the railroads can be best accomplished through the federal government, and that the net results of such control will be a just and equitable administration as between the railroads and the shippers.

Senator Newlands of Nevada today voiced the opinion of the democrats by saying he did not believe any new legislation was necessary, but that there should be a meeting of railroad commissioners of all the states for the purpose of working out a harmonious programme.

THE DECISION INTERPRETED

Washington dispatch to the Chicago Record-Herald: So far-reaching was the decision of the supreme court in the Minnesota rate cases that the full significance was not immediately realized. Naturally one of the new questions raised as a result of the court's declaration that states may fix reasonable rates bearing on intrastate traffic until such time as congress exercises its latent power to regulate all rates, was as to the probability or possibility of a movement to force congress to act as suggested.

Expressions of opinion strongly indicate that there will be no movement of that kind in the near future. Democratic leaders appear satisfied with the court's decision and will be loath to discontinue the dual regulation which has been given the highest judicial sanction.

Victor Murdock, progressive party leader in the house, was emphatic in a demand for a complete, unsupplemented federal control; but his demand finds no piercing echo. Even those who have been most insistent in their contention that single regulation was the thing, including railroad lawyers, feel that the supreme court's sustaining of state rights in the matter will cause the dual control to continue indefinitely unless changed industrial conditions bring injury and show that railroaod prosperity can be recouped only through centralized regulation.

There is another phase of the railroad question reached by the decision in the intrastate rate cases which may affect railroads far and wide fully as much, if not more, than regulation at the hands of forty-eight states as well as the federal government. With digestion of the supreme court's opinion comes realization of the fact that a rule practically has been laid down for the guidance not only of state commissions but of the interstate commerce commission in the matter of determining the valuation of railroad property.

The Minnesota cases, so far as reasonableness of the rates applied by the state railroad and warehouse commission were concerned, turned largely on the theory on which the valuation of the property of the railroads was worked out. The rates which the supreme court declared not to be excessive might have been held excessive if the method of determining physical valuation which the railroads contended was correct had been sustained.

The interstate commerce commission is about to begin the tremendous task of establishing a value for the entire railroad property of the country. This is to be done under authority of the act passed by the last congress after years of agitation, which was started in a national way by Senator La Follette.

Inasmuch as findings and orders of the interstate commerce commission are subject to ultimate review by the supreme court, it is to be assumed that the rule laid down by that tribunal as to valuation will be followed in the work about to be undertaken.

The railroad contention has been that the value of the company's property should be determined by what it would cost to reproduce the road. But the railroads have further contended that in the cost of reproduction, acquisition of a right of way should take into consideration the cost of adjacent property, which naturally has been enhanced in value, perhaps many fold, by the railroad already there. The supreme court holds, according to the present understanding of its opinion, that to judge railroad property by its "railroad value" instead of what the value would be if the railroad had not come there, or to judge the value of adjacent property by the increment resulting from the tracks which it abuts, is to give an excessive value for rate-making purposes.

Such excessive value is held to have been given railroad property in Minnesota by the master who heard the witnesses in the cases before their appeal.

The rule of the supreme court apparently is that values should be determined by the actual investments, taking into consideration a fair market value of the property if no previous line of railroad was running there, together with cost of operation under a well managed system. This extract from the supreme court decision, referring to argument against the master's finding in the Minnesota cases, is illuminating on this feature of the matter:

"It is contended that the valuation was made on a wrong theory; that it is a speculative estimate of 'cost of reproduction;' that it is largely in excess of the market value of adjacent or similarly situated property; that it does not represent the present value, in any true sense, but constitutes a conjecture as to the amount which the railway company would have to pay to acquire its right of way, yards and terminals, on an assumption, itself inadmissible, that, while the railroad did not exist, all other conditions, with respect to the agricultural and industrial development of the state, and the location, population and activities of towns, villages and cities, were as they now are."

The court substantially upheld this contention.

Referring to the results of the endeavor to apply the cost-of-production method in determining the value of a railroad right of way, the highest tribunal has held it to be apparent that, so far as the estimate rests upon a supposed compulsory feature of the acquisition, it can not be sustained.

The court holds it is possible to assume, in making a judicial finding of what it would cost to acquire the property, that the company would be compelled to pay more than its fair market value. It is equipped with the governmental power of eminent domain. In view of its public purpose it has been granted this privilege to prevent advantage being taken of its necessities. It would be free to stand on its legal rights and it can not be supposed that they would be disregarded.

It had been urged that, in this view, the company would be bound to pay "the railway value" of the property. But supposing the railroad to be obliterated and the lands to be held by others the owner of each parcel would be entitled to receive on its condemnation its fair market value for all its available uses and purposes, according to the supreme court.

One additional important point is to be noted. The supreme court took pains to explain that in determining value by actual investment there may be an exception where the investment has been reckless or improvident, sustaining "losses which the community does not underwrite."

UP TO CONGRESS

There are those who rejoice in the supreme court decision in the "great rate cases" as a memorable victory for state rights. The several governors who so vigorously protested against the rulings and dicta in the "court below" and submitted a special brief to the supreme court are naturally pleased. There are those who regard the decision as a blow to the rule of reason and to uniformity and fairness in rate regulation and who fear the results of conflicting state laws and policies.

To the lay and impartial observer the outstanding feature of the decision is the declaration of the entire court that it will not legislate under the guise of "interpretation," and that, while congress undoubtedly has the exclusive power to regulate interstate commerce, where it has failed to regulate the court will not interfere with state regulation unless such regulation is manifestly unjust and unconstitutional. The court refuses to invoke a vague doctrine of "dormant authority;" it refuses to stretch an act of congress; it declines to establish another twilight zone between state and federal jurisdictions. Until congress acts, it says, the state may act, and the courts must respect state regulation notwithstanding indirect consequences and logical implications of settled principles, unless a state goes too far and deprives a carrier of its constitutional property rights, including the right to earn a proper return on capital.

If the regulation of the states, even when not too drastic, unduly trenches upon or indirectly nullifies interstate regulation; if the time has come for the exercise of full congressional authority over the whole field of interstate commerce, to the exclusion of much state regulation even when its effect on interstate commerce is indirect, let congress act deliberately and openly.

The supreme court, unanimously and after anxious and prolonged study of a momentous and difficult legal question, has thus "put up" to congress and the executive the question of national supersession of the states in a large, unexplored field of intrastate rate regulation that is in effect, and perhaps even in intention, interstate rate regulation. May congress rise to the task and opportunity! The unanimity of the court is certainly impressive and should be welcomed by all sides; a decision by a divided tribunal would have left much uncertainty and perplexity.—Chicago Record-Herald.

MR. McADOO ON GUARD

Following is a Washington dispatch to the New York Herald: William G. McAdoo, secretary of the treasury, called the attention of national banks to the fact that there is a reservoir of $500,000,000 emergency currency circulation which they can tap at any time business requires it.

Under the terms of the Aldrich-Vreeland bill of 1908 that amount of circulating notes was printed and is stored in the vaults of the Union Trust company. On government bonds at a very low tax, or on approved securities or commercial paper at a heavier and monthly increasing tax, banks may avail themselves of the emergency circulation.

Mr. McAdoo issued this statement: "Secretary McAdoo was asked if any applications had been received by the government from national banks or currency associations for the issuance of currency under the provisions of the Aldrich-Vreeland bill of May 30, 1908. He replied that no such application had been received. The secretary said that the Aldrich-Vreeland act passed five years ago authorizes the Secretary of the treasury to issue additional currency to national banks and currency associations upon the security of state and municipal bonds as well as government; and also, under certain conditions, to currency associations, on high class short timed commercial paper as well as on government, state and municipal bonds.

"In accordance with the act the secretary of the treasury has actually on hand $500,000,000 in new national bank notes, which can be issued immediately to any national banks or currency associations applying therefor and complying with the provisions of the act.

"The secretary said that he would not hesitate to issue currency to any banks making application and qualifying under the act.

"The secretary explained that the new currency is, of course, exactly like existing national bank notes and that if such currency should be issued there is nothing in the notes or in the manner of their delivery to indicate that they are special currency issued under the Aldrich-Vreeland act.

"National currency associations have been organized in various parts of the country, from Massachusetts to California, including the large cities of New York, Chicago, St. Louis and others and are now qualified to take the benefits of the act. The national banks and these currency associations upon compliance with the act may quickly receive additional currency to the extent of $500,000,000 if they require it upon application to the treasury department. The Aldrich-Vreeland act expires June, 1914."

UNIVERSAL PEACE THE GOAL

Following is an Associated Press dispatch: Washington, June 13.—Commencement exercises at the Holy Cross academy here today were made notable by the presence of Cardinal Gibbons, as presiding officer, and Secretary Bryan as orator of the day.

Mr. Bryan said he found the inspiration for his address in a poem by one of the graduates, "A Song of Peace."

"Universal peace is the goal toward which we are heading," the secretary declared. "The Christian world is wearied of wars. It is wearied of international bickerings that do not always end in the shedding of men's blood, but too often engender bitter feelings that only the passing of years can take away. It was a mistake to believe that in doing away with wars we would become a race of weak and irresolute men. Men are beginning to understand the meaning of brotherhood as taught by the 'Prince of Peace.'"

PULITZER'S MAGAZINE

In The Commoner's notice of the forthcoming publication of Pulitzer's Magazine it was stated that Mr. Walter Pulitzer is the son of Joseph Pulitzer. This should have read, "Walter Pulitzer is the son of Albert Pulitzer." This was a Commoner office error. The Pulitzer Magazine company has no affiliation whatever with the newspaper property of the late Joseph Pulitzer.