

A benefit to the United States to have the Chinese by millions scattered over the country.

I think it would be a benefit to the whole United States to have the Chinese by millions, scattered all over the country, if the proper laws were enforced.

**MORGEN-
THAU.**

MAX MORGENTHAU, manufacturer, and a resident for twenty-seven years, sworn and examined :

20,000,000 bags imported from Scotland in 1875. Witness manufactures 12,000 a day.

White labor went away and had to employ Chinese.

Cannot compete with the east with white labor.

The Chinamen start on their own hook in the boot and shoe business because machinery is cheap. But for a woolen mill or a jute factory it requires from \$200,000 to \$300,000 for machinery.

Any business that does not require capital and machinery they soon control.

Manufacture of Candles.

No factory run but 66 per cent. goes to white labor.

The unreliability of white men the reason he employed Chinese.

Up to the present could not do without Chinese, but his conviction is they would not make good citizens.

There must have been imported from Scotland last year from eighteen to twenty million bags. We manufacture, on an average, 12,000 a day. When we first started we ordered the machinery from Scotland, and with it a cargo of white people. They came, but they left us; they thought they could do better. In consequence we employed Chinese labor. The stock does not pay six per cent. per annum. I would not put in another cent if I had \$50,000,000. I have found out that factory-business here is a very bad business. Any person who is willing to come and take all my stocks and dividends may have them to-day for cost.

We cannot get white labor to enter into the manufacture of goods to any considerable extent to compete with the east. All classes buy where they get the cheapest article.

In the case of the boot business, after the Chinamen learn that business they will go away and start business for themselves, the machinery does not amount to much; but in a woolen mill or jute factory it requires from \$200,000 to \$300,000 to get machinery. Their starting on their own hook in the boot and shoe business is the reason, it seems, there is so much opposition to them; and I have no doubt if the thing is carried on the Chinese will get control of that business. In our business it requires too much capital to get machinery. Any business that does not require capital and machinery they soon control. In the cigar business we used to import every cigar from the east, afterwards they were shipped from here east, but that is stopped now because the eastern people can work equal with the Chinese here. The coming down in the price of cigars is in the cost of the making—in the labor.

I started the candle factory with white labor, and found the great difficulty was that there was not enough of tallow here. Our factory turns out about 60,000 boxes, and another factory about 75,000 boxes. We import to-day not less than 500,000 or 600,000 boxes, at an average value of \$3 a box. The manufacture of candles here is not a paying business. We cannot compete, our people having a particular love for goods made outside of San Francisco. In six years, I believe I have never sold fifty boxes among our own people here. I sell them out on Front street, and have a few mines to sustain me.

I employ Chinese, but not all. There is no factory run on this coast but that you may say sixty-six per cent. goes to white labor. The reason I employ Chinamen is not on account of their cheapness but on account of the unreliability of the white man. I should prefer white labor any time. The eastern manufacturer puts candles on the market here at a less price than I can. They do this to freeze us out, to drive us away.

I have more respect for the white laboring classes than I have for the Chinese. As far as we have gone we could not do without the Chinese, but I do not believe they would make very good citizens; they do not intend to stay here; they want to make a little money and go home, and perhaps come back.