

roads and from the confession of railroad officials. That nearly all the railroads have issued stock in excess of the money invested is known, and the collection of dividends upon this fictitious capitalization is unfair to the public. That the railroads have given rebates is a matter of common knowledge, and that these rebates are not only a violation of law but a violation of natural justice is conceded. That the railroads have discriminated between individuals and between places is also known to all. The great congestion of the population in large cities is, to a considerable extent, due to the fact that the railroads have given the cities better rates than they have given to the smaller towns. This favoritism has tended constantly to drive the manufacturing enterprises into the cities, and these manufacturing enterprises have carried the population with them. One only need to know what has been done to know what will be done, and at present it is not only necessary to protect the public from the railroad managers, but it is becoming necessary to protect the railroad managers from the trusts. Some of the great industrial corporations like the steel trust, the oil trust and the beef trust, direct such large shipments that even great railroads find it difficult to resist the demands for concessions in the way of rates and privileges.

The railroad managers protest against inexperienced government officials being given power to fix railroad rates, but these managers overlook the fact that in reaching a decision the officials will have the benefit of the high-priced talent which the railroads employ. There is no danger that the railroads will fail to present to the officials empowered to fix rates all the facts necessary for the protection of the railroad's rights and interests. In fact, when the action of the railroad managers in regard to rates can be reviewed and set aside by officials, it is likely that the rates will be arranged with so much more fairness than they are now that the board will have less to do than now. There is no danger of injustice being done to the railroads. The great danger is that the railroads will bring to bear upon the officials such a tremendous influence as to bias them in favor of the railroads. That is the real danger. Just as city councils have been corrupted by the corporations operating under municipal franchises, so there is danger of federal officials being corrupted by the railroads which will be interested to the extent of millions in the rates fixed by the officials. But just as the cities have been compelled to risk this corruption rather than leave the municipal corporations unrestricted, so our state and federal governments must risk this corruption rather than leave the railroads to do as they please. As many of the cities have passed up through regulation to the point where they are ready for municipal ownership, so the governments, state and national, are likely to pass through the period of railroad regulation up to the point of public ownership. But regulation is a necessary thing, whether it be regarded as a permanent settlement of the question or as a step toward public ownership.

The more the railroads oppose regulation, and the more they abuse their power under regulation, the more rapid will be the sentiment in favor of public ownership. If all municipal corporations operating under franchises had been based upon actual investments, had been honestly managed and had exacted from consumers only such rates as were sufficient to pay good wages, give good service and yield a fair return on the investment, there would have been no municipal corruption, and but little demand for municipal ownership. But greed is not satisfied with a fair return. It wants all it can get, and scruples not at the means employed. Experience with municipal corporations has led to the demand for municipal ownership, and experience with railroad corporations has led a large majority of the people to demand regulation, while a considerable number even now go beyond that and advocate public ownership.

Let every democrat who believes in the public ownership of the railroads join with the democrats and republicans who believe in strict regulation, and secure the very best laws possible upon this subject. The president has recommended regulation. Let his recommendations be supported; let him know that the democrats will be his faithful allies in the fight. The democrats are led to do this not only by sound principles but by considerations of party policy. The democratic party could not afford to array itself against a measure designed to benefit the public; it could not afford to become the champion of the railroads in their attempt to avoid public supervision. The members of the democratic party are citizens, and as citizens they will be benefited by legislation regulating railroad rates and preventing discriminations between persons and places. And demo-

crats as members of the party are also interested in having the party win the confidence of the country, and it can only do so by showing itself ready to assist in securing good legislation, no matter by what party such legislation is proposed.

If any democratic official is so situated that, for personal or pecuniary reasons, he feels it necessary to take the railroad's side of this question, he ought to resign his position and not sacrifice his constituency to advance himself. An individual has more latitude than an official. As an individual he acts for himself alone; as an official he exercises a power which he holds in trust, and he can not conscientiously employ it otherwise than for the benefit of those whom he represents.

It is too early to say upon what lines the next national campaign will be fought, but it is likely that some form of the railroad question will enter prominently into the campaign. Democratic officials should bear this in mind and make the record of the party clear upon the subject; democratic voters should strengthen the hands of their representatives and not only encourage them in right-doing but warn them against error. The best of public officials are better for encouragement, and no public official is so bad but that it is worth while to caution and warn him. The several hundred thousand readers of *The Commoner* can exert a wholesome influence if they will be prompt to communicate their wishes to their representatives in congress and in the senate.

#### ROOSEVELT VERSUS MORTON

There seems to be a spirited contest between the president and Secretary of the Navy Morton as to which one speaks for the administration on the railroad question. At the meeting of the railroad managers Secretary Morton spent considerable time praising the American railroads, and declaring that they were paying better wages and giving better service than any other railroads in the world. In the evening at a banquet he went still further, and said that it would not be amiss for him to say something of the "attitude of the president on the railroad question," and then he proceeded as reported in last week's *Commoner* to praise the railroads again. He admitted that there were some abuses, but insisted that they were growing less and less all the time, and that the president was as anxious that no injustice should be done to the railroads as that justice should be done to the public. The entire tone of Mr. Morton's address was in keeping with the tone of the testimony given by the railroad managers who are opposed to any rate regulation. There is not a word in the secretary's speech in favor of the propositions presented by the president in his message, namely, that the interstate commerce commission should have power to fix a rate, not merely to pass upon a rate fixed by the railroads. Scarcely had the secretary's speech been published when the president emerged from the mountains of Colorado and proceeded to reiterate the position taken in his message. He said:

"I want to say a word as to the governmental policy which I feel this whole country ought to take a great interest in, and which is itself but part of a general policy into which I think our government must go. I spoke of the policy of extending the powers of the interstate commerce commission and of giving them particularly the power to fix rates and to have the rates that they fix go into effect practically at once. As I say, that represents in my mind part of what should be the general policy of this country, the policy of giving not to the state, but to the national government an increased supervisory and regulatory power over corporations.

"The first step and to my mind the most important step, is thus connected with giving such power over the great transportation corporations of this country. The necessity as regards that is peculiarly evident. I was going to say when the first pioneers came to Colorado, but that would hardly be so, but in the days of the fathers of the older among you the highways of commerce for civilized nations were what they had always been—that is, waterways and roads. Therefore they were open to all who chose to travel upon them. Within the last two generations we have seen a system grow up under which the old methods were completely revolutionized, and now the typical highways of commerce is of course the railroad."

There is a striking difference between the speech made by Secretary Morton and the speech

made by the president. They apparently look at the question from different standpoints and Mr. Morton claims to speak for the president and as Mr. Roosevelt did not claim to speak for Mr. Morton, it is reasonable to assume that he spoke for himself. Now, the question is which one knows best what Mr. Roosevelt really wants and which one will have most influence on the policy of the administration.

The keeping of Mr. Morton in the cabinet has for sometime been an inexplicable mystery. Why so conspicuous a representative of the railroad interests should be at the president's council table is not known. The patrons of the road have no representative there who stands in anything like the close relation to the public that Mr. Morton stands to the railroads. Why this partiality toward the very interests which is blocking legislation? But even if the retention of Mr. Morton could be explained on the ground that the president feels that the railroads are in justice entitled to a spokesman in the cabinet, why is Mr. Morton permitted to present, as the president's views, views which are antagonistic to the views expressed by the president himself? There ought to be no public joint debate between the president and one of his secretaries as to what the president really wants done. It is to be hoped that the president has so strengthened himself by his outdoor exercise that, having put the bears to flight, he will now be able to put to flight the secretary of the navy, whose presence in the cabinet is a standing embarrassment to the president's efforts to bring the railroads under efficient regulation.

#### THE GARFIELD REPORT

Some of Mr. Garfield's friends are defending his beef trust report. They point out that that report showed that profits on the capitalization ran as high as eighteen to twenty per cent in the case of one company. They also say that Mr. Garfield's critics "seized upon the 2 per cent and ninety-nine cents per head figures alone and derided the suggestion that the packers were making so little money. The fact that the 2 per cent profit is a profit on gross sales, not on capital invested, and that it means that the packers are making immense sums annually, was apparently lost sight of."

Mr. Garfield's friends now point out that "the report says that while the profit on dressed beef was ninety-nine cents a head, the profits on the by-products brought the profit per head to \$1.50; and when it is considered that the packers handle millions of cattle each year the volume of their earnings is apparent."

But even \$1.50 per head is at wide variance with the figures presented by Cuthbert Powell, who for more than twenty-five years has been commercial editor of the *Kansas City Journal*. Mr. Powell's statement has been given wide publicity. It showed that the average net profit to the packers is \$7.41 per head. Mr. Powell concluded his statement in these words: "Apply the average profit of \$7.41 on cattle, 20 cents on hogs, 50 cents on sheep and 50 cents on calves, to the total number of head killed in a year by the 'combine' packing houses, gives a total profit of \$47,727,412. Figuring upon their total capitalization, undoubtedly heavily watered, of \$110,500,000, we have 43 per cent, which is ten times what such money would produce if loaned in large blocks upon the open market. Besides this, the trust is heavily interested in the stock yards at Kansas City and Chicago and owns outright stock yards at numerous other cities, together with private car lines, the profits from which are undoubtedly large."

#### TRADE AND THE WAR

A reader of *The Commoner* says that the people of the United States united in driving the Spaniards from the West Indies and that one of the objects was to get the trade of those islands. He calls attention to the fact that, notwithstanding the money spent in securing the trade, sugar is considerably higher now than it was at that time. He wants to know how the taxpayers have been benefited by so large an expenditure for the purpose of securing an opportunity to buy sugar at a higher price. If the purchase of trade was the only, or even the best excuse for the Spanish war, the result would illustrate the folly of trying to purchase trade by war. Where a principle is involved there is some consolation in having established the principle although the commercial advantages may not always come up to expectations.