

agitation in favour of the re-monetisation of silver has a very depressing effect upon business, as it is felt that should the Bland Bill be adopted, the effect upon American credit abroad may be disastrous, and that it may necessitate protective measures by the banks, which, however justifiable and needful, would yet be attended with no inconsiderable inconvenience to the larger operations of business.

As regards the American Railway defaults of 1877 the report runs thus:—

The Philadelphia correspondent of the *Times* writing in January, 1878, says:—"The year 1877 will be chiefly remembered in the United States for its widespread commercial and joint stock company misfortunes. The frauds, shrinkage, and errors of previous years, have resulted in a series of failures so numerous and so sweeping as to avert public attention almost to the exclusion of other matters. Banks, savings' institutions, trust companies, insurance companies, and other joint stock enterprises have failed by the score, and there has been a general weeding out of infirm and rotten corporations, closing up the financial atmosphere, and ruining what may be termed the *débris* of the panic of 1873.

"Misfortune, too, especially prevails in the railways, and the *Chicago Age* gives a list, showing that during the two years 1876-77 one-tenth of the entire railway system of the United States has been sold under foreclosure; while proceedings are pending in more than a second tenth. In 1876-77 there were sold under foreclosure eighty-four railways, operating 7,721 miles; with capital and debts of 83 mln £. In 1877 foreclosure proceedings were commenced against forty-four more railways, and sales were ordered in the case of sixteen others. These sixty lines represent 115 mln £, which added to the 84 mln £, makes a total of 199 mln £, most of it hopelessly lost."

This outline is, we should think, one of the most extraordinary statements ever made respecting any country in which a reasonable system of law and order, and some knowledge of economic principles, had been established for several generations.

The default in two years of some 20 per cent. of the entire railway system of the United States must be read in connection with two other chapters of the same history—viz., first, the outbreak of Strikes and revolt among the railway servants in July (1877), and second, the knowledge now accurately gained of the vicious details of railway control all over the Union.

Regarding the railway revolt we have the following report from the official papers collected by Mr. Plunkett, Secretary of Legation at Washington, in pursuance of instructions from Lord Derby, and published in December, 1877, as a Blue Book. The railway strikes in the United States in July, 1877, exhibited the following results:—

The centres of the strikes were West Virginia, Pennsylvania, and Maryland. They extended thence North to New York, East to New Jersey, West to Ohio, Indiana, Illinois, Michigan, Iowa, and Missouri and even to Texas and Canada. The traffic, over 12,681 miles, was wholly or

partially stopped. On twelve of the larger lines, the loss is put down at 5½ million pounds for property destroyed, contracts annulled, and cattle and other live stock killed, for none of which the companies can claim on the State or County Governments. But these Governments will have to pay each as large a sum for loss of property by riots arising out of the strikes. During the three weeks of the railway terror, from 16th July to 4th August, 1877, the cost to the country directly is reckoned at 13 million pounds in positive loss in property and business.

We have here two prominent facts, first, utter inability by one-fifth of the lines to keep out of the hands of the bailiff; and, second, utter inability on the part of the managers to prevent a general stoppage of business.

A third and leading cause of failure is to be found in the thoroughly false principles on which American railways are managed—principles so opposed to common honesty and prudence, that failures on the largest scale are the natural and inevitable result of it.

An observer who knows the system well, describes it as follows:—

1. There is a different system of railway law in every State, and hence the practical remedies of creditor and shareholder amount to *nil*, and for the simple reason that a remedy in one State is no remedy at all, but mostly the reverse in the next.

2. The granting by State legislation of compulsory powers, or charters for making railroads, is scandalously lax, and in nine cases out of ten is a matter of gross lobbying, or wild speculation. Hence the abuses of duplicate and triplicate lines, wasted resources, and mendacious promises and misrepresentations.

3. The management of the lines is the very worst form of autocratic and bureaucratic control. The President is supreme. He does as he likes; makes secret contracts for months or years for himself and his friends, at any rates he pleases, and in defiance of all tariffs and treaties; takes and gives leases of lines and property on the most gigantic scale; and notoriously commands and uses the railways over which he "presides," on the plain principle of doing what he likes with his own.

4. The Board of Directors are virtually a chorus liberally paid for chanting the praises of the President with an enthusiasm which increases with the ignorance and venality of the performers.

5. Accounts of capital and expenditure, money borrowed, and obligations created, are or are not rendered as the Board—that is the President—may find convenient, and in any form most likely to baffle inquiry. Hence the notorious fact that for years past all the financial statistics of railways in the United States have been, by prudent people, classed with the "Arabian Nights."

6. There are no meetings of share and bondholders, with the powers and right of discussion and decisive voting power, such as have from the first prevailed in this country. The proxy system and its abuses have been "developed" with the genius which seems to be innate in the American people as regards every process which ends with a ballot-box.

7. The public laws relating to the office and functions of a Receiver or administrator of an insolvent railway are as bad almost as they can be. The emoluments accorded are preposterous; the inducements to dilatory and corrupt management are strong; and there is practically no means of effective control for the punishment of fraud or the exposure of neglect. Naturally, therefore, the complaints and scandals relating to receiverships abound all over the country.

Under such a system as this, it is impossible either that creditors should be paid, business properly organised, or discipline maintained. The railway strike was the inevitable revolt against the corruption and tyranny of the Vanderbilts, Goulds, Fisks, and Tweeds, and until the reign of men of this order is put an end to, the United States cannot and ought not to expect anything but disaster in its railway system.

The following statement shows the very serious difficulty which has arisen in the United States from the absence of employment:—

This floating population of roughs and paupers is now (Jan. '78), occasioning much disquietude throughout the northern half of the Union; and the question at present most urgently discussed is, not the resumption of specie payments, but "what are we to do with the tramps?" Pauperism, in fact, has organised itself in migratory and predatory bands, sometimes 200 and 300 strong, ready to beg, thief, or violently rob, according as one or other of these operations can be mostly safely indulged in. These bands are the offscouring of the large cities, and great manufacturing centres, like New York, Pittsburg, and Chicago, and, following the lines of railway, they go roving over the quieter parts of the country, settling in the outskirts of towns and villages, committing outrages, and levying black-mail wherever they go.

The Hon. Mr. Blair, formerly a member of President Lincoln's Cabinet, when presiding over the Maryland Convention, upon this tramp question, said that, "it is a lamentable fact, that one million two hundred thousand able-bodied men, are today out of employment, numbers of whom are roaming about the country, a nuisance and a terror to the resident population." Such an estimate of the population actually out of employment appears almost incredible, but the state of matters must be sufficiently disastrous when such a computation can be made by so able and experienced a politician. Mr. Blair even goes the length of suggesting that if the present want of employment and fearful pauperism continue, it will be necessary for the State to organise "Colonies," for cultivating the waste lands in different parts of the Union.

There are two further pieces of evidence relating to the United States to be given.

The first of these relates to the tremendous growth of City and State taxation since 1860-64. Thus: *The International Review*, a respectable American magazine, gave in September, 1877, a careful statistical comparison, as regards fourteen leading American cities, of the population, value of property for assessment, taxation, and debts in the two years, 1860 and