

agrees that Mr. Butte is entitled to every consideration, but regrets to notice that he regards as prima facie evidence of honesty the fact that he is not a politician."

THE supreme's court's decision in the merger case does not appear to have occasioned any large degree of excitement. The New York correspondent for the Cincinnati Enquirer says: "Persons high in administration circles at Washington let it be known in New York's financial quarters today that in their opinion there need be no fear of fresh attacks on combinations of capital involving railroads or any of the industrials. It was said the Northern Securities suit had been begun as a warning against recklessness, and it is believed that the administration, considering the supreme court decision a victory, is not anxious to press matters."

ONE of New York's leading corporation lawyers, Judge John F. Dillon, is quoted by this same correspondent as saying that the Merger decision marked a recession from former harder decisions and that he could see nothing that resembled a menace to legitimate combinations. The Enquirer correspondent adds: "Wall street took practically the same view of the situation and Northern Securities stock advanced. James J. Hill said the future course of the company was uncertain, but that it would obey the law. Bankers, railroad officials and corporation lawyers who were willing to discuss the decision were almost unanimous in the opinion that in outlawing the Northern Securities company the supreme court at Washington had declined to extend anti-combine principle beyond the case at issue."

IN THIS connection, the statement made by David Willcox, president of the Delaware & Hudson railroad, are particularly interesting. Mr. Willcox, speaking to the Enquirer correspondent, said: "It is in reality a modification of the former interpretation of the Sherman anti-combine law. Justice Brewer, while concurring in the decree that the Northern Securities holdings of Northern Pacific and Great Northern was illegal, expressed very clearly his disapproval of any broad interpretation of the Sherman law. In his opinion he practically joined the four justices who constituted the minority of the court, and was counted among the majority judges merely so far as the judgment was concerned. From this it is evident that Justice Brewer would be opposed to declaring illegal any corporation unless it conspired to absolutely restrain trade." It is explained that Mr. Willcox and the general counsel of one of the other anthracite coal roads both expressed the opinion that the case now pending in the supreme court against the anthracite railroads would in no way be affected by the Northern Securities decision.

FRANCE celebrated on March 21 the centennial of the promulgation of that code of laws, which, known ultimately as the "Code Napoleon" and the "Code Civil" as the exigencies of French politics dictated, has been generally recognized as the most enduring monument to the great Corsican who built up a new France upon the ruins left by the revolution and who trampled the greater part of Europe under his feet. The writer in the Philadelphia Ledger says: "This celebration is of great historical significance, because the legal system which it established is a living force in the world today. It was imposed by Napoleon upon the countries which came under his sway, and still forms the basis of the laws not only of France, but of Belgium, Holland, Italy, parts of Switzerland, most of the South and Central American republics, and even of our own state of Louisiana. Its influence is strong also in Germany, in Spain and even in Russia."

IT IS pointed out by this same authority that "before the French revolution there was great diversity in the laws in different parts of the country, and the establishment of uniformity and simplicity in the legal system was one of the most urgent of the reforms demanded. Attempts in this direction were made after the fall of the monarchy, but it was not until the time of the consulate that anything was accomplished. Napoleon intrusted the work of codification to the ablest jurists of France, and to his stimulating energy is chiefly due the success of the great undertaking. It is not pretended that the code which bears his name was the work of Napoleon; but he got the work done, and, as a recent writer on his life and times has said of the preparation of the code, the first consul decided points upon

which the jurists disagreed, and even the most expert specialist rarely left the council board (council of state) without feeling that the marvelous pressure and power of elucidation of the great intellect that had presided had deepened his own knowledge of his particular subject.' Even when the courts of justice and the council of state had passed the code, Napoleon had to 'reform' the legislature into docility to secure its final passage."

IT IS further explained that the Code Civil did not introduce much new law, but simplified and effected a compromise of the provisions already existing, and was framed "to provide all with equal justice, equal privileges, equal opportunities for advancement." It has required considerable judicial interpretation and some legislative amendment, but remains today substantially as promulgated. There were really five codes of law enacted during the Napoleonic era, between 1804 and 1810; but the first is that which is in general parlance known by Napoleon's name. It deals with family relations, property, ownership and mortgages, etc. The later codes, promulgated during the empire, are not to be used by the present government as an excuse for glorifying Napoleon as emperor. It prefers to take as the special event for commemoration that which occurred during the first republic, and thus perhaps forestall any possible demonstration in the interests of the Bonapartist pretender.

FOR some time the treasury officials have maintained considerable anxiety concerning the canal payment of \$50,000,000. These officials have been anxious that this payment be accomplished without creating a disturbance in national affairs. The Philadelphia Public Ledger says: "The treasury department has arranged for the payments upon the Panama canal purchase in a way that will cause a minimum of inconvenience, and under the advice of the attorney general the whole transaction will probably be accomplished quietly within a few weeks or days. There is no obstacle to the payment of the \$10,000,000 promised to the republic of Panama, assuming the existence of a responsible government to receive it. The more important payment of \$40,000,000 for the property and franchises of the New Panama Canal company might be complicated by pending suits in France, but the attorney general evidently regards these as affecting only the distribution of the money and not the power of the corporation to transfer the title."

THE payment to Panama is in the way of a bonus or bounty. The payment to the canal company is in exchange for all its property and possessions, its rights, privileges and franchises, its own valuation of which was in excess of \$100,000,000. The Ledger writer says: "The present company was organized in 1894, upon the disastrous bankruptcy of the original undertaking, with a capital stock of 650,000 shares of 100 francs each—an aggregate of \$13,000,000. Fifty thousand of these shares were given, as full paid stock, to the Colombian government in return for the extension of the concessions. Colombia thus became a stockholder in the concern, and it is the effort of the Colombian representatives in Paris to prevent the transfer of the company's property to the United States that has given rise to any present complications. It is not believed, however, that there will be any obstacle to the transfer, though Colombia may claim a share of the proceeds. The nominal capital of the New Panama Canal company does not, of course, represent its financial obligations, but the price that has been agreed upon is supposed to approximate the present value of its assets. The most important of these is the stock—or 6,500 out of 7,000 shares—of the Panama Railroad company. This company held an exclusive concession from the Colombian government for all transit across the isthmus, and the grant under which the canal was undertaken was subject to these rights. It was necessary, therefore, for the original canal company to acquire the railroad company's shares, which are held in trust and are included in the present transfer. When the transaction shall be completed, the United States will thus become the actual owner of the Panama railroad, as well as of a strip of land ten miles wide along their course from sea to sea, virtually controlling all possible transportation routes. Fifty millions is not a great price for such a property. The estimated cost of completing the canal is \$145,000,000, to be extended, probably, over some ten years."

SO MUCH interest attaches to the recent decision by the United States supreme court in the Northern Securities case that the history

of that great merger will be at this time particularly interesting. A writer in the Brooklyn Eagle says: "The Northern Securities company was incorporated on November 13, 1901, under the laws of New Jersey, with a capital stock of \$400,000,000. The incorporators were James J. Hill and his friends, who controlled the majority of the stock of the great Northern Railway company, and J. Pierpont Morgan and his friends, who controlled the majority of the stock of the Northern Pacific Railway company. Mr. Hill was made the president of the company. The avowed purpose of the incorporators was to control these two great competing railway systems and operate them for the benefit of the stockholders in the security holding company."

AT THE time of the incorporation of the Northern Securities company, according to the writer in the Eagle, the two railway systems were the only trans-continental lines extending across the northern tier of states from the Pacific ocean to the great lakes. This writer says: "Together with leased, controlled and owned lines these roads aggregated about 20,000 miles and the two systems were in active competition, fighting each other at every point for an advantage in freight and passenger rates. It was alleged by the government that by the merger which it contended existed then, two things principally were sought by the combination that organized the security holding company—the virtual consolidation of the two great systems for a monopoly of freight and passenger traffic by the suppression of competition and the elimination of the individual, but particularly the minority stockholders of both companies, who would no longer have voice in the management of the affairs of either company, having ceased to be stockholders in the railway companies to be stockholders in the merger. The late railroad magnate, Collis P. Huntington, is accredited with being the first to use the security holding company, which later found its highest development and perfection of organization in that of the Northern Securities company."

AN EXPLANATION of the method by which such a company operates is given by this writer in this way: "The majority stockholders of the Great Northern Railway company join hands with the majority stockholders of the Northern Pacific Railway company. The merger is completed by the incorporation of the security holding company, which, in this case, was the Northern Securities company. To maintain control of the merger it follows that these combined majority stockholders must partition among themselves the majority of the stock of the security holding company in exact ratio to their original holdings. In this way the holders of a majority of the stock in the Northern Securities company, the whole asset of which is a majority of stock turned over to it by the same men who controlled the two railroads, still control these railroads after the merger. It follows that to control the railroads separately as individuals would compel an investment of fully double the amount it does when the two are merged together in a security holding company. By an extension of the idea which is contained in the incorporation of the Northern Securities company, it can be readily appreciated to what enormous proportions the device could be made to attain. It is even conceivable that a great security-holding company, capitalized well into the billions, could be formed of smaller mergers and the control of all the railroads pass into the hands of a small group of men, who could dispose of nearly half of their stock holdings and still retain control of the management of the railways thus merged. A significant fact in connection with the forming of the Northern Securities company in November, 1901, was the incorporation hardly two months later in the same state of four other companies, the certificate of incorporation of the first having apparently been used as a model. These were the Southern Securities company, the Southwestern Securities company, the Mexican Securities company and the United Securities company."

It is reported that some of the "leaders" have promised to deliver the Indiana delegation to Mr. Hill. Well, when it comes to delivering the Indiana delegation there is a great deal of difference between promise and performance, for the voters will not take kindly to the scheme.

On account of the near approach of election the republican majority in congress will soon begin the delightful task of trotting out a few reciprocity treaties and keeping them in the spotlight until after the votes are counted. Then back to the dressing-room for the treaties.