

FACE VALUE OR WHAT?

When our federal courts undertake to decide whether rate legislation is or is not confiscatory they must declare a principle applicable alike to the maximum rate established by the interstate commerce commission and to the statutory rates fixed by the various states. The vital issue will be the same whether the case at bar involves the reasonableness of a particular action by the national commission or the constitutionality of a state statute. In the essence of the issue, therefore, there is no question of state sovereignty at stake.

Can the roads get a reasonable return on the real value of their property from the earnings gathered under the permitted rates? is the direct question to which the judgment of the court must give answer. First in determination must come judicial establishment of what constitutes real value. In this determination the courts of the United States are unquestionably superior to congress, which can not if it would absolutely limit or even conclusively define what constitutes deprivation of property without due process of law. That is construction of the constitution and, whatever congress might attempt to declare, the supreme court is the ultimate tribunal to which the legislative and executive branches of the government must finally yield when the meaning and effect of our organic law is in issue.

So the court will finally tell us whether watered stock and discounted bonds in the hands of innocent holders are to be treated exactly as if they had brought the issuing corporation dollar for dollar in cash. It may say, if it will, that only the existing market value of such issues requires consideration in weighing that real value upon which a railroad company must be permitted to earn a fair return. It may declare the nominal expression of value found in the security issues is in no respect an index of that real value which state governments and national governments alike are obligated to protect.

There are no precedents for guidance, but the court will of necessity have to look for a basis that will fully conserve the conflicting rights of those who own the railroads and those who depend on them for public service. It can not be said that the interests of the latter are paramount, or that one class more than the other constitutes what we loosely call "the people." The average man is to be found among the owners of the stocks and bonds of a railroad just as he is among the farmers and merchants who travel and ship on its lines. And it is for the protection of the average man that the supreme court will shape its interpretation of the broad question of constitutional law this rate question will bring to it for final adjudication.

It seems unfair to ask that the decisions of the courts should be drawn so as to save the colossal fortunes which a few masters of finance have built up by all Street manipulations. When \$44,700 put into Great Northern stock during a period of ten years represents a market value of \$87,912 today, after earning an average of six per cent during that time on all the actual money invested, it looks as if there was some unearned increment upon which the patrons of the road should not be compelled to pay a tax.

But even if the law is held to entitle a railroad to charge whatever rate may be required to afford a reasonable return on the face value of its stock and bonds, it would seem that the court must test each separate case in the light of its individual circumstances, for a rate that would be confiscatory for one road may be

profitable for another. Differences in the burden of securities, or in the possible volume of business, or in both, must differentiate the cases and each and everyone will have to stand on its own bottom. Therein may lie the security of the challenged legislation, since no particular statutory rate can be adjudged unconstitutional as to all roads unless it is confiscatory as to all the roads it affects.

So there is good prospect that the regulating influence of competition may be effective even where the courts intervene to save the plaintiff railroad. The right to exact more than the statutory rate will be of little worth if a competing line must keep within the statute. No principle of law or equity forces the state to provide a reasonable return on real value. It is simply the permit of the law that is obligatory, and railroads, like individuals, must earn the return on their investments in that hard struggle in which the fit alone survive.—St. Louis Republic.

DISORDERED

Representative Lorimer, of Chicago, who is a great walker, was recently out for a tramp along the conduit road leading from Washington, when, after going a few miles, he sat down to rest.

"Want a lift, mister?" asked a good-natured Maryland farmer, driving that way. "Thank you," responded Mr. Lorimer, "I will avail myself of your kind offer."

The two rode in silence for a while. Presently the teamster asked: "Professional man?"

"Yes," answered Lorimer, who was thinking of a bill he had pending before the house.

After another long pause, the farmer observed: "Say, you ain't a lawyer or you'd be talkin'; you ain't a doctor, 'cause you ain't got no satchel, and you shore ain't a preacher, from the looks of you. What is your profession, anyhow?"

"I am a politician," replied Lorimer.

The Marylander gave a snort of disgust. "Politics ain't no profession; politics is a disorder."—Success.

COMFORTING

A lady who had recently moved to the suburbs was very fond of her first brood of chickens. Going out one afternoon, she left the household in charge of her eight-year-old boy. Before her return a thunderstorm came up. The youngster forgot the chicks during the storm, and was dismayed, after it passed, to find that half of them had been drowned. Though fearing the wrath to come, he thought best to make a clean breast of the calamity, rather than leave it to be discovered.

"Mamma," he said, contritely, when his mother had returned—"Mamma, six of the chickens are dead."

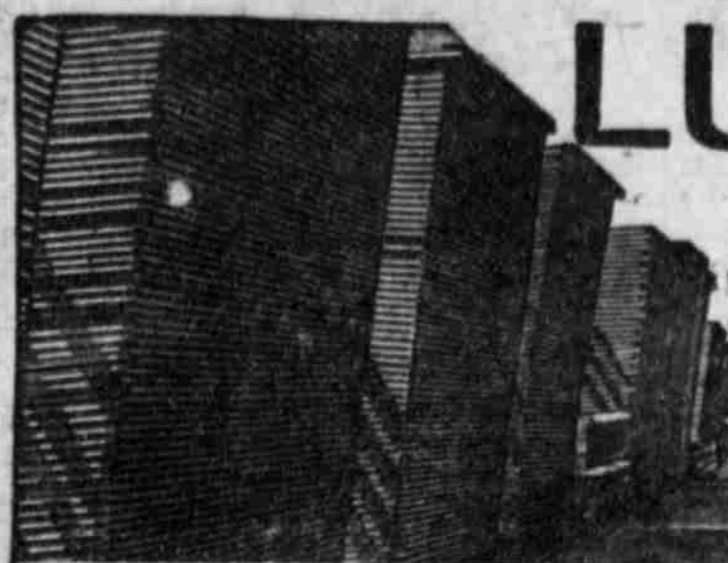
"Dead!" cried his mother. "Six! How did they die?"

The boy saw his chance.

"I think—I think they died happy," he said.—Harper's Weekly.

EFFETE RAILROADING METHODS

It signifies nothing to say that the United States leads the world in the number of railroad fatalities. We are in the railroad business in this country, whereas the single-track, narrow gauge, dinkey operations that pass for railroading in some of the old countries couldn't run down a cow; and, all told, there are not enough of them to make up one good sized American system. Before the old countries can hope to compete with us and organize the killing business on anything like a scale, they will have to borrow a magnate or two.—St. Louis Republic.



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