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ARE BUYING RAILROADS

The People of Switzerland Will Soon Try Government Ownership

DECIDED BY REFERENDUM

Will Pay Twenty-Five Times the Average Profit for Past Ten Years

Large Affirmative Vote

The people of Switzerland have decided, by the referendum method, to buy up all the important railroads of that country and have them operated by the government. In an interesting article in the New Age, Mr. J. B. Macdonald tells how this interesting and important step was brought about. He says:

"On Sunday, February 20, 1898, the people of Switzerland were called upon to decide whether they would become the owners of their railroads or whether these should remain in the hands of private companies. Throughout each canton voting papers were distributed with this question upon them: 'Will you accept the federal law of October 15, 1897, for the purchase and administration of railways by the federation and for the organization of the Swiss Federal railways?' Opposite, as in our own ballot papers, was a space for the answer, 'Yes' or 'No,' and the addition of any other word would invalidate the vote; copies of the law were also distributed among the voters. The large majority answered in the affirmative, 354,138 voting for the bill and less than half that number, only 177,130, against it. As the result, the principal lines in Switzerland will in five years be the property of the nation. This is a very different result from that of a referendum, which was held on the same question, but with reference to the lines of one railroad company only, six years ago, December 6, 1891, when 289,406 voted against and only 130,729 in favor of the acquisition of the Central railway by the federation. It has been a long business on the part of the advocates of state railroads in Switzerland to educate the people up to their views. The question is one of special importance to the whole country, for by its geographical position, far away from any sea front, with intercommunication between one part and another hampered by chains of mountains, it owes its commercial development to its railroad engineers who have made it the highway of nations, and also the holiday ground for the wealth of all countries. The lover of nature may give a shudder as he sees the black line creeping along the magnificent gorge, and even desecrating the regions of perpetual snow, but to those who live among the heights it means possibilities of development formerly unattainable, and to take it away would be to take away their livelihood. But the same physical features which make railroads specially important to the country make them also specially difficult to build and to finance, and hence the question of their public control, though it has been so much agitated, has been shirked until the present time.

THE FIFTY YEARS SINCE.

"The idea was first prominently put forward in the debates on the constitution of 1848. It was then declared that article 23, providing that the cantons may carry on at its own expense or may subsidize public works, and giving it to this end the right of expropriation with indemnity, has special reference to railroads, and it has been inoperative since then for private companies to maintain in undisturbed possession. It was even proposed at that time that the state should open up its own railroads. Our engineer Stephenson was consulted as to the practicability of such an enterprise, and declared that it would be impossible, owing to the difficulty of construction, to estimate the expense beforehand; but he and other experts seem to have been strong in their condemnation of the extortions practiced by private companies elsewhere. The federal council and a committee of the national council declared themselves in favor of state enterprise, the latter closing its report on the subject in May, 1848, with this stirring injunction: 'Declare resolutely that the Swiss railroads shall be a national work, an indissoluble bond between our different populations, a fresh undertaking of a democracy full of life, an imposing monument of our new constitution.' But the federal assembly could not face the risk of such a great undertaking; they would not even take partial liability and partial authority in the schemes of private companies, but put all responsibility on the shoulders of the cantonal governments, reserving to themselves only the right of refusing sanction to plans which threatened danger from a military point of view.

THE RAILROADS AND THE LAW.

"Under the cantonal authority difficulties soon became manifest; the development of railroads soon proved to be an affair of much more than local importance; international questions entered in and caused complications; cantonal jealousies made it easy for

the private companies to dictate their own terms; and then again when these went too far and became too dictatorial the cantons refused even their reasonable requests, so that the companies appealed for protection against them. At last the federal government stepped in and in 1872 took back power into its own hands by the federal law of 1872, which remains in force to the present day. By this act it provided for the enforcement of any branch of contract against the companies for the regular administration of postal, telegraph and military communication, and for the exercise of its authority in various other directions. The federal council (who correspond to a certain extent to our cabinet) in their report at the time remained faithful to their old ambition for state control which they had cherished from the beginning, and declared that if the companies failed to give satisfaction the next law would provide for their suppression by the state. Since then many subsidiary laws have been passed, dealing with the railroad companies, such, for instance, as that of 1890, limiting the hours of work of their employes.

FIRST ATTEMPTS AT NATIONALIZATION.

"Meanwhile the companies themselves had been gradually opening up the country amid all the ups and downs of fortune of which the state had fought shy. By the end of 1894 they had 3,444 kilometers, a capital of 1,182,258,354 francs, and had suffered losses amounting to 94,941,532 francs. Many of the companies which started independently had amalgamated; while small local lines such as those objectionable funduculars up the mountain sides remained unabsorbed. Great engineering feats had been accomplished which were the wonder of the whole world, but they had entailed, as was foreseen, great risks, and the suffering and loss caused by failures and panics had been more severe in the case of private companies than they would have been if borne by the state. The extreme anxiety to make money had also blinded the companies to the interests of the people and had caused unnecessary waste and inconvenience. These things were noted by the watchful federal council, and in 1883 they tried to make use of the power which fell to them in that year to give notice that in 1888 the companies would be bought up by the state. But the financial basis of this arrangement was found to be unsound; the twenty-five years' purchase which the state was bound to pay amounted in the case of each company except one to more than its first value; and it was therefore decided that instead of taking over the property to the companies a law should be passed forcing them to keep their accounts in such a way as to form a fair basis for future purchase. Not discouraged by this failure, the federal council in 1887 put forward another attempt. It proposed to take over the lines of the Northeastern company by friendly agreement, but received such cold support from the chambers that it was obliged to break off negotiations. In 1890 the federal assembly took a step in advance by using powers which the federal council had legalized in 1857 and buying up so many shares in the Jura-Simplon railway that they became entitled to a considerable voice in its management. At the same time they paved the way for the great move which they have now taken, and which has now been ratified by the people; for they made stipulations that the confederation should have the right to buy up all the lines in May, 1907. This opportunity the federal council was determined not to let slip; five years' notice was required for the purchase, and this accordingly falls due in the spring of this year in the case of five of the large companies, the St. Gothard being purchased in two years later. Meanwhile they made, as we have already seen, still another attempt in 1891, when they proposed to buy up the Central Railway company, and were defeated at the referendum.

THE COUNCIL'S ARGUMENTS.

"On March 25 of last year the federal council sent a 'message' to the federal assembly laying before them the proposed law, which, with a few alterations, was circulated among the people before the vote, which details as to its financial issues, etc., and giving the history of the development of railroads in Switzerland and of former attempts at nationalization. They also devote a considerable space to arguments in favor of state control, among which we see all those which are so often urged among us, but with far less persistence and publicity. First and foremost, they put the argument that while a private company acts primarily in the interests of its shareholders, the state's first object is the convenience of the public. They lay down most stringently that after paying the interest on the capital borrowed for the purchase, all profits shall go, not into the state funds, but into the improvement of the service, by increasing its efficiency and lowering the fares. They then show very clearly and practically the advantages to be gained by:

"Unity of administration, involving saving of labor, simplification of book-keeping, less expense in providing railroad plant, greater security of traffic. They lay down the principle of a 'living wage for their employes, and promise to carry out more fully than the companies have done the provisions as to limitation of hours and the arrangements for pensions and sick benefit which already exist.

"The cheapening of transit, both for passengers and goods.

"The establishing of a sinking fund for the redemption of the original capital.

"4. Finally, the freedom from foreign influence which may creep in with foreign shareholders, and the entire distinctness of the railroad funds from those of the state, so that they may be devoted to improvement in the service.

STATE MANAGEMENT.

"The financial basis of the arrangement had been settled in the former charters given to the companies as amended in 1883; the sum to be paid by the state is to be twenty-five times, the average profits for the past ten years. The boards which shall have the management of the business under the state are to be constituted with a view both to continuity of action and also ample representation both of federal and cantonal interests. It is only the six largest companies which are to be taken over at first; the smaller ones can be safely left to local management for the present.

"The plan thus carefully drawn up and explained by the federal council was under discussion in the chambers for several months last year. On October 15 it was finally accepted by them, and then followed the final agitation to bring the merits of the scheme before the people at large, which, as we know, has just now come to an overwhelmingly successful issue. We shall all watch with interest the further working of this measure which has been so long fought over, so often delayed, and which is of importance not only to the country which has adopted it, but to others to whom its success or failure will be a practical object lesson."

A CRUSH AT THE CAPITOL.

Thousands Tried to Get Places to Hear the President's Message.

WASHINGTON, April 7.—Never in recent years, if ever at any time, has there been such demand for admission to the halls of Congress as was made today. People who appreciated what the conditions of affairs would be were at the doors of the big building before 9 o'clock and they were there in such numbers at this time that when the doors were opened not to exceed half of them could find seats in the galleries of either the Senate or House.

In five minutes all the public galleries were filled and the crowds in the corridors were so dense that it was difficult to believe that any had found seats and been removed from the throng. On the floor the greatest excitement and activity prevailed. The leaders rushed hither and thither rallying their forces. Rumors flew about. Here indignation was riot against the report that the President would ask for discretion as to when intervention should take place; there a staunch supporter of the President was counseling calmness; here a group was discussing the probability of an alliance between the Democrats and the dissatisfied Republicans; there an appeal to a group of Republicans was being made to stand solidly by the President and party organization. The battle was already on. In a corner of the capitol the house committee on foreign affairs was meeting. In the old library hall, the "reconcilers," as the Republicans who have been urgent for action have been called, were discussing the latest phase of the situation with stormy words. Everywhere with the militant spirit which comes with events that stir the blood and quicken the pulses.

No more inspiring scene could be witnessed than was presented by the great hall of the House of Representatives just before the House met. Tier upon tier of people from gallery rail to wall stretched in an unbroken line, the gay colors of the gowns and hats and flowers of the ladies relieving the somber black of the garments of the men. Above the speaker's desk the festooned silk flag of the American republic was to the eye the symbol of patriotism which throbbled in the breast. And opposite the Speaker's chair the great clock with its gaudy warriors ticked away the minutes as the vast assemblage waited the message which carried the fortunes of the American people.

A memorable scene was presented at the opening of the Senate. An audience that tested the full capacity of the accommodations had filled the galleries hours before the Senate convened. It was by no means an ordinary crowd of gallery habitués. Members of the families of most of the distinguished men in American public life were there, representatives of the several foreign legations occupied the diplomatic gallery, and persons distinguished in all walks of life had come to witness a scene that promised to form an important page in American history.

A message was expected from the President of the United States that night, in its results, mean war between two great nations, and intense interest bordering upon anxiety was when it was learned that the message was not to be sent in to-day there was much disappointment.

A Married Woman Takes Her Life.

WENNA CITY, Mo., April 7.—At Orange, a small town three miles north of this city, Mrs. Faraba Roberts committed suicide yesterday by taking laudanum. She was a widow and leaves four children.

REGULATION A FAILURE

The Interstate Commerce Commission Declares Railroad Regulation a Sham

FEDERAL COURTS TO BLAME

Recent Decisions Deprive Commission of Powers Exercised For Ten Years

FACTS FROM OFFICIAL REPORT

The interstate commerce commission has virtually thrown up the sponge. Hand in hand with the annulment of state regulation by the supreme court of the United States comes the annual report of the inter-state commerce commission, saying that the law under which it operates has been practically repealed by the federal courts.

The commission gives the history of several cases which have been appealed from the tribunal to the federal courts in the past two years with the result as given above. Among them is the case of the Cincinnati, New Orleans and Texas Pacific Railway vs. Inter-State Commerce Commission. In this case complaint was made that rates charged by the company were unreasonably high. The commission, after a full hearing, decided in favor of the complainant and issued an order reducing the rate to what it considered reasonable under the testimony. The case was carried up to the supreme court, which decided in the words of its own syllabus that, "The inter-state commerce commission is not empowered, either expressly or by implication, to fix rates in advance." That is to say this decision forbids the interstate-commerce commission from fixing rates in any case whatever. If the commission thinks a rate is unreasonable it may so declare, but it CANNOT SAY WHAT RATE IS REASONABLE. Speaking of this decision the commission says in its report:

"The Commission exercised this power in a case commenced in the second month after its organization and continued to exercise it for a period of more than ten years, during which time no member of the commission ever officially questioned the existence of such authority or failed to join in its exercise. As already stated, the authority of the Commission to modify and reduce an established rate and to enforce a reasonable rate for the future was not questioned in the answer of the defendant in the Atlanta rate case, decided March 30, 1896, nor had it ever been denied in any of the answers made to more than four hundred cases previously commenced, many of them alleging unreasonable and unjust charges, and praying the commission to enforce a reduction and lower rates in the future.

That is, for ten years the Commission has been exercising the right under the act to hear evidence upon complaints that rates were unreasonable and if it found the evidence sustaining the charges, it ordered the rates reduced to what it believed was reasonable.

It is now stopped at the first step by the Supreme Court. It can hear evidence. It can decide whether a rate is reasonable or not. That is where it must quit. As the report well says on page 13:

The same rule of interpretation which denies the authority of the Commission to fix a reasonable rate for the future, after issue made and facts found, will, when the occasion arises, be found to leave the Commission without any authority, in the absence of additional legislation, to enforce any order to prevent unjust discrimination or undue preference in the future. The other sections and provisions of the law are in aid of and were intended to make effective the first three sections, which relate to and were intended to make unlawful and to prohibit unreasonable charges, unjust discriminations, and undue preference, and without authority to make these three sections effective in the future practically all of the Commission's duties toward executing and enforcing the vital provisions of the act is to inquire into wrongs done in the past and report the results of its investigation to itself.

If the inter-state commerce commission cannot fix a reasonable rate when it finds an unreasonable one, how on earth is it to be fixed? What remedy is left to the people who suffer from an unreasonable rate?

The United States Supreme court was kind. It gave "permission" to the people of the state of Nebraska to apply to the federal circuit court for leave to regulate railway charges in this state. That was in the maximum rate case. In a case it gave the shipper, who paid unreasonable freight charges, the right to bring suit for excessive charges paid before the report on this point, (pages 11-17).

dealer who ships, to whom in the main it does not rightfully belong, might, if anyone could, recover the excess of unlawful charges. Prevention, by fixing and establishing reasonable rates of charges in advance, is the only practical legal remedy for extortion and unreasonable and unjust charges. Rates to competing and distributing centers are not, for the most part, unreasonably high; they are frequently quite low. The mass of less populous cities and towns, small, intermediate, financially weak, and less important shipping places are made to pay the high rates. It is largely those weaker places and the shippers to and from them which most need to have reasonable transportation rates secured to them by a law which shall be so plain that neither the Interstate Commerce Commission nor the courts can misunderstand nor misinterpret its meaning.

"The producer does not ship directly to market, but sells to the middleman, who ships to market and pays the cost of transportation. Grain, cotton, hay, and the products of the dairy are handled in this way. Now, in all these cases while the middleman actually pays the freight, very little, if any, of the loss in case of an unreasonable charge falls upon him. If the rate on cotton from Memphis to Boston is advanced \$1 per bale, either the cotton planter receives that much less for his product or the New England mill pays that much more for its raw material, or the loss is divided between the two. The cotton factory that handles the product loses nothing whatever. If the rate on flour from Minneapolis to New York is advanced 25 cents per barrel, the problem becomes a little more complex, but the probability still is that the miller loses little if anything. The real hardship falls upon the farmer who produces the wheat out of which that flour is made or the consumer who uses the flour at the other end of the line. So, too, the rule of very little consequence to the merchant, provided it is the same to his competitors as to himself. He adds to the cost of his goods in the market the expense of transporting them to the point of distribution, and the sum total is their cost to him, upon which he makes his profit. An advance in coal rates to a particular locality does not affect the coal dealer. His customers are the farmers."

"Now, the only person under this law who can sue the carrier and recover judgment for an excessive freight rate is the person who actually pays the freight money. The real loser can by no possibility recover any part of this extortion. The price of wheat in Sioux City is fixed by subtracting from the price in Chicago the rate from Sioux City to Chicago. If the rate is 3 cents higher than it ought to be, the Iowa farmer receives 3 cents less for his wheat. The trader who buys this wheat and sends it to market is absolutely unaffected by the rate, and yet he, not the farmer, is the only person who can recover from the carrier the unreasonable extortion."

A careful reading of all these brief extracts from the official report of the inter-state-commerce commission is enough to convince any man that the action of the federal courts has utterly destroyed the power of the commission to afford any relief whatever. For ten years the commission has been trying to adapt itself to the circumstances with which it was surrounded. Under its present chairman, Wm. R. Morrison, for six years a congressman from Illinois, it has been making considerable headway against unjust inter-state rates. As it says elsewhere in its report out of 135 formal orders made sixty-eight were for a reduction of rates. None of these were made without hearing of all the evidence the companies had to produce. Now comes the supreme court and sweeps its entire authority to order rates away. It can continue to sit like a mummy in a glass case and hear complaints. It can find rates unreasonable. But it cannot make a rate that is reasonable.

The commission naturally asks for legislation that will give it power to act. It particularly asks for power on one subject of especial interest to Nebraska—that is the power to regulate through rates and divide the charges equitably between the various lines which compose the through line. On this subject the report says:

"We have before us at the present time a complaint which alleges that the rate from Chicago, Ill., to Kearney, Neb., is discriminating and unlawful. The rate is made in this way: There is an inter-state rate from Chicago to Omaha. The rate from Omaha to Kearney is fixed by the railroad commission of the state of Nebraska. The through rate from Chicago to Kearney is made by adding to the through rate to Omaha the local rate from Omaha to Kearney. Merchandise is transported by continuous shipment upon through bills of lading from Chicago to Kearney at this rate. The merchants of Kearney insist that this manner of making the rate discriminates against them in favor of the merchants at Omaha; that it is not properly a through rate at all. Now, it is our duty to give our opinion that this contention is well taken and that Kearney is entitled to a lower through rate, our only power, as we have hitherto interpreted the act, would be to enter the through rate. We might order a reduction of the whole rate, but we could not determine how that reduction should be shared by the different carriers. If the carriers refuse to agree about that, it is difficult to see how the order could be enforced. Clearly, to make and enforce such an order, we must have power to determine the divisions of this through rate between the different roads making up the joint line."

The more thoroughly one studies the subject of railway management the more utterly hopeless appears the prospect of ever securing regulation of rates or prevention of discrimination through the means of commissions. Further promulgation of the subject will be made in another article of this series.

IT SHOULD INTERVENE

The Time Has Now Arrived For Action in Behalf of the Struggling Cubans

STATEMENT FROM MR. BRYAN

United States' Interests in Cuba as Important as Spain's

Human Rights and Business Interests

Mr. Bryan has given a statement concerning the Cuban trouble to the Associated Press for publication. He has been importuned for a statement for some time but up to the present has said very little to say. All that he had seemed to indicate that he favored the independence of the island. This last statement makes his position plain.

He says: Yes, the time for intervention has arrived. Humanity demands that we shall act. Cuba lies almost within sight of our shores, and the sufferings of its people cannot be ignored unless we as a nation have become so engrossed in money making as to be indifferent to distress.

Intervention may be accompanied by danger and expense, but existence cannot be separated from responsibility, and responsibility sometimes leads a nation as well as an individual into danger. A neighbor sometimes incurs danger for a neighbor, and a friend for a friend.

War is a terrible thing and cannot be defended except as a means to an end, and sometimes it is the only means by which a necessary end can be secured. The state punishes its own citizens by imprisonment, or even death, when counsel and persuasion fail. War is the final arbiter between nations when reason and diplomacy are of no avail.

Spain might not resist intervention; it is to be hoped that it would recognize the rights of the United States to act and immediately withdraw from Cuba, but whether it resents intervention or not, the United States must perform a plain duty.

Our own interests justify intervention. Spain has governed Cuba so badly as to excite continuous revolt, and after exciting revolt has shown itself powerless to restore order and enforce law upon the island.

Spanish rule in Cuba has disturbed the United States, interfered with business, increased the expense of guarding our shores and drawn upon the resources of our people to care for those made destitute by war.

We have as much right to demand the cessation of war in the interests of the people of the United States as Spain has the right to demand its continuance for its own benefit.

If the question is to be settled on the basis of human rights, surely our people have waited long enough. If, on the other hand, pecuniary interests are to be considered, then it must be remembered that the loss suffered by the United States and Cuba together far exceeds any gain which Spain could reasonably expect to secure, even if it had a hope of recovering Cuba by force of arms.

If the Cubans prefer death to Spanish rule it must be because Spanish rule has robbed life of joy and hope. If a nation sows to the wind it must reap the whirlwind.

TURNING STOVES INTO SHELLS

Buckstaff Brothers Foundry Send a Proposition to Secretary of War

Buckstaff Brothers, manufacturers of stoves and ranges of this city have asked the secretary of war to be permitted to furnish some of the munitions of war in case of a clash with Spain. The company agrees to furnish cast iron shells to any amount pledging that it is in a position to turn out from 50,000 to 100,000 pounds per day. Assistant Secretary Meiklejohn has placed the subject before the proper ordinance officials, and it may be possible that Nebraska will help make engines for Spain's annihilation.

If they can make as good shells as they do ranges and stoves the government will never regret if it makes a contract with them.

RECEIPTS DECREASE

Law Disappointing

A comparative statement of the government receipts and expenditures during March shows that the total receipts were \$32,958,750, a loss of about \$3,000,000, as compared with March 1897. The expenditures during March aggregated \$31,882,444, an increase of nearly \$3,000,000 over March 1897. This increase is partly due to the expenditures under the recent appropriation for the national debt.

The customs during the month were over \$7,000,000 less than in March a year ago, which were then abnormally heavy on account of the pending tariff act.

The receipts from internal revenue increased last month about \$1,000,000. When billions or more eat a Chocaret study enthrall, cure guaranteed, 10c, 25c.

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