Gunton's magazine

Gunton George
Title: Gunton's magazine

Author: Gunton George

This is an exact replica of a book. The book reprint was manually improved by a team of professionals, as opposed to automatic/OCR processes used by some companies. However, the book may still have imperfections such as missing pages, poor pictures, errant marks, etc. that were a part of the original text. We appreciate your understanding of the imperfections which can not be improved, and hope you will enjoy reading this book.
The three years of low duties, as in the two former periods of relatively free trade, had been years of general depression, of numerous bankruptcies, of labor widely destitute of employment, of enormous and harassing commercial indebtedness abroad, and of stagnation or feeble progress in improvement and wealth at home. The three years' existence of the present tariff have been years of reviving energy and confidence, of increasing and prosperous industry, of extensive and varied improvement by building, establishing new branches of productive labor, etc., and of healthful trade. The aggregate number of employed and remunerative laborers in the year 1845 must be far greater, and that of unemployed, unwillingly idle persons relatively less than in either of the three low-duty years. The revenue also has largely increased, reaching nearly thirty-two millions in 1844, and far overbalancing the current expenses of that year. It will be somewhat less in 1845,—say twenty-five millions,—but still abundant for all legitimate and economical wants of the government.

The prosperity of the country under this tariff has been steadily, palpably progressive, and nearly universal. If New England first felt its impulse, owing to her large investments in manufactures, it has by no means been confined to her borders. In every State of the Union manufacturing establishments are springing up, giving value to water-power, timber, stone, brick, clay, etc., comparatively worthless before, furnishing employment for the carpenter, mason, brick-maker, etc., and giving an additional development to the industry of the vicinity. . . . That this tariff . . . has worked well and proved beneficent, not to one class or section merely, but to the American people, we cannot doubt, for the evidence is overwhelming.

The beneficent change insured by this tariff is yet in its infancy.—Horace Greeley on Protection as Illustrated in Tariff of 1842.
GUNTON’S MAGAZINE

A BUSINESS ADMINISTRATION

There are few countries where public welfare and national progress depend so much upon the business sanity of the administration as they do in the United States. Most of the European countries can commit great errors without involving the danger of a national set-back, because their governments do not depend upon the masses. If Russia has a famine, or if Germany, Austria, or Italy has an industrial depression, the people may suffer, and merchants may fail; but the government is not affected; there the institutions rest on royalty and an exclusive aristocracy. In this country, on the contrary, the government rests directly on the opinions and feelings of the masses. Discontent and distrust may spread rapidly through the whole political fabric, from bottom to top, and an industrial depression that carries hardship to the mass of the people almost immediately brings forth a demand for disintegrating experiments in public policy. Moreover, in our present state of national development, the chief strength and influence of the country lies in the continuity of our industrial prosperity, and this will continue to be the case for a long time.

As a nation, we are in the making; we have not become traditional in hardly any feature of our government except in the democracy of our institutions. In all other respects, we are tentative, experimental, and even restive. Neither in our policy of finance, nor in any foreign relations, nor in our economic inter-state conditions, have we an accepted conviction strong enough to be passed on from one administration to another. All this makes it very important that we acquire stability of character.
We have had a period of extraordinary prosperity. We have reached out in every line of industrial expansion with such marvelous strides that the world is looking on with wonder, and we, ourselves, are in a state of astonishment. The transitions and readjustments have been so swift and sweeping that they have given rise to many and serious fears. Foreign merchants and manufacturers have dreaded our industrial competition, and their governments have feared our political influence. Our small business men are alarmed at the growth of large concerns, and the masses are distrustful of the employing class. For these reasons every one, at home and abroad, has some distrust of the future, and there are prophecies of the failure of the industrial enterprise that has put the United States in the forefront of the nations.

In this state of feeling it is of the utmost importance that everything that may remotely contribute to economic disturbance should be eliminated from public policy. The influence of our national administration, at least, should be, and if we are to get the full benefit of our recent progress it must be, wholly reassuring. It is not reform that is now needed, but confidence—an assurance against any disturbing political experiments. The manufacturing and mercantile business of the country needs the assurance that no tariff disturbance will be encouraged by the administration. This does not mean that the present tariff is perfect, or that there are not many schedules that could be improved; it does not mean that the tariff is not too high on some products, too low on others, and altogether unnecessary on some; but means that it is vastly more important that the domestic manufacturers and business-men should have the benefit of security from disturbance, at least, from political changes. This assurance would be worth much more to the prosperity and welfare of the country than even the most ideal correction of the tariff could possibly be. Even if the defects in the tariff were a thousand times greater than they are, they could not be compared to the evils that would follow the disturbance caused by any revision of the tariff, however conscientiously conducted.

Our finances are in a similarly sensitive condition. It
would be difficult to find a more clumsy, expensive, wasteful banking system than ours, yet any attempt radically to change the system at this time would probably contribute much more to disturbance than to confidence and, for the immediate future, do much more harm than good. It is true that our national banks are handicapped through their bond security for circulation and other iron-clad conditions. Their isolation has the effect largely to paralyze their usefulness to the business of the country. In the South and West, where liberal loans are needed, it is most difficult to obtain them. In the sparsely settled farming communities, where money is turned over much less frequently than in the cities, there are naturally much smaller deposits and a larger amount of long-time loans, which make note issues much more necessary. This is intensified by the fact that the small country banks have no intimate relations with the great banking centers of the country. Hence we have the congestion of money at the centers with a great scarcity at the circumference. The consequence is injuriously high rates of interest for the farmers.

This shows the great need of reform in our banking system; yet in the present state of public opinion on the subject, and the very sensitive condition of public confidence, it is even better that the present monetary conditions remain undisturbed than that any serious revision should be undertaken now. Anything short of a radical change would be of no real benefit, and an attempt to introduce such reform into our banking and currency system at the present time would probably have a serious disturbing effect. What the nation needs in finance today is confidence, security from legislative disturbance.

In the domain of corporate enterprise, the assurance of stability is of tremendous importance to the present business conditions of the country. It will not be denied that in the last few years some indiscretion has characterized the movement of corporate reorganization. In some instances, there has unquestionably been a tendency toward too much capitalization. The momentum of prosperity has carried the spirit of daring a little too near the brink. Some concerns have been organized on a basis too close to the highest earning capacity, and there
may have been, in some instances, too little scruple about the methods employed in getting properties together for large integrations; yet, on the whole, the business of the country has grown in a wholesome manner. The very fact that some of the concerns have gone too near the edge of risk, and that it may take several years for some of the largest concerns to get on to such solid economic basis as to be beyond danger of disturbance, makes it all the more necessary that every element of political disturbance should be avoided, since anything that seriously affects the large concerns would probably bring disaster to the whole industries of the nation.

What the nation needs now is that the political atmosphere, the atmosphere of legislation and administration, should be assuring to every legitimate industry in the country. Any fear of administration meddling or legislative disturbance would necessarily be injurious. In all such matters, especially at a time like the present, something should be left to nature. Economic law is very corrective, if allowed to operate. False economic effort will find its corrective in the competitive forces of the market. In the end the effect will be much better, much more healthful, than any arbitrary action by congress or by a political administration.

It is scarcely less important, at this critical time, that in our foreign relations we should be conservative and altogether non-belligerent. A fear, however remote, that we have a “chip on our shoulder”, that we are in danger of being easily tempted into participating in the affairs of foreign countries, has a very disturbing effect upon the business of the nation. This might not be so important if all other conditions were free from doubt and fear; but with the doubt and unrest in every other department, the very suggestion of a foreign complication is disturbing. The fact that we have done so much in this direction during the last few years makes a doubtful foreign policy much more dangerous to domestic industry than it otherwise would be.

Presidential elections are always regarded as business disturbing events, because of the uncertainty as to future public policy. Whether the coming campaign will hurry us into a
state of industrial depression, or will serve to inspire confidence and contribute to the continuance of business prosperity, will depend very largely upon the confidence the people have in the business character of the next administration. Of course, it can not be safely predicted now whether the next administration will be Republican or Democratic. Unfortunately, at this moment, there is a growing belief that the Democratic party, under certain conservative leadership, has an even chance of success. This is, of itself, a disturbing element. Everybody knows that the Democratic party, under whatever leadership, is opposed to our present industrial policy. Under the leadership of anybody representing the Bryan wing, every kind of disturbance would be expected. Even under the leadership of the conservative element, an attack on the tariff and violent opposition to business corporations would be expected. This of itself would be sufficient, with the present sensitive state of affairs, to bring on serious business disturbance.

But why should there be any apprehension on that score, at this time? It is practically a foregone conclusion that Mr. Roosevelt will receive the nomination of his party for another term. Then why should there be any doubt as to his election? It is known that no Democrat can be elected to the presidency without carrying New York, Connecticut, New Jersey, and Indiana, in addition to the entire South, including West Virginia and Delaware. In these circumstances, why should there be any doubt? The obvious answer is, doubt has been created by the conduct of the present administration. No one doubts the honesty of President Roosevelt, but a very large number doubt his sagacity, his stability. It is safe to say that few men ever tried harder to do their best, yet few men have been more successful in dividing the confidence of their friends. It is extremely unfortunate, because it is not attributable to any improper motive. While his administration can hardly be said to be "as clean as a hound's tooth", as he wished it, no one questions his desire for political cleanliness; but good intentions are not always sufficient. When Mr. Roosevelt assumed the responsibility of his present office, it was his avowed purpose, expressed both in public and in private, to do nothing that
should in the least tend to impair business confidence. Nor has he consciously changed his purpose in this respect, yet he has had the unfortunate faculty of doing the very things that contribute to that end.

On the matter of the tariff, for instance, the President has been a veritable disturbing element, without the least intention of being so. On the question of reciprocity, in what he thought the spirit of fairness, he threw his influence in favor of several reciprocity treaties, practically ignoring the advice of the most experienced statesmen of his own party. The impulse of inexperience overruled the influence of the matured judgment of those who would naturally be expected to be his trusted advisers. This was pushed so far that it created definite opposition in his own party, and produced a fear of him among the protectionists of the country. Failing to force the confirmation of a number of reciprocity treaties with European countries, he entered upon what almost amounted to a clash with congress in regard to Cuba. He acted almost as if he regarded the responsibility for public policy to rest upon the president rather than upon congress. Because congress would not do what he wanted, he threatened, and finally carried out the threat, of calling an extra session. But, as if to show a want of confidence in his judgment, the extra session has adjourned without doing what it was called for. In his zeal to get tariff concessions for Cuba, which he doubtless thought was just, he permitted General Wood, as Governor-General of Cuba, to use the public funds to circulate campaign literature and encourage a lobbyist to influence congress in its legislation. Had that been done by almost any other president, it would have been called "corrupt." With Mr. Roosevelt it was called "overstrenuosity"; but no explanation can make it legitimate.

It should be remembered that, at first, the demand was to admit Cuban sugar free. That being impossible, 50% reduction was demanded, and it was only as the result of persistent opposition throughout the whole session that 20% reduction and the more moderate conditions in the present treaty were made possible. The President all along supported the most radical demands. This very naturally shook the con-