

made by the late Horace Greeley, about one hundred millions of dollars of Southern States bonds were thus put on the market, and every dollar they were sold or pledged for was totally misapplied or stolen by governors, United States Senators, members of Congress, and other Federal and State officials.

5. What materially tended to intensify the general railway inflation were the large sums voted by Congress for subsidized national lines. These were called "Pacific railways," whether they ran North or South, East or West; and, as the government stood in the position of second-mortgage bondholder, the first-mortgage bonds were, in most cases, as good as government securities. Thus it happened that government furnished, in nearly all cases, the entire capital expended in the construction of some thousands of miles of railway, while the speculators, by means of *Credit Mobiliers* and other devices, realized out of the company's bonds and stock a clear profit exceeding the entire cost of these so-called "Pacific railways." It is easy to perceive how these vast national and State grants stimulated the building of other "unsubsidized" lines, and how the total expenditures inflated all other branches of industry. So long as prices, whether for labor, or materials, or food and clothing, lands and tenements, and securities continued to rise, everybody fancied they were growing rich. In 1891 I published in Washington, and circulated in Congressional circles, a pamphlet entitled "The Science of Money," in which I pointed out, concisely and clearly, what the inflation of the currency was leading to. I pointed out how the market value of labor and goods first felt the delusive influences of such a currency, and how lands and houses followed, and how their value would subside when the bubble burst; but no one then heeded such information. I allude to this brochure, because the remedies for future crises must be founded on a radical change in our system of banking and the methods of issuing currency, wherein the incipient causes of crises have their origin.

6. Though railways stood most prominently forward in the list of causes leading to the panic of 1873, and the stagnation that has since existed, all other industries partook of the intoxicating draughts administered by the national and other banks, and the government itself, and the "carpet-bag" State administrations. To illustrate the effect on the cost of railways and the wages of railway "navvies," I must return to my efforts to construct the line in Ohio in 1872. Prior to the overissue of national-bank notes, after the establishment of that system in 1864, the rate paid for skilled labor, on railways, was about \$1 a day, or \$26 a month; and the price of iron rails, in Ohio, was about \$40 a ton. The price of laborers' board, before the war, was about \$2 a week. In 1872 similar labor was \$2 to \$2.25 a day; board, \$4 to \$5 a week; iron rails, \$50 a ton; and all other materials, including engines, cars, &c., in proportion. I now come down to present prices. Last year I paid \$1 to \$1.15 for "navvy" labor; for board, \$3 to \$3.50 a week; \$35 a ton for iron rails at mills; and now I have offers of labor at 80 cents to \$1 a day, or \$20 to \$26 a month; board at \$2.50 to \$3 a week, and boots and clothing at ante-war prices; and iron rails, for cash, at mills in Ohio, per ton of 2,240 pounds, \$33.

7. The cost of railways, like the cost of houses in cities, was more than double, during the period of inflation, what they can now be built for. Leaving the "watering" process out of sight, a standard-gauge line cost about \$25,000 a mile in Ohio to build and equip during those days of greatest inflation; and the speculators, bankers, managers, and promoters added \$25,000 per mile more, and, in some cases, \$35,000, for their profits. Now, I can build an average standard-gauge line in Ohio, or almost any Western State, for from \$8,000 to \$10,000 a mile cash, including all materials, but ex equipment. But it is more difficult to raise \$10,000 a mile now than it was then to raise \$25,000. Good substantial narrow-gauge lines over an average of Ohio country, laid with 35-pound iron rails, can at present be built, ballasted, and fenced for from \$6,000 to \$7,500 per mile.

8. These facts are both interesting and instructive, as bearing on one of the largest branches of our industry. Our railway system is less than half completed. The people perceive that by putting their own means into cheap narrow-gauge railroads, they can make them pay. Hence there is in the West quite a revival in the construction of these cheap lines, hereafter destined to take the place of common highways, to a large extent, which will serve as feeders to the old standard-gauge, highly-watered trunk lines. Let me here suggest to your committee the desirability of constituting a national railway department after the model of the British Board of Trade, but with more comprehensive powers. If there is no warrant for such a board in the organic laws of the nation, then let Congress take measures to amend those laws. The civilization and prosperity of nations are in the ratio of their facilities for transporting persons and property. The National Legislature is less likely to abuse such powers than State legislatures, whose members are "bought and sold like sheep in the shambles," by speculators and capitalists, for money and interests in public undertakings. We know from unquestioned testimony, before a Senate committee in this State, that over one and a half million dollars were expended by two great railway companies to influence legislation in a single session. Members of Congress will hardly again become