

make a few comparisons. The president of the United States receives a salary of \$50,000 per year. If a president were elected at thirty-five—the constitutional limit—and served until he was seventy-five—forty years—he would earn only two million dollars; and yet many times this amount has been made in a day by a corner in stocks or farm produce.

If a railroad or insurance president receives \$100,000 a year we call it a big salary, and yet if such an official were elected at twenty-one and served for fifty years he would only receive five millions—less than a railroad president can make in a day by simply issuing a new block of watered stock to himself or by selling a branch line to his road.

If Adam had lived until now, and saved ten dollars every day, his total savings (without interest) would be less than twenty-five millions, and yet one man has, by controlling the price of oil, amassed a fortune estimated at twenty times that amount. Rockefeller's annual income is probably equal to the average annual salary paid to one hundred thousand school teachers. Does he give to society a service equal to the service rendered by the teachers? If not, either he is overpaid, or the teachers are underpaid.

The swollen fortunes whose abnormal growth excites a just alarm are largely due to tariff laws, stock gambling, municipal franchises, industrial monopolies, or to the manipulation of railroads. Some large fortunes have been made in mining, but wealth taken out of the earth is not gained through the wronging of others, and unless the mine owner obtains a monopoly of the product, his output, by increasing the supply, tends to diminish the price to consumers. Some large fortunes have been made by the increase in the value of city property, and these fortunes have given rise to the discussion—and an important discussion it is—of the unearned increment.

Our tariff laws shut out foreign competition and permit the domestic manufacturer to charge an excessive price for his product. It is a transfer of the taxing power to private individuals, and the wrong done the consumers is concealed in the price of the goods. A reduction of the tariff will prevent swollen fortunes insofar as they are built upon high import duties.

Stock gambling naturally leads to the cornering of the market, for those who invest largely in speculative transactions are not likely to withstand the temptation to enrich themselves by obtaining control of the market. The remedy for stock gambling is to be found in legislation which will protect the innocent public from stock conspiracies, and in the development of a public opinion which will visit condemnation upon big gamblers as it is now visited upon little gamblers.

A number of large fortunes can be traced to the reckless granting of municipal franchises. The large cities naturally offer the richest fields for exploitation, and New York, Philadelphia and Chicago have been worked to the limit. There is an enormous value, increasing as the city grows, in the use of the streets, and the corporations which have secured franchises have rivaled our mints in the coining of money. Many of these franchises have been secured by corrupting the city councils, nearly all of our large cities having suffered more or less from the boodler and the grafter. Municipal ownership and operation of municipal franchises offer the surest remedy, and the cities are all gravitating toward this. However, until public sentiment is ready for this remedy, increasing safeguards should be thrown about the granting of franchises. First, the term should be made as short as possible. It is a criminal folly to grant long term franchises, for, while a purchaser would hardly pay more for a thousand-year franchise than he would for one running fifty years, the community is tied up indefinitely. Long franchises are necessarily one-sided, since the corporation can abandon the franchise at any time if it finds it unprofitable, while the city can with difficulty extricate itself if it finds it has been too generous.

Second, every franchise should contain a clause permitting the city to take control of the property upon equitable terms. Third, the franchise should be given to the highest bidder, and the city should reserve the right to regulate the rates to be charged. Fourth, no franchise should be granted without a referendum vote. Franchises belong to the people, and the people should be consulted about the granting of them, as they generally are about the issuing of bonds. Many enormous fortunes have been made by the manipulation of railroads. These fortunes are not drawn from salaries or made out of dividends upon the stock, but are made by

the issue of fictitious capital, by speculation in the stock of the road, and by the selling of branch lines, equipment, etc., to the road. Sometimes the president or controlling director buys up small lines, reorganizes them by the issue of new stock and bonds, and then sells them at an advanced price to the road which he controls; sometimes the directors form themselves into a construction company and by contracting with themselves make an exorbitant profit; sometimes roads are wrecked, and when the stockholders have been discouraged and compelled to sell at a low price, the purchasers rehabilitate the road and then float some more stock. But we have about reached the end of the exploitation of the public by the railroads. Public sentiment has been so awakened that we may expect remedial legislation in the near future. As the railroads will be discussed in a separate article, it is not necessary to dwell upon the remedies at this time.

The industrial monopolies have been the most fruitful source of abnormal, unnatural and swollen profits. The Standard Oil company stands first among the offenders in this respect. It has resorted to every cunning device employed by other monopolies, and, in addition, has invented several new ones. It has overreached its competitors by means of secret rebates; it has bankrupted rivals by selling below cost in their territory while maintaining higher prices elsewhere; it has employed dummy corporations to carry on its work; it has concealed its profits, burnt its books to avoid investigation, corrupted courts, debauched legislatures and coerced executives. In a word, it has built colossal fortunes by perpetrating gigantic wrongs, and has clothed its iniquity with hypocrisy.

The steel trust is another illustration of the power of monopoly. It floats upon water, having capitalized its power to extort from the public. According to its last annual report its gross sales amounted to nearly eight hundred million dollars, its net profits exceeded the entire amount paid for labor, and amounted to some twenty per cent of the gross sales. There are smaller trusts, such as the harvester trust, the paper trust, the tobacco trust, the meat trust, etc., etc., but the trusts are one in object and alike in method. The remedies have been discussed in a former article.

At first, attention was attracted to the wrong done to the victims of the trusts; now, however, the public is beginning to consider also the demoralization which unearned wealth has brought to its possessors. The conscious violation of moral law in the amassing of money; the continuous suppression of the conscience in business transactions, and the wanton violation of the rights of others—these have so perverted character that the swollen fortunes have become as much a curse to those who control them as to the country at large.

The fundamental argument advanced in defense of laws protecting property rights is that the possession of property stimulates industry and economy. People will not labor if the idle can claim an equal reward with the industrious; people will not practice self-denial if those who save have no advantage over the spendthrift. But this argument can not be invoked in defense of swollen fortunes, for fortunes which rest upon injustice discourage a thousand where they encourage one—and even in the case of the one it is not encouragement, but rather the inflaming of avarice.



#### "A QUESTION OF PRIORITY"

In its issue of January 31, Mr. Hearst's New York American printed the following editorial:

"On Monday, January 27, at Washington, Mr. Bryan, in a newspaper interview, laid down as his own view on the currency question which, to the American, is especially interesting. In fact, the American does not hesitate to pledge to this view at least its full indorsement and support. It is not a view which we remember to have heard from Mr. Bryan before, and yet there is something about it distinctly and pleasantly familiar. The candidate for the democratic nomination is discussing a more flexible currency, and his plan is so exactly similar to a plan suggested by another public man who is not a candidate that it will be interesting to place them side by side. Mr. Bryan's view was expressed on January 27. On January 9 Mr. William Randolph Hearst made public through the press a letter to Mr. Charles A. Walsh, of Iowa, outlining his conception of the plans and principles on which the Independence League should be organized in the several

states. In the course of that letter Mr. Hearst also gave his views of a flexible currency, and we place his views and Mr. Bryan's side by side for comparison:

MR. HEARST ON JANUARY 9 MR. BRYAN ON JANUARY 27

I believe that the best plan to secure a more flexible currency adapted to business exigencies or financial crises is to have the government issue a specified amount of money and have the secretary of the treasury loan it to the banks, preferably the national banks, on security approved by the secretary of the treasury, and at an interest sufficient to secure the retirement of the issue when the necessity for it has passed.

As to the elastic currency, I think provision could be made for sufficient elasticity in times of emergency by a law providing for the issue of United States notes, such notes to be loaned by the government to the banks upon adequate security, and at a rate of interest which would compel the retirement of the notes when the emergency is over.

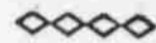
"Mr. Hearst has no intention of visiting upon Mr. Bryan, even in a facetious vein, the imputation of being a careful reader and a docile pupil. He is only too glad to have so able and eloquent a recruit to a currency idea which expresses his earnest conviction."

Mr. Bryan appreciates Mr. Hearst's indorsement of his views and Mr. Hearst will be glad to know that Mr. Bryan is not a new convert.

For instance, in The Commoner of December 20, 1907, Mr. Bryan said: "The president indicates that he is willing to approve of a measure which will permit the issue of temporary bank note currency on bonds deposited. While this would be better than currency issued on the general assets of the bank, it is not necessary to make even this change. Whatever elastic currency is needed ought to be supplied by the government by the issue of United States notes like those now in circulation, and these notes can be loaned to not only national banks but state banks.

In The Commoner of December 13, referring to the President's message, Mr. Bryan said: "While it is some relief to find that he has resisted the entreaties of the New York bankers to the extent of refusing to endorse the asset currency it is to be regretted that he did not declare himself in favor of the issue of treasury notes as an emergency—such notes to be issued to state as well as national banks on such bonds as may be considered safe."

In The Commoner of November 8, Mr. Bryan said: "Such elasticity as is necessary should be controlled by the government and not by the banks. The government could furnish a certain amount of elasticity by increasing and decreasing government deposits according to the needs of business; or it could provide for the temporary issue of treasury notes on government bonds whenever an holder of bonds is willing to surrender the interest; or it could issue treasury notes in any emergency. But none of these plans will suit the financiers; they insist upon absolute control of the nation's finances—they to reap the advantage while the public bears the burden and takes the chances."



#### THAT "FULL DINNER PAIL"

In St. Louis, Chicago, Philadelphia and New York there have been demonstrations by "the unemployed," and the campaign slogan was "four years more of the full dinner pail!"



#### DEPOSITORS SHORT, TOO

The Sioux City (Iowa) Journal says: "The National Bank of North America failed to get its share of the returned confidence." The Journal might have added that the depositors are a little short on that "full dinner pail."



#### JUST THE MAN

George Ade, the humorist, has been selected as one of Indiana's district delegates to the republican national convention. The Commoner suggests that Mr. Ade be chosen as chairman of the resolutions committee. He will be just the man to write a plank promising the people that "after the presidential election" the tariff will be revised in the interest of the public by a political party which derives its campaign funds from the high-tariff beneficiaries.