

SENATOR ALDRICH'S BUDGET.

If the country were to judge Senator Aldrich's speech of Monday solely on the basis of the general principles it propounds, it would in many respects deserve high praise. Unlike most Congressional "budget speeches," Mr. Aldrich's has something to say about adjusting expenditure to income. That "the rapidity with which our national expenditures have increased within the last three years is a source of anxiety, if not alarm"; that "there are periods . . . when the spirit of extravagance pervades the atmosphere and the public money is scattered right and left, often without reference to the results to be secured"; that the appropriations of the last session were such that nothing can "relieve Congress from responsibility for their unprecedented extravagance"; and that "no excuse whatever can be found for similar legislation in the future"—these are not new doctrines to careful students of public finance. But it is well that they should be declared thus bluntly on the floor of Congress itself, and from so influential a quarter. The manner in which some of the proposals for direct taxation, with estimates of enormous productiveness, have been thrown out in Congress, might well encourage Congressional spendthrifts to imagine that, somehow or other, all their drafts on the public purse will be met without difficulty. This easy optimism Mr. Aldrich at least is wise enough to avoid.

In certain other respects, however, his speech will encounter and will merit severe criticism. One comment will be inevitable—namely, that his indignation over the appropriations for the coming fiscal year is a little belated. Why did we not hear something about the responsibility of Congress, the pervading spirit of extravagance, and the anxiety if not alarm which it inspired, when the appropriation bills were before the Senate, two or three months ago? We recall one or two meekly deprecatory remarks upon the subject, to which the Senators listened much as they did to the prayer at the opening of the day's proceedings, and that was the end of it. Mr. Aldrich's declaration of Monday, then, that the appropriations "could have been reduced at least \$50,000,000 without impairing the efficiency of the public service," and that when the coun-

try is confronted with a deficit, it is "the imperative duty of Congress to reduce expenditures and make them conform to actual revenue conditions," sounds curiously like an afterthought. We hope, however, that the afterthought will be pressed on Congress in the future.

But when we come to Senator Aldrich's actual budget of revenue and expenditure, under his committee's tariff measure, it is necessary to look at details rather than generalities. Warranted or unwarranted, the appropriations for the twelvemonth beginning with next July are made. It is the present business of a budget committee to make sure that the revenue will meet them, and we are not by any means certain that Senator Aldrich's plans will accomplish this.

To begin with, his estimates are pervaded with that spirit of happy-go-lucky confidence to which was largely due the very size of the appropriation bills which he condemns. When Mr. Aldrich figures out the probable yield, under his schedules, he assumes that the import trade will be the same as in 1907, which was "the last year in which the finances and business of this country were in a normal condition." That is to say, a year which all business men have agreed in pronouncing a period of trade inflation, a year in which economic experts have shown that the demands of industry had so far overstrained the facilities of capital and credit as to precipitate worldwide financial trouble, is to be taken as the norm of the country's foreign trade. Now in the history of finance nothing is more familiar than the fact that the tide of excessive imports which invariably precedes a serious panic, does not rise to such a height again for many years. The country's import trade of the fiscal year 1873 was not again approached until 1880; not until 1902 did imports reach the volume of 1893. Yet Senator Aldrich calmly looks for customs revenue on the basis of the trade for the twelvemonth ending June, 1907.

His reason for this assumption is singular: "We can feel the change in the air." But trade movements which gentlemen feel in the air or in their bones are not the safest basis for the fiscal plans of a great government. That the import trade last month increased with great rapidity, and with it the customs

revenue, is a fact, and the main cause of that increase, reduced stocks of imported merchandise, is correctly stated by Mr. Aldrich. When, however, the Senator jumps to his next conclusion, and asserts that "it must be conceded that the era of prosperity which commenced the first part of March is likely to continue uninterruptedly with the enactment of wise tariff legislation," he is indulging in curious language for a financial expert. This sort of cocksure prediction belongs to the Stock Exchange, and not in the halls of legislation.

The assertion that "there can be no reasonable question of the sufficiency of the Senate bill to provide adequate revenue" is quite of a piece with this child-like assurance. We can scarcely believe that Congress will approach the further consideration of the problem in such a spirit. As to the actual yield under the new schedules, it is impossible to speak definitely until the numerous clauses of the Senate bill which the finance committee has left for further deliberation are filled out. It is right that the question of avoiding excessive revenue should be as carefully considered as that of avoiding a deficit; and plans for direct taxation ought to be severely scrutinized with a view to escaping both contingencies. But it is equally necessary to avoid the pitfalls of blind and hasty optimism. Senator Daniel's declaration for the Opposition that he will "vote first of all to raise revenue," and next "to lift every burden of taxation off the people that can be eliminated with just regard to the conditions in which we legislate," is the only programme that is rational.

NAVY-YARD REORGANIZATION.

If it will but centre the attention of the new Secretary of the Navy upon the need of radical reorganization, we shall be inclined to thank the nine line officers at League Island for their pamphlet criticisms of the recent changes in navy-yard administration. They are not, it now appears, to face courts-martial for the peculiar method which they took to air their views—a method not, however, altogether unheard-of in naval annals, for similar acts in the past have brought about important changes. But the need of the hour is a complete overhauling of our naval manufacturing methods, that millions may be saved and the efficiency of

the fleet at the same time increased. We care not who gives the impetus, so long as Mr. Meyer can be made to comprehend the needs of the service and the magnificent opportunities which lie before him. Mr. Taft, it is said, has impressed each member of his Cabinet with his desire to make his government famous for its efficiency and its economy. But no other departmental head has such plain sailing as Mr. Meyer—if he will but steer by the proper charts.

Since Mr. Newberry, despite his brief term of office, was fully aware of the reforms needed, and had grappled with those relating to the navy yards with marked success, many naval officers were disappointed that he was not retained by Mr. Taft, and with him the Assistant Secretary, Mr. Satterlee. The officers argued, plausibly enough, that the incoming officials, however skilled in administration, would naturally need some time to become familiar with their duties and to understand the innumerable currents and cross-currents in the department which have stranded and left helpless more than one civilian head. But since Mr. Meyer was one of the two members of Mr. Roosevelt's Cabinet reappointed by Mr. Taft, these officers felt that the President must have specially chosen Mr. Meyer for the Augean task of cleaning up the department, reorganizing the navy yards, and then making the staff lion and the line lamb lie down together in peace. Hence they, too, will not regret the offence of the nine officers at Philadelphia, if it should compel the new Secretary to make plain his endorsement of the Newberry reforms.

These are worth recalling. It has long been a scandal that the five manufacturing bureaus of the department have had in nearly every yard their own separate plants. Thus, until recently, there were at the Brooklyn yard five blacksmith shops, five joiner shops, five carpenter shops, at least three foundries, as many paint-shops, etc., etc. It is not necessary to point out the waste this involved or the number of sinecures it created. Conceived as a whole, any navy yard is but one great plant, not a group of five competitive plants. What private enterprise could exist if it employed five master founders instead of one, five carpenter foremen instead of one, and five head blacksmiths in-

stead of one, and so on throughout its force? The absurdity of the thing was at once apparent to Mr. Newberry, and he ordered the consolidation of all these shops and their management by one responsible head, who might be termed the "manufacturing manager" of the yard.

Unfortunately, Mr. Newberry limited the officers eligible to this new post to those of the corps of naval constructors—and the fight with the line was on at once. This is just the point that has so stirred the Philadelphia officers. With amazing ignorance of the large savings already made, and of the great profit to the sea-going officers resulting from the new methods, they want a return to the old system; so long as there are separate bureaus in Washington, they want separate establishments at the navy yards, and the whole managed not by a naval constructor, but by a sea-going or line officer. They ignore the fact that the commandant, a sea-going officer, remains the superior of that manufacturing director (the naval constructor); and that the commandant is now, for the first time, a real executive, and not merely a man who signs his name to papers several hundred times a day. They fail to see that, for the first time, the captain of a ship in a navy yard knows what is going to be done to his vessel; that one gang of laborers of the Bureau of Equipment, ordered to run electric-wire conduits, does not sit down and wait in idleness until another gang comes from the Bureau of Construction shops to drill the necessary holes. Moreover, for the first time, the captain of a ship is inspector of the work done on it, and is asked to report any laborers who loaf on their jobs. Ten days were saved in fitting the *Chester* for sea at Brooklyn as soon as the new system was tried.

Now what is needed in Philadelphia is not a court-martial—our naval officers ought to be as free to express their views about things and methods, in the proper way, as are English naval officers, who never hesitate to criticise the Admiralty in the *London Times*—but a sound lecturing from Mr. Meyer to set them right. He might well aid in clearing the atmosphere by modifying Mr. Newberry's restriction of the post of manufacturing director to the Construction Corps and specifying that any of-

ficer of any corps could be made director if only he had the necessary ability. Even civilians of merit might be appointed—though this suggestion wrings tears from the nine recalcitrants at Philadelphia. What the public wants is efficient and economical navy yards; what insignia of rank and corps the manufacturing director is to wear it cares not at all. Mr. Meyer will, we trust, make it clear when he comes to Brooklyn, as he now plans to do in the near future, that he is on the side of reform and economy. If he will but perfect the workings of the Newberry system, he will then be free to attack—if he can—the greater question of the unnecessary Senatorial navy yards, and insist that they be closed and millions more saved.

THE RURAL INDUSTRIAL SCHOOL.

The Southern Educational Conference, which met last week in Atlanta, devoted no little time to the needs and opportunities of the small rural industrial schools, those miniature Hamptons and Tuskegees which are springing up all over the country in surprising numbers—for example, such institutions as Calhoun at Calhoun, Alabama; Kowaliga, in the same State, and Okolona, in Mississippi—all of which are doing a most useful work thoroughly deserving of support. Indeed, it is no exaggeration to say that collectors for both white and colored schools of this character fairly overrun our Northern cities and almost fall over one another in their quest for funds.

Unfortunately, there is no board or fund which deals expressly with schools of this character. When the Southern Education Board began, and was followed by Mr. Rockefeller's princely gifts to the General Education Board, it was thought that the rural industrial schools would be the chief beneficiaries. But the Rockefeller money is now flowing in other directions, largely to established universities and colleges; we have only recently heard of a gift to a small negro school—\$5,000 to Kowaliga, to which Mr. Carnegie has added a similar sum. Indeed, Hampton and Tuskegee have both suffered in consequence of the General Board's millions; many contributors appear to think that no further aid from them is needed; and the smaller schools have