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FINANCIAL DEVILTRY

The Fowler Bill Belies all Experience and all Recognized Economic Authority

Editor Independent: Never since the passage of the national bank law in 1862 has there been a financial bill passed that has not been presented and urged under a deceptive title. The Fowler bill, now pending, is no exception to the rule. But for disregard of truth and misrepresentation of well-established principles of financial economies the report of the committee, submitted by Mr. Fowler, surpasses anything that has ever been presented.

One is left in doubt as to whether the author of that report is wholly ignorant of the experience, teaching and literature of the last century, or has deliberately sacrificed truth and falsified all experience and philosophy at the behest of that organization of selfish scoundrels that has existed in New York city since the beginning of the civil war, and the members of which are now and have been and are troling the national banks of New York, and through these banks, under the special privileges granted by the act of 1862 and subsequent amendments and acts, controlling the financial interests of the country.

Never in the whole history of congressional action has any member of congress more completely excluded all possibility of his being regarded by those who know anything of the subject of his report, as both intelligent and honest. It is hardly possible even that the charitable conclusion, that he is a most unmitigated ignorant, can be entertained.

This bill, that belies all experience and all recognized economic authority, is not only a bill that belies the advantages of longer experience. This bill, that shows in no single section any evidence of intelligent honesty, is said to be intended to secure a "higher degree of intelligence and more permanent policy in the supervision of our vast banking interests."

There has been intelligence enough, but the difficulty has been that most of it has, in the management of our "vast banking interests," been wholly divorced from honesty of purpose. With a credit that for more than thirty years has been unsurpassed, and is still unsurpassed in the history of any country, this bill puts forward again the false pretense that it is intended "to protect the national credit."

With a credit that has not been impaired notwithstanding all the vicious legislation since 1862, and notwithstanding the granting of special privileges to financial combinations by which they have been able to double and treble the burden of public and private debts and put the larger part of the increase in their own pockets, this bill professes to protect the public credit against assaults through our demand obligations.

The report states that one of the objects is to relieve the treasury from the burden of greenbacks, treasury notes, etc., and yet it provides for the redemption in gold coin of "all legal tender money, including the silver dollar." It destroys every "method of payment" except gold, and calls this relieving the treasury. In God's name, what about the people? Who will relieve them when the volume of legal tender (i. e., standard of payment money) in circulation is reduced, practically by one stroke, from over 1,650 million to less than 450 million, while at the same time the discounts represented by the banks and discounts of national banks alone are increasing at the rate of over one million per day not excluding Sundays. The report pretends that the burden of redeeming the government legal tender paper will be transferred to banks, but where will the burden of redeeming the silver currency rest?

That bill, if it becomes a law, will prevent the entire gold from using its credit as money, but turns that same credit over to national banks and permits them to use it as money. It is equivalent to the government loaning these banks every dollar of national bank currency, issued at one-quarter of one per cent per annum. Is any man such a fool that he cannot see that national bank credit rests on the credit of the government? The asset currency proposition contained in this bill leaves it still resting primarily on the credit of the government, but ultimately upon the depositors of these banks. Is Mr. Fowler such a fool that he does not see that this bill is a trick to turn over to the national banks the entire credit of the government, and leave the government with the responsibility but without benefit? The pretended transfer of responsibility to the banks is a dishonest attempt at legislative jugglery, and no man with a school boy's knowledge of the subject ought to be deceived by it.

The pretense of imposing upon the banks "the burden of furnishing all the gold for export, and for any and all other purposes" ought to deceive no one. It is ridiculously transparent. The machinery of this bill with existing laws puts it in the power of the national banks to make the government furnish all the gold they want. The silver dollar is quite as good an endless chain as greenbacks. What a ridiculous humbug it is to talk about placing on the banks the burden of "assumption of redemption" when the notes supposed to be redeemed retain all the legal tender quality they now possess, when every one of them will be the equal of gold for all purposes except duties on imports and interest on the public debts. Such jugglery is not the product of ignorance, but of very intelligent rascality.

The statement of the purpose "to simplify and limit the government fiscal operations by confining it to the collection of its revenues and the payment of its expenses" is a most

purpose "to limit the government fiscal operations" so that there will be nothing whatever to interfere with the control, by the national banks, of both the issue of money and of the creation of credits.

Mr. Fowler very correctly calls these banks "credit merchants." He might just as correctly have called them manufacturers of credits. They are both. There can be no doubt in the mind of any one, who has any knowledge of the subject, that the primary and principal purpose of the proposed legislation is to assist the national banks in expanding credits.

For four or five years frequent warnings have been given that the New York bankers had purposes in view not in accord with the public welfare. These warnings have been ridiculed and denounced in and out of congress, by the so-called leaders of the party in power, as the mouthings and rantings of demagogues; but here, in this bill, are embodied all the iniquities and scoundrelly contrivances for public robbery of which any one has ever dreamed, and more. Not only is it proposed to tie the government hand and foot so that it can have no power over either the issue of money or the creation of credits, but it is proposed to bottle the whole matter up so that it will be next to impossible to undo the mistake by a change of administration, either executive or legislative or both.

It will be remembered that during sessions of 1899 bills were introduced providing for a board of comptrollers of three members, each with a tenure of office of twelve years. This would insure the control of this board for at least four years after any change of administration just as is provided in this bill. Mr. McCrory was frank enough in his report on the former bill to say that the intention of this provision was "placing our currency system beyond the reach of political accidents." The former bill would have made it impossible to have changed the board except by impeachment, or by a repeal of the law. The Fowler bill is not quite so bare-faced, but the purpose is none the less certain. The statement of Mr. McCrory is sufficient warning of the real purpose of the tritone board and twelve years' tenure of office.

The New York national bankers, not many of whom would be outside of the penitentiary if the law was enforced, do not now believe that there is so much necessity for such a guard of their interests as there was then. We have passed into a condition in which they have such control over the banks of other reserve cities and over the country banks, that any attempt to enforce the law against them would likely produce a panic, and so they feel secure against any prosecution. The rapid increase of the credits of these banks has increased their power to an alarming extent.

The time between February 5, 1901, and February 25, 1902, is covered by the comptroller's abstracts of the condition of national banks, and the increase of credits per day is shown to be as follows:

| | |
|--------------------------------------|-------------|
| Abstract 22-53 days-increase per day | \$2,034,975 |
| Abstract 23-78 days-increase per day | 1,117,152 |
| Abstract 24-82 days-increase per day | 553,415 |
| Abstract 25-77 days-increase per day | 801,422 |
| Abstract 26-71 days-increase per day | 276,610 |
| Abstract 27 days-increase per day | 1,175,657 |

These banks have increased their loans and discounts, since the fall of 1896, over \$1,250,000,000. These abstracts also show that we have already reached an expansion of bank credits that is encroaching upon the reserves, and that these banks cannot go much farther without danger of bringing the whole fabric down upon themselves. They are, therefore, anxious for the passage of some such bill as the Fowler bill that, by asset currency, will increase their power to further inflate credits, and, by branch banks, make more certain the control of the New York banks over other banks.

The fact is, we have reached a stage of bank credit inflation in which we have let behind all hope that these credits can ever be paid. The liability of banks to depositors, and the outstanding loans and discounts, cannot be reduced without disaster; much less can they be paid.

The New York financial combinations must control the administration of the government in order to save themselves.

FLAVIUS J. VAN VORHIS.
Indianapolis, Ind.

ASSOCIATED LIBELS

Associated Press Engaged in Libelling Democratic Senators—Some Lies Corrected

Washington, D. C., May 17, 1902.—(Special Correspondence.)—The Associated Press dispatches have committed a great libel on the Hon. Anselm J. McLaurin, United States senator from Mississippi. The papers throughout the land reported that Senator McLaurin had deserted his colleagues on the Philippine question to the extent of justifying the inhuman treatment given the Filipinos by General Smith and others of that stripe. It was said that many other democratic senators were opposed to the policy of their party on the Philippine question and would willingly follow Senator McLaurin's lead to get out of a bad hole. But the truth of the matter is that Senator McLaurin said nothing of the kind and the latter part of the statement contains no more truth than the former. The democrats in the senate are perfectly united on the Philippine question and the method of pursuing its consideration. Perfect harmony exists among them all. I wish they were united on all issues. But the Associated Press, willing as it always is to aid the republicans, gave a report to the country that on its face would show that Senator McLaurin from Mississippi was heading a number of democrats' arguments on this gravest of questions. They know that the republicans are badly in the hole on the question; that they have made several desperate attempts to have it closed; that they have refused absolutely to surrender to witnesses for fear of hearing the truth, and now the Associated Press has gone one better by deliberately misquoting a speech of a democratic senator. It is but the pursuit of the same old game that they have practiced to deceive the American people ever since they have had to read their dispatches.

There is also prospect of taking up the Hill bill relating to subsidiary coinage. The measure will be strongly antagonized by the minority, and may precipitate a discussion of the currency question. Early in the week the committee on rules will hold a meeting to decide whether or not time will be given to discuss the Pacific cable bill.

No political interest centers in the caucus which will be held tomorrow evening relative to the Fowler currency bill. If the final decision is to consider the bill in the house, it will, beyond the shadow of a doubt, be an item of interest in the fall campaign. There will be a strong opposition in the republican membership and the decision will probably be to let the bill alone at least until after election. "Uncle Sam" Cannon is stated to be the leader in opposition to the bill and he will make a strong fight against allowing the bill to be discussed on the floor of the house. The older and more conservative members of the party are against the consideration of the bill at all as a census of the members shows. The entire delegation from Illinois—with the exception of Mr. Bingle from Chicago—are opposed to the bill. On the other hand, Mr. Fowler, chairman of the banking and currency committee, is certain that a fuller explanation of the bill to the republican members will win it many supporters and as he has numerous able and influential members of his party behind the measure—and particularly as it is a good thing for the trust, the most to be expected is that the measure will secure many in its support.

The passage of the naval appropriation bill will clear the decks at the south end of the capitol for general legislation, which will fill in much of the time between now and adjournment. The general deficiency bill will not change up until a few days before adjournment and will not be likely to be discussed much either in the committee or on the floor. The prospects are that from now on the attendance will be very small, as many members are at home mending their political fences and looking for a renomination. The exodus has been so great during the past ten days that the committees have secured a quorum with great difficulty.

During the past week there has been much activity on the part of those favoring the passage of the Irrigation bill, which has passed the senate and has been reported to the house with some modifications. Speaker Henderson has promised to set aside a day for its consideration and the prospects are, from a centenary standpoint, that it will pass. But the leaders are opposing the bill, but as it has some strength on the republican side and is favored almost unanimously on the democratic side, it will probably pass. There has been a persistent campaign in favor of irrigation, which involves the allotment of lands made fertile by irrigation to bona fide settlers, who would be required by deferred payments to reimburse the government. The strong argument is that it does not take money directly from the treasury, but provides for using the proceeds from the sale of public lands for the storing of water and the conveyance of the same to the arid lands. There will undoubtedly be a strong opposition and if the bill passes it will be by democratic votes. The democratic party can claim credit for what has been done so far and the passage of the bill will be a great step toward making the western farmer a true friend of the democratic party.

The entire time of the senate will be used in discussion of the Philippine government bill, and there is no reason for changing previous predictions that the debate upon the measure will come to a practical close at this week's end. The fact that there will be an adjournment of the senate over the coming Saturday to permit that body participating in the Rochambeau statue unveiling, will have the effect of postponing the final vote from Saturday to Monday or Tuesday.

There is no longer doubt that the minority will permit the bill to be voted upon as soon as debate upon the measure will have been exhausted. Under present conditions the bill will take up most of the time this week and the prospects are that no other business will be sandwiched in with it. Speeches in favor of the bill will be made by Senators Spooner, Dilliver, Burton and Clapp, while in opposition Senators Hoar, Bailey, Bacon,

Papa?" and the house was convulsed with laughter. It closed by calling him "the greatest far who ever staid ashore." In a more serious vein, Mr. Williams took up the Sampson-Schley controversy. Whatever the official conclusion might be, the American people, he said, had come to the conclusion that Schley had something to do with the magnificent victory at Santiago. And yet it had happened that Maclay had written a book, had submitted it to Crowninshield, declaring that Schley was a coward and had nothing to do with the victory. Despite the imperial ukase that the Schley controversy must be dropped, Mr. Williams said that American people would not be stopped in drawing their own conclusions as to who the victor was and on whom the responsibility for his malignment rested. The bill will probably be voted upon on Monday and then several matters of importance will be discussed.

After finishing the naval appropriation bill, the house will proceed to the discussion of the bill coming from the committee on foreign affairs to regulate passports. One day will be devoted to claims, the regular day for that business having been postponed. Under a special order, a bill providing for the regulation of immigration will be taken up and a lively debate is to be expected.

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RAILROAD ASSESSMENT

As Predicted by The Independent, the Republican Board Insults the People by Making a Rate of Seven-Tenths of One Per Cent

The unexpected doesn't always happen. Frequently results can be forecasted with almost mathematical certainty. It required no gift of prophecy to foretell that the state board of equalization would make no appreciable raise in the railroad assessment this year, because the republican party in Nebraska has for many years been controlled by the railroad interests. It is not simply because the taxing board is composed of Governor Savage, Treasurer Steuffer, and Auditor Weston, that the railroads are assessed at such a ridiculously low valuation—but rather because the republican party, that is, the leadership of that party, is dominated by the railroads. There are individual republicans, of course, who are free from such a charge; but the party as a political organization is essentially a railroad party, a monopoly party. On the other hand there are undoubtedly some populists who wear the corporation yoke, although not many; but the party as a political organization is essentially an anti-monopoly party. For these reasons it is to be expected relief from railroad extortions and tax-shirking through republican administration; it cannot come except through an anti-monopoly party, and when the republican party ceases to be a monopoly party, it will cease to be the republican party.

Last week the board completed its work of assessing the railroads, deciding that the 5,704.84 miles in Nebraska should be valued at \$26,589,592.70, or an average of \$4,662.12 to each mile. This is about \$180,000 increase over last year's assessment, or the insignificant amount of seven-tenths of one per cent (.7 per cent, or an increase of 7 points out of a thousand.)

The following table shows the assessed value for valuation for the thirteen years, 1890 to 1902, inclusive, and the grand assessment roll for these years, except for 1902, that being not yet completed.

| Year | Assmt. Roll | Val. Val'n. |
|------|------------------|-----------------|
| 1890 | \$184,770,304.54 | \$29,854,221.05 |
| 1891 | 183,138,236.28 | 29,265,917.80 |
| 1892 | 186,432,376.71 | 29,339,631.00 |
| 1893 | 194,732,124.73 | 28,574,138.00 |
| 1894 | 183,717,498.78 | 27,939,178.50 |
| 1895 | 171,468,207.48 | 25,425,308.00 |
| 1896 | 167,078,270.37 | 25,424,708.00 |
| 1897 | 165,192,736.42 | 25,561,720.70 |
| 1898 | 167,810,764.79 | 26,108,936.80 |
| 1899 | 169,105,905.10 | 26,106,450.10 |
| 1900 | 171,747,593.41 | 26,346,735.90 |
| 1901 | 174,439,995.45 | 26,422,732.30 |
| 1902 | | 26,589,592.70 |

Last year the board assessed the Omaha Bridge & Terminal company, and did not do so this year. Comparing the property assessed both years the increase on railroad property alone is \$184,752.40, although the actual increase, as shown by the figures above, is only \$166,860.31. This is accounted for by the omission of the bridge property this year, which will be assessed by the county authorities in Douglas.

This insignificant raise in the railroad assessment is an insult to the intelligence of Nebraska taxpayers. It will help out the already overburdened state general fund to the tune of something over \$900 on the 5 mile levy allowed by law. It will result in about \$1,200 additional state taxes all told—general, university, and state school funds. And right in the face of the fact that two of the roads, the Burlington and the Union Pacific, have in the past nine months (ending March 31, 1902) increased their net earnings, over the corresponding period in 1901, as follows:

| | |
|---------------|-------------|
| Burlington | \$1,541,241 |
| Union Pacific | 2,796,084 |

Remember that these figures represent INCREASED net earnings—the actual net earnings for the 1902 nine-months period being:

| | |
|---------------|--------------|
| Burlington | \$15,690,140 |
| Union Pacific | 17,281,769 |

Yet the state board of equalization, let all the railroads in the state off with a paltry raise of \$1,300 for state taxes; and the total increase for all roads, state, county, and state school district—even at the high rate of 50 mills—would not amount to \$10,000 for the entire year for all the roads. The Burlington alone will draw from the people of Nebraska for net earnings (that is, the total charges for freight and passenger service, less operating expenses) in the neighborhood of \$9,000,000 or \$9,000,000 during the year 1902; but the people of Nebraska will receive from all the railroads in the state not to exceed \$1,300,000 in taxes of every description—and it is doubtful if the amount will reach \$1,250,000.

Whatever criticisms may be urged against the members of other boards of equalization, whether populist or republican officials, the fact remains that the present board deserves the severest censure for its action. The question of just and equitable taxation is a growing one, and it is idle to deny that the present board is better equipped for doing its full duty than the boards which preceded it. Only recently have the people come to a clearer realization of the fact that a railroad corporation possesses and enjoys valuable something which the owners of property generally do not possess or enjoy—that is to say, its franchise, its right to exercise the governmental function of eminent domain, condemning and taking private property for its use; its right to the exclusive use of a continuous strip

land as a highway; its right to charge for services "all that the traffic will bear." Only recently have the people come to a clearer realization of the fact that a railroad should be valued as an entirety—not as a scrap heap of ties, rails, box cars, and engines. Only recently have they learned that the railroad valued as an entirety is vastly more valuable than the combined values of all its visible constituent parts ascertained in the usual way. And the present board cannot escape criticism on the plea of ignorance. Other boards may, but this one cannot, because the whole matter has been very thoroughly discussed in the newspapers; it was presented in an able manner by M. F. Harrington in a letter to the board, and in the arguments of Edward Rosewater of the Omaha Bee and E. W. Simeral, his attorney, before the board. The Independent has been hammering away on this franchise question for many months—but, of course the republican board would not listen to a populist paper—but is it gratifying to note that Mr. Simeral and Mr. Rosewater have been close readers of The Independent. There is no copyright on the idea, but The Independent was the pioneer in the movement in this part of the west to tax railroad franchises and to show how the value of such could be ascertained.

What is a railroad worth? Let Judge Brewer answer. He cannot be charged with being a wild-eyed populist. "It is a cardinal rule," says the judge, "which should never be forgotten, that whatever property is worth for the purposes of income and sale it is also worth for the purpose of taxation." (Adams Express Co. v. Ohio, 166 U. S., 185 and 220.) It is not often that a railroad is sold outright, but ownership of a portion thereof is usually in the market in the way of stocks or bonds. Let us apply this to a Nebraska road or two.

Before the Northern Pacific bought the Burlington stock, the capitalization for every mile of line was:

| | |
|---------------|----------|
| Capital stock | \$14,503 |
| Funded debt | 22,707 |
| Total | \$37,210 |

The Hill crowd offered \$2 in 4 per cent bonds for every dollar worth of stock, and this was accepted. These new 4 per cent bonds are quoted at 96. The old bonds are not quoted, but it is not likely they are below par. Accordingly the actual value of the Burlington today as a conservative estimate \$50,000 per mile, or \$120,831,500 for the 2,416.63 miles assessed by the board at \$10,357,236.70, or less than one-eleventh of its actual value. 2,416.63 MILES B. & M.

| | |
|-------------------------|-------------|
| Actual value per mile | \$50,000 |
| Actual value | 120,831,500 |
| Assessed value per mile | 4,285 |
| Assessed value | 10,357,236 |
| At one-tenth | 12,083,150 |
| At one-eighth | 13,425,722 |
| At one-seventh | 15,102,938 |
| At one-sixth | 17,261,643 |
| At one-fifth | 20,166,300 |

Suppose we take the Union Pacific, not counting the branch lines—simply the 467.38 miles from Omaha west, which the board assessed at \$4,423,224, or \$9,800 per mile. Under the reorganization this road is capitalized per mile at:

| | |
|--|----------|
| Stocks | \$73,263 |
| Funded debt | 51,182 |
| Union Pacific 4s are selling at 105 1-2 to 106 3-4; preferred stock at 87 and common stock at 103 1-2. This would bring the actual value of the road to about: | \$66,000 |
| Stocks | 54,000 |
| Bonds | 54,000 |
| Or \$120,000 per mile. That is what the Union Pacific is worth on the market today. Yet this republican board assessed it at only \$9,800 per mile, or less than one-twelfth of its value. | |

467.38 MILES UNION PACIFIC.

| | |
|-------------------------|-------------|
| Actual value per mile | \$4,423,224 |
| Actual value | 56,085,600 |
| Assessed value per mile | 9,800 |
| Assessed value | 4,480,324 |
| At one-eleventh | 5,098,691 |
| At one-tenth | 5,908,560 |
| At one-ninth | 6,231,733 |
| At one-eighth | 7,010,700 |
| At one-seventh | 8,012,228 |
| At one-sixth | 9,347,660 |
| At one-fifth | 11,217,120 |

In order that the farmer may know whether the board did its duty, let him make a comparison with his own assessment. The different fractions of actual value are worked out down to one-fifth. The Burlington's assessment is little if any higher than its net earnings in Nebraska will be this year. If the farmer or business man were assessed no higher than his net earnings, the grand assessment rolls would shrink worse than they have.

Mr. Simeral's statement to the board that the Nebraska railroads are today worth about \$300,000,000 on the market, is about the correct figure. These roads are earning interest and dividends on that amount. They did not cost any such sum, but that makes no difference. When the farm rises in value its assessed valuation goes up—the cost is never figured in arriving at the taxable value of a farm. The question always is, What will it sell for? The Nebraska roads, or most of them are being sold every day on the stock exchange. They are worth three hundred million dollars; yet they were assessed a miserable sum, less than one-eleventh, less than 9 per cent, of their selling value in the market—and this, too, after fellow republicans to the members of the board, men higher in the councils of the party, had implored them to make a substantial raise. Even at one-eleventh actual value, the railroad assessment would have been over \$42,000,000, or over \$16,000,000 greater than it is.

PARCELS POST

Congressman Stark's Letter on the Measure—Believes It a Railroad Scheme

Representative Stark, of the Big Fourth district, is out with a letter to the papers of his district stating the facts regarding his position on the parcels post bill. The Independent is glad to publish this communication in full, because, although it does not agree with Mr. Stark's conclusions, it recognizes the fact that he is a thoroughly loyal supporter of populist principles and that no district in the state has been better represented in the past six years than the Fourth. The letter is as follows:

Washington, D. C., May, 1902.
Editor:
I have received a number of copies of the "Nebraska Independent," issue of May 8th with the following portion of an editorial marked "Populists and democrats in congress right along forget the principles they preached from the stump and advocate something opposed to those principles at times, because they believe their constituents, or some of them, might suffer if the true rule were invoked. For example, Congressman Stark last winter sent out a letter in which he made a savage attack on the parcels post bill, not so much because some republican devilry was lurking behind it, as because a parcels post would enable the farmers of his district to buy goods from Seigel, Cooper and Co., or Montgomery, Ward & Co., at a less price than they would have to pay from the local merchant. Here was a measure essentially populist in principle, opposed by a populist. And he was not alone in the opposition. A number of the Fourth district papers took it up and combated the bill, because it was a parcels post measure and not because it might have some bad features."

As I recall the matter a number of retail merchants of the Fourth district did write me as they had a perfect right to do, touching the proposed bill and I answered them, as was my duty. At the same time others wrote me and to the end that all may be advised, I submit a copy of a letter on that subject.

Washington, D. C., Feb. 13, 1902.
Fred A. Allen, David City, Neb.
My Dear Allen: I am in receipt of your letter touching the proposed parcel post bill and greatly appreciate the same. One of the foundation doctrines of the people's independent party is government ownership of the means of transportation and communication; that is, that the government should own and operate the means of interest of the people and the cost of the service to be fixed by the expense of operation. I am thoroughly devoted to those principles and as the years roll by, believe in them more and more. The idea of the parcel post bill now before congress is to so extend the postal service that it will perform the same class of work as is now done by the express business. Now the first question is, how do express companies perform their work? They maintain offices to receive and distribute and they rely absolutely on contracts, largely with railroads, to carry on their business. These contracts were made a great many years ago, for a long time, and were eagerly sought for by railroad managers to show a fine income to assist them in selling shares of their stock. Of late there is a disposition by the railroads to absorb the express business and make it a part of their own business. If the so-called Northern Securities company is held, by the supreme court of the United States, to be a corporation that can carry on the purposes the incorporators intended, then it will be a part of the express business, business will be carried on by the railroads and the express companies will be small affairs as are now the fast freight lines. One of the things the railroads desire to avoid is the regulation of express charges by law and it has occurred to them that if they can get that business generally made a part of the postal service they will then avoid supervision by legislation. It makes no difference what rates are fixed by the government, the railroads are not compelled to perform that service for those rates. As far as they are concerned it is a matter of contract between them and the government and they have a long line of adjudications by courts of last resort, that their property cannot be taken from them, in the matter of fixing rates as compensation for their services, without adequate compensation. That proposition has been declared in the maximum rate case from our own state and whatever we may think of the injustice of the decision, it must be remembered by practical men that it is the law. The courts have decided that they are the arbiters as to what shall be reasonable charges and not the legislative branch of the government. So then the postoffice department would have to pay them a rate which ultimately met the views of the court. As the railroads now receive about one-third of the appropriations for the postal service, they are satisfied with their present contract. The deficit in our postal system is brought about by the cost of carrying the mails and the money is made up from the general fund. And to supply the general fund an excuse would be made for all kinds of excessive taxation even to invading the legitimate objects of taxation by a state and thereby creating a sentiment in the states for the repeal of certain kinds of taxation on the ground of double taxation. Surely they are the arbiters as to what a central government. The railroads no doubt reason that as, so far the well paying service of carrying the mails has not got them into court or been any particular bother to them, why not increase the classification, especially as it would bring to them a business