

six millions and then issued seventy-five millions in bonds, it could control the railroads by holding a little more than thirty-eight millions of the Securities company stock.

The supreme court, fortunately for the country, held the Securities company an unlawful combination, although the decision rests upon rather an unsubstantial foundation, since the court stood five to four. The death or retirement of one of the majority may lead to a reversal of the decision. If the financiers were permitted to organize holding companies like the Northern Securities company and through them secure control of railroad systems, they could, by organizing other holding companies, to hold the stock of the first holding companies, still further reduce the amount of money necessary to exercise a controlling influence, until a comparatively few men with a relatively small amount of capital could control the entire railroad system of the United States.

The plan embodied in the Northern Securities company had great possibilities for evil. The decision of the supreme court has thus far been a protection against these new evils, and the people can secure legislative protection if the decision is ever reversed. But it would be safer to proceed at once with the passage of a law that would make it unlawful for any corporation to hold the stock of another corporation. While congress has no power to interfere with state corporations so long as they confine their operations to the state of their origin, it is within the scope of the powers of congress to prescribe the terms upon which a corporation organized in any state shall engage in interstate commerce.

While the Securities company has been dissolved, the three railroads are controlled by the same group of men who would have controlled the Securities company, and this brings us to the second method of securing a monopoly, namely, the duplication of directorates.

This is one of the most insidious forms in which the tendency toward monopoly manifests itself. When the same men are the directors of different corporations it is not necessary that there shall be any contract or even a "gentlemen's agreement" among them. They simply manage the several corporations as if they were one. The investigations which have been conducted during the past two years show to what extent this plan has been adopted among the high financiers. Not only is competition eliminated between railroads by the duplication of directorates, but the competition is suspended as between different industrial establishments engaged in the same general business. If, for instance, the leading watch companies desire to avoid competition they can do so without consolidation into one company and without agreement between the companies. All that is necessary is for a group of men to purchase a controlling interest in the competing companies and then elect themselves directors of each company. It is a simple process and as effective as it is simple.

The insurance magnates adopted this plan and used it to make an unlawful profit out of trust funds. As directors of the insurance companies they were, of course, in duty bound to manage the trust funds for the benefit of the policyholders, but they organized banks, trust companies and investment companies and as directors of these companies dealt with themselves, as directors of the insurance companies. As directors of the other companies they made all that they could for themselves, considering, of course, the close watch which they kept over themselves as custodians of trust funds. One must have unlimited faith in his own integrity to attempt to act such a dual role if he intends to do it honestly, and the public must have an unlimited amount of credulity to allow men to deal with themselves in such a manner.

IS THIS A CONVERT ?

The New York World is fighting the Ryan-Belmont street railway monopoly, and is pleading for the construction of subways by the city, the same to be operated by an independent line.

The World says: "Only one course remains open in the circumstances. Since the city must bear the cost of constructing new subways anyway, it should build such subways itself, independently of the merger. It can pay for the cost of constructing at least one independent subway out of the annual tax levy if necessary, and it can find an independent operator when the work is finished. The city and the public are one."

What is the difference between the plan proposed by the World and public ownership of utilities in state or nation?

The World proposes that the city of New York go into the street railway business, at least that is what the proposition amounts to when trimmed of all its frills.

Doubtless the World is so impressed with the power and resourcefulness of the Ryan-Belmont monopoly, and so discouraged by the results of former efforts to obtain from that monopoly justice for the public; that it realizes that some material change must be made in the old time methods of protecting public interests.

It is plain that the World has reluctantly reached this conclusion, for it argues rather awkwardly, although forcefully, in support of its new position.

Many others whose position on the general question of public ownership the World has condemned were forced to their conclusion by the power and the arrogance displayed by other monopolies. Now that the World has had this same experience it may be willing to look more patiently upon these who believe in public ownership.

FRIIGHTENED AGAIN

The New York papers are frightened again. They have discovered a new issue—they caught it red-handed just as it was making its exit from the Brooklyn banquet after a savage attack on the life of the democratic party. It is a double-headed monster which the scientists have classified as the "initiative and referendum." Its purpose is to put out of business the boss, the lobbyist and the trafficker in public trust. Of course it is obnoxious to subsidized papers and to the exploiters of the public who find fortunes in the grabbing of franchises and in the watering of stock.

After these papers have recovered from the frenzy into which they were thrown by Mr. Bryan's remarks about the initiative and referendum some friend should call the attention of their editors to the fact that the doctrine which so alarmed them is not new at all. It is already in practical use, to a greater or less extent, in nearly every state and its application is being constantly broadened. The referendum is employed in the adoption of constitutions and it is being used with increasing frequency in the issue of municipal bonds and in the granting of franchises.

Several states have so extended the use of the initiative and referendum as to secure to the people the right to sit in judgment on legislative measure and to compel the submission of any question upon which they desire to act. Maine will at her next election vote upon the adoption of the plan for "direct legislation," as this plan is called, and the New Jersey house of representatives turned it down by a small majority. Neither is it a new subject with Mr. Bryan. He has discussed it in all parts of the country, beginning more than ten years ago. It was in the Nebraska platform in 1896:

"We favor the initiative and referendum system as an aid to securing a government of the people, for the people and by the people."

It was in the democratic national platform of 1900:

"We favor an amendment to the federal constitution providing for the election of United States senators by direct vote of the people, and we favor direct legislation wherever practicable."

Is this news to the newspapers of New York? We are gradually applying the fundamental principles of our government to new conditions and that application will continue.

For one hundred years after the adoption of the federal constitution the people endured the election of United States senators by legislatures; in 1892 the national house of representatives passed for the first time a resolution proposing the amendment necessary to secure the direct election of senators. Since then the house has four times more passed the same resolution and something like two-thirds of the states have endorsed the reform. It will come. And so will the initiative and referendum come in time, for both the initiative and referendum are in harmony with the theory that this is "a government of the people, by the people and for the people."

"REASSURANCE" NOT NEEDED

In his Jamestown speech, Mr. Roosevelt, paraphrasing Edmund Burke, said if he could not reform with equity he would not reform at all, there being "A state to preserve as well as a state to reform."

Commenting upon this statement, the Wall Street Journal says: "President Roosevelt wishes to impress upon the country that his policy is constructive and not destructive; that it is intended to build up rather than to tear down; and that it is for the protection of property rather than for its confiscation."

"The country" does not need the assurance that in his proceedings against monopolies, the president

means construction rather than destruction. "The country" understands that in his attacks upon monopoly, the president has but "scraped the surface."

Indeed, Mr. Roosevelt owes his popularity to the proceedings he has taken against the special interests. So far, then, as concerns "the country," the only reassurance necessary is, that in the presence of the great evils brought about by private monopoly, the president will keep his eye on "a state to reform," that being, under existing circumstances, the one way of recognizing that there is "a state to preserve"—a state of government, of, by, and for the people.

Why does not the Wall Street Journal, with its customary frankness, admit that it was Wall Street that needed the reassurance?

Can it be possible that Mr. Roosevelt's Jamestown speech is his answer to the many pleas sent him recently, that he undertake "to reassure the country," and "restore confidence?" New York newspapers tell us that typewritten copies of the "reassurance features" of the president's address were distributed in Wall Street for several days prior to the delivery of the speech, and that that speech had been interpreted as showing that Mr. Roosevelt has adopted "a more conservative policy toward the railroads."

THE DEMOCRATIC POSITION

A Kansas democratic club asks The Commoner to set forth briefly some of the reasons which can be given by democrats for the support of their party's position, and the request is cheerfully complied with.

First—The democratic party believes in the theory of government set forth in the Declaration of Independence, namely, that governments derive their just powers from the consent of the governed. The party was formed by Thomas Jefferson, the author of the Declaration of Independence, and has ever borne the impress of his personality.

While all parties have until recent years to a greater or less extent given adherence to the doctrines set forth in the Declaration of Independence, the democratic party has differed from the parties which have opposed it in that it has emphasized the fact that the representative is the servant of his constituents, while the parties that take their inspiration from Alexander Hamilton regard the representative as more or less independent of his constituents. It makes a great deal of difference whether the public official recognizes it as his duty to give expression to the wishes of those who elected him or considers himself a sort of superior being elected to act for the people but not to be controlled by them. The official who assumes the right to disregard the wishes of those who elect him strikes at the very foundation of popular government.

Second—The democratic party believes in the inalienable rights of the individual and zealously guards those rights from infringement. There are individual rights sacred from the touch even of the majority, as for instance, the right to life, to liberty and to the pursuit of happiness, and the amendments to the constitution have named freedom of speech, freedom of the press, and freedom of the conscience as necessary to the preservation of the inalienable rights of man.

Third—The democratic party is the champion of local self-government, believing that that government is best which is nearest to the people and that the people can act most intelligently upon the subjects with which they are most familiar.

Fourth—The democratic party, believing in the inalienable rights of the individual and in the wisdom of local self-government, insists upon respect being shown to the constitutional provision which reserves to the states and to the people respectively the powers not expressly delegated to the federal government or denied to the states. This balance of powers between the state and federal governments is essential to the life of the republic.

Fifth—The democratic party believes in the exercise by the federal government of its delegated powers in such a way as to protect the interests of all the people without giving favoritism to any part of the country—equal rights to all and special privileges to none being its motto.

Sixth—The democratic party, believing that governments rest upon the consent of the governed, is in favor of such improvements in the methods of government as will make the government more directly responsible to the people and more responsive to the will of the people. It naturally favors the election of senators by direct vote of the people, the direct primary, and the initiative and referendum.

Seventh—In taxation the democratic party believes that the burdens of government should be collected in such a way that each citizen will contribute in proportion to the benefits received under the protection of the government. Carrying