

PUBLIC BUSINESS AND THE RIGHT TO STEAL.

It seems paradoxical to say that the individuals composing a nation may in the main be honest, while the nation in its public capacity may be dishonest. But the paradox vanishes when we remember that in its public capacity a nation is represented by its rulers and that these may be dishonest while their constituents are honest. In the struggle for political preferment many factors enter into play, and not the least of them is the political apathy of the electors occupied with their private affairs, who drift more or less carelessly with the current forced into devious channels by the energy of dishonest demagogues.

We are the fortunate possessors of a land of inexhaustible resources, able to maintain in prosperity a rapidly increasing population, and should, therefore, enjoy continuous progress and prosperity with only occasional reactions when the development may have become over-rapid. Why, therefore, are we subjected to panics so frequently recurring with growing intensity, so that we seem to be beset by adversity, rather than in the enjoyment of that prosperity which in view of natural conditions ought to be our portion?

To me the reason seems clear. Notwithstanding the well-established fact that in our private capacity we are an essentially honest people, and indeed for private honesty stand unexcelled among all peoples, the same cannot be said of us in our public capacity; and this deficiency in public honesty begets want of confidence, and want of confidence is the cause of all commercial panics.

I recall the shock to the people of London last year when agitators at meetings of the unemployed advocated the right to steal. To us, too, as individuals, such advocacy broadly stated seems monstrous. But as a nation are we not becoming accustomed to regard it differently? Do we not submit without a murmur when Congress or State Legislatures attempt to exercise their powers of confiscation, particularly if this is done on the pretence of some philanthropic purpose of benefiting the poor? Are we not growing impervious to that moral sense, which is superior not only to legislative enactments and judicial

procedure, but which ought to be its fountain-head? Even now our Senate, the supreme essence of our national life, is engaged with the utmost seriousness on the question whether debts contracted may not righteously be paid on the basis of fifty cents on the dollar, a discussion which practically amounts to a debate on the point whether our coins should be clipped to that extent. No individual would dare to advocate such a course in his private relations, and were he to do so there is no doubt but that he would be characterized as a plain swindler; but do we consider such a measure in the wholesale with the same abhorrence? Evidently not; otherwise the very discussion would be impossible. It looks as if to our eyes as a nation advocacy of the right to steal, which shocked all England when proclaimed by anarchists at a meeting of the unemployed on Tower Hill, becomes respectable and even meritorious, if only made with due deliberation, so that if that advocacy should prevail the right may be proclaimed in due form by a majority vote on Capitol Hill.

Not long ago the farmers of Kansas and other Western States were clamoring for money with which to develop their farms, and as the security they offered seemed fair and the interest they promised alluring, people all over the world parted with their own, and trusted it to those farmers. Any individual farmer who wilfully and purposely attempted to defraud the owners of these funds, confided to the borrower for his advantage, was considered a cheat; but this did not prevent agitators from obtaining numerous support by farmers for the purpose of perpetrating a general fraud upon all mortgagees of farm lands of those States, by legislative means. And these attempts to defraud those who innocently trusted their money to the mortgagors was hailed with delight by large bodies of our people all over the country as a sign of a golden era coming.

A railroad is required for the purpose of developing a barren tract and enabling homes to be founded on the site of useless forests. The most glowing promises are made to attract capital to the building of that railroad. After it has been finished, the forest has been cleared, value has been imparted to the desert, then the State is called upon to defraud those who have taken great risks in bringing this development about on the strength of the alluring promises that were made. The right of eminent domain which were of necessity accorded by the State, is then invoked as a reason for depriving the builders of the just fruits of their undertaking—as if it were possible to build a railroad without eminent domain any more than without

rails! To this species of confiscation we have become so accustomed that it is regarded as an ordinary risk of railway enterprises (thus correspondingly increasing the cost of these enterprises), as tribute to bands of natives, organized for the purpose of exacting tribute, was reckoned among the ordinary travelling expenses in Greece some years ago.

All our public affairs having become permeated with the poison of dishonesty, it necessarily has affected our quasi-public relations as well. Indeed our great public corporations, such as railroads, are in themselves species of communities, of which the security-holders are the citizens; and in these communities the right to steal under certain legal forms and sanctions has, in certain directions, become fully recognized.

Whatever frauds are perpetrated under advice of counsel or by resolutions duly passed by a majority vote at a regularly constituted meeting, security-holders have long since come to regard as unobjectionable, or at least as beyond the reach of successful attack. Here, too, the line between private honesty and public honesty is sharply drawn. Many a director who would exercise the most scrupulous care if any of his constituents had appointed him trustee in a private matter has not the slightest hesitation to vote in his own private interests for acts that from a moral point of view are nothing less than sheer robbery of those who have confided to him the management of their corporate affairs.

Indeed, quite frequently, as soon as a Board of Directors is elected, it considers itself the absolute owners of the property, to manage or to mismanage, as its private interests may dictate. These private interests sometimes are in such direct conflict with the interests of the corporation as to involve it in bankruptcy. Whenever this happens the courts are appealed to in order to continue in irresponsible power the very men who have maladministered their trust. And the courts generally entertain favorably such an appeal, as they have gradually succumbed to a growing custom not to enter into any inquiry in such cases as to the causes bringing about the bankruptcy. In fact, the courts are in such cases considered as little more than instruments for registering the wishes of those whose dishonesty is responsible for the ruin of the corporation.

But the right to steal once recognized, no matter how cloaked, whether it be in the form of laws for the free coinage of silver, thus robbing creditors in general of a large part of what is their due, or in

anti-railroad legislation, robbing a certain specified class of creditors, or the condonation of robbery of corporations under various guises by their trustees, is inconsistent with general prosperity, as general prosperity is based on general confidence and general confidence again reposes not merely on private but upon national and corporate honesty. If confidence is undermined, our very economic existence is necessarily undermined, and panic must follow closely on panic. If domestic capital seeks to withdraw itself from all public enterprises and money is hoarded in our own country, how much the more will not foreign capital be discouraged from coming here, and be taken back at every opportunity. More and more are foreign nations coming to the conclusion that while we are a magnificent people, we have incomprehensible laws and customs which render it altogether unsafe to meddle with us in a financial way. We are gradually obtaining the reputation of Bedouin Arabs, who are recognized to possess many admirable qualities; but, when travelling their way, it is best to leave valuables at home.

This does not in any way mean that all intercourse between foreign countries and our own country could ever cease. As long at least as Europe needs our breadstuffs and our cotton and other articles of export, European commerce must seek us and we shall derive benefit from it. Moreover, Europeans freely admit that, considered as private individuals, no people are more honest or more honorable. Private loans will, therefore, continue to be made. But it may be laid down as a broad proposition that unless we introduce radical changes in our views of public right and wrong, unless we give absolute assurance that the advocacy of the right to steal, under no matter what legal forms or sanctions, has become utterly abhorrent, the foreign capital which has built up so many sections of our country and which was for years the main source of the development of barren regions and added so materially to our greatness and is still essential to the regaining and maintaining of our prosperity, will no longer serve us.

But after all, we are a young nation, and so have not yet passed through the ordeals by which the financial affairs of the best nations of Europe have been purified. For centuries the kings and nobles of those countries were engaged in clipping coin and despoiling creditors (just as many of our Senators would now have us do), thinking these acts highly advantageous to the State, until by endless sufferings and bloody revolutions, a higher public-thinking morality

was evolved whereby clipping of coins and despoiling of creditors have become an impossibility. As a consequence of this higher public morality, a sense of trust in administering quasi-public affairs is so potent and ever-present in the public mind that the acts and conditions partaking of the Middle Ages and barbarous tribes, to which the affairs of our great corporations are still subjected, cannot be practised there with impunity.

We cannot even imagine, with any sense of reality, the depredation to which one of our great properties has recently been subjected, as applied for instance to any great English railway. No chairman of the Board of Directors of a great English railway can be even supposed to enter into private speculations in brokers' offices for his private gain, withdrawing securities from the treasury of his company for use as margins for his speculations, with the perfect assurance that if these speculations turn out a loss, his Board will not only at once assume them, but will at the same time give him *carte blanche* to continue them at his pleasure. Nor can we imagine, with any sense of reality, that after all this, when the company by these and similar acts is forced into bankruptcy, such a chairman could appear before the High Court of Justice, practically in secret, and there obtain, as a matter of course, an order to confide in his irresponsible control, for as long a time as he may choose, the very company he had wrecked. Nor can it be believed that as a special mark of approval the Chief Justice of the Court of Appeals would resign his seat in that august tribunal in order to become the colleague of that chairman. It is just as incredible that, as an additional colleague, the court would appoint the chairman of the Board of a competing company, known to be largely interested in the securities of that competing company, so as to put him in a position where he could use his potent influence to draw from the treasury of the bankrupt company amounts sufficient to pay dividends on the securities of the competing company in which he is interested, on a plea involving the violation of sacred pledges of mortgages.

Such a condition of affairs is not even imaginable in England, and yet it gives but a faint description of a few of the acts by which the great Philadelphia & Reading Railroad has lately been brought down and is kept low. How different would that history have been in England! If the chairman of one of the great railways of that country had actually accomplished the unimaginable and had speculated with the funds of his company, withdrawn secretly from its

treasury, it would not have been he who would have received the protection of the court, but the despoiled and outraged proprietors who had confided to him so great a trust, on the proper execution of which the weal and woe of thousands depend. There, no custom has grown up inclining courts of equity to spread out their protecting wings to embrace such a man within their sheltering folds; but the prosecuting officer of the Crown and the Grand Jury would at once have entered into a rigid investigation. If this investigation should have uncovered fraud of any kind, restitution would have been demanded, and stern retribution would have been meted out. The affairs of the company would have been placed in safe hands, not mixed up with past wrong-doing, and the security-holders would have obtained loyal and devoted service in their own behalf in order to extricate the company from its difficulties and, if possible, to bring it back into the paths of prosperity.

Not that I would claim for a moment that individuals never go wrong in England. On the contrary, as I have before said, I believe that in so far as private honesty is concerned, we are the peers of any nation on the globe. In England as well as with us persons in almost all walks of life yield to temptation and the public prosecutor is busy there as well as here; but the essential difference lies in the fact that a President of a corporation acting as above described is considered by us as a "Napoleon of Finance" and draws around him an adulating host of admirers, particularly if out of the ruins of his company he has managed to secure a fortune for himself. In England, if he could exist at all, he would not be considered a Napoleon. Nor would it be held a mark of genius, to buy shares at higher prices than anybody else would pay for them with margins taken from trust funds in such a manner that if there is a gain the person who commits the wrong makes it, and if there is a loss it is suffered by the trust fund. There, no halo of glory would save such so-called Napoleonic acts from the proper vindication of outraged justice.

And it is because of these differences in public morality and not because London is the residence of "gold-bugs," that money flows to London from all over the world, and that it can be had there at three per cent per annum, when our people will not part with it at twenty, and sometimes not at all, but hoard it as savage tribes do, for fear that they would never see it back if once put into the channels of trade, where it may become subject to some quasi-public administration.

London is the financial centre of the world not only because of its

location but because it is known that there honesty pervades public financial affairs; that public obligations are sure to be met; that mortgages are safe from violation; and that the internal affairs of public corporations are expected to be administered for the benefit of shareholders and creditors. Cheap money depends upon confidence, as confidence alone keeps money in circulation and makes it abundant.

I cannot but believe that our people will profit by the bitter lessons of other nations recorded in the pages of history, particularly as those lessons are now being brought home to us by bitter practical experiences of our own. I cannot believe that it will be necessary for us to go through all the gamut of suffering through which other nations have been forced to go before reaching that moral plane on which their public affairs now rest. Our practical sense must soon show us that public honesty is, to say the least, the best public policy; and if that proposition once becomes fixed there will soon be evolved from it that higher morality which respects the sacredness of obligations and inviolability of promises, independently of any question of policy.

Even now there are signs of a coming moral revolution, of which the decided vote on the silver question in the House of Representatives seems to be the precursor. The era of clipping coin, of robbing enterprises, of friendly receiverships seems to have reached its apogee; and it will now require but little more of public indignation to put a complete quietus on any attempts to advocate the right to steal in any form. When that is done, and accepted as settled by the civilized world, continual progress in development, to which our inexhaustible resources entitle us, may be expected to set in, checked only by such natural reactions as every healthy condition requires. And thus these incessantly recurring panics will disappear like cholera from a well-sanitated district.

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THE WONDERFUL NEW STAR OF 1892.

THE object of this paper is to detail the history of the remarkable "new star" of 1892, in the constellation *Auriga*. This star, which doubtless resembles our sun, within two days increased in brilliancy sixteenfold. Three months after its discovery, it had become invisible. After another four months, it reappeared, and was comparatively bright. But it was no longer a star, but a nebula! In other words, it had developed changes of light and heat which, if repeated in the case of our own sun, would mean a quick end of the human race and the utter annihilation of every vestige of animal and other life upon this earth.

Before defining what is meant by the not very exact term "new star," it is well to say precisely what is meant by the word "star." A star is a heavenly body visible in some telescope and demonstrably or presumably similar to our sun in its general nature. Its spectrum will consist (ordinarily) of a continuous band of light having all the colors from red to violet, and crossed by certain dark absorption lines which occupy fixed positions and which have constant intensities. The bright continuous spectrum is produced by the light from the nucleus of the star, which may be either solid, liquid or composed of gas under great pressure; but in any event it is intensely heated. The dark lines are due to the loss of certain definite kinds of light (as red, green, *etc.*), given out by the nucleus and absorbed by the gaseous envelope or atmosphere of the star itself. This envelope is also intensely heated, but it is cooler than the nucleus. The constitution of the atmosphere can be inferred when we know the wavelengths of the light which it absorbs. A few highly-interesting and exceptional stars have a spectrum of bright lines (probably due to very extensive and highly-heated atmospheres) projected upon their continuous spectra. "Nebulæ" are gaseous masses, and their spectra consist of bright lines. Until lately, only about a dozen lines were known to exist in the spectra of nebulæ, but the observations of Professor Campbell at the Lick Observatory in the last year have raised this number to about thirty; and this remark is of special im-