

THE COUNTRY'S TROUBLES.

CAUSES AND REMEDIES.

HORACE WHITE GIVES HIS VIEWS ON THE CAUSES OF COMMERCIAL PANICS—CHARLES FRANCIS ADAMS, JR., ON THE MANAGEMENT OF RAILROADS—A REMEDY FOR ALL OUR ILLS BY A WITNESS NAMED ADAMS.

The Congressional Labor Committee's session yesterday drew a large audience, who listened attentively to the remarks of Messrs. Charles Francis Adams, Jr., and Horace White, who were the principal witnesses examined. As usual, a large portion of the time was spent in general discussions between members of the committee and the witnesses, which only served to bring out the same ideas over and over again in different forms. The committee was represented by Mr. Hewitt, the Chairman, and Messrs. Rice and Thompson. Mr. Thompson left shortly after the opening of the session, leaving the work to be done by the two remaining members. Mr. Hewitt opened the proceedings at 11 o'clock by calling Mr. Horace White. That gentleman not being then present, and while waiting for him, Mr. W. Godwin Moody, one of the Boston witnesses examined on Wednesday, was permitted to present some additional statements in writing. Mr. White then appeared, and took his place in the witness' chair. He said he was a resident of Chicago; was a journalist, and for many years had given special attention to financial questions and to the relations of capital to labor. This had been the principal part of his studies. He had studied the subject of commercial panics, both historically and theoretically, but did not pretend to have mastered it; no man could do that. The present commercial crisis, said Mr. White, is merely one of a series of similar crises that have been occurring in all commercial countries for the past 200 years. History shows that in every case these crises have been preceded by a longer or shorter period of rampant and extravagant speculation in some form or other. The panic of 1873 was preceded by an era of gigantic railroad and real estate speculations, which were the principal causes of the panic. The rate of railroad extension prior to 1869, for example, was only about 2,000 miles per year. In 1869 it rose to 5,000 miles, and this enormous increase continued until 1872, when it was between 6,000 and 7,000 miles. In 1873, after the crisis came, it fell to less than 4,000 miles. The speculation in land was also enormous all over the country. Prices in real estate were multiplied beyond all precedent. This speculation was approximately the cause of the panic. The obligations incurred in building these railroads and in this real estate speculation were too enormous to be sustained, and when the time to settle up came people suddenly found themselves unable to resolve their obligations into money, and became insolvent. In answer to a question by Mr. Hewitt, Mr. White said he did not think that during that period the community had been transferring active into fixed capital too rapidly for their own good. According to the witness, the nature of the existing currency had very little to do with causing the panic. The latter was brought about by moral causes, he thought. While currency is increasing in volume it has a tendency to induce speculation, and when decreasing, the contrary. During this crisis the currency was, in fact, decreasing. Mr. White does not agree with Prof. Sumner as to the cause of the panic being the postponement of the payment of the obligations incurred during the war by the Government. Prof. Sumner may be correct, however, but the witness does not think so. The effect of the short period of contraction was almost imperceptible. "I am positive, however," said Mr. White, "that the era of speculation did occur, and that the present stagnation was brought about by it." It is the theory of political economists, continued the witness, that there is more produced each year than is consumed, and profits are lessened more and more, until capital is finally forced to search for something to do, and then speculation sets in. But, in Mr. White's opinion, it is the accumulation of capital acting upon the sanguine temperament of certain classes that brings about speculations and commercial crises. The French did not get into the same trouble after the Franco-Prussian War, simply because they are not a sanguine people. America has suffered from a genuine commercial panic, while France has suffered from a gradual decline in the value of commodities. The difficulty is the same in all countries affected by commercial crises.

THE INTRODUCTION OF MACHINERY.

The large introduction of machinery, according to the witness, had not necessarily anything to do with the present troubles. He could not agree with some people's opinion, that there was any considerable destruction of Northern capital during the war. Certainly there was no destruction of "fixed" capital. The latter increased in the North instead of being diminished. At this point there was a long discussion by the witness and committee regarding the movements of capital during the war, and Mr. White said that at the close of the war not more than one-tenth of the national debt was in the hands of foreign capitalists. Afterward, however, when they saw that we intended to pay our debt, they purchased our bonds very largely. He was strongly opposed to the project of substituting greenbacks for bonds. He believed it would amount to repudiation, and would affect everybody alike injuriously. All confidence in the Government would be destroyed. The gradual approximation of paper to gold in value is entirely due to the collapse of the speculative era in 1873, which caused the current of foreign trade to turn in our favor. This approximation is most decidedly healthy, and is a continual process of cure at present. Any attempt to get back to the condition in which we were before the panic would be injurious, and, moreover, it would puzzle both the wise men and the fools in Congress to do it. Another general discussion ensued at this point, during which the witness said that the project of the employment of laborers on great national works by the Government, and paying them with a piece of paper stamped, "This is a dollar," would inevitably cause national and private bankruptcy. The insolvent debtors would be the gainers if the forced money was put out, but the community would be worse off. The number of insolvent debtors in the country is only about 5 per cent. of the number engaged in business. One cause of the difficulty in the laboring classes, said Mr. White, is the excessive burden of taxation due to the heavy debt of the nation. The substitution of non-interest-bearing bonds for interest-bearing ones, however, would not help matters. It would only lead to anarchy. As Prof. Sumner had said, capital would move out of the country as fast as it could. The community would soon find itself dissolved, and it would be compelled to re-form itself and to re-assume the old debt. Nor does society need to be reconstructed on the "co-operative system." Indeed, it can't be done, for no man would submit his property and talents and services to the direction of Government.

HIS VIEWS ON THE TARIFF.

Mr. White then spoke upon the tariff, and said he was opposed to the protective system. He would not assert that the tariff was the only cause of the present business depression, but it tends to produce an abnormal state of affairs, leading to bankruptcy and a loss of employment, thus injuring the working classes. A protective tariff can alter the normal distribution of property to the detriment of a portion of the people. The effect of protective duties is not to raise wages, but, for a time at least, to raise the prices of commodities. A modification of the existing tariff would be very beneficial to all, and would allow successful competition with the world. The witness was not, however, in favor of a sweeping removal of all tariff restrictions at once, for that would unjustly strike down manufactories which had been established in the faith of protection. But he would have all such manufactories given notice that at such a time, by a gradual process of modification, all restrictions on free trade would be finally removed. Mr. Hewitt asked if the ultimate result of the removal of tariff duties would not be to reduce the wages of laboring men. The witness thought it would not necessarily follow. The wages would buy vastly more now than in olden times. Then followed another long discussion on the general subject of tariff duties, in which Mr. Rice took the principal part. In answer to Mr. Hewitt, the witness then went on to say that the limitation of the hours of labor, as had been advocated by some as a remedy for hard times, was not a feasible thing for the Government to do. It would be an infringement upon personal liberty not to be allowed. "I am not willing," said he, "to be limited in my hours of work. I am willing to be, and am, compelled to work when the necessities of my family demand it, but I don't want to be limited in time." After some general remarks upon that subject, Mr. White went on to say that the scheme of Governmental colonization was also a chimera. It would be a very hazardous thing for the Government to undertake in the present condition of the civil service, which was in his opinion poor. It is simply a charitable thing, like the sending of tents to the yellow fever sufferers in Memphis. The kind of population in our cities who are making such a noise, and demand loudly a distribution of wealth, are those who couldn't be drawn on to the free public lands with a yoke of oxen. They don't want work. In conclusion, the witness summed up by saying that there is always a class who will inevitably suffer when a commercial crisis comes, and it is impossible to prevent it. Also, any interference of the Government in our progress toward the resumption of specie payments would be highly injurious to the working classes. Mr. White's examination lasted two hours, and as soon as he left the stand, Mr. Hewitt called upon Mr. Charles Francis Adams, Jr., to take the vacant chair. Mr. Adams' examination lasted one hour, and was almost entirely upon the subject of the management of

THE MANAGEMENT OF RAILROADS.

The witness commenced by saying that he had been Chairman of the Massachusetts Board of Railroad Commissioners for nine years, and had paid special attention to the subject of railroads. In talking

about railroads two things must be kept in mind and distinct from each other—railroad construction and railroad management. Mr. Adams agreed with Mr. White that the enormous construction of railroads may have had something to do with the present depression of business, but the management of railroads had nothing whatever to do with it. On the contrary, it is now a most powerful factor at work in getting the country out of its trouble. As employers of labor the managers of railroads have kept up their figures better than any other employers. They have reduced wages, of course, but they have not reduced the number of employes, and it is better for the laboring classes to work at low wages than not to work at all. The railroads also benefit the country by affording quick and cheap transportation to the sea-board, and thus enabling the agricultural labor of the West to compete successfully with other nations in the markets of the world. Mr. Adams' remarks were mainly upon the subject of Governmental interference with the management of railroads, and led to a general interchange of views upon the subject by Messrs. Hewitt and Rice and the witness. The latter argued that the time had not yet arrived for the Government to legislate upon the management of railroads, but he believed we were gradually approaching it. He advocated the appointment of a commission to study carefully into the complicated question of railroads. We should have a Board of Railroad Commissioners similar to the present one in Massachusetts, which should have a general supervision of the railroad interests of the country, but should not be the governing power. They should simply have the power to recommend any necessary legislation by Congress. The one thing needed was the greatest possible publicity of the affairs of railroad corporations. Such a publicity would be obtained by the discussions before the Board of Commissioners. The witness then referred to the English system. Five years ago, he said, the English Government abandoned all their laws on the subject, and adopted the present plan. This he described as simply, "Hands off! Let the railroads develop in their own way. If their natural tendency is to solidify into large corporations, then let them do so. Let them grow naturally. Insist only upon the largest publicity of all railroad matters." This system, Mr. Adams thinks, is the true one to be adopted in the United States. He then went on, in answer to the committee's questions, to state his views upon all sorts of subjects relating to railroads. As to the system of "pooling," he was not prepared to say whether it was beneficial or not. He had not yet finished his study of that question. Nor was he willing to say what was the effect of "watering" the stocks of railroad corporations. He would say, however, that it is a question in his mind whether the watering was not a great incentive to the increased development of the railroads, and thus indirectly a benefit. The scheme of the purchase of the railroads by the Government was absurd. It could only be done in bureaucratic countries, where the people have grown up in the idea of having everything done by the Government, but in this country it is impossible, because contrary to the political genius of our people.

Mr. Adams thinks the political power of the great railroad magnates is waning. It is more than neutralized by the jealousies existing between the corporations. With the consolidation of railroads into large corporations comes such great responsibility that they are more amenable to public opinion. The committee might profitably report to Congress that a supervising commission of railroads should be established. He was not prepared to say that this would now relieve the present depression, but it would help in the long run. When Mr. Adams retired from the chair the audience heartily applauded him.

A REMEDY FOR ALL OUR ILLS.

At the close of Mr. Adams' examination the committee took 10 minutes recess, and then called Mr. Charles Frederick Adams, a volunteer witness, who is not related to Charles Francis Adams. He is a young lawyer, and had found the remedy which was to cure all our ills. This was simply the establishment of either one great mutual assurance company, or a series of such companies, on the tontine plan. Everybody was to put \$5 into the concern, and the last survivor was to have the whole wealth accumulated by this means. Mr. Adams devoted a whole hour to a harangue upon the subject, and caused frequent outbursts of merriment by his constant reference to Mr. Hewitt as "your Honor," and the ridiculous absurdity of his arguments. The Chairman finally shut down upon him by saying that the committee would be glad to consider any written statement he might make, but that they did not care to listen to him any longer.

Mr. Charles F. Wingate, who described himself as an editor in this City, connected with the press for 12 years, was next heard. He submitted a mass of figures concerning the unemployed laborers in this City, which turned out to be only estimates founded on very unsubstantial data. Mr. Hewitt stopped him, declaring that the committee desired facts, not conjectures. Leaving that subject, the witness said the great cause of the trouble among the laboring classes was a total lack of technical knowledge. This was to be remedied by the establishment of a technical school by the Government, where the laborer could be taught how to handle his tools intelligently. The main cause of the destitution among the lower classes was sickness. Tweedism and the element of corruption in high places also added to the already heavy burdens of the poor.

Mr. Hewitt then announced that he was unable to give the names of the witnesses to appear at to-day's session, and the committee adjourned.