

**HINDRANCES TO PROSPERITY;
OR, CAUSES WHICH RETARD
FINANCIAL AND POLITICAL
REFORMS IN THE UNITED STATES**

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Hindrances to prosperity; or, Causes which retard financial and political reforms in the United States by Simon Sterne

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BY

SIMON STERNE

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HINDRANCES TO PROSPERITY;

OR

CAUSES WHICH RETARD FINANCIAL AND POLITICAL
REFORMS IN THE UNITED STATES.*

Mr. President and Gentlemen:

It must appear something like a paradox to my hearers, but I shall maintain, in this address, that in all financial and political reformatory measures, we do not keep pace with our sister nations of Europe.

That the mass of our people is perhaps better fed and clothed than those standing upon the same level abroad, is due to causes quite independent of legislation and politics; but that our people are not better off than we find them, is mainly due to our inaptitude to appreciate and carry out what other nations have done in the way of such reforms.

In every form of society there is, and always has existed, a spirit which desires change, and a *vis-inertiæ* which happily resists change of every kind, be it beneficial or otherwise. This conservative element prevents

* An Address delivered on the 21st of November, 1873, before the N. Y. Free Trade Club.

the adoption of change until the community is rightly or wrongly persuaded that it is a reform.

To the extent that we share this spirit with the rest of mankind, we may leave it out of the question. We may equally leave out of the question those vast changes which have been brought about by the application of steam to industrial pursuits and purposes of transportation, and by the application of electricity to the service of society; because rapidly as the wealth of our nation has developed under the stimulus of these great promoters of human industry and multipliers of the results of human effort, we have shared these benefits with the rest of mankind, and have not from these causes alone accumulated wealth either more rapidly, or more largely than other nations.

A glance at the condition of Germany, France and England fifty years ago, and the change and progress which their histories exhibit in administrative, financial and political reforms, in comparison with the political and financial history of the United States during the same period, must yield considerable food for reflection, and to a large degree modify that exultant spirit in which we are so prone to indulge, which attributes to our political methods and institutions that degree of physical and material well-being which is due to our vast extent of territory, our fruitful soil, our admirable climate, our cheap land and the freedom of movement and intercourse between the various states. We were not cursed, at the time of the

organization of our government, with the consequences of long successive generations of caste and class privileges; we had no powerful neighbors, involving the maintenance of large armies; we had no great public debts; the guild system had never taken root in our country; and we had a seemingly exhaustless body of land to draw upon, so that population never for one moment pressed upon the means of subsistence.

How different was the condition of the foremost nations of Europe, at about the beginning of the present century? As to the trades, the guilds had possession of almost all; they had their own courts, and privileges of such a nature that they determined the manner in which the trades were to be conducted and who were to follow them. In Germany no skilled mechanic was permitted to change his residence from one place to another, or even to travel during his years of apprenticeship. The number of bakers, of shoemakers, of watchmakers, was strictly limited, and general freedom to select a vocation would have been regarded as bringing about chaos. These guilds were, during the middle ages, not only great trade organizations, but powerful *imperium in imperio*, as is illustrated by the fact that Philip of Artevelle, the head of the brewers of the Netherlands, brought 60,000 men into the field in favor of Edward III, of England, against the King of France and the Counts of Flanders.

The first change in that particular took place through

the impetus given to thought by Voltaire and the philosophers known as the Encyclopædists and Physiocrates; for "the freedom of the individual from control of Government" became, through them, a fashionable philosophical doctrine, accepted and preached far beyond the direct influence of French literature.

Stein, the great Minister of Frederick III., followed by the no less fearless but somewhat less philosophical Minister, Hardenberg, under Frederick IV. of Prussia, struck from off the various avocations of men the fetters which the guild system had imposed upon them, and allowed freedom of choice and pursuit of trade and manufacture. This reform progressed between 1810 and 1815, but still, through the whole of Germany,—filled as it was with boundary lines of little principalities, dukedoms and kingdoms, each having its own coinage and its own tariff system,—no wares or merchandise could pass a hundred miles without being subjected to several exactions, each made in a different coin. These tariffs arose in part from mistaken ideas of protection, and in part, from the real or supposed necessities of the reigning prince. This continued until it was found that the various industries of the states were not only not protected, but respectively fell into decay. Industrial distress became general, so that in 1819, at the spring fair of Frankfort-on-the-Main, between five and six thousand German manufacturers, there gathered, determined upon an organization which set itself the task of abolishing all

internal customs, of establishing free commercial intercourse between the various states of Northern Germany and of sacrificing the supposed advantages of the monopoly of the home market in their respective principalities for the benefits that they expected to reap by a free interchange, within the limits of Germany, of their various products.

They created a union of interests of German manufacturers to conquer a foreign market for themselves, as well as to keep control of their own. This association found favor, first, with Prussia, then with other states of Germany, and gradually resulted in what is known as the Zoll-Verein, which inaugurated a system somewhat analogous to that which exists in this country in the free interchange of commodities between the various states.

In other respects, however, the condition of North Germany was far behind that of the United States, notably, as to taxation; the lands of the nobility of Prussia were exempt; the citizens of their cities had no representatives even in their town councils; serfdom had scarcely been abolished, because there was still personal attachment to the soil in enforced service recognized by law.

In estimating the progress made in Prussia since that period, we must also take into consideration that during the first twenty years of the present century, she was vexed and harried by French wars which drew from her industrial pursuits vast masses of men, and imposed the