

“THE GENERAL OUTLOOK”

ADDRESS

BY

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BEFORE THE ECONOMIC CLUB

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IN this country "The General Outlook" is always good. It is only necessary to have a clear vision. The more involved we are in the tangled web of adversity the more certain we are that it is sure to untangle. It all depends upon the point of view. In fact, nearly everything in this world depends on the point of view.

The point of view that I shall take this evening is retrospective. By looking back we can see what has happened in this country, and I know of no better index to the future than the record of the past.

By this I do not mean to take you back into ancient history, or even as far as the landing of the Pilgrim Fathers.

They had their troubles, but the currency question, the revision of the tariff, the regulation of corporations, or the tick of the ticker did not bother them.

I am only going to take you back to the time which many of those now living remember distinctly.

We will start with the panic of 1857. What caused it? It was preceded by most prosperous times. State banks authorized to issue currency were emitting money in great volume. Speculation of all kinds was rampant. Railroads were

being freely built, western prairie lands were being divided up into town lots, and the cheaper money became, the more lots advanced in price. Alleged values were being created without either mental or manual labor, and great fortunes existed nominally, based on rag money.

The crisis came. The house built upon the sand collapsed. Banks closed their doors. Merchants failed. State and municipal bonds had no markets. Fiat money was greatly depreciated. The National treasury became depleted, and all over the world the solvency of great financial institutions was in doubt.

This period of our financial history was shortly afterwards followed by civil war which threatened the very foundation of the nation. Those were the darkest days the country ever saw. You all know the story. I will not dwell upon it, but after those years of great distress there followed the early period of reconstruction. The nation was heavily burdened with a great war debt, and taxes of all kinds were assessed, notwithstanding the fact that the commerce of the country had been dwarfed. Trade was at a standstill, the entire South had been impoverished and the chief asset of the nation was brains, muscle and outlook with which to meet its liabilities.

Following this era came the panic of 1873, and the resumption of a sound money currency. It was before this period that the National Congress assisted so intelligently in the construction of railroads by land grants. The lands given away by these Congressional grants were all of very doubtful value and worthless without transportation.

It was a military necessity in certain sections of the country to have railroads built, and the Government already has saved more in its transportation of troops and munitions of war than the aid it gave amounted to. But to give away every other section of the land within ten miles of the track, which land could not be sold at any price, for the construction of railroads, and thereby secure transportation and quadruple the value of all the adjacent lands remaining in the ownership of the Government, and at the same time provide more lands for home seekers, was most sagacious and no one has profited one-twentieth as much by this policy as the people themselves.

Following the panic of 1873, and the temporary over-construction of railroads, we encounter the first real agitation against the carriers of the country, which was known as the Granger movement. The railroads were thereby menaced with things which were very unfair to them and which

they could not live under at that time. The days of the Granger movement were most discouraging to all owners of railroad securities.

The development of the country, especially of the West by railroad construction between 1870 and 1893, was something most remarkable, and was never equaled in any country.

During the early nineties there came the Baring troubles from across the water coupled with our panic of 1893, which was caused by over-production, over-speculation, a somewhat radical change of the tariff; the withdrawal of foreign investments, and the beginning of a new demand for a depreciated currency. This depression lasted until after the defeat of the free silver party in 1896.

For ten years after that the country enjoyed its greatest prosperity, which terminated in the panic of 1907. Like a cyclone cloud this panic could be seen coming, although it was fully two years in culminating. It started with the exposures of bad financial practices; its progress was increased by over-speculation, excessive extravagance, too much muckraking and half-baked currency laws. I am one of those who believe that while it might have been deferred it could not have been avoided. We were travelling the highway which has always destroyed confidence and led to financial frenzy.

Lord Bacon wisely said: "That country is the greatest which has fertile fields, busy workshops, and easy conveyance for men and goods from place to place."

This has been most marvelously illustrated by our own country, and no other section of the world ever has been or ever will be more blessed in this respect than our own. We have the fertile fields; we know how to farm them, we have great diversity of crops and we have the most improved agricultural implements with which to till the soil. For a long time we have been the granary of the world; we do much more than our share in feeding its people.

We have the workshops. We have the raw material. We have the best skilled labor. We have the ingenuity. We have the mental and manual industry. We aim to manufacture everything used in our own country, and we are ambitious to become the workshop of the world. Once this is accomplished it will soon follow that we will lead all our competitors in finance.

The rights of labor must be respected and the rights of capital must be remembered. The one without the other is as incapable of promoting prosperity as is an engine to produce power without fuel. They must do team work.

We have the cheapest transportation known to

civilization. The freight rates in America will average 50% less per ton per mile than anywhere else, notwithstanding our railroad employees are paid fully 50% more average wages than similar employees in other countries of the world.

Our carriers have almost annihilated distance. The irrigated garden and orchard at the foot of the Rocky Mountains both on the Pacific Slope and on the Eastern side of the range, come in daily competition with the garden on Long Island or in New Jersey in supplying your table with delicacies. The orange grower of California has driven back the citrus fruit raised on the banks of the Mediterranean, and successfully meets the Florida orange in even the city of St. Augustine.

Irrigation has done much, and is doing more every year to enrich us all. Out West the old Sunday-school hymn has been paraphrased to read "Little drops of water on little grains of sand make a mighty difference in the price of land." The ancients understood the science of irrigation but they were without transportation, and owing to this great defect in their economic conditions they failed to expand.

The farmers of the country never owned as much or owed as little as they do to-day. For ten years they have harvested big crops, and sold them

at big prices. The panic of 1893 found them with their farms mortgaged, with fifty-cent wheat and fifteen-cent corn. The panic of 1907 found them with their land unmortgaged, with dollar wheat and fifty-five-cent corn, automobiles, and money in bank.

In my opinion there never was a smaller stock of general merchandise in proportion to the consuming demand on the shelves of American shopkeepers than there is at this very minute. The pause we have had for nearly a year in our financial and commercial march has been a good rest for us. It has enabled people to take an account of stock not only of the goods on hand but of the common sense left in the country.

We cannot look back without seeing that the population of the United States has doubled every thirty years, and that its wealth has grown much more rapidly; this leads us to suppose that within thirty years from now we will have nearly two hundred millions of people and more than double the present values in the United States.

Who can contemplate this fact and not be an optimist?

We are going along to a very much larger and greater future, and our chief menace is that we will proceed too rapidly. We are sure to meet with

success if we keep our feet in touch with the earth, and do not get the speed craze. Nothing can be gained by exaggerating our prosperity and no family is ever saved from poverty by the opening of shops which occurs only in the daily press.

We should avoid all sectional feeling in the United States. The West and the South should be studied carefully by the East and be understood better. There should be the most fraternal relations between all sections of the country. Each section needs and depends on the support of the others.

There are many men here who think nothing of taking their families and going to Europe for three months every now and then who have never been west of Niagara Falls, and whose ignorance of the country in which they live is most profound. From a patriotic, if from no other point of view, every good citizen who can afford to do so should see and study his own country. It has a dual advantage—it will improve his citizenship, and at the same time benefit the country, and moreover it is well worth the time and money. The effect of the mountain and the plain on an Eastern man, and the rarefied air of the West, is just as beneficial to him and to the nation as it is beneficial to have a Western farmer walk down Wall Street where the

“money power” is supposed to exist and to discover that it is only an ordinary thoroughfare, and that the people who are found there have neither hoofs nor horns.

There should be more reason displayed in regard to the attitude of people generally toward corporations. They are as necessary to prosperity as are freight cars. We cannot get along without them. We all know there has been a wonderful improvement in corporate practice the last few years. It is high time that it be realized that they are absolutely essential to our commercial success. It is proper that they should be conducted on a high plane, and laws providing for this should be rational.

The so-called and much abused Trusts, under which the consolidation of great enterprises under the intelligent control of a few makes it much easier in times of panic to diminish production and control ruinous competition, have played quite an important part during the last year in minimizing our tribulation. Personally I am thoroughly convinced that well regulated, reasonable combinations are much better for the welfare of our people than unrestricted competition. Focus your mind on what might have happened during the last year in the steel industry alone, if it had not been for the

influence of the intelligent management of the United States Steel Corporation.

More attention should be given by our people to American shipping. Having surpassed all other countries in cheapening the cost of inland transportation it seems absurd for this country to be almost the weakest of the great powers in the commerce of the seas.

I am not an advocate of unnecessary subsidies, but I have a decided conviction that in order to successfully contend for a fair share of the constantly growing trade of the world we must have an active, up-to-date, merchant marine service.

To my mind what we ought to do to promote American shipping is not an academic but a competitive question. We should follow the lead of other nations, and do for our shipping interests as much as they do for theirs. We ought not to be satisfied to do any less, and there ought to be a much greater pride in American products being sent to foreign markets in American bottoms.

The tariff must be conservatively and carefully revised. Let us hope it will be revised in such a way that business can easily adjust itself to the revision.

Our currency must be put upon a stable basis. We want an adjustable currency, neither infla-

tion nor contraction. Too much or too little money for the legitimate business of the country is a menace. Any system of currency that permits of a fluctuation in rates of interest on call money from 2% to 100% in six months, and under which rates have actually fluctuated between 4% and 40% within twelve hours condemns itself. Nowhere else in the world does such a condition prevail. Any change made in our currency system, however, should be of a character free from complication; easy of comprehension; simple in its actual working, and not disturbing to existing rights and interests. I have no doubt that the National Commission now studying the question of currency will evolve a plan that will be satisfactory.

We should denounce the preaching of the gospel of discontent and class hatred, and on every occasion do what we can to promote harmony between all classes.

We ought to congratulate ourselves every day on our freedom from foreign complications. The first thing a Frenchman, a German, a Russian or an Englishman thinks of when he picks up his morning paper is the possibility that over night his country may have become involved in war. It is a constant apprehension; with us the

possibility is so remote that it is rarely considered.

Gentlemen: It was my good fortune to be brought up as a boy on the frontier in Nebraska. With my own eyes I have seen the passing of the Indian; the Buffalo, and the Pioneer. I have seen virgin prairie transformed into fertile farms, wonderful orchards, and growing cities. I have seen the ox and mule team make way for the locomotive, and the six-horse stage superseded by the limited train, thereby condensing one day's transportation into one hour at a reduction in cost of more than ninety per cent. No wonder I believe the general outlook is good.

With a steady advance in the character of our people; with the continuation of good crops; with money ample for legitimate and difficult to get for illegitimate undertakings, and with the other things I have mentioned, I am sure that we will now move onward and upward in the scale of prosperity so that we will soon take front rank as the greatest of all world powers.