

tested by experience, but assuming that our present law is sufficient, or will be made sufficient, and assuming that its enforcement will be all that could be desired, it will not settle the trust question. There are many other trusts.

Secrecy is the fourth evil, and this, too, "we have ended," if the senator's language can be accepted at par. Publicity is not an end in itself; it is only a means to an end. The collecting of proof is a necessary part of a prosecution, but it is not the only part. We could not safely repeal the law against theft and simply require an accurate record to be made of the goods stolen. It is of little value to know how much we have lost unless this knowledge enables us to secure the return of it or affords some protection against future loss. The statement of the United States Steel company to which I have already referred gives us information as to how much the people have suffered from the monopoly which it has obtained, but this knowledge has not yet secured us relief from its extortions, and Senator Beveridge, with all his good intentions—and these I most willingly concede—has no plan that reaches the steel trust.

Overcapitalization is evil number five, and on this the senator leads us from history to hope with the promise "we will end that, and are working on it now." He is, however, embarrassed by the fact that he exaggerates the innocence of the purchaser of watered stock. He regards it as unjust to squeeze the water out of stock already sold, and endeavors to illustrate this injustice by putting me in the position of a purchaser of watered stock. He has done me honor over much in thus admitting me to the fellowship of his business friends, for I am not the owner of any watered stock, or stock of any kind, in industrial enterprises, and if I were the owner of any watered stock I would not plead my own interest as a defense in opposition to a law reducing our corporations to an honest basis. A man does not buy stock under compulsion. It is a voluntary transaction, and he is able to find out upon inquiry whether the stock rests upon money invested or upon the corporation's power to exploit the public by means of monopoly. In the balancing of equities we give the greatest consideration to the one who is least able to protect himself, and as between the patron who must buy of a monopoly and the stockholder who voluntarily enters into a conspiracy against the public, the equities are with the patron. Is it fair that the entire purchasing public shall be victimized permanently because a comparatively few persons have bought watered stock, when by a little inquiry they could have ascertained the character of the stock?

The remedy that the license system proposed in the democratic national platform of 1900 offers a means of squeezing the water out of the stock of overcapitalized corporations and of preventing overcapitalization in the future. While the states can, if they will, prevent overcapitalization, it is not necessary for the people of the country at large to remain passive if a few states find a profit in the creation of predatory corporations. Under the license system suggested in the democratic platform, and to which I referred in my article which appeared in the Reader of April, it is possible to confine each corporation to the state of its origin until it complies with such conditions as may be necessary to protect the public from it. Congress has power to regulate interstate commerce, and under this power congress is justified in prohibiting a corporation from engaging in interstate commerce except upon conditions that make its entrance helpful to the public rather than a menace.

"Unjust prices" is number six in the senator's list of trust evils, but he thinks that the ending of overcapitalization will cure this in part, and he hopes that publicity will complete the cure. He approaches the subject, however, with an open mind, and asks if any one can think of a better remedy. There is one remedy that may contribute to the solution of the question, namely, a law that will make it a penal offense for a corporation engaged in interstate commerce to sell in one section of the country at a different price from that at which it sells in another section, the cost of transportation, of course, being taken into consideration. One of the most pernicious methods of the trust is to lower prices in one section in order to drive out a competitor—the price being maintained in other sections—and then, when the competitor is disposed of, restore or raise prices, so that the trust makes back all that it has lost. This law has been adopted in some states and can be adopted by the federal congress. Such a law would have a salutary influence, but it would not furnish a complete remedy, for when a trust has a monopoly it can keep prices up everywhere and raise them if it so desires. The important

thing is to eliminate the principle of private monopoly and restore competition as a controlling influence in industry.

Senator Beveridge closes his list of evils with "purchased newspapers and the corruption of public opinion." The only remedy which he sees for this is that the people, by learning to "know such papers when they see them" can withdraw their support. The trouble with this remedy is that it takes the people too long to find out what papers are subsidized. The senator is in favor of compelling the packing houses to stamp the date of the canning upon the can in order that the people may know how old the meat is. Why not require the newspapers having any considerable inter-state circulation to publish the names of their stockholders and the names of their mortgagees? No harm could be done an honest paper, and we need not be tender about the feelings of a dishonest one. If the people knew who owned the paper as stockholder, or who controlled the paper as mortgagee, they could tell better what weight to give to the editorials and how much faith they could put in the reliability of the news columns. I am glad that the senator is awake to the evil influence of the subsidized press. There is a well-founded suspicion that several of our prominent dailies are conducted, not as business enterprises, but as adjuncts to exploiting corporations. The owners use the columns of their papers to chloroform the readers while the pockets of the readers are being picked, and the people are as much entitled to protection from the subtle poison of these papers as they are to have "poison" printed on a bottle that contains it.

Senator Beveridge has rendered a valuable public service in his April article, for he has shown how helpless the well-meaning man is when he attempts to deal with a great evil without first grappling with the fundamental principle involved. Many years ago I heard a minister use an illustration which I have often recalled. He was discussing the tendency of some people to spend their time in looking up contradictory passages in Holy Writ to the ignoring of the fundamental principles that underlie Christianity, and to make his remarks more plain, he said: "If you try to pull a little tree through a narrow gate, much depends upon the way you go about it. If you take hold of one of the branches and attempt to pull the tree through in that way, the other branches will be caught upon the gate posts, and the more you pull the more they will spread. If, however, you pull the trunk of the tree through the gate first, the branches will be pressed against the side of the tree, and you will have no difficulty in taking the tree through the gate." So, in the discussion of any question, we must first deal with the principle that controls it, and then the details are easily handled. The controlling principle in the trust question is the principle of private monopoly, and the only way to deal with the trust question is to begin with the proposition that a private monopoly is indefensible and intolerable. When we start to consider the question from this standpoint we find that the difficulties disappear, and that, going forward step by step, we shall be able to restore competition where competition is possible, and competition is possible in all of our industries. There is no necessary reason why there should be a monopoly in production except where there is a limited supply of the thing produced, as in the case of coal, and the president has already suggested a means of dealing with that, namely, the retaining of the title in the government. In other words, wherever a monopoly is absolutely necessary there should be ownership by the public for the protection of the public, and where monopoly is not necessary there should be competition among producers for benefit of the public.



LAWSON'S REMEDY

In a recent issue of Everybody's Magazine Mr. Lawson concludes his series of articles on Frenzied Finance and announces that he will follow his exposure of Wall Street's doings with a series of short stories. He explains that he does this to maintain interest in the subject until he is ready to set forth his "remedy." He says that the remedy is withheld because the people are not ready for it—that the psychological moment has not arrived. Few will agree with him as to the wisdom of withholding any remedy which he has in mind. It would do no harm to submit it; if it is good the sooner it is given to the public the better. He must not expect immediate acceptance, and time wasted can not be recovered. He ought to say what he has to say and trust the people to act upon his remedy according to its merits. It is not

certain, however, that he has actually withheld the remedy. He intimates that it is to be found in legislation limiting dividends and preventing the issue of fictitious stock. He says:

"Ergo, if instead of trying to prevent these rascals from getting these millions, which we can never do because by using this vast wealth they can corrupt people faster than we, without it, can reform them, let us make it impossible for them to create the stocks and bonds without which they can not seize the loot that the rebate system takes from the people. Does any one suppose that 'Standard Oil' and Harriman last month would have taken all the risks attending the Union Pacific and Southern Pacific coup, which has brought on their heads a whirlwind of wrath from the press and the pulpit, if they had not known that they could thus easily seize scores of millions of dollars? If the law of the land had made it impossible for 'Standard Oil' and the 'System' to gather millions of profit, there would have been no incentive for Harriman to take advantage of the tremendous business arising out of the great prosperity of the country, by collecting from passengers and freight passing over his roads millions of dollars more than the running expenses and a fair rate of interest called for. Therefore, when business increased with the country's prosperity, Harriman would have reduced freight and passenger rates and these extra millions would have remained in the hands of the people along the line of these two roads."

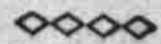
Both of these suggestions are good, but they are not new. Texas has an excellent law regulating the issue of stock and it has already been discussed in connection with the federal regulation of railroads. The democratic platform of 1900 endorsed the federal license system as a remedy for trusts, the license to be withheld until necessary conditions were complied with.

The fixing of a maximum dividend would be an effective remedy. If, in the case of railroads, the corporations can be brought down to an honest basis and limited to reasonable dividends the incentive to speculation would be removed, or at least greatly reduced. If these are the remedies upon which Mr. Lawson depends he ought to give the public a chance to consider and discuss them.



EVADING THE LAW

A reminder of the "crushing" of the Northern Securities company is being given in Nebraska. The recent legislature enacted a law prohibiting brewers from engaging in the retail liquor business or renting property owned by them for saloon purposes. The brewers of the state owned many saloons which were in the names of agents acting for them. Now the brewers are evading the law by organizing "holding companies" and turning over their real estate to them. These companies will then do for the brewers what the brewers did for themselves before the enactment of the law. That is the way President Roosevelt and Attorney General Knox "busted" the famous merger of the Northern Pacific, Great Northern and Burlington railroads. They brought suit in the United States court—after the legal department of Minnesota had blazed the way and made national action imperative—and secured a decision dissolving the merger. The merger dissolved as a merger but immediately organized as something else, and whatever that something else is, its results are just the same as the results of the old merger. When a striking workman is enjoined by a federal court he is jailed without a hearing if he violates the injunction. The trust magnate is enjoined from doing a certain thing under a certain name and straightway proceeds to do the same thing under a different name, and the legal department of the government is so busy boasting of its victory that it overlooks the repetition of the offense.



RAILROAD MAGNATES PLEASED

Those who regard the present railroad regulation as sufficient ought to read the letter which William E. Curtis wrote recently to the Chicago Record-Herald. He says that the managers of corporations "are becoming reconciled to the new policy of government control," and that "there is an almost universal approval of the law prohibiting rebates, both among shippers and railway managers." He says that "the big railway managers also declare that they are glad that free passes are abolished." As to rebates, it is not strange that the railroads should be pleased, for they are now saving the money that they used to pay to favored shippers. Of course there were instances in which