CHAPTER II.

AMERICAN RETROSPECT. — THE OLD SECTIONALISM AND THE NEW.

The Puritan Immigrants.

THE history of the forces powerfully affecting the distribution of property in the United States is a shorter and a brighter record. The Puritan element in Old England, which furnished the bulk of the early immigrants, consisted almost exclusively of small property owners and the more sober and energetic workmen.[1] Their republicanism in politics was in part due to the essential equality of their economic conditions, though doubtless their religious faith respecting the equality of men before God was the supremely important factor.[2] From the beginning the institutions of New England affecting the distribution of wealth were more democratic than those of Old England to-day. In the remaining colonies the larger part of the immigration was similar in character, both as respects religious faith and economic conditions. What William Stoughton said primarily of New England in his election sermon of 1688 was true

[1] Macaulay's "History of England," chap. iii.
[2] See Bourgeaud, "Rise of Modern Democracy."

of the great body of the early colonists: "God sifted a whole nation that he might send choice grain into the wilderness." Except for the tares sown through the importation of slaves, the new nation promised to be a nation of equals, — a democratic commonwealth. In New England the democratic spirit was strongest. The government affected the property of the citizen most directly in the matter of taxation, and in New England from the start the bulk of the taxes was placed directly upon property.[1]

The New England Property Tax.

This system has been condemned as "mediæval" by those who do not distinguish between what was good in the Middle Ages, and afterwards overthrown by class greed, and what was bad in the Middle Ages, and afterwards overthrown by the public sense of justice. It was mediæval only in the sense that direct taxation was mediæval. It was substantially the system of taxation on which the English Commonwealth relied in the seventeenth century, and toward which the new democracy of England returned in the nineteenth, when the stealthy plundering of the poor through indirect taxation received its first blow. With the Revolutionary War, and the quickened spirit and extended power of democracy which came with it, the New England system of taxing citizens in

[1] Douglas, "Financial History of Massachusetts," p. 17.

proportion to their property swept westward and southward;[1] and in the new New England beyond the Alleghanies, where, as Emerson says, "America begins," no other system was ever known.

Other Economic Reforms.

Second only in importance to the establishment of a just system of taxation was the abolition of the English rule of primogeniture. Even before the Revolution, in New England, New Jersey, Pennsylvania, and Delaware, this rule had been modified to a double portion for the oldest son; after the Revolution all traces of it were swept out of existence, the custom hardly surviving the law.[2] Simultaneously the feudal privileges of great landlords and the old system of entailing estates were everywhere practically abolished. The close of the eighteenth century witnessed a democratic advance in matters relating to the distribution of wealth, almost as marked as in matters relating to the distribution of political power.

Influence of Centralized Government.

But it is not the Divine order in the government of society that forces working for evil shall cease to demand an eternally awakened public conscience. With the establishment of the federal Constitu-

[1] See Schwab's "History of the New York Property Tax," pp. 45 and 67, and Ripley's "Financial History of Virginia," pp. 25 and 45.

[2] Fiske's "Critical Period of American History," p. 71; Morse's "Life of Jefferson," p. 44.

tion, the classes in society[1] which had opposed the Revolution took possession of the national government, and shaped its financial legislation. The old prejudice of the poorer voters[2] against centralized government is thoroughly intelligible to one who regards politics from the standpoint of the distribution of wealth. What Simon Sterne said respecting railroad legislation holds true of all economic legislation. The smaller the area, the stronger the pressure of popular opinion. As a rule, the middle classes can control the legislation enacted under their eyes by those whom they know, but only the wealthier classes can act unitedly and effectively upon legislation at the national capital. In this country this has held true from the beginning, and in conformity with this rule we find the movement in the local governments to place taxation directly upon property largely offset by a movement in the national government to place it indirectly upon the wages of labor.

The Influence of Slavery.

Nevertheless, down to the opening of the Civil War the financial legislation of the national government had comparatively little influence upon the distribu-

[1] General Greene thought that at least two-thirds of the land in New York was owned by Tories. (Whitelock's "Life and Times of Jay," p. 92.)

[2] The poorer voters belonged to the middle classes. Property qualifications to the suffrage were next to universal down to the close of the century.

tion of wealth throughout the country.[1] The influence which powerfully affected it was the institution of slavery. During the Revolutionary epoch a strong sentiment in favor of universal liberty rapidly gathered headway.[2] In all the Northern commonwealths, except New Jersey, constitutions were adopted, either gradually or immediately emancipating the slaves; while in the excepted commonwealth, and in Delaware, Maryland, and Virginia, the further importation of slaves was prohibited. With the close of the Revolutionary struggles, there was a sensible abatement in this spirit of liberty and equality; but the abolition movement remained powerful as far south as North Carolina until the beginning of the present century. The great Virginians were all in sympathy with it; Jefferson more than any one else being responsible for the ordinance of 1787, forever prohibiting involuntary servitude in the North-west territory.[3]

[1] In 1860 the national taxes aggregated but $56,000,000 a year, or less than ten dollars per family.

[2] The Massachusetts Constitution of 1780 declared the right to liberty inalienable, and the Supreme Court decided that this declaration worked the immediate abolition of slavery. In the remaining States of New England, and in Pennsylvania and New York, the new constitutions enacted that all slaves born after their adoption should be free. See John Fiske's "Critical Period of American History," chap. ii.

[3] For the subsequent evasion of this ordinance, and the attempt to repeal it through the efforts of the wealthier landowners in Indiana, see J. P. Dunn's interesting history of that commonwealth.

The Old Sectionalism.

The change in the spirit of the South came with the invention of the cotton-gin. It was to this invention, accompanied by those which built up the great cotton manufactories in England, that the subsequent rapid disappearance of the abolition societies in Virginia was due. The rise of the abolitionist agitation in the North had nothing to do with it.[1] Slavery had become profitable, and the magnitude of the propertied interests created chilled the feeling and narrowed the conscience of the South, which had threatened the extermination of the evil. Von Holst has brought out strikingly the influence of slavery in checking the production of wealth, and one might almost infer that it was intellectual folly on the part of the South not to rid its industry of the paralyzing load. But the relatively rapid advance in the value of real estate at the North tells but half the story, and the Southerners know the whole. Powerful as was the influence of slavery in checking the creation of wealth, it was more powerful in fostering the creation of property. The North became the land

[1] Mr. Beecher hit off the situation pretty accurately when he said in his Manchester address: "With the invention of the cotton-gin, slaves that had been worth from $200 to $400 began to be worth $600. That knocked away one-third of adherence to the moral law. Then they became worth $700, and half the law went; then $800 or $900, and there was no such thing as moral law. And finally they became worth $1,000 or $1,200, and slavery became one of the beatitudes."

of improved farms and better buildings; its real wealth was far greater than that of the South. But the South was the land of the richest citizens, for the withheld wages of the slaves were capitalized into the private property of their masters. Before the invention of the cotton-gin the South was poorer than the North. In 1860 the South was the richest section of the nation.[1]

[1] In 1860 the average value of farm-land (improved and unimproved) per acre in the three sections of the nation ran as follows:

Free States	$25.30
Border States	15.60
Seceding States	9.28

(Seaman's "Progress of Nations," Second Series, p. 572.) Nevertheless, the amount of private property in the seceding States was proportionately greater than in the other sections. The estimated true value of property (for the entire population) per capita, ran thus: —

Free States	$487
Border States	497
Seceding States	560

Even the eleven States east and north of the Potomac had less property per family than the eleven States which seceded. (Tenth Census, vol. vii., pp. 4, 8.)

How different the situation at the close of the last century, is brought out strikingly by the returns for the direct tax of 1798. The population of the eight free States (New Hampshire to New Jersey) barely exceeded that of the eight slave States; yet the value of lands, town and city lots, and dwelling-houses in the former, was assessed at $422,000,000, while the value of similar property in the latter was assessed at only $198,000,000. The slaves in the Southern States were worth a little less than $70,000,000. See Timothy Pitkin's "A Statistical View of the Commerce of the U. S. of A." (Hartford, 1816), and Seaman's "Progress of Nations," pp. 615 and 573. The latter authority estimates the value of slaves, old and young, at $100 apiece in 1790, and $500 apiece in 1860.

But more than this, the South was the only section chiefly in the hands of the rich. The fact that the average riches of the white families of the South were approximately twice as great as that of the families of the North,[1] only begins to bring out the extent to which the South was the section of the rich. The influence of slavery in creating property for the whites out of the robbery of the blacks was hardly more marked than its influence in concentrating the property of the whites in the hands of a comparatively few of their number.[2] Even in the seceding States, two-thirds of the white families held no slaves whatever, and everywhere two-thirds of the slaveowners held but one-fifth of the slaves.

Slave Property Concentrated.

Not only was property in slaves concentrated,

[1] $4,770 for the seceding States, as against $2,435 for the free States.

[2] The Census of 1860 gave the following table, showing the distribution of slave property: —

Persons with 1 Slave	77,333
Persons with 2 Slaves	46,165
Persons with 3 to 5 Slaves	88,116
Persons with 6 to 10 Slaves	65,278
Persons with 10 to 19 Slaves	61,710
Persons with 20 to 49 Slaves	35,623
Persons with 50 to 99 Slaves	8,367
Persons with 100 to 299 Slaves	2,208
Persons with 300 to 499 Slaves	74
Persons with 500 to 999 Slaves	13
Persons with over 1,000 Slaves	1

Total Owners, 384,884; Total Slaves, 3,953,742.

(Seaman's "Progress of Nations," Second Series, p. 573.)

but all property at the South was concentrated through the influence of slavery. As Mason of Virginia pointed out in his eloquent address before the Constitutional Convention of 1787, slavery degraded labor in the eyes of the poor as well as the rich. Few men can separate themselves from the feelings of the society in which they live; and the scorn of manual labor bred by the institution of slavery impoverished the middle classes, and made it next to impossible for the poor to rise by industry. Property in land became almost as concentrated as property in slaves.[1] The census of 1850 presented a most instructive table respecting the ownership of real estate in certain counties in seven different States.[2] In a condensed form it ran: —

Sectional Contrasts.

[1] On this point, see Seaman's classification of farms in 1860. ("Progress of Nations," Second Series, p. 572.) In the seceding States there were more farms above 1,000 acres than there were farms above 100 acres in the free States.

[2] The table in full was as follows: —

	Population.	Persons Owning under $1,000.	Owning $1,000 to $5,000.	Owning $5,000 to $10,000.	Owning $10,000 to $50,000.	Owning $50,000 to $100,000.	Owning $100,000 to $500,000.	Owning $500,000 to $1,000,000.
Michigan . .	34,084	3,599	1,781	90	28	1		
Pennsylvania,	11,929	889	672	83	18			
Rhode Island,	33,983	1,025	1,552	216	49	1		
Ohio	18,568	826	940	115	46			
Kentucky . .	14,462	3,960	342	85	64	2	1	
S. Carolina .	231,246	3,050	3,586	878	855	77	20	1
Louisiana . .	53,906	529	722	310	368	78	23	
		10,341	9,585	1,777	1,428	159	44	1

COUNTIES IN	POPULATION.	OWNING REALTY.	OWNING UNDER $5,000.	OWNING $5,000 TO $50,000.	OWNING $50,000 AND OVER.
Free States .	98,534	11,911	11,274	645	2
Slave States .	299,694	11,404	8,642	2,560	202

In other words, while the population covered in the slave States was three times as great as in the free States, the number of real-estate owners was actually less. In the North about two-thirds of the real estate was in holdings worth less than five thousand dollars. In the South about four-fifths of the real estate was in the larger holdings. The slave States contained four times as many holdings worth over five thousand dollars as did the free, and one hundred times as many holdings worth over fifty thousand dollars.

It is true that the showing for Northern cities would already have been very different from that for the Northern counties selected for the census. The Boston tax-lists for 1845 show two hundred and seventeen holdings of more than one hundred thousand dollars worth of property (real and personal). The same lists do, indeed, show that the number of property owners in Boston was proportionally much greater than in the Southern States; but they also show that quite as large a proportion of the property was in the hands of a wealthy class. The similarity in economic conditions between the Northern cities and the Southern States was one of the reasons why public sentiment in these cities was on the side of slavery long after the rural districts were saturated with abolitionism. As Bentham once said, "Wherever there is an aristocracy, public sentiment is the child of that aristocracy." The fact that a marked concentration of wealth already existed in our Northern cities does not seriously modify the contrast between North and South set forth in the table. Two-thirds of the nation's wealth in 1850 was on the farms.

The Present Era. Taxes.

The rebellion of 1861 was a rebellion of the richer classes in America against the rule of the middle classes. The triumph of the latter, however, and the utter overthrow of the old aristocracy at the South, did not bring with it the extinction of plutocracy in America. On the contrary, the war itself created a new plutocracy. Step by step the measures which made the Napoleonic wars so disastrous to the middle and working classes in Great Britain resulted in similar disasters to the same classes in America. The disaster was less, only in proportion as the war was less costly. Up to this time, as has been said, the tariff policy of the national government had mattered comparatively little to the well-being of the mass of our citizens. With the war, however, federal taxation increased tenfold,[1] and amounted at the close

[1] Federal revenues, 1860, $56,000,000; 1866, $520,000,000 currency, or $420,000,000 in gold.

to nearly one hundred dollars for every family in the nation. Meanwhile, as in England, the capitalist class had so shaped the taxing-acts as not only to shield, but actually to enrich, itself. Burke once said: "To tax and to be loved is not given to men." During our Civil War, to refuse taxation and to be loved was not given to men. Not only did manufacturers of every sort demand that the tariff on their products be raised to a point that cut down the public revenue by restricting importation, but some of them supported increased internal revenue taxes on the products they produced. The nation was confronted with the curious spectacle of carriage manufacturers benefited by an increased tax on carriages, match manufacturers made rich by a heavy tax on matches, and whiskey manufacturers realizing fortunes at each successive increase in the tax on spirits.[1]

These taxes were placed, as a rule, not upon products already produced and awaiting sale, but upon those to be produced thereafter; and the price of stocks on hand was advanced by the

[1] The profits of distillers, dealers, and speculators out of the liquor taxes legislation, between July 1, 1862, and Jan. 1, 1865, were estimated by David A. Wells at about $100,000,000. Congressmen were among the speculators. Those who knew in advance that the tax on whiskey was to be raised, had only to speculate in whiskey certificates to turn their knowledge into gold. See "Practical Economics," by David A. Wells, pp. 198–200.

amount of the new tax. Then, too, wherever possible, the internal revenue regulations were so shaped that the small producer was placed at a disadvantage compared with the large.[1] In case of the taxes on whiskey, both of these policies were pursued, and distillers were actually given several months in which to produce lightly taxed whiskey before the higher rates went into effect.[2] The way in which these new burdens were borne by the mass of the people was an expression of the highest patriotism, but the way in which they were imposed by the powerful interests was the most ignoble form of treason. If we except the income tax, which never produced more than one-eighth of the public revenues, the fearful burdens of the war merely lent to the enrichment of the class best able to bear their weight.

The Present Era. Debt.

But the burdens of taxation were not, perhaps, those which rested most heavily upon the middle and working classes. The war of necessity created an insatiable demand for moneyed capital. The government issued greenbacks in order to prevent excessive issues of bonds, but artificially depre-

[1] See Ely's "Taxation in American States and Cities," pp. 83–95. This was notably the case respecting the tax on matches. If manufacturers furnished their own design for the internal revenue stamp, they secured 5 per cent discount on purchases from $50 to $500, and 10 per cent on purchases above $5,000.

[2] Professor J. W. Jenks states that these taxing-acts were the chief cause of the existence of over one hundred distilleries,

ciated these greenbacks by making them non-receivable for duties on imports, or interest on the public debt. National banks were permitted to make further issues of similar paper money, with the avowed object of facilitating new issues of bonds, but with the inevitable effect of further depreciating the paper money already outstanding. Whatever may have been the influence of this legislation in preventing further bond issues, or facilitating further bond issues, or lowering the rate of interest by creating an abundance of money, there is no doubt that the depreciation of this paper money during an era of debt-making added enormously to the burden finally resting upon both public and private debtors.[1]

But the changes in the value of the currency

when less than twenty could produce all the whiskey consumed in the country. See his article on The Whiskey Trust, *Political Science Quarterly*, 1889.

[1] During the period in which the currency was being depreciated, bankruptcies did indeed practically disappear; but when the appreciation of the currency was once well under way, the ruin of business men was widespread.

	FAILURES IN NORTHERN STATES.	FAILURES IN ALL STATES.
1860	2,733	3,676
1861	5,935	6,993
1862	1,652	
1863	495	
1864	520	
1865	530	
1866	632	1,505
1867	2,386	2,780
1873		5,183
1878		10,478
1880		4,735

were not the most fruitful source of loss to the masses while the war continued. This lay rather in the very nature of a war carried on by the issue of bonds. Just as happened in England during the Napoleonic wars, the demand for money by the public practically doubled the rate of interest throughout the country. The rate of profit necessarily rose with the rate of interest, and those who continued to invest their money in business received almost as large a return relatively as those who lent it to the government. As the product of industry became no greater, the increase in the share that went to capital necessitated a decrease in the share that remained for labor. In some industries the share that went to capital at this time more than doubled, and the share that remained to labor fell almost one-half.[1] Despite the inflation of the currency, the price of labor,[2] like the price of real estate,[3] rose but little, be-

[1] The *Paper World* in March, 1887, published the returns for nine New England paper factories in a form which brings out graphically the relative rise of profits in this industry during the period of high interest rates, and recently enacted high tariffs.

	CAPITAL'S SHARE OF PRODUCT.	LABOR'S SHARE OF PRODUCT.
1850 . .	7.4 per cent.	6.67 per cent.
1860 . .	4.42 "	12.16 "
1865 . .	29 "	7.12 "
1870 . .	56 "	15 "
1880 . .	6.16 "	16.15 "

[2] For the rate of wages during the war, see the condensation of the Senate Report of 1893, on page 109.

[3] The fact that the price of real estate did not materially rise

cause the war no more created a demand for labor than it created a demand for real estate. The primary effect of a modern war is the destruction of capital, and the destruction of capital means the increased demand for capital and the decreased demand for labor, — the increase of the rate of interest and the decrease of the rate of wages.

The burdens of the war did not end with the war. During its progress bonds had been issued for nearly three thousand million dollars. These bonds were afterwards definitely made payable in coin, and practically made payable in that coin whose value has been almost doubled by the artificially increased demand for it. The legislation which has led to an increase in the burden of debt, both public and private, lies beyond the scope of this essay. In this general summary of the forces that have changed the distribution of wealth, it only needs to be noted that the increase in the nation's bonded debt during the war exceeded the value of the slaves who were liberated. Two thousand millions of property in the earnings of slaves were destroyed by the war; but two thousand six hundred millions of prop-

during the war is brought out clearly by the tax assessments. The Ohio returns are typical:—

1861	Real . .	$635,000,000	Personal . .	$249,000,000
1862	" . .	646,000,000	" . .	244,000,000
1863	" . .	650,000,000	" . .	287,000,000
1864	" . .	655,000,000	" . .	351,000,000
1865	" . .	661,000,000	" . .	409,000,000

erty in the taxes of freemen were created.[1] The plutocracy at the South had been destroyed, but a much richer capitalist class at the North had been created.

The Present Era. Railroads.

The financial legislation and the tax legislation of the national government have, however, been but two of the three great causes which have operated for the concentration of wealth during the present generation. Prior to the Rebellion, the railroads counted for next to nothing in the national stock-taking. The greater part of the property of the country was still upon the farms, and in the North was as widely distributed as property upon farms still is. To-day the railroads alone count for half as much property as the farms, and their securities are held exclusively in the cities.[2] Did these securities represent only the capital actually invested, no part of the country would have been enriched at the expense of the other. But approximately one-half of the present railroad capitalization represents no investment whatever.[3]

[1] The estimate of the value of the slaves before the war is that of Seaman, "Progress of Nations," Second Series, p. 573. The national debt in 1860 was $60,000,000 ; 1865, $2,674,000,000.

[2] In so far as they are held in this country. See Appendix V.

[3] The writer follows the conservative estimates of Poor's Manual, 1884, and Van Oss's "American Railroads as Investments," (New York, G. P. Putnam's Sons; London, Effingham and Wilson, 1893). For striking examples of our capitalization, see Ex-Governor Larrabee's "The Railroad Question," p. 186, and Hudson's "Railways and the Republic," chap. vii.

Poor's Manual, as is widely known, has put the original cost of the railroads at approximately the present bonded indebtedness. Mr. Van Oss, who is a defender of stock-watering on the ground that it prevents legislative reductions of rates, estimates that the bonds outstanding in 1890 cost the original investors not more than sixty-seven cents on the dollar, and that the stocks cost these investors not more than ten cents on the dollar. According to this approximation, the real investment contrasts with the nominal capitalization as follows: —

SECURITIES OUTSTANDING.		NOT HELD BY OTHER RAILROADS AND SO DUPLICATED.	COST TO ORIGINAL INVESTORS.
Stocks	$4,409,700,000	$3,445,800,000	$ 344,500,000
Bonds	4,123,900,000	3,680,900,000	2,466,200,000
Stocks and Bonds .	$8,533,600,000	$7,126,700,000	$2,810,700,000
Other Obligations .	903,700,000		903,700,000
Total Capitalization,	$9,437,300,000		
Total investment			[1] $3,714,400,000

It should be observed, however, that the sum upon which the public is really paying interest is not the total capitalization of the railroads, nor

[1] The figures in the first two columns are from the report of the Inter-State Commerce Commission for 1890 on the "Statistics of Railways," pp. 46 and 48. Concerning stocks, Van Oss's statement is verbatim, as follows: —

"But, for $4,650,000,000 shares now in existence, the original investor certainly paid not more than $465,000,000, or 10 per cent of their face value, and probably less. Hence shares now return at least 18 per cent per annum on the actual investment" (p. 139).

even the stocks and bonds not held by other railroads, but rather the sum upon which five per cent net is realized by the roads. This sum in 1890 was $6,627,000,000.[1] Not from the standpoint of socialism, but from the standpoint of common morality, which condemns as robbery both the refusal of the public to pay interest upon capital actually lent it, and the compelling of the public to pay interest on capital never lent it, the two thousand and odd millions of railroad capital representing no investment is simply capitalized extortion.

But not even have the fruits of this extortion gone to the original investors. The expenditures of railroads, and the dividends they declare, have been so largely in the hands of loosely controlled directors, that railroad construction, railroad purchases, and railroad speculation have all served as means to divert the property of the stockholders on the outside, into the pockets of the managers on the inside. Nearly all the profits of this extortion from the public have passed into the hands of a comparatively few men intrusted with the management of the public highways.

But if the fruits of monopoly rates have been most inequitably distributed, so also have their burdens. The most disastrous influence exercised by the mismanagement of railroads has been

[1] "Statistics of Railways," 1890, p. 58.

owing to the discrimination practised between localities and between individuals. Despite the illegal agreements of railroad managers not to compete with each other, the great cities have enjoyed something approaching competitive rates; but the smaller towns and the country districts served by a single road have been charged all the traffic would bear. Wherever in these districts the fear of a neighboring road has led to any concessions from monopoly rates, these concessions have not been, as a rule, made openly to the public, but secretly to certain individuals.[1] In the great cities, also, these discriminations between individuals have been practised, and the result of the whole policy has been not only toward the building up of the great cities at the expense of the country districts, but also toward the concentration of business everywhere into the hands of those able to secure the lowest rates.[2]

All the great forces that have been affecting the distribution of wealth have been working in the same direction. The tax policy which has

[1] On this point, see the striking testimony of Ex-President A. B. Stickney, in his volume, "The Railroad Problem," chaps. iv. and xv.

[2] Two of the most powerful economic books written in this country relate to the subject here touched upon, "The Railway and the Republic," by J. F. Hudson; and "Wealth against Commonwealth," by Henry D. Lloyd. These volumes abundantly demonstrate the conservatism of the generalizations in the text.

burdened consumers for the benefit of manufacturers, the currency policy, which has burdened debtors for the benefit of creditors, and the railroad policy just described, have all worked for the impoverishment of the rural districts and the enrichment of the cities. When, therefore, we come to examine the present distribution of property, we find that the contrast between the East on the one side and the West and South on the other, so frequently spoken of, only exists in so far as the East is the section of the cities, while the South and West are the sections containing the great body of the farmers.[1] The contrast between the sections as regards the amount of property located within their borders is, perhaps, less marked than is commonly supposed. Indeed, there would be no contrast were it not that the South is now so pre-eminently the poor section of the nation, that its comparative poverty stands out even when one ignores the extent to which its railroads, its mines, and its mortgages are owned in the North. The amount of property located in the seceding States is now but $2,600 per family, while it is $6,000 per family in the

The New Sectionalism.

[1] In the East (the section north and east of the Potomac), only about one person in five is engaged in agriculture, while in the remainder of the country approximately one person in two is thus engaged.

remainder of the Union.[1] Did the property in the South all belong there, the white families of that section would still possess but half as much wealth as the same number of families in the old free States. The relative positions of the sections before the war have been exactly reversed, and to-day a sectional policy that injures the South is a sectional policy that injures the poor.

Nevertheless, the popular belief respecting a sharp contrast in wealth between the East as a whole and the West as a whole has abundant statistical justification, though no comprehensive figures can be presented exactly portraying the situation. The occasional statistics published respecting the ownership of public bonds, national and State, the occasional statistics respecting the ownership of railroads, the occasional statistics respecting the ownership of mortgages, and common observation respecting the ownership of mines, ranches, and city real estate, indicate, though they do not prove, that three-fourths of the public bonds, three-fourths of the railroads, and at least one-tenth of the real estate and real-estate mortgages located in the South and West, are held in the East or in Europe.[2]

[1] Census Bulletin No. 379. The exact figures are $527 per capita, as against $1,213.

[2] As illustrations, may be cited the following: The United States Census of 1880 showed that $350,000,000 out of $417,000,000 of registered bonds held by individuals were held in the Eastern

If these suppositions be reasonable, then the average wealth of the people living in the Eastern States is just twice as great as that of those living in the South and West.[1]

This division, however, is merely indicated, and not demonstrated, by the official returns. It does not, moreover, bring out the real sectionalism that has grown up respecting the distribution of wealth. The people on the farms and in the villages in the East have shared no more in the

City and Country.

States, and that the coupons for $465,000,000 out of $538,000,000 coupon bonds were cashed in New York, Boston, Philadelphia, or Baltimore. $221,000,000 of these last were believed to be owned abroad. The Indiana auditor's report for 1894 shows that the State's foreign debt is $7,436,000, and its domestic debt but $484,000. The latter is owed exclusively to the universities. The Iowa Railroad Commissioner's report for 1888 shows that of 28,000 stockholders in Iowa roads, but 589 were residents in Iowa; and these held but one-ninetieth of the stock. The census investigation of mortgages shows that in the East nearly all the mortgages are held by residents of the State, while in the West nearly one-half are held beyond the States' borders. The percentage held within the State varied on this wise: —

Massachusetts	97	Ohio	42
New York	95	Indiana	73
New Jersey	85	Illinois	52
Pennsylvania	93	Iowa	54

Mr. J. P. Dunn, in an extremely able article on The Mortgage Evil, in the *Political Science Quarterly*, March, 1890, estimates the Eastern holdings of Western property at a larger figure than that given in the text.

[1] The exact figures would be as follows: The East and foreign holdings, $31,500,000,000; the West and South, $33,500,000,000. The East contains 30 per cent of the population; the West and South, 70 per cent.

advancing wealth of the past quarter of a century than the people on the farms and in the villages of the South and West. As late as 1880 the census estimated the value of farms as equal to the value of urban real estate, — ten billion dollars for each. In 1890 the value of the farms is returned as thirteen billions, and that of other real estate — nearly all urban — as twenty-six billions. In the Eastern States the farms had absolutely fallen in aggregate value. The small towns and villages have fared little better than the farms. The increased value of non-agricultural real estate is almost exclusively the increased value of city real estate. Fortunately the Census Bulletins present the data for a comprehensive contrast. The cities of over four thousand people, with one-third of the population, contain substantially as much taxable real estate as the remainder of the country.[1]

This statement has no reference to where the property is owned, and therefore involves no estimated deductions from the property of the rural population, and no estimated additions to the property of residents in cities. It relates, furthermore, only to real estate. In the cities, as is gen-

[1] The assessed value of the real estate in these cities is greater than that of the rest of the country, — $9,900,000,000 as against $9,300,000,000; but this excess is due to the fact that in New England, where the city population is exceptionally large, the assessed valuations are exceptionally high. (Extra Census Bulletin No. 65.)

erally known and can be proven, the net amount of personalty owned fully equals the amount of real estate. On the farms, on the other hand, the tangible personalty held is almost offset by the mortgages belonging in the towns and cities.[1] In the towns and villages the amount of personalty is relatively somewhat less than in the cities. We have thus the material for the construction of a table showing approximately how the property of the nation is divided between city and country: —

	POPULATION.	REALTY.[2]	PERSONALTY.[2]
Cities (4,000 and over),	20,900,000	$19,000,000,000	$19,000,000,000
Rural districts . . .	41,580,000	20,500,000,000	6,500,000,000

AGGREGATE.

Cities	$38,000,000,000
Rural Districts	27,000,000,000

[1] Live stock on farms and ranches, and farm implements, $2,703,000,000. Mortgages on acres, $2,209,000,000. (Census Bulletin No. 379, and extra Census Bulletin No. 71.)

[2] The substantial justice of these divisions is supported by the consideration of the separate items which go to make up the national wealth. These, as presented in Census Bulletins 378 and 379, may be grouped as follows: —

Farms	$13,279,252,649	
Other real estate	26,265,291,684	
Total real estate		$39,544,544,333
Live stock on farms and ranges, farm implements, and machinery . . .	$2,703,015,040	
Mines and quarries, including product on hand	1,291,291,579	
Gold and silver coin and bullion . .	1,158,774,948	
Machinery of mills and product on hand, raw and manufactured . .	3,058,593,441	
Railroads and equipments, including $283,898,519 street railroads . . .	8,685,407,323	
Telegraphs, telephones, shipping, and canals	701,755,712	
Miscellaneous	7,893,708,821	
Total personal property . . .		25,492,546,864
Grand Total		$65,037,091,197

In this estimate no allowance is made for foreign holdings;[1] but these hardly more than offset our public indebtedness,[2] which is property to its possessors, though not to the nation at large. If, therefore, we assume the substantial correctness of the official estimate of our aggregate wealth, we can hardly escape the conclusion that the average wealth of the families in the country districts does not exceed $3,250, while the average wealth of the families in the cities does exceed $9,000. When American political parties shall again divide upon issues vitally affecting the distribution of wealth, the clearly marked line of division will not be between East and West, but between city and country. More than was the South before the war, the cities are everywhere the strongholds of the rich; more than was the North before the war, the country districts are everywhere the strongholds of the middle classes. For, as will be seen, not only is the wealth of the cities far greater than the wealth of the country districts, but that wealth is in far fewer hands.

The Statistical Contrast.

[1] See Appendix V. [2] See Appendix IV.