the programme of progress is the revision of pension legislation in a way to strike from the pension rolls every unworthy name, and to make loss sustained the standard for payment.

## CHAPTER VI.

### REVISION OF CIVIL SERVICE LEGISLATION.

A case of the ideal operation of the Civil Service law came to my knowledge some six years ago. A young lady, seeing an announcement that candidates for appointment in the classified service would be examined at a certain time and place, presented herself for that purpose. After the examination was passed she gave no more attention to the subject. In about a year after her examination, she was surprised by receiving notice that she had been appointed to a \$900 clerkship. She accepted the appointment, reported for duty, and is to-day in the Government service, having been promoted gradually from \$900 to \$1200 per year. All this absolutely upon her own merit, without the interposition of a word or of a request of any kind from any person whatever, and void of any influence, political or otherwise, except her own record and character. In so perfecting and extending the scope

of Civil Service legislation that every position in the Government service, not legislative, will be filled by the method above indicated, lie the best hopes for every wage-worker in this country.

Removals from public employment should not be permitted except for causes affecting the efficiency of the service, established after due trial. Every principle of social ethics and economic requirements demands that good character, and the satisfactory performance of duties, shall be the only Government patent for obtaining and retaining public employment. Such a reward for merit it is the duty and the interest of the public to award. Wage-workers everywhere should recognize the fact that employees in the public service are justly entitled to the same protection in their right to keep their employment, regardless of changes in administration, as are members of trade unions to keep their jobs when others want their places. Trade union members, to be consistent with the teachings of their orders, should look upon an official who discharges a Government employee for political reasons only, as an enemy of honest and of organized labor, and should look upon a person who accepts a place made vacant for political reasons only, with the same disfavor as they look upon men who displace trades union men in positions they wish to hold. They should resent an unjust

discharge from public service, and an appointment to fill a vacancy so created, as they do the unjust treatment of a member of their union. By thoroughly establishing the Civil Service beyond the ability or wish of any political party or politician to disturb public employees, trade unions will secure a perfect demonstration of the good that may result from the enforcement of one of cardinal principles of their orders. In no way can public opinion disapproving the arbitrary discharge of employees by employers in every avocation be made clearer, stronger, and more righteous than by prohibiting such discharges when the public is the employer. Such a public sentiment will make every citizen a member of the trade union of the nation and will firmly establish good character and the faithful performance of duty in public service as a fundamental condition for inducing prosperity. To this end it should be made a point of honor with every candidate for an elective office that, if elected, he shall not make nor ask for removals of public employees for any political reason, nor for any other reason without just cause established by a fair trial.

The standards of efficiency in the public service, the quality and quantity of work to be done for the money tax-payers pay for it, the historical and statistical development of the great departments, and the many complex

agencies that operate for the welfare of the people, cannot be carried forward with the highest degree of efficiency unless the workers employed are assured of a fitting reward for faithful, competent and continuous service. To an extent which it may be difficult for the masses to appreciate, the Government employee of a few years standing becomes, almost in the ratio of his efficiency in the service, incapacitated for gaining equal preferment in the usual avocations of civil life. This is on account of the complete dissimilarity of the work and the conditions under which it is performed, when compared with work in industrial and commercial life, demanding similar qualifications, and the conditions surrounding such work.

The only hope of reward that can be offered to a Government employee, in line with the best development of his personal efficiency and with the highest interests of the people, is, *security in his position and certainty of his promotion*. Both of these conditions are destroyed by arbitrary removals and by arbitrary promotions. No injustice is more keenly felt in Army or Navy than that caused by an arbitrary promotion. An arbitrary discharge cannot be made in the Army or Navy. No other act of injustice is more purely and brutally selfish, or more destructive of the good feeling and efficiency of a corps of office clerks than an arbitrary discharge or an arbitrary



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promotion. Failure to reward good character and faithful service with continuous employment and merited promotion is direct encouragement of bad character and indifference to, and neglect in, the performance of duty. The people cannot afford it.

If this question is viewed only in the light of the best interests of employees and of their employers, the people, it must be conceded that each will be great gainers by the inclusion of every public employee within the classified service, and the perfecting of plain, practicable and equitable regulations for promotion and final retirement. There is, however, another consideration of paramount importance and so far reaching in its bearings upon the public welfare that, when once fairly thought out and appreciated by the people, will cause them to look upon a removal from, or an appointment to office, solely for partisan political advantage, with as righteous indignation as they now do upon embezzlement of public funds. This consideration pertains to the duties of citizenship. It must be conceded that a government by the people is powerless to promote the welfare of the people beyond the limits of the intelligence and honesty with which the right of suffrage is exercised. An intelligent and honest use of the ballot can result only from proper motives of action rightly directed. No motive is so pure,

so true, so fruitful of good if rightly directed, as the desire to promote the public welfare without a lurking thought of personal gain, except as any individual may share in the general good. This desire is the essence, the very life of patriotism.

In popular estimation patriotism is identified with service in the Army or Navy in time of war. This is a delusion. Patriotism is the spirit of public duty performed for the good of the whole without reference to a direct benefit for the individual. It is as necessary that a citizen should study public questions with the view of cooperating with others to secure the highest degree of public good as it is for volunteers to drill that they may be handled as effective units in military operations. There is no better discipline whereby men may be taught their mutual dependence upon, and relations with each other than the army or navy drill. Its whole language and meaning is, effective strength is in proportion to intelligent orders intelligently and promptly executed. In civil life effective capacity for self-government is in proportion to intelligent and prompt performance of the duties of citizenship. These duties are of the highest importance because they are the source of the orders (laws) which every citizen must obey.

Education on political questions is procured through

daily, periodical, and book publications, the speeches and circulars of political partisans, the dictation of party organizations and personal influence. In all these forms of activity the true spirit of patriotism will manifest itself in exact proportion as the motive of the worker is inspired solely with the desire for the public welfare, or it will be corrupted to the extent in which his efforts are inspired by a lurking plan for his own gain, or to satisfy his own ambition. Viewed from this position, a political party whose workers demand offices in payment for their political activity, is sure to be as devoid of the spirit of patriotism, as is an army recruited by payments of large bounties and the promise of "liberal pensions." In fact, one of the results flowing directly from the degradation of patriotism by pensions is seen in the idea, which is almost universal, that everyone must be paid for any service he may render in promoting political action. This idea is followed to the extent of failing to distinguish, as in the case of pensions, between a public duty that all men must render if the Government is to be maintained and made beneficial; and a service which few can render, and in doing which must deprive themselves of the opportunity or capacity to win economic gains in the ordinary vocations of life, as is the case with those in military life and employees in the public service.

There is no essential difference between the patriot for bounties and pensions, and the patriot for office. They are both patriots for revenue only. When a government or a political party is compelled to buy patriotism, or loyal support, it can command neither. Patriotism, loyalty, are not commodities of the market place, they are qualities of character and as such are not purchasable. If a man believes a measure to be for the public good his duty as a citizen commands him to use all honorable means that he can control to secure its enactment. This it is his primal duty to do as a good citizen. His failure so to do, in the fitness of things, should deprive him of his citizenship as quickly as disregarding an oath office should deprive an incumbent of his office. Any departure from this rule is a departure in the direction of bribery and corruption. That man who can be bought to support a party measure with the promise of an office, that representative who will defeat a measure because he has not been allowed to control patronage, is a traitor to himself, to his party and to his country. It is better that a measure should fail than that it should be secured by such means. A party that advocates measures of vital interest which call to its support the masses of honest, well-meaning people, who have no thought of office, but who work with heroic devotion for

a cause they believe to be just, has no need of patronage, real or prospective, with which to bribe its workers. A party that does not advocate such measures has no right to succeed and could not dispense patronage without corruption, if it should succeed. When there is no hope of reward in the spoils of office, the purchasable political worker will give place to the man whose work is actuated by principle, whose inducement is the success of the measures he believes to be just and for the public welfare. With this change there will come a change in political methods. All political tricks of doubtful morality will be eliminated from political procedures, and influences that make for good will be welcomed and strengthened. The gain for the people from this cause will be enormous.

One fact may be relied upon to assist in securing an enlargement of Civil Service legislation that will forever divorce public patronage from party politics, is the demonstration that has recently been afforded of the folly of a party expecting continuous control of the Government, and, for this reason, neglecting its opportunity to so arrange the laws as to secure its appointees against disturbance by new comers. Should those now in power be guilty of a similar neglect of their duty and opportunity, it is to be hoped, when the day for their punish-

ment comes, as it inevitably must, they will accept their chastisement with becoming humility and grace.

Under the pressure of public opinion and the stress of party exigencies now existing, it is not probable that any of the gains for sound Civil Service legislation will be lost, but that great progress will be made in this direction. When the contribution plate is passed down the aisles, no question is asked as to how the money was procured by those who place it on the plate. This is the attitude in which Civil Service legislation and regulations have been received from time to time. The honest working masses who toil in the offices have been thankful for every mite that tended to give them security in their employment and just recognition of their merit. They have asked no questions as to the policies or motives of the party by whom the gain was given. And the people have been none the less docile, expectant and tenacious. No gain yet given has been lost. No matter how transparent and unworthy the motive may have appeared for extending the classified service in this or that direction, once extended, it has not been within the power of either party to recall the step.

Government by the people cannot be better than the people. It must be a reflection of the moral and intellectual development of the day. This ideal will fail to be

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realized in exact proportion to the neglect of the duties of citizenship by the moral and the intelligent. The forces that work for evil are always active and watchful for an opportunity to become aggressive. The forces that work for good are easily lulled into repose by a false sense of security, when the stress of an impending crisis is not felt. The forces that work for evil are always cohesive, as they always have a personal selfish end to serve. Greed and corruption deal in ready cash, and "money talks." This has been painfully illustrated by the course of public sentiment and political action in regard to the pension question. The good have indulged in platitudes regarding the bravery, sacrifices and high worth of loyal volunteers, the debt of gratitude, respect and honor owed to them by an appreciative and prosperous people; the evil have taken up the refrain and repeated every praiseworthy sentiment with due unction. Under this cover they have enacted laws that have degraded every intelligent volunteer, robbed taxpayers of hundreds of millions and put money into the pockets of the undeserving and corrupt. The same course is followed in the manipulation of votes by politicians. There is never absent from their literature, speeches and declarations of principles, most fervid expressions about the dignity of honest labor, the sacredness of public funds, the

duty of right doing. There is never absent from their actions the most flagrant indignity that can be offered honest labor; in the clamor for place, demanding the discharge of honest, intelligent, faithful public employees, to make room for political heelers; they do not hesitate to make corrupt and wasteful use of public funds, far exceeding anything dared or done by King George III against whose rule our forefathers rebelled, in the buying of pig silver, the payment of sugar bounties, the payment of pensions, and the wasting of the public domain.

A public opinion that permits its representatives to make a corrupt use of public patronage will permit them to make a corrupt use of public funds, and of the public domain.

Politicians who see no wrong in distributing public patronage to vote winning workers, will see no wrong in distributing public funds by vote winning measures. A public opinion that is sufficiently intelligent and earnest in expression to stop the corrupt distribution of public patronage, will be sufficiently intelligent and aggressive to demand that the service of the public shall be made a profession of higher honor than has ever been its military or naval service. That it shall be a profession by means of which those whose inclinations lead them to the study



and development of any of the multiplex branches of science, invention or art, rather than to money making, may devote themselves to the service of the people, for their social, physical, and industrial well-being. These are interests that cover the whole of life from the cradle to the grave and reach out into the limitless future. They have to do with character, comfort, happiness, prosperity. A public opinion that is sufficiently intelligent and earnest in expression to insist upon and to secure such an administration of the public service, will be sufficiently intelligent and aggressive to demand and to stop the corrupt distribution of public funds and of the public domain. If any one will try to form a just estimate of the difference between existing conditions of life in this country for the masses, and those that might have been established, had the same amount of public funds, that has been worse than wasted in ways herein indicated, been judiciously expended in scientific researches, inventions, discoveries and invention, all benefits from which would accrue to the people, the investigation will force him to the conclusion that it is true of a people, as it is of an individual that, the objects for which income is expended indicate and limit the direction of and progress in self-culture, self-government, self-induced prosperity.

In its possibilities of influence for good upon the welfare of the daily life of the people; in its power to uplift true standards of merit for the guidance of the masses, and in its effect upon those employed in the people's service, the deep significance of the demand for a most thorough, intelligent and far reaching revision and extension of Civil Service legislation and regulation will be found. In no way can a more emphatic command be given to politicians to deal honestly with the people's funds, than by a demand that will admit of no evasion that they shall deal honorably with the people's employees.

The fifth act in the programme of progress is the revision, in the direction of largely extending Civil Service legislation and regulations, to the end that the people may be served by the honest and capable, who will be under no obligations to party, but will owe their entire allegiance to the Government.

## CHAPTER VII.

### CONCLUSIONS.

The ultimate result of government by the people, through a representative system, is government of the people by their representatives. In theory the people instruct their representatives. In practice the representatives, who should be true leaders, instruct the people.

Representatives who gain or hold political power derived from constituencies exercising the right to vote by authority of manhood suffrage, are always weakened in their leadership by the lack of correct information among the masses. When economic questions are involved in legislative measures, concerning which there is a lack of an agreement or of a clear understanding among those of average intelligence, it is difficult, if not impossible, for the well informed, to command the necessary support to enact measures complying with sound economic requirements. For this reason the well informed are obliged to choose between two courses:

1. To hold absolutely to that which they know to be sound economic policy and thus place themselves in a hopeless minority, in which event the majority will pass less wise measures; or,

2. To make concessions to the majority and by meeting it part way, secure the enactment of measures which, though less wise than those known to be best, are more wise than the measures that would be enacted by the majority if abandoned by the well-informed. It is an open question as to which procedure is productive of the most direct benefit to the people. This is a question of judgment that no one can decide for a representative, as no one but himself can view the question from his standpoint. His is the responsibility of acting. To him belongs the credit or discredit that may attach to his act as historians will view it, in the light of subsequent events.

Ignorance is the absence of intelligence. The intelligence of the least informed, who are the many, is very little. The intelligence of the well-informed, who are the few, is very great. For this reason, the man of average intelligence is far above a line equally dividing the total number of votes. It may be assumed that there are 100 votes below the man of average intelligence, to each vote above him. And for *this* reason the much-applauded sentiment, "the voice of the people is the voice of God,"

has no foundation in fact. Divinity is not in the King, nor yet in the voice of the people, but in the intelligence of the individual. When a man utters a truth, God speaks. The assertion that the King can do no wrong has long since been added to the list of errors made by the uninformed and the superstitious. The corresponding error next in line for promotion to the group of the fallacies of the uninformed, is the assertion that the majority can do no wrong. No individual makes claim to infallibility. For these reasons, if one is disposed to make light of serious things, the whole system and course of human governments may be classed as a Comedy of Errors. But it is not so. The necessary organization of society compels the well-informed to submit their measures to the approval of the least informed, and to cause them to be understood by those below the average man in order to secure their enactment, or, they must submit to be governed by measures which they know to be less wise than their own, but which are approved by the average man and those below him. This necessity induces and maintains in constant operation a campaign of education which tends continuously to increase the intelligence of those below the average. This is the generic force of advancing civilization.

Intelligence is acquired by instruction through the rea-

son, and by instruction through experience. Some one has said that a thing is never thoroughly learned until it is learned by experience. If this be true, then it is manifestly best for the well-informed to stand manfully by the measures which they approve, and to work for such measures with all the energy they can command. By doing this, they will educate the people through their reason. While this course of instruction is in progress, the uninformed majority will of course enact measures less wise than those advocated by the well-informed minority. This will give both parties the advantage of noting the differences between expected and obtained results. If the measures enacted by the uninformed majority *are* less wise than those advocated by a well-informed minority, the obtained results will be less satisfactory than the expected results, and the failure will be found in those particulars in which the measures differ from those advocated by the well-informed minority. In this way the uninformed majority will gain by the double process of instruction, the reasoning of the well-informed, and the bitter experience gained by its own attempt to use forces it does not understand. As the majority gains intelligence, it will adopt the once-discarded measures advocated by the minority, and thus make progress by the adoption of better standards of excellence than those

by which it was at first guided. This will not necessarily make the minority a part of the majority, and thus establish a complete agreement between all parties. Those who *can* gain intelligence through their reason do not have to lag in the trail of experience. When they have discovered, mastered, and assimilated one truth, the inexorable law of progress commands them to move on to the discovery and elucidation of other truths. Such are the true leaders of the people.

A statesman is one who, clearly seeing the true course, seeks to cause people to take but one step at a time in that direction. He is never disturbed by the rate of progress. His only anxiety is to have *every step in the right direction*. He will not hesitate to act with the majority when the majority is right, nor will he fear to act with the minority when it is right and the majority is wrong.

A politician is one who, though he may clearly see the true course, seeks to gain or retain political power by advocating those measures which in his judgment will find a response in the sentiments or prejudices of the largest number of voters in his district, the uninformed. He has no anxiety about the inherent soundness of the measures he supports. His only care is to make them *legal* and to be sure they will win him votes enough to place or

keep him in power. His are the measures which furnish the opportunity for noting the difference between the expected and the obtained result. His is the responsibility of being guided by his own judgment. To him belongs the credit or discredit that may be attached to his acts as viewed by the historian. He is generally in the majority. The successes of the uninformed and of the dishonest, are always translated as defeats by those who write history.

The guide of the statesman is the highest attainable degree of prosperity for the whole people. The guide of the politician is the longest possible tenure of power for his party. The statesman regards "public office as a public trust." He is a true patriot. The politician regards public office as a party asset. He is a mercenary.

While a man may not know everything, *he can know one thing well*. Legislative questions cover a limitless range of subjects and require for their proper solution an amount of accurate information beyond the power of any one man to acquire. Touching those measures regarding which a man has no personal, definite, or accurate knowledge, his only reasonable course is to be guided by those in whose judgment he has confidence, whom he believes to be honest, and to be well informed on the subject. Touching those subjects concerning which a



person believes himself to be well informed, if he is honest, he will be guided by his own judgment. This course may cause him to act, on some occasions, in opposition to the majority of his party, but it will tend to prevent his party from subordinating the welfare of the people to the welfare of the party. For this reason, it is his duty as a statesman and a patriot to act in conformity with the dictates of his judgment.

The steps to be taken by the *Fifty-third Congress*, at its first session, in carrying out a Programme of Progress, are:

*First: Repeal of the Silver Purchase Act.*

The influences that secured the passage of this act were:

1. Desire of silver men to secure a market for the product of their mines with a sufficient demand to maintain or increase its price. The obtained result *is not* a realization of the expected result. Experience teaches that, for the purposes of silver men, the Silver Purchase Act is a failure.

2. Desire of currency men to secure a sound and an automatically elastic currency. Stated in their own language, "a currency that will be abundant in the pockets of the people." The obtained result *is not* a realization of the expected result. Experience teaches that, for the

purposes of currency men, the Silver Purchase Act is a failure.

3. Desire of national bank men to perpetuate the national banking system. Millions spent in purchasing pig silver, for which the Government has no use, cannot be spent for the redemption of bonds on which the people are paying interest, which bonds are used as the basis, of the national banking system. The obtained result in this particular, *is* a realization of the expected result. Experience teaches that for the purposes of national bank men, the Silver Purchase Act is a success.

4. Desire of gold men to maintain a gold standard. The supposed necessity of choosing between free coinage of silver, and the purchase of silver, secured the support of gold men for the Silver Purchase Act as a compromise measure that would prevent the monetary system of the country from being transferred to a silver basis. The obtained result *is not* a realization of the expected result. The monetary system of the country is now much nearer to being transferred to a silver basis than it has ever before been, and will be so transferred if the Silver Purchase Act be not repealed, and the coinage of silver be not prohibited until there is a commercial demand for silver coin. Experience teaches that as a means for maintaining a gold standard, the purpose of gold men, the Silver Purchase Act is a failure.

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These statements clearly show it to be the patriotic duty of all representatives who wish to rank as statesmen, to vote for the unconditional repeal of the Silver Purchase Act. In doing this they will record the fact that, having learned through bitter experience that the Silver Purchase Act is not well designed to induce the greatest possible degree of prosperity for the whole people, its repeal was demanded and was accomplished by a patriotic combination of:

1. Well informed silver men who seek to place the silver mining industry on a sound economic basis.

2. Well informed currency men who seek to supply the people with a sound, and an automatically elastic currency based on a gold standard of values, that will become abundant in the pockets of the people.

3. Well informed gold men who seek to maintain a gold standard of prices for internal and international commerce.

4. Well informed national bank men who are ready to prepare the way for an inevitable change in the national banking system.

This demand will be opposed by:

1. Uninformed silver men.

2. Uninformed currency men.

3. Mercenary national bank men who desire to per-

petuate the national banking system on its present basis without regard to the standard of values, whether it be gold or silver, so long as they can retain their monopoly of the power to issue currency.

*Second: Repeal of the National Law Taxing State Bank Currency.*

This law was enacted as a war measure. Its object was to strengthen the national banking System in order to make that system a powerful auxiliary to the Treasury Department, for carrying out the financial policy of the Government, and for managing the enormous fiscal operations made necessary to redeem the depreciated notes and bonds issued by the Government during the war, and to bring their value to par with the standard gold values of the great financial centers of the world. The measure was adopted to prevent financial disturbance during this transition, by an indiscriminate organization of State Banks of Issue. Under the economic conditions then existing, there was a necessity for the measure. The mistake was made in continuing the measure in force after the necessity for it had ceased to exist. When the depreciated notes and bonds issued by the Government during the war had been successfully brought to their par value measured by a gold standard; instead of arresting the economic process by which this result had been se-

cured, *the rapid payment of the public debt*, that process should have been continued, and further benefits should have been gained for the people by decreasing the burdens they had so patiently carried, through a continued reduction of the interest-bearing debt. The liquidation of the national banking system should have been provided for by the reorganization of a state banking system to supersede the national banking system, as it has superseded state banks of issue through the exigencies of an uncivil war. This course would have satisfied the demands of the people, who became frightened by the contraction of the currency, and would have prevented currency men from becoming contaminated with the sophistries of silver men. This course was not taken.

The influences that secured the passage of the Act taxing State Bank Currency were:

1. Desire of gold men to avoid any financial disturbance or distrust of the monetary policy of the country by the organization of state Banks of Issue. While preventing a financial disturbance from the expected cause, the measure has induced a financial disturbance of a far more serious character from a different cause that was not wholly unexpected. Instead of permitting the uninformed to experiment with banking systems at their own expense in their own localities, which would have satis-

fied the demands of currency men, this law taxing state bank currency forced them into combination with silver men, and with each other, and compelled them to experiment with monetary measures at the expense of the whole people in the Congress of the Nation. The obtained result *is not* a realization of the expected result. Experience teaches that, for the purposes of the gold men, the Act taxing State Bank Currency is a failure.

2. Desire of national bank men to perpetuate the national banking system. A cause for the liquidation of this system was laid in its foundation. The people, if good economists, will pay their debts. This done, the present basis for national bank currency will have ceased to exist. The national tax on state bank currency has retarded this consummation by inducing currency men to favor the investment of \$432,372,907 of the people's funds in pig silver, for which there is no use, and on which a shrinkage in value of \$81,000,000 has already accrued, an investment in dead property, decreasing in value, instead of using this amount to continue the economic process of paying the national debt, by which use it could not suffer from depreciation in value, and would be a benefit to the people by decreasing the burden of interest on debt, effectually accomplished by its payment. The national tax on state bank currency has

retarded, but it is powerless to permanently stop the oncoming of the inevitable. The national debt must and will be paid. The bond basis for national bank currency must and will be wiped out of existence. The obtained result *is not* a realization of the expected result. Experience teaches that, for the purpose of national bank men, as a means of permanently perpetuating the national banking system, the Act taxing State Bank Currency is a failure.

These statements clearly show it to be the patriotic duty of all representatives who wish to rank as statesmen, to vote for the unconditional repeal of the Act taxing State Bank Currency. In doing this, they will record the fact that, having learned through bitter experience that the Act taxing State Bank Currency is not well designed to induce the greatest possible degree of prosperity for the whole people, its repeal was demanded and accomplished by a patriotic combination of:

1. Well informed gold men who seek to maintain a gold standard of value for all internal and international commerce and wish to avoid all disturbing monetary policies that may tend to weaken the confidence of the financiers of the world in the *disposition* of the people of this country to maintain such a standard.

2. Well informed currency men who seek to establish

a sound and an automatically elastic currency that will respond freely to the wants of the people in all sections of the country, which can be accomplished only by a decentralized currency, through a sound system of State Banks of Issue.

3. Well informed silver men who have become satisfied that the purchase of pig silver and the issue of silver certificates for its value, will not maintain the price of silver nor supply the country with the sound and automatically elastic currency of which it is in great need, and who are now willing to show their appreciation of the favors done them by currency men in the past, by returning those favors in kind, in the present emergency.

4. Well informed national bank men who see that the national banking system has passed the zenith of its useful existence and are ready to co-operate with gold men and currency men in providing for its inevitable liquidation, by organizing a sound system of State Banks of Issue, into which form they can transform their organizations, with a direct financial benefit for themselves and an infinite gain for the whole people.

This demand will be opposed by:

1. Uninformed gold men deluded by the idea that State Banks of Issue and a gold standard are necessarily incompatible.



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2. Uninformed currency men, still deluded by the silver craze, who think that the purchase of pig silver and the issue by the Government of silver certificates redeemable in gold, in payment for the same, is creating a sound and an automatically elastic currency which will become abundant in the pockets of the people. *Where is it now?*

3. Uninformed and mercenary silver men who still think they can force the people of this country to change their monetary system and adopt a silver standard, for the alleged benefit of the people, but for the directly designed benefit of silver mine owners.

4. Uninformed national bank men who are satisfied with the national banking system as it is and prefer to remain undisturbed, rather than to make a change in the banking system for the benefit of the whole people.

*Third: Revision of Tariff Legislation.*

Tariff legislation has been enacted in a manner to prevent the operation of the sound theory that import duties should be so assessed as to render the greatest possible protection to domestic industries, and incidentally, to secure revenues for the support of the Government by indirect taxation. In the enactment of this legislation three fundamental economic principles have have been ignored.

*First:* Every restriction upon the free exchange of commodities is a restraint upon industry and a bar to prosperity.

*Second:* Unnecessary protection arrests development by removing that potent stimulus to action, the competition of the capable.

*Third:* Indirect taxation is inequitable, therefore unjust. Revenues derived by indirect taxation are expended with less regard for sound economic uses of the people's money, than are revenues derived by direct taxation.

The sound principle of "American protection for American industries, and for industrious Americans," has been perverted by a system of import duties, assessed without attempting to effect an equitable adjustment of the economic conditions under which commodities may be produced in this and foreign countries, and without a logical and clearly defined system providing for the diminution of such duties, to correspond with gains made in overcoming the economic differences in the conditions of production, by the advances made in science, art, and equipments for manufacturing. Import duties assessed without a clearly defined and equitable system providing for their reduction and final abolition, places every manufacturer at the mercy of the

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party in power, because that party is free to increase or decrease import duties by fiat legislation. This illogical system of fiat import duties has compelled an unnecessary antagonism between the producers of protected commodities and the producers of non-protected commodities, and forced them into opposing parties, which has prevented them from co-operating on this, and other questions of vital importance.

When import duties are assessed for the avowed purpose of establishing the production of a commodity in this country, to the end that domestic consumers of the commodity may be supplied without a tax for importation, and with the least possible cost for transportation; and further, to the end that those engaged in the manufacture of such commodities, may be supplied, at lowest cost for transportation, with the products they consume for their support and in the process of manufacture, and thereby enable the producers of non-protected commodities, to secure a higher price for their commodities than can be otherwise obtained; when these purposes are clearly understood and honestly carried out, there can be no intelligent antagonism between protected and non-protected producers. Again, when a clearly defined and equitable system is adopted for the reduction, and for the final and the entire abolition of import duties, a com-

munity of interests will be established between the producers of protected and the producers of non-protected commodities, which will enable and cause them to cooperate to establish and maintain a sound economic system of protection by decreasing import duties.

A system designed to place all commodities on the free list as quickly as economic differences in cost of production can be overcome by any economic process or by a combination of many such processes, without regard to the financial requirements of the Government; a system designed for protection, with incidental revenue, based upon the Governmental policy of securing all necessary public revenues by direct taxation; a system designed to open the way for, and to accomplish the final and the entire abolition of all import duties, secures to each, the protected and the non-protected producer, all that either can justly demand, *all that either can possibly obtain*, and more than either can maintain by any method of fiat tariff legislation that can be devised for revenue only.

The influences that secured the passage of the Acts assessing import duties were:

1. Desire of politicians to gain and retain power by creating the impression that the measures they advocated were based upon sound economic requirements for the protection of American industries and of industrious

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Americans. The obtained result *is not* a realization of the expected result. Experience teaches that, for the purpose of retaining a political party in power, these Acts are a failure.

2. The belief of the uninformed that the enormous revenues required by the Government, cannot be obtained by direct taxation. No such attempt has yet been made. For this purpose these Acts furnish no evidence.

3. The fears of the well-informed that serious disturbances of existing conditions would be caused by those who, while demanding reduction of import duties, illogically disclaim the equity of the principle of protection, and present no proposal for effecting the reductions they demand, that is not open to all objections of the fiat protection they antagonize. There is not, in enacted tariff legislation, nor in any proposal prominently advocated for its revision, any provision for a definite and continuous diminution of the protection granted, whereby a commodity can be transferred from the list of protected, to the list of non-protected products, without creating a disturbance of industrial conditions. So far as the ultimate object of establishing American industries on a basis absolutely independent of a protective tariff, is concerned, the obtained result of this legislation *is not* a realization of the expected result. Experience teaches that,

for the avowed purpose of fiat protection, to so establish industries as to render them independent of protection, the Acts assessing import duties are a failure.

4. Mercenary desire of the beneficiaries of the corruption engendered by the surplus, and by the enormous revenues obtained from excessive import duties, to continue to thrive at the expense of the whole people. The obtained result in this respect *is* a realization of the expected result. *For this purpose the Acts assessing import duties are a success.*

These statements clearly show it to be the patriotic duty of all representatives who wish to rank as statesmen, to vote for the revision of all legislation assessing import duties, on the basis of adjusting economic differences in the cost of production between this and other countries, and of creating a system providing for an equitable diminution of, and the final abolition of all import duties.

In doing this, they will record the fact that, having learned through bitter experience that protection by fiat legislation is not well designed to accomplish the object intended, and, incidentally, that revenues obtained by indirect taxation are not expended solely with the view of securing the best possible results for the whole people, as they are more likely to be when obtained by direct

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taxation, the revision of such legislation was demanded and was accomplished by a patriotic combination of:

1. Well informed domestic producers of protected commodities; proprietors, their employees, and the representatives of manufacturing constituencies, who honestly desire so to establish their industries in the shortest possible time, that they may be maintained on the basis of absolute free trade.

2. Well informed domestic producers of non-protected commodities; proprietors, their employces, and the representatives of agricultural constituences, who intelligently agree to protect the domestic manufacturer of specified commodities, at a specified rate of import duty, the rate to be abolished by means of a continuous diminution, year by year, until it disappears, in order that those employed in such manufactures, may be domestic consumers of non-protected domestic products.

This demand will be opposed by:

1. Well informed and mercenarily interested manufacturers who wish to profit by a degree of protection that is unnecessary, and by those who fear to be forced into free competition with the industrial world, by the achievements of abler men.

2. Uninformed producers of non-protected commodities, who are impatient with the steadily developing home

market, and who unwisely believe that their condition will be improved by the immediate adoption of free trade; placing their own supposed advantage above the advantage of the whole people, to be secured by the system proposed.

3. Mercenarily interested beneficiaries of the corrupt expenditures now being made.

4. Uninformed and mercenary tax dodgers, who think they pay no taxes when the revenues are obtained by indirect taxation; and those who think they pay *less than their equitable portion* of the expenses of the Government when revenues are obtained by indirect taxation and who wish to avoid the payment of their equitable portion as it would be assessed to them by a just system of direct taxation.

*Fourth: Revision of Pension Legislation.*

Pension legislation has been enacted without regard to the justice of the claims that might be made under its authority, considered as an adjustment of the economic differences existing between those who did not perform military duty during the war for the preservation of the Union, or, considered as an adjustment of the differences in compensation, bounties included, received by those who did perform such service. And further, it has been enacted without regard to its effect upon the honor of men



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entitled to honor, without regard to its effect upon the morality, thrift, and economic conceptions of justice by the beneficiaries, or of its effect upon the well being of the whole people.

The influences that secured the passage of the Pension Acts were:

1. Desire of those favoring fiat protection to distribute the surplus and create enormous expenses, so as to make high import duties necessary; so that import duties assessed for fiat protection, and import duties assessed for revenue only, will necessarily be the same. The obtained result *is* a realization of the expected result. Experience teaches that, for this purpose the Pension Acts are a success.

2. Desire of national bank men to arrest the payment of the national debt so as to perpetuate the national banking system. The obtained result *is* a realization of the expected result. Experience teaches that for this purpose the Pension Acts are a success.

3. Desire of politicians to gain and retain power on the plea of being the friends of the old soldiers. The obtained result *is not* a realization of the expected result. Experience teaches that for this purpose the Pension Acts are a failure.

4. Desire of mercenary ex-soldiers and sailors to bene-

fit by the corrupt and unjust distribution of the people's money so authorized, taking undue advantage of the people's generosity to the defenders of their Government. The obtained result is a realization of the expected result. Experience teaches that for this purpose the Pension Acts are a success.

These statements clearly show it to be the patriotic duty of all representatives who wish to rank as statesmen, to vote for the revision of pension legislation on the basis of doing justice to all ex-soldiers and sailors, and of being just to those who pay their claims, to the end that the honor of all men of good record who loyally served their country may forever stand untarnished by a mercenary stain, and that every deserving ex-soldier and sailor who is in need may be fully provided for, and the cause of morality, honesty, virtue and thrift may be promoted among the people.

In doing this they will record the fact that, having learned through bitter experience that pension claims will be made by the mercenary, the corrupt and the uninformed in every form for which the law or its administration may afford a pretext, without regard to the rights of those who are compelled to pay the claims, to the interests of the whole people, or the inherent justice of claim, the revision of such legislation was demanded and was accomplished by a patriotic combination of:

1. Well informed admirers of the men who loyally responded to their country's call, without waiting to stipulate for bounties or other mercenary consideration, and pledged for the defense of the Government, "their lives, their fortunes and their sacred honor."

2. Well informed observers of the course of events who clearly see the necessity of separating the deserving from association with the undeserving, in order that the truly loyal and patriotic men of 1861-65, who defended the Government, may not be degraded by being classed with the corrupt and mercenary by future historians, who will not be as able to distinguish between the two classes as are those now living, and who will be absolutely unable to do so, if the names of both the deserving and of the undeserving are continued upon the pension rolls.

3. Well informed comrades who demand that the deserving shall be paid all that is justly due to them, and that the undeserving shall receive nothing.

This demand will be opposed by:

1. Uninformed persons who are unable to form a judicial opinion as to what constitutes a just basis for a pension claim.

2. Mercenarily interested politicians who think they can still gain political capital by pandering to the prejudices of the ignorant and unthinking, and to the greed of the dishonest and corrupt.

3. Mercenarily interested beneficiaries who, through ignorance, dishonesty and greed, are willing to profit by the misdirected gratitude of a generous people, and who are willing to enjoy honors and benefits to which they have no right, because they have not honestly earned them.

*Fifth: Revision of Civil Service Legislation.*

Civil Service legislation has been placed upon the Statute Books as the result of virtuous party promises insincerely made. No Civil Service measure has been designed and enacted which exhaustively provides the best system of Civil Service administration that can be devised, nor have the enacted provisions of the law as it now stands ever been honestly and completely enforced by either or any party.

The influences that secured the passage of Civil Service Acts were:

1. Desire to work upon those in public employment who feared that, if a change of administration occurred, they would lose their positions, and, to insure them that if it did not occur they would not. A direct bribe for the votes of Government employees. The obtained result is *not* a realization of the expected result. Experience teaches that, for this purpose. Civil Service legislation is not a success.

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2. Desire to assure those in public employment that the advent of an opposition party to power *would not be a signal for undeserved discharges*. The obtained result *is not* a realization of the expected result. Experience teaches that for this purpose Civil Service legislation is not a success.

3. Desire of all parties to keep up the appearance of having redeemed their electioneering pledges, and still to leave ample room for the successful contestants to reward political workers with a support at the expense of the people. The obtained result *is* a realization of the expected result. Experience teaches that for this purpose Civil Service legislation is a success.

These statements clearly show it to be the patriotic duty of all representatives who wish to rank as statesmen, to vote for the revision of Civil Service legislation on the basis of so providing for the organization and administration of the Civil Service of the Government that good character and fitness for the service to be performed, shall be the only influences of any avail in securing appointments; that good character and satisfactory work faithfully done, shall be the only influences of any avail in retaining a position; that good character and satisfactory work ably and faithfully done, shall be the only influences of any avail in obtaining a promotion, and that

good character and satisfactory work, ably, faithfully, and continuously done, shall entitle the employee to continuous employment, and to retirement on half-pay for life, at the termination of a definitely stated term of service of reasonable duration.

In doing this they will record the fact that, having learned through bitter experience that to secure honest, efficient and economic Civil Service, the people must offer to their employees those inducements which tend to promote these qualities, the revision of such legislation was demanded and was accomplished by a patriotic combination of:

1. Well informed students or observers of human nature who know the value of offering the strongest inducements for the development of good character, skill and adaptiveness for service to be performed.

2. Well informed persons who desire to divorce, to the fullest possible extent, all mercenary or ulterior considerations from the advocacy of public measures.

3. Well informed employees who, having divorced themselves from the avocations of civil life and fitted themselves for the Government service in which they are employed, justly desire to remain in undisturbed possession of their positions, so long as they maintain good characters and a high record of work well done.

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This demand will be opposed by:

1. Uninformed persons who do not highly value good character and whose sense of honor is so dull that their only standard of duty as employees is to perform their work just well enough, and just enough of it, to prevent a discharge.

2. Uninformed and mercenary persons who think it necessary to bribe citizens with the expectation of some special advantage in the distribution of patronage, in order to get them to attend to the work of a political campaign; holding this view in disregard for the fact that whenever a measure appeals to the heart and sense of the people as being necessary and just, enthusiasm for it always runs high, and volunteers are plenty to work for its success, who are satisfied with, and expect no return for their efforts, other than their share of the expected public good.

3. Mercenary and corrupt leeches who fasten themselves upon every movement for what there is in it for them, and who never serve a cause on any other terms.

Patriotic measures for the well being of the whole people will be supported by the honest-well-informed, who seek to serve the people solely for the public good. They will be opposed by the dishonest-well-informed, the honest-uninformed and the mercenary, who seek to serve

their party for individual selfish ends, rather than for the good of the whole people.

A government from the people cannot be a government by the people, unless the people instruct their representatives how they shall govern. Intelligence is gained through the reason, and through experience. Those who *can* gain intelligence through their reason do not have to lag in the trail of experience. A person who cannot gain intelligence through this reason is slow of comprehension. It is said that a person who cannot gain intelligence through experience is a fool. The American people are not fools. If the masses have been slow in acquiring economic intelligence through reason, *they have acquired it through experience* and are now moved by an irresistible desire to apply their intelligence to practical measures. The correct and effective way to do this is for each person who approves of:

1. The Repeal of the Silver Purchase Act;
2. The Repeal of the National tax on State Bank Currency;
3. The Revision of Tariff Legislation;
4. The Revision of Pension Legislation; and
5. The Revision of Civil Service Legislation.

To form the best conception he can within his own mind, to clearly determine in what particulars the laws



as they now stand and are administered fail, and what changes in the laws, when made, will not fail to induce the greatest degree of prosperity for the whole people. Having settled these points to his entire satisfaction, it becomes a matter of important personal and patriotic interest to himself to impress his views upon others, and especially upon his representatives in the Senate and House of Congress, through whose votes his views may be formulated into laws. If, in his attempt to formulate his views, he finds that others, who have thought out and written upon the subjects, have expressed opinions which he can adopt, he can save himself much work and bring himself into co-operation with others, by endorsing the views as published, and urging their adoption upon his representatives. It is not good economy to spend time in trying to invent a thing that can be found ready made. In this way, by making their views known to, and urging their adoption upon their representatives, the people can govern and a government by the people can be realized and maintained. Under such pressure, representatives will quickly learn that it is no part of their business to manipulate legislation in the interests of party only. The people have no further need of partisans. The supreme demand is for statesmen; men intelligent enough, broad enough and strong enough to be

true friends of the people, and to lead them step by step in the direction of prosperity for the whole people. When the masses are sufficiently instructed to see their own interests clearly, no representative will seek a following by announcing himself as a partisan. The masses will rally around those who speak and act for the good of the whole people.

There is one other point that should be strongly impressed upon the attention of the most blamable. It is the duty of the well informed. Much is being said just now about the great object lesson furnished by the financial disasters that are being caused by the uncertainty which overshadows the monetary and industrial systems of the country and the course of legislation on the great questions of the day. Much wisdom on these questions is now being shown in quarters where its existence has not been before suspected. This fact leads to one of two conclusions; that the wisdom has been gained from the object lesson, or, that those who possess it are blamable for the evils from which the country is suffering because they did not make their wisdom known before.

The energy of the American people is as powerful and as ceaseless as the ever-rolling waves of the Ocean. If the well informed do not teach the uninformed through their reason, then the masses will surge on and on, as

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they gain intelligence through experience. It is well enough for manufacturers, merchants, bankers, directors of great corporations, and representative financiers, to point out to farmers and laborers the enormous losses that are being caused by the unwise legislation that has been supported by their votes. But it will be more profitable for them, and far better for the people if they will seriously ask themselves if they have not shown an equal stupidity, by selecting experience as a teacher for the masses and employing politicians as instructors, instead of themselves supplying the instruction through reason. The American people are not fools, nor are they dull. This assertion may be thought by some to be disproven, however, by the exhibit \* showing that a small section of, the ablest business men in this country have paid \$7,000,000,000 since January, 1893, for the education of the people through *Experience*, with politicians for instructors, when a tithe of that enormous amount, properly used, would have given the people a better education through reason, than they will receive from this costly object lesson, and would have made this catastrophe impossible.

The study of the past is profitable only in so far as it

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\* New York Herald, June 12, 1893.

serves to light the true course for future progress. One thing is certain, uncertainty must cease. The intelligence the people have, whether acquired through reason or through experience, must be concentrated on the task of rescuing the industries and commerce of the country from the evils now existing, and the perils that threaten, none of which have any fundamental cause except in unwise legislation. This legislation must be changed. This change must be drastic enough to purge from the statute books every unsound economic measure.

This change has a far deeper significance than has yet been brought to notice. It means the birth of a new era.

The disturbances now being suffered are at once death and birth struggles.

From this day backward into the past, the influences that caused the war for the preservation of the Union, and the influences that are the direct outgrowth of that war, that have given form and direction to all of the unwise legislation from which the country is now suffering, must be discarded and rendered impotent. They are history. From this day forward into the future, the influences that shall cement the people into one Nation, the influences that shall give form and direction to wise legislation which shall induce the greatest degree of prosperity for the whole country, must be the potent influ-

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ences, which are the direct outgrowth of peace. They are a prophecy. We have had our trial of strength and conquered the victories of war. We now come to the trial of our intelligence and must prove our ability to conquer the victories of peace. This crisis is the death-struggle of war legislation. It is the birth struggle of peace legislation. War legislation was for a divided people. Peace legislation must be for a united people. War legislation was for section against section. Peace legislation must be for the prosperity of the whole people. War legislation asserted and centralized the supreme and overmastering power of the National Government. Peace legislation must define and develop the co-operative powers of the States.

With one flag known to all the world; with a monetary standard of values on a parity with the most stable values of the world; with one money metal, current in every financial institution in the world; with prices for internal commerce on a parity with prices for international commerce; with absolute freedom for all internal commerce and a fixed purpose to conquer absolute freedom for all international commerce; with hearts quick to respond to every cry of distress; with ears willing to listen to every plea for freedom; with eyes keen to detect every act of oppression; with helping hands in touch with the honest

laborer, this nation must break from its moorings to a dead though glorious past, and move on to a new era of peace and prosperity. For this change the ship of state is manned by the Fifty-Third Congress. No other Congress has ever been honored with an opportunity bearing any similarity in true significance to that which now presents itself to a crew of the ship of state to cast off, and show its ability to conduct the affairs of the Nation to a haven of peace and plenty. The hawsers that must be unshipped before a clearance can be made for the voyage are the Silver Purchase Act, the National Tax on State Bank currency, the Tariff Legislation, the Pension Legislation, and the Civil Service Legislation. From the bondage of the unwise legislation of the past the ship of state must be made free or it cannot sail to the port of peace and plenty for which it should clear.

The intelligence the people have, whether acquired through reason or through experience, must be devoted to the task of reforming legislation in particulars and as indicated. Will the people instruct their representatives, or will their representatives instruct the people? Which ever way it is done, one thing is certain, if the country is to be relieved from this nightmare of uncertainty, the Silver Purchase Act must be unconditionally repealed; the Act Taxing State Bank Currency must be

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unconditionally repealed; Tariff Legislation must be revised by the adoption of a continuously diminishing rate of importing duty for each commodity with the avowed object of abolishing all import duties in the shortest time, consistent with economic conditions in foreign countries; Pension Legislation must be revised in conformity with the requirements of economic justice, and Civil Service Legislation must be revised in conformity with the declarations of this Republic of Freedom, that labor is honorable and that honest laborers are worthy of, and should receive, a just reward.

*This is a Programme of Progress for the Fifty-Third Congress.*

Patriotic measures for the good of the whole people will be supported by the honest-well-informed and will be opposed by the dishonest-well-informed, the honest-uninformed and the mercenary.

The successes of the uninformed, of the corrupt and of the mercenary, are always interpreted as defeats by those who write history.

Representatives must act in accordance with the dictates of their own judgment. It is for them to say whether, in history, they shall rank as politicians or as statesmen.



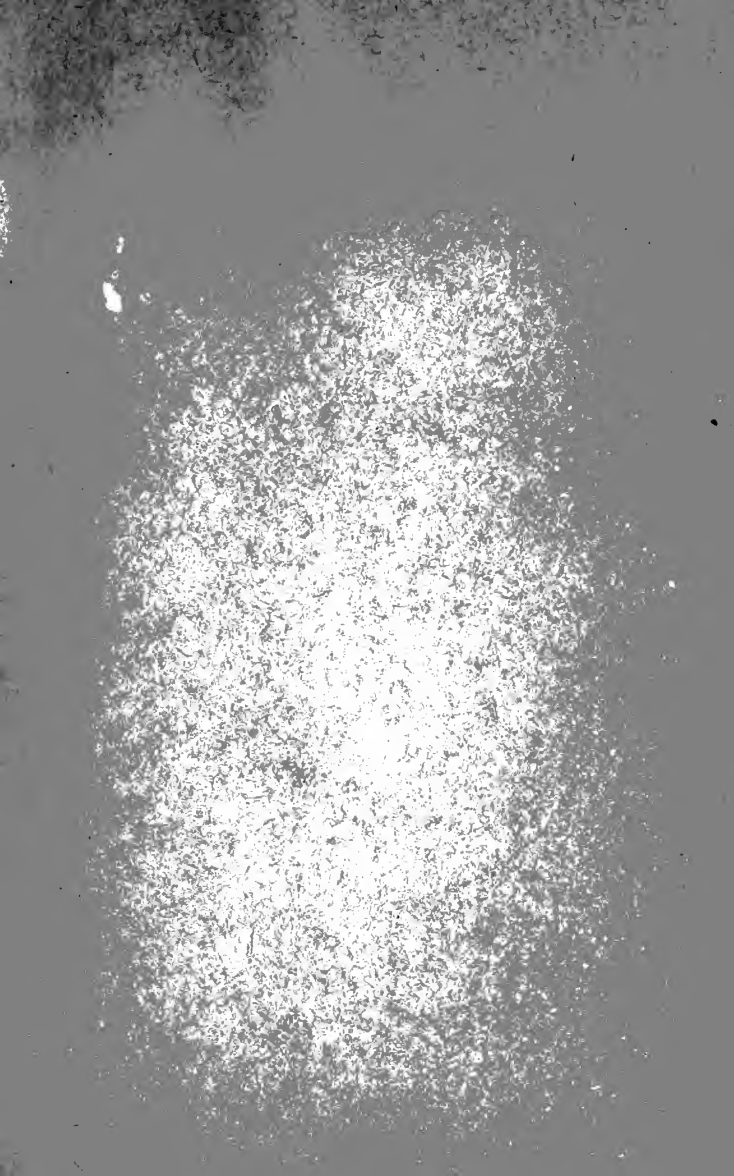












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