

The Outlook

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THE plan started in the West for the organization of a commercial, non-partisan, non-political commission to frame some permanent currency scheme for the future has taken definite form. A well-attended preliminary conference was held December 1 at Indianapolis under the auspices of the local Board of Trade. It represented the commercial organization of a number of cities in the interior or Middle West. It provided for calling a general conference of commercial bodies at Indianapolis on January 12 on a basis of representation providing for one delegate from cities of eight to ten thousand, twenty delegates for cities of one million or over, and proportionate representation for cities of intermediate size. These delegates, as we understand it, are to be chosen by the commercial organizations, such as the Boards of Trade or Chambers of Commerce, of the respective cities. The assembly will consist of upwards of twelve hundred delegates—too large a body, it will be seen, for real deliberation. The purpose is, however, to have this assembly constitute a commission which will deliberate and give to the country the results of its deliberation, and bring public sentiment to bear upon Congress for carrying those results into effect. It is also to be expected that the deliberations of the assembly will determine for the commission its objective point. The fundamental question is very well put in the call for the preliminary conference: "The time has now arrived when the Government must either discontinue the banking business, with its expensive and complicated system, or go into it on a broader, better-defined, and more comprehensive scale."

What is banking business? This is one of the questions which the country has to decide. The Comptroller of the Currency, James H. Eckels, in the current "North American Review," indicates very clearly one conception of the banking business which Government should discontinue: "The proper business of the Government is not to issue instruments of credit and circulate the same as money. Its fiscal duties lie in the direction of collecting and disbursing revenues, and whenever it undertakes to deal in evidence of debt, as a bank does, it inflicts loss upon the citizen both in his capacity as a taxpayer and as a business man." This is also evidently the view of President Cleveland, and is incorporated in his message. He who holds this view of the relative function of government and private enterprise in dealing with money will necessarily demand, with Mr. Eckels, "the payment, gradual retirement, and cancellation of the legal tenders, and the authorization of the banks, under governmental supervision, to issue the country's credit currency and redeem the same in gold." This policy, it may be noted in passing, was called for only by the National Democratic party, and received so insignificant a support at the polls that the vote for it might be counted as "scattering." The other view of the distinction

between the function of government and of private banks would regard it as the exclusive function of government to issue all currency, whether it be gold, silver, or paper; would consider it as inappropriate to authorize banks to issue the country's credit currency as to authorize banks to issue the country's coin currency; would, in short, make it the exclusive duty of government, not only to coin money, but to issue all paper which passes current in lieu of coin, and would confine the banks to the simple function of holding money as depositories, and of loaning money on proper securities. One or the other of these policies will in the future take the place of the present composite policy, in which no clear distinction between private and public functions is drawn. The tendency of our time is to increase, not to decrease, the functions of government, and, whatever the immediate result may be, in our judgment the people of the United States will not consent to the retirement and cancellation of the legal tenders, nor to any policy which involves conferring upon the private banks greater power over the currency than they now possess. Whatever may be the judgment of expert bankers, the indications are unmistakable that the popular judgment is increasingly in favor of limiting the power of the banks over the currency, and increasing the power of the people over it, through their legal representatives.

The text of the preliminary agreement between Great Britain and the United States for a treaty of arbitration on the Venezuela boundary dispute adds little to the information already before the public. The treaty itself has been submitted to Venezuela, and it is reported that the necessary assent of that country has been obtained. The preliminary agreement describes the constitution of the court—two members to be nominated by the United States Supreme Court, two by the British High Court of Justice, and the fifth by the first four, or by the King of Sweden if the four cannot agree. It then defines the duty of the Tribunal as being to ascertain the extent of the territories belonging to, or that might be lawfully claimed by, the United Netherlands or by the Kingdom of Spain, respectively, at the time of the acquisition by Great Britain of the colony of British Guiana, and to determine the boundary-line between the colony of British Guiana and the republic of Venezuela. Greatest interest attaches to the rules which shall govern the Tribunal, and these we quote in full:

1. Adverse holding or prescription during a period of fifty years shall make good title. The arbitrators may deem exclusive political control of a district, as well as actual settlement thereof, sufficient to constitute adverse holding or to make title by prescription.
2. The arbitrators may recognize and give effect to rights and claims resting upon any other ground whatever, valid according to existing international law, and on any principle of international law which the arbitrators may deem to be applicable to the case and are not in contravention to the foregoing rules.
3. In determining the boundary-line, if the territory of one party be found by the Tribunal to have been in the occupation of the subjects or citizens of the other party, such effect shall be given to such occu-

pation as reason, justice, the principles of international law, and the equities of the case shall in the opinion of the Tribunal require.

These rules have been, it is said, made clearer and fuller in the treaty itself, but not essentially changed. The main difficulty of the Tribunal will be in settling exactly what is meant by "adverse holding or prescription." In general, the powers given the Tribunal are large, and the treaty may be regarded not only as securing the peaceful settlement of the Venezuelan question, but as setting a precedent and preparing the way for a permanent treaty of arbitration between Great Britain and the United States.

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Last week President Cleveland issued a proclamation revoking his proclamation in 1888 which relieved German vessels from tonnage dues in our ports. The previous proclamation was made upon proof that no tonnage or lighthouse dues were imposed upon our vessels entering ports of Germany either by the Imperial Government or by the Governments of the German maritime States. The President, therefore, suspended the collection of the whole of the duty of six cents per ton, not to exceed thirty cents per ton, a year, imposed upon vessels entered in our ports from any German ports. It now appears that tonnage or lighthouse dues, or taxes equivalent thereto, are in fact imposed upon our vessels and their cargoes by the maritime States of Germany, higher and other than those imposed upon German vessels or their cargoes entered in our ports, and therefore the proclamation of 1888 is revoked. The new proclamation affects all vessels coming from German ports, regardless of the nationality of the vessel. Since our present tariff imposed a differential duty on bounty-paid beet-sugar, there have been a number of evidences of a retaliatory spirit on the part of the German Government, one being that our cattle have been excluded on the pretext of danger of contagion from Texas fever; another that our hog products have been excluded on the allegation that, though cooked, they might contain trichinæ; and another being the imposition of discriminating and prohibitive duties on our oleo, glucose, and petroleum. When the law providing for reciprocity in the abolition of the tonnage tax was passed, it was believed that all nations would hasten to repeal such charges. The only maritime powers which accepted our invitation were Germany and the Netherlands, and experience shows that the reciprocity with them was such only in name. During the years since that proclamation was made the levying of a tax of six cents a ton by Germany on our vessels would have produced less than \$300 per year, but the same tax on vessels from Germany to the United States (the amount which is levied on vessels from all other European countries except Germany and the Netherlands) would have amounted to about \$60,000 per year—a large price to pay for the securing of such a small exemption in taxes on American vessels in German ports.

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The annual report of the Commissioner of Navigation urges the passage of a free-ship bill. The Commissioner invites attention to the fact that our maritime rank on the Pacific is now threatened by a new rival—namely, Japan. Foreign tonnage has increased in far greater measure than our own on the Pacific, and the large carrying trade once conducted between Asiatic and European ports by our vessels has almost entirely passed away. Our flag has all but disappeared from the mid-Atlantic—save as borne by the American Line steamers. The bill now before Congress, to impose ten per cent. discriminating duties on all cargoes brought here by foreign vessels, is opposed by the Commissioner, who points out that about four-fifths of our

imports last year were brought in foreign vessels, and this bill will put an additional charge of nearly \$60,000,000 on our international exchanges, an amount approximately equal to our ocean freight bills on imports and exports. The Commissioner cites the enormous importations of tea and coffee, aggregating in 1895 about \$125,000,000, and points out that the proposed tax would be a tax on the consumers of those articles. The tax on coffee alone would subsidize twenty-five steamers equal to the St. Louis or St. Paul. The supporters of the bill, however, declare that the decline of our shipping is entirely attributable to assaults upon the protective system. The law of 1794 afforded protection to our shipping by means of discriminating duties and tonnage dues, while the first Congress specifically interdicted the owners of foreign ships from registering them as American vessels and sailing them under the American flag. To abrogate this interdiction, the Fithian Free-Ship Bill was introduced in 1894, and the only exception to the rule imposed was the well-known arrangement with the American Line, an arrangement now amplified by the proposal to issue an American register to any foreign-built vessel owned by Americans, if the owner will give bond to build in our shipyards a vessel of equal tonnage and value. The first year after 1794 our ships carried two-fifths of our foreign commerce, the second year over half, the third year over two-thirds, the fourth year four-fifths, the fifth year nine-tenths, and the same amount thereafter until the war of 1812. After that war we agreed with Great Britain not to impose differential duties. Shipping declined, but rose in 1855–60 to the carriage of three-quarters of our foreign commerce, thereafter steadily declining. We now carry about eleven per cent. It is averred that we pay \$300,000,000 a year to foreign ship-owners in return for carrying our passengers, mails, imports, and exports, and that in the last thirty years we have paid to such ship-owners enough to have settled our National debt more than twice over.

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Labor Commissioner Meriwether, of Missouri, has published an invaluable report upon the taxation of street railways in Missouri. The abuses he points out are by no means local, and his report would deserve National attention even if he had not with great care compared the practice in the cities of Missouri with that in other large cities throughout the Nation. Commissioner Meriwether estimates the value of Missouri street-car systems according to the rational method employed by the Inter-State Commerce Commission with reference to the railroads of the country. He assumes that their market value is the sum upon which they yield five per cent. income clear of taxes. When the value of the street railroads is thus estimated, the assessed value of the road stands out in sharp contrast. For example, the Missouri Street Railroad Company has a market value of \$4,440,000, yet according to the assessor's figures this company is worth only \$622,000. This illustration is by no means an extreme one. In fact, the average assessment of the street railways in St. Louis is but eleven per cent. of their true value. The average assessment of the homes and stores of private citizens is 50.4 per cent. The street railway companies, therefore, which receive from the public peculiar privileges, are not taxed one-fourth as heavily as private citizens who receive no privileges. The value of the public privileges given to these companies is also brought out by the Commissioner in a striking form. The cost of constructing and equipping the 245 miles of track in St. Louis the Commissioner estimates at \$8,400,000. This estimate allows half again as much per mile for constructing railroad