soldiers had been sent home $30,000,000 of the debt had been paid, and hardly a month has passed since with­out some reduction of the total amount. Between 1865 and 1880 the debt fell from $2,850,000,000 to about $2,000,000,000 ; and, as it decreased, the ability of the Government to borrow at lower interest increased. About $200,000,000 of 6 per cent. bonds fell due in 1881, and the secretary of the treasury (Windom) took the respon­sibility of allowing the holders of them to exchange them for 3½ per cent. bonds, redeemable at the pleasure of the Government. This privilege was extended to about $300,000,000 of other bonds, giving a saving of $10,000,000 interest. The 4½ per cent. bonds of 1870-71 ($250,000,000) are not redeemable until 1891, and the *4* bonds ($738,000,000) until 1907. Roughly stated, the whole debt, deducting cash in the treasury, is under $1,400,000,000, about $1,100,000,000 being interest­bearing, the remainder non-interest-bearing, paper currency of different kinds.

1. In 1880 the Republicans nominated Garfield (p. 788) and Arthur (p. 787), and the Democrats Hancock (p. 789) and English. Again there was no great distinction between the party principles advocated. The Democrats, naturally a free-trade party, were not at all ready to fight a battle on that issue ; and the Republicans, turning the contest to the point on which their opponents were divided, succeeded in electing their candidates. They were in­augurated in 1881 ; and the scramble for office which had marked each new administration since 1829 followed (§ 202). The power of the senate to confirm the president’s nominations had brought about a practice by which the appointments in each State were left to the suggestion of the administration senators from that State. The senators from New York, feeling aggrieved at certain appointments in their State, and desiring the prestige of a re-election by their legislature, resigned. Unfortunately for them the legislature took them at their word, and began to ballot for their successors. Their efforts to be re-elected, the caucuses and charges of treachery or corruption, and the newspaper comments made up a disgraceful scene. In the midst of it a disappointed applicant for office shot the president (July 2), and he died two months later. Vice- President Arthur succeeded him (§ 117), and had an un­eventful administration. The death of President Garfield called general attention to the abominations of the system under which each party, while in office, had paid its party expenses by the use of minor offices for its adherents. The president’s power of appointment could not be con­trolled; but the Pendleton Act (1883) *permitted* the president to make appointments to designated classes of offices on the recommendation of a board of civil service commissioners. President Arthur executed the law faith­fully, but its principle could hardly be considered estab­lished until it had been put through the test of a Demo­cratic administration; and this consideration undoubt­edly had its influence on the next election (1884). The Republicans nominated Blaine and Logan, and the Demo­crats Cleveland and Hendricks. A small majority for the Democratic candidates in the State of New York gave them its electoral votes and decided the election in their favour. They were inaugurated (1885), and for the first time in more than fifty years no general change of office­holders took place. The Pendleton Act was obeyed ; and its principle was applied to very many of the offices not legally covered by it. There have been, however, very many survivals of the old system of appointment, and each of them has been met by a general popular disapproval which is the best proof of the change of public sentiment. At least, both parties are committed to the principle of civil service reform. There is a growing desire to increase the number of offices to which it is to be applied ; and the principle is making its way into the administration of States and cities.
2. At home and abroad there is not a cloud on the political future of the United States in 1887. The economic conditions are not so flattering ; and there are indications that a new era of struggle is opening before the country, and that it must meet even greater difficulties in the immediate future. The seeds of these may perhaps be found in the way in which the institutions of the country have met the new economic conditions which came in with the railway in 1830.
3. Corporations had existed in the United States before 1830, but the conditions, without the railway or telegraph, were not such as to give them pronounced ad­vantages over the individual. All this was changed under the new régime ; the corporation soon began to show its superiority. In the United States at present there are many kinds of business in which, if the individual is not very highly endowed, it is better for him to take service with a corporation. Individual success is growing more rare; and even the successful individual is usually suc­ceeded by a corporation of some sort. In the United States, as in England, the new era came into a country which had always been decided in its leanings to indi­vidual freedom; and the country could see no new de­parture in recognizing fully an individual freedom of incorporation (§ 215). Instead of the old system, under which each incorporation was a distinct legislative act, general provisions were rapidly adopted by the several States, providing forms by which any group of persons could incorporate themselves for any purpose. The first Act of the kind was passed in Connecticut in 1837, and the principle of the English Limited Liability Act of 1855 was taken directly from it. The change was first embodied in New York in its constitution of 1846, as follows:—“Cor­porations may be formed under general laws, but shall not be created by special Act, except for municipal purposes and in cases where, in the judgment of the legislature, the objects of the corporation cannot be attained under general laws.” The general laws were for a long time merely directions to the corporators as to the form of the certificate and the place where it was to be deposited. The New York provision was only a development of the principle of a statute of 1811 applying to manufacturing, but it is an instance of what was taking place all over the country.
4. The consequent freedom of corporations was also influenced by the law, as expounded by the Supreme Court of the United States in the “ Dartmouth College case ” (1819), whose principle has always been the object of vigorous but unsuccessful criticism. The States are pro­hibited by the constitution from passing any laws which shall alter the obligation of contracts. This decision held that a charter was a contract between the State and the corporation created by it, and therefore unalterable except by consent of the corporation. The States were careful thereafter to insert in all charters a clause giving the State the right to alter the charter ; but the decision has tended to give judges a bias in favour of the corporations in all fairly doubtful cases. Corporations in the United States thus grew luxuriantly, guarded by the constitution, and very little trenched upon by the States.
5. American corporations have usually been well managed, and very much of the extraordinary develop­ment of the wealth of the United States has been due to them. But a corporation which holds $400,000,000 of property, owns more than one State legislature, and has a heavy lien on several others, is not an easy creature to con­trol or limit. Wars of rates between rival corporations