

# The Work of the President's Cabinet

## DEPARTMENT OF JUSTICE

President Wilson, in the six months of his administration, has accomplished more in the direction of the solution of the trust problem than republican administrations accomplished since the enactment of the Sherman law in 1890. For more than twenty years the people had their hopes aroused under republican administrations by the filing of bills against trusts, only to have them dashed to the ground when decrees were entered leaving the control of the properties in the hands of those who controlled and directed the trusts which the people had been led to believe would be dissolved.

When Attorney General McReynolds was invited to take a portfolio in the cabinet, President Wilson knew that he had sought in the American Tobacco case an effective dissolution of that trust, and that at the head of the department of justice he would be able to carry out the policy which he desired to inaugurate in the tobacco case.

It is not generally known that Attorney General McReynolds has in the Union Pacific-Southern Pacific case obtained a decree which is of exceptional importance to the people, in that it has placed the fact upon the record that the courts are ready to apply in trust cases the effective dissolution remedy advocated by the attorney general. The big offenders under the law, and those who are in the shadow land, directing large corporations, in fact, all those directly interested in promoting combinations of capital, are cognizant of the real situation, and are fully informed that the trust policy of the present administration will be fruitful of real results.

Perhaps in no other department of the government is there a stronger contrast between republican and democratic policies than is to be found in the department of justice. The three big dissolution suits of the last administration were the Standard Oil, the American Tobacco and the Powder cases. It is only necessary to contrast with these the trust cases of the present administration to impress upon all the foundation for the assertion. In all of the trust cases under republican administrations the decree of dissolution placed the various competitive units composing each combination found by the courts to be unlawful, largely, if not entirely, in the hands of one set of stockholders, so that in reality the dissolution accomplished a change only in form with the same set of men continuing to control the various competitive units. A single holding company no longer continued in control, but the stockholders of that holding company did. In other words, the same association of persons continued to control the same competitive units, and, of course, competition between them could not be expected.

Of the suits instituted under this administration the most important are the Anthracite coal, the American Telegraph & Telephone, and the Kodak cases. In all of these the department of justice proposes to apply the remedy administered in the Union Pacific-Southern Pacific combination. In suits against trusts under this administration the courts are asked to require that the stocks of the constituent companies composing the combination shall be disposed of to persons not stockholders or agents nor otherwise under the direction or control of the parent company. This principle was first established in the decree recently entered for the dissolution of the Union Pacific-Southern Pacific combination. It was the first time that the government attempted to follow the distribution of the stocks of unlawful combinations into the hands of disinterested parties.

Before becoming attorney general, Mr. McReynolds, as counsel for the government in the American Tobacco case, attempted to introduce his solution of the trust problem by asking the court to require the distribution of the stocks of the parent company to persons not its stockholders or agents nor otherwise under its direction or control but in this he did not succeed.

For Attorney General McReynolds was reserved the novel experience of dissolving two combinations in arranging a decree against one. This occurred in the Union Pacific-Southern Pacific case. The plan of dissolution in that case was designed especially with a view to avoiding the results in the Standard Oil and Tobacco cases. The criticism of the plans followed in those cases—and it was a just criticism

—was that the various competitive units which had composed the combination were placed in control of practically one set of stockholders who were the same persons who brought about the combination. Several plans of dissolution proposed by the Union Pacific-Southern Pacific combination were rejected by Attorney General McReynolds for the reason that he did not consider them adequate to guard against a result similar to that in the Standard Oil and Tobacco cases, and it was not until the defendants accepted the provision which did guard against such a result that the attorney general gave his approval.

In breaking up the Union Pacific-Southern Pacific combination the attorney general has also succeeded in discontinuing the control of the Baltimore & Ohio railroad by the Pennsylvania railroad. The plan approved by Mr. McReynolds was that out of the total holdings of \$126,650,000 of the stock of the Southern Pacific company by the Union Pacific company, \$38,292,400 should be sold to the Pennsylvania railroad in exchange for its entire holdings of the capital stock of the Baltimore & Ohio railroad, namely, \$42,547,200. Obviously that exchange helped to separate the Southern Pacific company from the Union Pacific company and to break up the unlawful combination between them. Furthermore, it divested the Pennsylvania Railroad company of a large amount of the capital stock of an active competitor—the Baltimore & Ohio Railroad company—and thereby remedied another highly objectionable condition. Nor was any new combination in restraint of trade created by the exchange, since the Pennsylvania system and the Southern Pacific system are non-competitive and the Union Pacific system and the Baltimore & Ohio system are non-competitive.

It is difficult, if not impossible, to conceive of any plan of dissolution which would more effectually prevent the Union Pacific Railroad company or its stockholders who were parties to the combination from continuing to control the Southern Pacific company.

The policy of compelling real dissolutions has disturbed seriously great financial interests, as might well be expected, and accounts for the anxiety of some people who would like to see Attorney General McReynolds retire.

Why should a man seated in a Southern Pacific train crossing Texas, or in a Union Pacific train in Utah, or in the east upon a train on the Pennsylvania railroad, or on the Baltimore & Ohio, smoking a cigar and looking out of the window at the oil tanks along the track have forced upon him the thought that he as the purchaser of a railroad ticket is more fortunate than as the smoker of tobacco or the user of oil. It is all because of the difference in the democratic and republican trust policies. As the purchaser of a railroad ticket upon the lines named he enjoys all the benefits which follow the dissolution of the Union Pacific-Southern Pacific combinations, which incidentally has also broken the control of the Baltimore & Ohio railroad by the Pennsylvania through stock ownership. This dissolution is so thorough and complete that the combination is to end. But when he smokes a cigar or uses tobacco in any form, sees an automobile or an oil tank he is reminded of the failure of republican administrations to effectively dissolve the Standard Oil or Tobacco or any other trust.

## DEPARTMENT OF COMMERCE

The bureau of foreign and domestic commerce, in carrying out its functions of collecting and distributing useful trade information, is devoting special attention to an investigation of the pottery industry in all its phases. Complete and authentic information regarding all phases of an industry has often been lacking, as shown again and again in the past. This investigation, it is hoped, will bring very important and useful results and it is believed that the report will be not only interesting to the public and to congress, but will serve an instructive and promoting effect on the industry itself. In fact, the investigation has progressed far enough to make this practically certain.

With the approaching completion of the Panama canal, the bureau is planning to exploit particularly our trade with the Latin-American countries, which include South America (except the Guianas), Central American republics, Mexico, Cuba, Haiti, and Santo

Domingo. When it is noted that the value of the exports from the United States to these countries in the fiscal year 1913 was 321 million dollars against 108 million in 1900, an increase of nearly 200 per cent in thirteen years, and this without the use of the Panama canal, it is very evident that special attention given to this part of our foreign trade will be very remunerative to American merchants and manufacturers.

The most recent statistics published by the bureau respecting the imports and exports of the United States show that in the aggregate our foreign trade continues to increase. The value of imports for the month of August, 1913, was in excess of \$137,000,000, or \$17,000,000 less than for August, 1912, but the value of exports for the same month was almost \$188,000,000, or \$20,000,000 more than for the corresponding month of 1912. Imports for the eight months ended with August, 1913, amounted to more than \$1,156,000,000, a decrease of about \$31,500,000, as compared with the corresponding period of the preceding year; while exports in the same time amounted to more than \$1,515,000,000, an increase of about \$98,700,000 over the corresponding period of 1912.

There is in the course of construction at Thimble Shoal Light Station, Va., a modern lighthouse which is expected to withstand the accidents that have destroyed former structures at various times. This station occupies an exposed site in the Chesapeake bay off Old Point Comfort. It has been rammed on four or five occasions and has been burned two or three times. On December 27, 1909, it was destroyed by fire due to a collision with a passing tow, leaving nothing but the distorted iron work of the substructure standing. The old structure was of wood, supported a cast-iron fourth order lantern, and rested upon seven wrought-iron screw piles. The new structure will consist of a massive cast-iron pier filled with concrete and will support a conical three-story dwelling of cast-iron and a circular helical lantern of the same order as on the old structure. The pier contains a cellar, with cisterns and various rooms for the fog-signal machinery, oil, coal, wood, provisions, etc. Two large cargo doors in the sides furnish easy access for the heavy fog-signal machinery. On top of the pier, reached by two landing ladders, is a large covered veranda providing space for the keepers to walk and for housing the boats. The three stories of the tower will provide quarters for three keepers with a kitchen and living room on the first floor. An enclosed circular cast-iron stairs runs from the cellar to the under side of the lantern floor. The work will probably be completed about October 4, 1914.

During the next fortnight the bureau of navigation, in addition to its regular work, will give special attention to preparations for the international conference to be held at London on November 12, to consider the broad subject of safety at sea. This conference is an outgrowth of the loss of the steamship Titanic. Its conclusions will embody the results of over a year's careful study by the leading maritime nations of the world of the many problems suggested by that disaster. President Wilson and Secretary Redfield have had several consultations recently concerning the American delegation to the conference and its members will doubtless be appointed within a few days. Under the secretary's direction six committees of experts have been studying the subjects of hull and bulkhead construction, radiotelegraphy, efficiency of officers and crews, lifeboats and davits, ocean steamship lanes, searchlights, and aids and perils to navigation generally. These reports are now being assembled in the bureau of navigation and will be available for the study of the American delegates.

Although only six passenger steamers fly the American flag out of upwards of 300 which cross the Atlantic, the results of the conference will be awaited with interest throughout the United States. The states of the middle west and west furnish as large a proportion of ocean travelers as do the seaboard states. Approximately 2,000,000 ocean passengers arrive in or depart from the United States annually while only about 250,000 go through the Suez canal which is the junction of the two parts of the next greatest route of ocean travel. The great majority of transatlantic cabin passengers are American citizens and the vast majority of transatlantic passengers in the steerage are destined to become American citizens. Our public interest in the safety of transoceanic travel is thus greater than that of any other nation except perhaps the British empire and