

# Physical Valuation of Railroads

or increase the price of merchandise of any commodity.

"Third. To prevent competition in manufacturing, making, transporting, selling, or purchasing of merchandise, produce, or any commodity.

"Fourth. To make any agreement, enter into any arrangement, or arrive at any understanding by which they, directly or indirectly, undertake to prevent a free and unrestricted competition among themselves or among any purchasers or consumers in the sale, production, or transportation of any product, article or commodity.

It has been strenuously contended by some in opposition to these provisions that they are already included within the meaning of the Sherman act. They undoubtedly are, and have been, enforced insofar as they have been used as evidences against unlawful combinations in dissolution suits, but there is room for grave doubt as to whether or not the doing of any one of these particular things would, within itself, be indictable and punishable under the provisions of that act. Therefore, there have been hundreds of violations of the Sherman law by individuals, who, on account of the broad and sweeping terms of the law, had no idea when they did the inhibited thing, that they were violating the law. It is a well known principle of criminal law that indictments must be specific in terms and charge definite and particular offenses. In justice to the public and to those who might otherwise violate the law innocently, it is wise for criminal statutes to specify as far as possible the particular practices, transactions and acts prohibited.

The purpose of section 4 is to make guilt personal, and it provides that whenever a corporation shall be guilty of violating any of the provisions of the Sherman act the offense shall be also that of the individual directors, officers, and agents of such corporations authorizing, ordering, or doing any such prohibited act, and provides proper punishment therefor.

Section 5 provides that nothing contained in the bill shall be taken or held to limit or in any way curtail the meaning and effect of the provisions of the Sherman act.

It is the purpose of the committee to deal with holding companies, and the committee is now considering that subject.

The president has recommended the creation of an interstate trade commission. The bill now receiving consideration was prepared by the subcommittee and was introduced in the house and senate.

## BRYAN'S ATTITUDE TOWARD GRAFTERS

Mr. Bryan first showed his intense antagonism toward Roger Sullivan of Illinois at the national democratic convention which nominated Parker. There were two delegations from Chicago, one of which was headed by Sullivan. Bryan very stubbornly resisted Sullivan's claim of recognition, and while Bryan exercised great influence in that body, yet he could not keep Sullivan out.

Now Sullivan is a candidate for the United States senate.

Bryan is against him, just as he would be against Ryan or Murphy, or any one of their class.

The election of Sullivan to the senate would not help Wilson's administration, and it would add nothing to the strength or respectability of that body.

It is not surprising that Mr. Bryan should indicate his opposition to Sullivan, and, indeed it would not be surprising to see Mr. Bryan take an active part in the campaign, for men of Sullivan's class are men Bryan has been fighting with all the strength at his command throughout all the years since 1896, when he was first nominated for president. He has fought them and they have fought him. His most conspicuous triumph over them, however, was at the Baltimore convention, when he challenged and put to rout the Murphy crowd and made it possible for Wilson to be nominated on a real democratic platform.

Machine bosses are not wanted in Washington, especially as democrats.—Nashville Tennessean.

The United States supreme court has decreed that the pure food law applies only to articles that have been adulterated to an injurious extent. Evidently upon the theory that a little poison now and then is relished by the best of men.

In addressing the house of representatives on the subject of physical valuation of railroads, Congressman W. A. Cullop said:

"The object of this measure is to ascertain the physical valuation of the railroads for the purpose of preventing impositions on the public, in the sale of capital stock, bonds, and the fixing of transportation charges.

"There can be no question that there is a demand for such legislation. Railroad rates are today fixed on a basis which is absolutely unjust to the producers, shippers and ultimate consumers of the country. Transportation charges are based on three items. First, to pay operating and improvement expenses; second, to pay interest on the bonded indebtedness, and, third, to pay a reasonable dividend on the capital stock. The first constitutes a just and proper charge. The second and third—if both are employed, as is almost universally the case—constitutes a double charge, because the amount of the capitalization always covers the amount of the bonded indebtedness.

"The money raised by the bonds either went into the roads or into the pockets of the promoters as a rake-off and is, therefore, covered by the capital stock, and to levy tolls sufficient to pay both interest on the bonds and a dividend on the capital stock requires the shipping public to pay twice for one and the same thing; and in the end falls upon the ultimate consumers who in the last analysis pay the whole thing.

"It is an unquestioned fact that the railroads as a rule are over-capitalized, that is to say, the amount represented by the capital stock is largely in excess of the actual amount invested in the roads, and to fix transportation charges so as to pay a dividend on this excess, is unjust to the public. This watered stock does not represent value invested, or the expenditure of money,

and to require charges for transportation which will earn income to pay dividends on it is enabling the owners to collect something for nothing and therefore constitutes an imposition, a hardship on the general public.

"One of the most commendable features of this legislation is that it will squeeze the water out of the stock and bonds of railroads. It will eliminate the gambling and speculation feature, and place them on a sound financial basis, and thereby prevent great fluctuations in the same. Every share of stock and every bond will represent real value. There will be no inducement to over-capitalize, and over-bond, because there will be no demand for such paper on the markets.

"Rates will be adjusted to pay earnings on real value and actual investment will represent true valuation. This measure once adopted and transportation charges fixed upon its requirements will give a great impetus to our industrial operations, because it will benefit both the producer and consumer and will also protect the bona fide investor in railroad properties.

"His investment will earn better returns and his stocks will not suffer from fluctuating markets or be affected by financial furies, which are now too frequently the case.

"The owner of railroad stocks will not under it feel required to give one value for his property to the tax assessor for taxation and another and altogether different value to the interstate commerce commission for the fixing of transportation rates, but can give the same to both, and enjoy the confidence of the public. It will then be an aid to industrial operations of all kinds and inspire development of our inexhaustible resources, broaden our markets and assist both the producer and consumer by a reduction of transportation charges."

## SUMMING UP RESULTS

A list of achievements of the Wilson administration was issued on February 6 by the democratic national committee. It is as follows:

Revision of the tariff downward.  
Enactment of currency reform.  
Elimination of lobby from the halls of congress.

Perfection and operation of the income tax and direct election of senators. Amendments to the constitution.

Negotiations of treaties in accord with the Bryan peace plan, thirty governments having signified their intention to accept.

By public appearances at the capitol the president has emphasized the ending of government by secret conferences and private arrangement.

Passage of the industrial employees' arbitration act, which prevented a strike of eastern railway employees.

"Constitution of peace" policy, resulting in voluntary breaking up of the interlocking directorate system.

Deposit by the secretary of the treasury of \$50,000,000 to facilitate the moving of crops.

Farm credit legislation emphasized by the president, and legislation assured.

Modified self-government conferred on the Filipinos.

Divorcement of the government from alliance with New York financial interests in international affairs.

Co-operative policy of the department of justice, resulting in voluntary dissolution by big corporations in accord with provisions of the anti-trust law.

Policy of "diplomatic postponement" or "watchful waiting," backed by high moral grounds, applied to the Mexican and Japanese questions and approved by public opinion.

Parcel post system developed and extended, and express rates reduced in consequence.

Change in the rules of congress, resulting in the elimination of Cannonism.

Extension of pure food and meat inspection acts, with resulting benefits to consumers.

Scientific method of marketing farm products with a view to the elimination of waste undertaken by the department of agriculture.

Armor plate trust forced by the secretary of the navy to reduce its bids, at a saving to the government of more than \$2,000,000.

Protection of the law given to Indian children

and favoritism abolished by the commissioner of Indian affairs.

Postoffice department made self-sustaining.  
Extension of the special delivery system to the parcel post.

Home life of the farmer made a subject of special study by the department of agriculture.

Public land policy embracing conservation of natural resources and utilization at the same time adopted by the secretary of the interior.

Farm extension measure carrying to the farmers the benefits of the scientific study of experts passed.

Emphasis given by the president to the presidential preference primary plan. Legislation is believed probable.

Better protection for passengers and property at sea provided by London conference in which views of delegates sent by the administration were largely adopted.

Early enactment of the Alaskan railway bill opening up Alaska promised.

Academic, vocational and technical instruction for enlisted men in the navy provided by secretary of the navy.

Dissolution of the Southern Pacific merger and surrender of stock held by Pennsylvania railroad in its competitor, the Baltimore & Ohio, accomplished along lines agreeable to the administration.

Prosecutions begun against several large trusts which have not agreed to a settlement along peaceful lines.—The Public.

## BRYAN'S WARNING AGAINST SULLIVAN

William J. Bryan has done his duty as a democrat in denouncing the candidacy of Roger C. Sullivan. There is not room in the same party for democrats and men of the Sullivan stripe. This Mr. Bryan shows plainly. Sullivan's nomination for United States senator by the democratic party would simply mean that the party has relinquished all claim to the support of true democrats. Mr. Bryan classes Sullivan with Lorimer. That is where he belongs. The democratic party of Illinois can not well afford to nominate any one of the Lorimer class, and even if it does, the state of Illinois can not well afford the disgrace of again sending one of that kind to the senate. Mr. Bryan deserves the commendation of democrats everywhere for making clear the menace of Sullivanism.—The Public (Chicago.)