

THE CRISIS IN THE UNITED STATES

Two years ago, in the United States, prudent advisers foretold an impending crisis. These people were intimately acquainted with what was going on behind the scenes of the financial stage. The prophets were laughed at, and fresh hymns of praise were sung in honor of the much-vaunted prosperity. A year later a "quiet panic" occurred on the New York Stock Exchange. The public did not see much of it, but the financial magnates of various degree got uneasy.

Shortly afterwards came the Morse-Thomas-Heinze scandal, which brought down several banks. Honest citizens loudly cursed the dishonest bosses of the trusts and big corporations. But people were still proud of the unexampled prosperity.

The violent speeches of President Roosevelt, which he occasionally made against the trusts, railway kings, and other demigods of our nation, were received with applause. "The President is all right," the citizens said; but as they wanted their full share of the blessings of prosperity they confided the dollars they had saved to the trust companies, which promised the highest interest. They speculated to their hearts' content, and wondered at the talk about tightness of money.

Then came the third week in October last, and misfortune came with it. It brought bankruptcy to the Knickerbocker Trust; other financial institutions followed suit, and a panic ensued, which startled the easy-going credulous public like a flash of lightning. The trouble had come so unexpectedly that people saw the collapse of their glorious prosperity with terror and stupefaction. Many industrial enterprises were ruined or stopped work, and thousands of workmen were discharged.

When the first alarm had subsided, the question was asked, what was the cause of the collapse. Even now opinions are divided. Roosevelt's enemies assert that the financial panic was due to his attacks on "concentrated wealth." But in any case, said they, the President had shattered confidence in our wise and honest "captains of industry." But the only people who believe in these worthies are they who accept fairly tales as gospel truth.

But, after all, no very great harm was meant by Roosevelt's speeches. At heart he, too, is only a politician, an American politician. In that capacity he must talk very violently. The principal thing is that his actions are not opposed to the interests of the financial mag-

nates of the Republican Party to which he belongs. In reality his actions are the opposite of his speeches.

There is no doubt of it: the prosperity was destroyed neither by Roosevelt nor by over-production, which has also been blamed for it. The tightness of money and the consequent limitations of credit were chiefly to blame. A universal mania for speculation and the criminal manipulations of financial geniuses had only accelerated the crisis.

A delightful optimism, however, is making its reappearance, at least among those who are able to back up their hopes of an early return of prosperity with money. Their joy is unfortunately premature.

When the financial panic came, an appeal was confidently made to Europe. The Old World came to the rescue with ready money. But money was very scarce there, too. Their own trade and the Russo-Japanese war had swallowed up many millions. Therefore the thirty-two million dollars which had been lent to the United States in the previous year had to be withdrawn in the beginning of January, 1907.

That had proved at the time very disastrous to Uncle Sam. The "quiet panic" was the proof of it. When, therefore, last autumn, after the collapse, he wanted to get money again, attempts were made to sicken him of his longing for loans by a high rate of interest. However, that did not intimidate him. So in November and December, gold to the value of a hundred million dollars was imported, to the great discomfort of Berlin, Paris and London.

But since discount rates have been falling for some time in the money markets of the world that is regarded as a sign that the money crisis is approaching its end. A number of our optimistic financiers have now without more ado declared it to be already terminated. The ultra-hopeful even believe that there will be a glut of money presently. Then the economic crisis or depression, as most financial papers modestly say, must come to an end, and prosperity will flourish once more.

It certainly sounds very nice. But while the new prosperity is being hoped for, the economic crisis is assuming ever-increasing dimensions. Even if credit should improve within a short time, it is inconceivable that industrial activity will be resumed this year to anything approaching its former extent. For political reasons alone it is impossible.

The Presidential election will be held this autumn and the result is doubtful. A Democratic victory would involve a reform in tariff, coinage and banking, which would be of far-reaching importance to our economic existence. Manufacturers and financiers are very cunctious in their operations in the year of a Presidential election. The effects of this reserve, however, in the present time of crisis will be doubly felt.

Setting even that aside, the condition of the chief industries of the country is at present so bad that a speedy recovery is impossible. The tension of credit can only be relaxed by degrees. In the steel, iron, copper and textile industries hundreds of thousands of workmen have lost their employment. In many factories the working time has been considerably shortened, and in numerous branches of trade the workmen have had to submit to reduced wages.

The condition of the goods traffic on our railroads presents an instructive picture of the extent of the crisis. Our railroads have large claims on the money markets of the world. It is therefore natural that our railroad securities should long have had an influence over the European markets, an influence which was able even to be increased in the last few years, because many capitalists in the Old World believe that the securities of American railroads are absolutely safe. But that is a mischievous superstition which may turn out very costly. Most of the large railroad companies of the United States are speculative undertakings which expect greater profits from dealing in shares than from working receipts.

At the beginning of February there were in our country 320,000 unemployed goods-trucks, 14 per cent of the total number. This is practically equal to the number of trucks which the railroads had constructed during the last two years at a cost of 320 million dollars. Add to this the 8,000 locomotives for which there is at present no occupation, and we get the 440 million dollars' worth of idle rolling stock, earning not a penny of interest.

The railroad companies are now bent on economizing, and so they try in some measure to make up for diminished incomes by wholesale dismissal of employees. Any one not absolutely wanted has to go.

How ill-founded are the optimistic hopes of a speedy improvement! It is further proved by the latest bankruptcy statistics. In January last thirty-nine banks in the United States had

to suspend payment, with liabilities amounting to 61,566,435 dollars. In the corresponding month of 1907 only three banks failed with liabilities amounting to 118,000 dollars.

In January of the present year 1909 commercial bankruptcies, with liabilities reaching 27,009,514 dollars, were gazetted. The number of failures in January, 1907, was nearly 600 fewer than in this year.

It is not surprising that the army of unemployed is increasing more and more, and that the complaint of bad times is universal.

Fortunately for the United States some hundreds of thousands of workmen have said farewell, and have returned to their native homes. Immigration has fallen off, so that the new comers at least cannot contribute greatly to the aggravation of the crisis.

In most of the cities, but particularly in New York, Chicago, Pittsburgh, Cincinnati, and St. Louis, great distress prevails. Private charity cannot any longer cope with the demands. Little and in some cases nothing at all is done by the city authorities and State legislatures to alleviate the distress. The conditions in the Metropolis are significant. The number of unemployed in New York is estimated at 200,000. About 30,000 of these are homeless. The only city refuge has 350 beds. Whoever turns up there more than three times is arrested for vagrancy, and sentenced by the judge to several months' imprisonment in the penitentiary. Such was the state of affairs till recently. But as at present many poor people prefer the House of Correction to homelessness and starvation, the prison is constantly full. Consequently only such of the homeless are consigned to it as have the honor to be citizens of the United States.

The lodging-houses and the shelter-places at the disposal of the charitable societies are also inadequate to accommodate the homeless. The city authorities so far have practically not troubled about them, just as they consider it no disgrace that the metropolis of America has no larger refuge, to say nothing of warm shelter-halls.

In the Legislature of New York State a resolution was handed in some little while ago demanding 1,500,000 dollars for the unemployed of the metropolis. The money was to be used for employment in the parks and the construction of a roadway. For the moment no one yet knows whether or when the resolution will be adopted as law. Nor can any one tell how much of the money will dis-

appear in the pockets of the politicians. Previous experiences are not encouraging.

The conditions in the other cities resemble those in New York. But the workmen themselves, particularly the organized workmen, are chiefly to blame. In the economic sphere they can conduct vigorous campaigns. If it is a question of fighting for higher wages, reduced working-hours or recognition of the Union, they usually display marvellous endurance. But at election time the great mass of these people are induced to vote for the candidates of the capitalist parties. They elect their enemies and are surprised, afterwards, if their successes in the economic sphere are curtailed or directly destroyed by legislation. The bulk of the working class, however, are so unintelligent that they do not detect the self-contradiction in their mode of action. They still allow themselves to be hoodwinked by the sympathetic speeches of the demagogues.

In the trade unions, which are centralized in the American Federation of Labor, there are unfortunately many corrupt politicians. These men of honor are opposed to a Labor Party, exclusively based on class. Their personal interests make it necessary that the workmen, who allow themselves to be led by these gentry, should find the true representatives of the people in the candidates of the capitalist parties.

This class of politicians especially resists the intrusion of Socialism into the trade unions. The Socialist Party therefore in the country of the most unblinking capitalism has not so far become a power which has to be reckoned with.

If, however, the working class do not elect their own representatives to the legislative bodies they cannot expect to get the smallest possible help in times of stress. The majority of our members of Assemblies, Senators and Congress-men are corporation-attorneys or other such gentlemen whose exertions are made only in the interests of capitalism. As long as they have sole power, they will introduce no legislation for the protection of labor nor any other social reforms of real value. The United States not only have the most miserable banking-system in the world, as Carnegie said, but also the most defective social legislation of all civilized countries of the present day.

But, as said before, the workmen are to blame, for they have the votes—Otto Salland, in International Review.

Swiftest Passage on Record

Quietly have the two giant racers of the Cunard fleet established their unchallenged claim to the sovereignty of the seas, that achievements of nothing less than epoch-making note have caused no sensation," writes the Telegraph. "We are at last, however, in presence of a triumph so decisive that it must extort the admiration of all peoples who go down to the sea in ships, and we ourselves may dwell upon it in no vaunting spirit, but with just pride.

"Yesterday, May 22 the Lusitania reached New York in the small hours of the morning, having broken all the steaming records ever made upon the Atlantic. The great vessel had dashed across to the opposite continent like an express train of the ocean. She made the swiftest passage yet accomplished over what is known as the long course, arriving at Sandy Hook in the wonderful time of four days and something over twenty hours. This means that an average speed of nearly twenty-five knots was maintained throughout the voyage, surpassing the highest figure that had ever before been touched by four-tenths of a knot.

"But when a feat of this kind is registered, there are always one or two intermediate records connected with the finest run for a day, and the fastest rate for an hour. In one period of twenty-four hours during the journey which ended so happily yesterday, the Lusitania made the magnificent total of six hundred and thirty-two knots. The mind can scarcely realize what its own pictures mean when we think of this immense, yet graceful structure sweeping through the Atlantic surges at the pace of a torpedo boat destroyer. It is as though the ostrich were winged like the hawk.

"We should have, indeed, to seek far more daring and vivid similes to express the marvelous combination of size and speed created in the present case by the technical genius shown at the beginning of the twentieth century to be still potent and unexhausted in the race. It need hardly be said that upon this voyage the Lusitania has excelled herself. In March last she scored what was up to that time the greatest success of its sort when she steamed six hundred and twenty-seven knots in one day, and the nearest performance to this has been credited to the sister ship. The Mauretania's best run within twenty-four hours had come within three knots of the total distance covered by her elder sister. Nor is there any reason to think that either ship even yet has given the whole of her measure, or has yet done the utmost of which her engines may be capable.

"The record voyage of the Lusitania was taken, as we have said, over the long, or more southerly course. This route is followed in

certain months of the year for greater security against icebergs. For many years no great steamer has been destroyed by the fall of some thunderous mass from these spectral and deadly precipices drifting in mid-ocean. Former generations knew a grimmer hazard, and at least one of the Atlantic liners of her day, half a lifetime ago, disappeared after leaving New York, with every soul on board. No word of farewell or explanation ever reached the world of living men and women, though there was picked up upon the coast of Cornwall a plank, inscribed 'We are sinking'—a forlorn memorial, echoing a cry of despair, yet dumb as to causes and effects. There is little doubt, however, that the unhappy vessel was overwhelmed in the night by the fall of a mountain of ice, and was borne down forever through the depths of a winter sea. There is nothing more remarkable in modern ocean travel than the greater safety obtained with increased speed.

"In one department of modern technique at least England has reasserted her unquestioned supremacy. We have recovered our prestige in that business of marine architecture which is still, as Ruskin said many years ago, the most beautiful and greatest work of craftsmanship to which man can set his hand. We have shown that our methods are in many ways still worth studying, and that the spirit and intellect of the race have still to be counted with as factors in the future of the world. Whatever may be said to explain or amplify, this at least is the fact, that we hold the Blue Ribbon of the ocean once more, and that it has been won back over and over again during the last six or seven months. The contest lies between two British liners, both of them the champions of their country, and neither of them with a rival upon the seas.

"Germany has done so much in so many fields of modern enterprise that she may be well content to resign the primacy of speed held for a time by the Hamburg and the Bremen ships.

"The first great development of continental competition was in the coarser textiles, but, above all, in the metal trades. For years, however, after the new challenge had made itself felt with some severity of pressure, the possibility of effective rivalry in the carrying trades was still regarded as an idle and absurd dream. The awakening came little more than a dozen years ago. We awoke one morning—if we may parody Byron's words in this connection—to find another country famous. A German steamer had broken all records in ocean speed, and had won the Blue Ribbon of the Atlantic. Then we acted as foolishly as we often do at the beginning of any great struggle in war or peace. First we doubted the fact. Then we disparaged it. We said at first that there must

be some mistake, and that another country could not really have managed to beat all British ships in ocean speed.

"The success of the Kaiser's subjects was, as a matter of fact, to a very large extent a result of the completeness and efficiency of the whole state organization in Germany. It is impossible for private and haphazard effort to prevail in modern days against the scientific systems of competitive nations working under strong national leadership. This is, above all, the lesson taught by the construction and the conquering progress of the giant Cunarders. We have always had the best shipbuilding firms in the world, capable of responding to any practical demand that owners can make upon them. In Mr. Charles Parsons we had another of the long line of English inventors whose efforts have revolutionized the whole transport efficiency of the world. At first blush the idea of building vessels like the Lusitania and Mauretania seemed as daring as George Stephenson's original dream of a steam-engine.

"Finally, we had what he had previously lacked. We had statesmanship capable of backing with the whole weight of its power the business ability of the nation. This is the first instance of that combination of state support with private enterprise and individual genius which will achieve many things in the future worthy of comparison with the victory of the Lusitania, in that more than Olympic contest for the prize of speed whose arena is the broad ocean itself.

THE UBIQUITOUS IRISHMAN

It is proverbial that Irishmen are to be found everywhere, yet one may be pardoned a start of surprise to hear of an Irishman occupying one of the most influential, difficult, and dangerous positions in the Republic of Ecuador—that of being "watch-dog" to its President. Admiral Power, who is a native of County Waterford, in addition to being in command of the miniature Ecuadorian fleet, also holds a commission in the army. After the attempted revolution in the midsummer of last year it was Admiral Power who was selected to inspect the disturbed areas. Meeting this Irishman for the first time (writes London P. T. O.'s Ecuadorian correspondent), one is impressed by his kind brown eyes, his quiet, determined manner, and his rich Southern brogue, which has survived twenty-nine years of exile. During the recent rising, a few members of the Opposition accused him of ill-treating the prisoners. "Wisha!" replied Power. "The poor creatures! Sure I'd sooner hurt my own child." The Admiral's post, as may be imagined, is not a bed of roses. He has driven through Quito, accompanying President Alfaro, in an open carriage, and unattended the day after the suppression of a revolution, when every verandah might have sheltered an assassin.

Peers in Courts of Europe

BURKE'S PEERAGE, that Vade Mecum of the British aristocracy, as well as of all those who have any dealings, directly or indirectly, with King Edward's nobility, occasionally gets into trouble, and is compelled to assume the role of defendant in lawsuits instituted against it. Some years ago Lord Fermoy's brother and heir, the Hon. James Burke Roche, obtained a verdict against Burke's Peerage for having declared his marriage to the daughter of old Frank Worke of New York, as having been sundered by divorce.

It is perfectly true that there had been a divorce, obtained by Mrs. Burke Roche from the courts of Delaware. But inasmuch as it was not recognized by English law, and that the decree was illegal in the eyes of the English authorities, the London tribunals decided that Burke's Peerage had been wrong in describing "Jelly" Burke Roche as a divorced man and gave judgment against the publishers of this standard work.

Since then Burke's Peerage makes no mention of his having been divorced, and although Frank Worke's daughter has since then married a member of the Hebrew race, hailing from Hungary, and formerly a riding-master in New York, against whom she has now instituted proceedings for divorce, she still continues to figure in Burke's Peerage, and in other works of reference of the same authoritative character, as well as in Who's Who, etc., as the full-fledged wife of the Hon. James Burke Roche.

Of course this experience caused the publishers of Burke's and of other standard "Peerages" to exercise more care than ever. But in spite of this Burke's has just been called upon once more to go to the expense of defending a suit for libel, brought against it by Mrs. Montague Williams C. Perceval, whose husband is a member of the family of which the Earl of Egmont is the chief, and in the line of succession to the various peerages, honors and estates of the head of the house.

It seems that Montague Perceval, who is a physician, and a grandson of that Spencer Perceval who, while Prime Minister, was assassinated by John Bellingham in the lobby of the House of Commons in 1812, was married for the first time to Elizabeth Middleton, who died in 1877. He then married, in 1879, a widow of the name of Mrs. Kendrick, daughter of Bond Cox, a member of the English bar, and proceeded to Australia, where Dr. Perceval engaged in the practice of his profession.

The marriage was an unhappy one in every respect. The couple separated, but were not divorced, and Mrs. Perceval complains that she has repeatedly been obliged to sue her husband for the alimony due under the deed

of separation. In 1903 Dr. Perceval, without having taken the trouble to secure the dissolution of his second marriage, took to himself a third wife, in the person of Charlotte, daughter of the late Rev. John Aubrey Carr, rector of the parish of Shipton Cliffe, in Gloucestershire.

The publishers of Burke's Peerage were notified by Dr. Perceval of his third marriage, and placed it on record in their issues of 1905, 1906 and 1907, without taking the precaution to ascertain whether the second marriage of the doctor had been sundered either by death or by divorce. Mrs. Perceval No. 2 thereupon brought suit against Burke's Peerage on the plea that the publication of the doctor's third marriage in a standard work of such authority as Burke's peerage implied that his second marriage was of no account, and that her right to the name of Mrs. Montague Perceval, and to the eventuality of becoming one day a peeress of the realm as Countess of Egmont, was defective.

The courts have now decided against Mrs. Perceval, on the ground that no defamatory word had been used by Burke's Peerage, and that, therefore, no action for libel could lie. It was intimated that if Burke's had asserted that the plaintiff's marriage had been sundered by divorce, in the absence of any decree to that effect, valid in the eyes of English law, the statement would have been regarded as libelous, just as in the instance of the Hon. James Burke Roche and his American wife, Marquise de Fontenay.

Harper's Weekly points out that Mr. Asquith, Great Britain's new Premier, and Governor Hughes, Governor of New York, and presidential possibility, have a great many points in common. Mr. Asquith has never been a popular man, and no one can call Governor Hughes an idol of the people. The Premier was a very earnest and able student at Oxford, and the same is true of Governor Hughes at Brown. Mr. Asquith was a fellow of his college, and Mr. Hughes was for some time in his earlier life a teacher at Cornell. Both are lawyers, and both came into prominence after somewhat similar fashion. The Governor first became widely known by means of examinations during the Armstrong insurance investigations, and Mr. Asquith came into prominence when in association with Sir Charles Russell, he conducted the cross-examination of John Macdonald, manager of The Times, at the time of the Parnell Commission. So ably was this cross-examination conducted that it attracted wide attention and won for Mr. Asquith the title of Q. C. As Gladstone's Home Secretary thereafter, his career somewhat resembled that of Mr. Hughes as Governor.