TION FALLACIES.

h McCulloch Reviews ie and Gladstone.

N FINANCIER'S OPINION

ble Ex-Cabinet Officer Draws m the History of the United y Panics Occur—Why Tariffs ise Prosperity.

ER THE PANIC OF 1857.

rses of 1857 I made the follow- n my report as secretary of the 865:

xpansion of 1835 and 1836, ending le financial collapse of 1837, from hich the country did not rally for consequence of excessive bank cir- iscounts, and an abuse of the credit ated in the first place by govern- with the state banks, and swelled nd credits, until, under the wild tation which pervaded the country, luction decreased to such an extent y which should have been the great country of the world became an eadstuffs.

of trade had been for a long time urope and against the United States, or of the commercial cities of the against the interior, but a vicious lits prevented the prompt settle- es. The importers established large , by means of which they were enа- vorable terms to the jobbers. The were thus, and by liberal accom- n the banks, able to give their own y merchants, who in turn sold to rs on indefinite credit. It then more reputable to borrow money it, and pleasanter and apparently ble to speculate than to work. And ran headlong into debt, labor de- uction fell off and ruin followed.

f course, a panic sharp and ter- was of short duration. It was d by a lethargy under which all of enterprise and hopefulness p. To prevent the sacrifice of der judicial decrees, stay laws ment laws were enacted by many which only aggravated the ng weary years the lethargy ow was no demand for any- and necessaries of life, and all er—J ng, were sold for scarcely -H. J ng, were not enough, to pay Cou cases chools ing them to market. I Attorn 1839 to the keeper of a —Dr. C of cats at 10 cents a Survey ens at 50 cents a dozen. thousands of barrels of ls of Suydam, Sage & ich they were offering At cattle were selling at -Hen 0 and $12 a head—that my T. that he would pack a few ebo Fort Wayne for the New ete le did so, and was drawn consignees for a part of the ex- ansportation not covered by the 1837 to 1841 there was nothing e stagnation but the political f 1840, in which everybody be- d for want of something else to fall of 1841 a reaction began to is became decided in 1842, before that year went into operation, the country, chastened by adver- the full tide of healthy and lucing industry and enterprise. ed until credits became again panded and speculation became

THE PANIC OF 1857.

was the president of the bank in Indiana, and this is a part of about the financial troubles of the report from which I have

al crisis of 1857 was the result of a to that of 1837, namely, the unhealthy he various forms of credit. But as he evil had not been long at work, e industry had not been seriously he reaction, though sharp and de not general, nor were the embar sulting from it protracted. Now, in s the expansion occurred while the e country was upon a specie basis, ly nominally so. A false system of intervened, under which payments l and specie as a measure of value or of trade was practically ignored oved smoothly and apparently pros ng as credits could be established l, but as soon as payments were de specie was in requisition distrust com- collapse ensued. In these instances s preceded and contraction followed n, but it will be recollected that while re rising specie ceased to be a regu- n of a credit system which prevented

all due respect to Mr. Blaine, I opinion that the apparent pros- h preceded the revulsion of 1837 l prosperity which preceded the 57 were not caused by the tariff, e reverses which followed were able to its reduction. If the tariff measure instrumental in produc- ges it was in stimulating the ex- ich terminated in disaster. In 1857 iever in the tariff, and it never en- head to attribute the financial hat year to the changes to which subjected.

NANCIAL TROUBLES OF 1873.

pressing duty which I had to per- I became secretary of the treasury to provide the means to pay the to meet other pressing demands easury. This was done in the only d be done—by the sale of tempo- tions which had proved to be at- investors. After this had been d the work of funding these obli- commenced and carried success- til the whole amount—some thir- d millions of dollars—were con- bonds. While this work was was under constant apprehension al crisis before it could be com- y apprehension was unfounded, to time. The crisis was postponed, long a period that the opinion revailed that the vitality and pro- ver of the country were so great t expensive war that had ever could be concluded and great ex- credit could be checked and financial disturbances. I that this was my own opin- causes which produced the were at work, and, as had al- e, the revulsion came when London in September, 1873, to d States, the financial skies, were not threatening. The letters which were received by the London firm from its New York partners were encouraging; and I had no reason to expect anything but a pleasant visit to my old home, and a return to London under auspicious circumstances. But on the arrival of the steamship in the outer harbor I was met by the stunning intelligence that my American partners and the correspondents of the Fort Wayne banking house, in which I was interested, had failed; that all the banks except the Chemical bank, which had weathered all storms, had suspended, and that one of the wildest panics which had ever occurred was raging throughout the country. The crisis was a terrible one. Although it came unexpectedly, it was only the consummation of influences which had been long at work beneath the financial horizon. In extent, in fierceness and disaster it resembled the revulsion of 1857. It was not, as Mr. Blaine states, brought about by the losses sustained in the civil war, which had been terminated eight years before, nor by the destructive fires in Chicago and Boston. Great losses may bring about what are called hard times—not panics. It was produced by an expansion of currency and of credits, which fostered speculation, which rarely fail to terminate in financial trouble.

PRESENT CONDITION OF THE COUNTRY.

A high tariff has been in force since 1862, and according to Mr. Blaine the country, and the whole country, under its beneficent influence ought to be highly prosperous. The circulating medium is abundant. Interest is lower than ever before known. Good railroad and municipal 4 per cent. bonds command a premium; those of the United States are in demand at 124, and yet what is the condition of that great interest which underlies all other interests—the agricultural interest? What are good farming lands worth in Mr. Blaine's own state, in Vermont, in New Hampshire, in all the eastern states? How do prices of farming lands in the middle states compare with the selling prices of such lands when the tariff was light in comparison with what it is at the present time? If the condition of the farming interest in these states is the result of the increase of cultivated acres in the new states and the lessened rates of transportation, how happens it that in all these great grain producing states the farmers who are as well off at the close of the year as they were at the beginning are the exceptions?

If protection is the beneficent policy that it is represented to be by Mr. Blaine, how happens it that even manufacturers are not happy? How happens it that combinations are formed by them to curtail production and maintain high prices? Are the consumers of manufactured goods benefited by legislation that prevents foreign competition and enables the favored few to regulate prices for their own advantage? Is a country really prosperous when cities, which are the consumers of wealth, are rapidly growing and farming lands are decreasing in value; when rents in cities are enormously high and excellent farms are not attractive to tenants at rentals not equal to 6 per cent. interest on half their appraised value?

I asked the keeper of a little shop, about fifteen feet wide and thirty feet deep, on Pennsylvania avenue, in Washington, what rent he was paying. "Three hundred dollars a month," he replied; "$3,600 a year." Now, I venture to say that there is not a farm in Maryland or Virginia, no matter what may be its size and the cost of its improvements, that rents for half that sum. Nothing is clearer than that the wealth producing power of the country is not in a healthy and prosperous condition.

In all this I unfortunately differ not only with Mr. Blaine, but with Mr. Depew, who is reported as saying in a recent interview that the condition of the country is "superb," that so enormous were the last year's crops that the great east and west railroad lines have more wheat and corn and beef to be taken to the seaboard than they can carry. This may be true. Well managed roads are doing well, so well that one of the greatest lines can spare its president from his post of official duty to enlighten the people by his eloquent speeches upon the beauties of protection and other subjects, and at the same time declare liberal dividends. But how is it with the farmers, by whose productive labor the railroads are supported? Are they satisfied with the present and hopeful for the future? If Mr. Depew will extend his tours to Minnesota and Iowa and Kansas and Nebraska he will discover that, although they are the most fertile states in the Union, the condition of their people is far from being "superb." He will discover also in traveling over the country, if he keeps his eyes open, that it is the middlemen, the men who handle the agricultural productions, and the railroads that are making money, while the producers are unable to make "both ends meet," no matter how industrious and economical they may be. The keeper of a stall in Washington market makes more money in buying, cutting up and selling an ox than the farmer receives for raising it. This may be superb for the stall keeper, but not exactly superb for the farmer.

A MISTAKEN ARGUMENT.

A good part of Mr. Blaine's article is taken up in comparing the growth of the United States under a protective tariff with that of Great Britain under free trade. He says that in twenty years Great Britain added to her wealth $15,000,000,000, while the United States added to hers nearly $33,000,000,000, that the population of Great Britain increased within the same period—a period of her greatest prosperity—6,000,000, while the population of the United States increased 18,000,000. Such statements show that the progress of the United States in wealth and population under a protective tariff far exceeded that of Great Britain under free trade. Does this prove that free trade is not favorable to Great Britain and that protection is the cause of prosperity to the United States? Great Britain is an old and small country, whose surplus population has been steadily flowing to her colonies and to the United States, and whose immense wealth is the result of gainful industry. The United States is a country of immense extent, whose wealth has not only been created by her manufactures, but also and to a much greater extent by the millions of millions of acres of wild lands which have been converted into productive farms and flourishing towns. The United States has not only grown in population by natural increase, but also by the throwing open of her ports and inviting the people of all countries to become citizens of the great republic. The real cause for wonder is, not that the United States has become so rich and populous, but that Great Britain has gained so much in the same direction.

The argument in favor of protective duties, based upon such a comparison, is totally unfounded, and I am surprised that so able a man as Mr. Blaine should have presented it, nor would he if he had not become so wedded to the policy of protection that he sees no evidences of national prosperity that are not based upon it, and foresees no ill that will not be the result of its abandonment. That the United States has been largely enriched by her manufacturers is admitted, but has not her enrichment been largely at the expense of the great body of the people? She has rapidly increased in population, but this increase has been largely the result of the demands of her manufacturers for cheap labor. How expensive this cheap labor may prove to be, in the character of the laborers, is a question which is yet to be solved. The premonitions that come from our large cities on this head are very far from being comforting.

If Mr. Blaine had seen the west as I saw it in 1833, when more than three-quarters of such states as Michigan, Indiana, Illinois and Missouri were untouched by the plow, and all beyond was a magnificent but well nigh trackless wilderness, and should see it as it now is, he would not attribute the growth of the United States to protection, nor would he undertake to sustain his favorite theory by comparing that growth to the slower growth of the United Kingdom.

No one can tell what would have been the condition of the country if the tariff had been radically changed at the close of the civil war, but this we do know, that its present condition is not healthy. It is the greatest producing country in the world, and therefore needs the widest markets for its productions. With all needed markets open to it, it has no well defined and mutually profitable trade even with South America. Its manufactures as well as its agricultural productions exceed not only the home demand, but what is left to it of the foreign demand, and as its productions are increasing more rapidly than the demand for them, it is impossible for me to see where relief is to come from except from increase of our foreign trade, which can only be brought about by a reform of the tariff.

As I have said, we do not know what would have happened if the policy of the government in regard to import duties had been changed twenty years ago, but it is clear to my mind that if the nation of the greatest producing power does not hold the keys of the world's commerce, if she does not make the nations her commercial tributaries, the fault must be her own. Precious time has been lost and immense sacrifices have been made to build up and sustain one great branch of national industry, but such are the resources of the country and the energy of the people that, with wiser legislation, which cannot be long delayed, all damages can be repaired and general prosperity secured. This legislation will be found in removing from the tariff everything that stands in the way of international trade and the adoption of the needful means for the restoration of our merchant marine.

With what Mr. Blaine says about the shipping interest of the United States I am in hearty accord. Mr. Blaine says:

> The failure of the United States to encourage and establish commercial lines of American ships is in strange contrast with the zealous efforts made to extend lines of railway inside the country, even to the point of anticipating the real needs of many sections. If all the advances to railway companies, together with the outright gifts by towns, cities, counties, states and nation, be added together, the money value would not fall short of a thousand millions of dollars. No effort seems too great for our people when the interior of the country is to be connected with the seaboard; but when the suggestion is made to connect our seaboard with commercial cities of other countries by lines of steamships the public mind is at once disturbed by the cry of "subsidy." We really feel as much afraid of protection at sea as Mr. Gladstone is of protection on land. The positions of the American congress and the English parliament on this subject are precisely reversed. England has never been affrighted by the word subsidy, and while we have stood still in impotent fear she has taken possession of the seas by the judicious and even lavish interposition of pecuniary aid. I have already said that the interest on the amount which England has paid for this object since she began it with great energy fifty years ago would give all the stimulus needed for the rapid expansion of our commerce. Let it be added that if the government of the United States will for twenty years to come give merely the interest upon the interest, at the rate of 5 per cent., on the amount which has been a free gift to railroads, every steamship line needed on the Atlantic, the Pacific and the Gulf will spring into existence within two years from the passage of the act. It is but a few years since congress twice refused to give even $125,000 per annum to secure an admirable line of steamers from New York to the four largest ports of Brazil; and the sum of $125,000 is but the interest upon the interest, at 5 per cent., of the gross amount freely given to the construction of railroads within the Union. Is it any wonder that we have lost all prestige on the sea?

THE SHIPPING INTEREST.

This failure has been the result of a want of comprehensive statesmanship in congress. Fifty years ago the United States was second only to Great Britain as a maritime nation, now she is outstripped by nations that were then quite unknown as maritime powers. The deadliest blow to the shipping of the United States was in the substitution of iron for wood in the construction of ships. What was left of her foreign shipping was destroyed in the last civil war. Now, as no nation can be really great that is dependent upon other nations for the ships to carry on its foreign trade, one would suppose that the restoration of our foreign shipping which had been thus destroyed would long since have received the earnest attention of congress. But session after session has passed away, and nothing has been accomplished in this direction, while the difficulties to be overcome have been steadily increasing. It is true that subsidies were a few years ago granted to American lines which failed to accomplish the expected results, but this should only make it certain that what may be done hereafter shall be done with more circumspection. The United States can certainly do what other nations have successfully accomplished in a matter of great national importance.

The indifference with which western congressmen and western journals regard our foreign shipping interest may not be surprising, as they are mainly interested in the development of their own section, but it is surprising that so little interest in it is felt by representatives from the seaboard states, and by the journals which are published in our commercial cities. The New York Evening Post is a journal of large circulation and influence. No man knows better than its leading editor that the carrying trade between this country and Europe is in the hands of foreigners who are enriched by it. No one knows better than he ought to know that capitalists in the United States will not put their money into ships to compete with long established and subsidized steamship lines by which that trade is controlled without government aid.

No man knows better than he ought to know that the restoration of our foreign shipping is a matter of great national concern, and yet in reply to an inquiry that I made of him he replied that "the restoration of our merchant marine is a matter of importance to the country, but only on condition that it pays its own way; that the public might as well be taxed to revive the agricultural interests of Vermont as to restore our merchant marine." Here is an editor of a great newspaper in a great commercial city of the Union who thinks that the government might as well be taxed to improve the agricultural interests of Vermont as to be taxed to revive our foreign merchant marine, the revival of which would add largely to the national wealth, and is essential to the well being of the country, who thinks that the restoration of our merchant marine is of importance to the country, but only on the condition that it pays its own way, its importance to the country being dependent upon its profitableness to those who are directly interested in it.

Not so have thought the great English statesmen by whose influence enormous subsidies were granted, and are still continued, to steamship lines between England and the United States. Not so have thought the statesmen of other countries through whose influence steamship lines have been established. The editor of The Post seems to think that because the Norwegians, who man their own ships, and, consequently, run them at little expense, can find profitable employment as ocean tramps, capitalists in the United States will run a tilt with the European steamship lines that now monopolize the carrying trade between the two hemispheres. In the face of existing facts it is strange, indeed, that such an opinion should be entertained by an intelligent journalist.

There are very few enlightened men in the United States who have carefully considered the subject who do not consider the restoration of our foreign shipping a matter of great public importance, and who do not believe (so powerful are the combinations against it) that it will not be restored without government aid in some form. And there are, I hope, fewer still who regard its restoration as important only to those who may be directly interested in it.

No one, I am sure, with American blood in his veins, can stand by the docks of Liverpool, crowded with the ships of other nations, and without humiliation look in vain for the Stripes and Stars.

HUGH McCULLOCH.

Our Platform.

The Gazette is published ostensibly for the public good, but in reality for the good of the publisher, and is conducted strictly on the European plan. If you don't see what you want, ask for it. If you don't get what you ask for, go without it. It recognizes no fixed orbit, but wanders along the milky way and among the fixed stars. We claim the proud distinction of being the only pious journal in North America published "for revenue only," have no constitution, preamble or by-laws, simply this trade mark and nothing more: "The under dog: May he ever be right! But right or wrong we shall always be with the under dog in the fight!" —Norwich (Conn.) People's Gazette.

OFFICIAL PROCEEDINGS

Of the Board of County Commissioners of Grant County, S. D.

MILBANK, Wednesday, Feb. 26, 1890.

Board met pursuant to adjournment.

Present: W. Jennings, chairman, John Martens, John Hedman, and the auditor as clerk.

On motion the following bills were audited and allowed:

Richter Bros., horse blankets for poor farm	$ 1 85
R. Emanuel, one office chair	5 50
J. L. Lockhart, express on books	75
do clerk's fees	10 00
J. S. Farley, hardware for county	9 50
do hardware for poor farm	75
do expenses made in collecting personal taxes	16 00
W. A. Howdeshell, justice fees	9 00
Fitch & Hills, coal for indigent poor	2 00
Johnson & Larned, coal for the poor farm	8 00
N. Meyer, board of pauper	15 00
C. B. Williams, Ry. fare for pauper	50
W. Jennings, Com'r per diem and mileage	4 40
John Martens, Com'r per diem and mileage	3 00
John Hedman, Com'r per diem and mileage	8 50

On motion, Mr. T. McFarland was appointed Sup't of poor farm for one year at a salary of $480.00.

On motion, the application of Maria D. Smith, Big Stone City, for abatement of taxes was granted in the sum of $2.67 for the reason of error in assessment.

On motion, the application of J. Nixon, of Milbank, for abatement of taxes on lot 4, block 30, in the City of Milbank, was granted, and the tax reduced in the sum of $5.97 for reason of error in assessment.

On motion, the application of Chas. Ramson, for abatement of taxes on SE qr. section 35, township 121, range 49, was granted in the sum of $33.97, for the reason of double assessment.

On motion, board adjourned to Monday, March 17, 1890.

Attest: W. JENNINGS, Chairman.
JOHN DOUGLASS, County Auditor.

Notice.

Pierre, Feb. 27, 1890.

Notice is hereby given that on the 16th day of April, 1890, all the School Lands in Grant county will be leased at public auction to the highest bidder, at the front door of the court House in said county. The leasing will be conducted by the County Superintendent of Schools. Said leasing will be held between the hour of 10 o'clock, a. m. and 5 o'clock p. m. each day till all tracts of School lands have been offered for lease. Each bidder whose bid is accepted, must at once deposit the amount of his bid with the County Treasurer, taking receipt therefor. If the lease is not approved by the Governor the money will be returned. The following is the list of School lands in Grant county to be offered:

Sections 16 and 36 of Townships 118, 119, 120 and 121 North. Ranges 47, 48, 49, 50 51 and 52 West.

O. H. PARKER,
Com. of School and Public Lands.