

## THE TRUST PROBLEM

### One Remedy Discussed by the Outlook

We hold it to be a self-evident truth that a private monopoly, not subject to governmental regulation, which controls any article of public necessity, comfort, or convenience, is inconsistent with free institutions. It is so because a private organization, free from government regulation, which controls what is necessary to the public welfare, in so far as it controls the public. If private monopoly is allowed to assume control of the food, the fuel, the lights, the coin, and the transportation of the community, it controls the life of the members of that community, because it controls what is necessary to their life.

When such a condition arises, there are three courses open to the public: it may destroy the monopoly and re-establish competition; it may bring the private enterprise under governmental administration and for the benefit of the public. These are not inconsistent remedies; they are concurrent. The first remedy may be adopted in one case, the second in another case, the third in still another. But these three, or combinations of these three, exhaust all possible remedies. To point out objections to either one or all of these remedies is not conclusive. It is necessary to consider whether the remedy is worse than the disease.

There are two ways of applying the first of these remedies: legislation may prohibit combinations in restraint of trade; or legislation may leave the combinations untouched and promote a competition which will prevent the combination from becoming or remaining a monopoly. It is evident that the last is the most conservative of all the methods by which monopoly may be prevented. It interferes with individual liberty less than prohibitory legislation; it assumes less power on the part of the government than legislation regulating the monopoly; and it involves no such enlargement of the powers of government as is assumed in governmental administration of monopoly. This method of promoting competition is the one recommended by President Roosevelt in urging legislation forbidding stock-watering and requiring publicity. Legislation prohibiting stock-watering would remove one of the chief temptations to the imposition of unjust and inequitable prices upon the public; publicity would incite competition with the existing enterprises by new organizations formed in order to share the profits whenever they became excessive.

Says Attorney General Knox in his notable address at Pittsburg on October 14: "When a property worth a million dollars upon all the sober tests of value is capitalized at five millions and sold to the public, it is natural to assume that its purchasers will exert every effort to keep its earnings up to the basis of their capitalization. When the inevitable depression comes, wages must be reduced, prices enhanced, or dividends foregone." The recent coal strike has at once illustrated and emphasized this statement. The Reading Railroad company has issued stocks and bonds to an amount very considerably in excess of the real value of its properties. It is capitalized at the rate of \$240,000 a mile; about \$100,000 a mile would appear to be a fair estimate of the cost of its construction. These stocks and bonds are in many cases in the hands of innocent purchasers, who bought them supposing that they represented a real value. They naturally expect dividends on their investment, and naturally desire as large dividends as they can get. Mr. Baer is elected president of the road for the purpose of earning and paying these dividends. But if he is to pay dividends on property which has no existence, it is evident that he must get the money out of some one. He can get it out of the public by charging more for the coal than would be enough to give fair compensation to all the workers and a fair rate of interest on the capital actually invested in and represented by the property; or he can get it out of the wage-earners by paying in salaries and wages less than the work would be worth if the public paid a fair price for the coal and the company had to pay dividends only on the capital actually invested in and represented by the property. We here find no fault with Mr. Baer. We assume that he had no share in the operations by which an overvaluation was put upon the railroad and coal properties which he is managing. The fault is with the public which allowed such an overvaluation and is now suffering for its folly. But it is perfectly evident that some one must pay for that overvaluation—the present owner in diminished dividends, the mine workers in

lessened wages, or the general public in enhanced prices. If the properties of the coal companies and the coal-carrying companies were represented at their actual value by the stocks and bonds which supposedly represent that property, the price of coal could be sensibly reduced, the wages of the miners sensibly increased, and adequate dividends could be paid to the owners of mines and the railroads. The first proposition of the president is to prohibit all future overvaluation of the properties of corporations, in order that this temptation to the owners of such properties to reduce wages and enhance prices may be taken away. This counsel is an application of Mr. Gladstone's maxim that the object of law should be to make vice difficult and virtue easy. Laws which permit overvaluation of corporate properties make vice almost necessary and virtue almost impossible.

A law prohibiting overvaluation would remove one chief temptation to overcharges and underpayments; a law requiring publicity would create an incentive to fair payments and reasonable charges because publicity would enable the public to know what profits in any field any corporation or combination was making; and, if it were making excessive profits, other capital would be by that fact invited in to occupy the field and share the profits. The working of this principle is admirably stated by Professor John Bates Clark in his interesting and valuable little monograph entitled "The Control of Trusts," from which we quote a paragraph:

"When prices are unduly high, owing to the grasping policy of some trust, what happens? New competition usually appears in the field. Capital is seeking outlets, but it has become hard to find them. Readily, and sometimes almost recklessly, does it build new mills and begins to compete with trusts, when these consolidated companies do not know enough to proceed on a conservative plan. Let any combination of producers raise the prices beyond a certain limit, and it will encounter this difficulty. The new mills that will spring into existence will break down prices; and the fear of these new mills, without their actual coming, is often enough to keep prices from rising to an extortionate height. The mill that has never been built is already a power in the market; for if it surely will be built under certain conditions, the effect of this certainty is to keep prices down."

The fact that there are men and journals which object to the embodiment of these simple principles in legislation and their application and enforcement over corporate enterprises appears to us to furnish a strong reason why the public should press for their recognition. It is difficult for us to see how any man can object to a law prohibiting overvaluations of property which has no existence; if he does, he wants to get them either out of the wages of the workers or out of the pockets of the consumers without giving any recompense therefor. We can see more reason for the objection to publicity—reason why a corporation should be unwilling that all the secrets of its organization should be made known to its rivals in business. Nevertheless, the examination by public examiners of our national banks has not interfered with their business. On the contrary, by increasing public confidence in the banks it has promoted their business. The evils, if there were any, of a similar examination and publication of the pertinent facts concerning any great corporation would be very slight, the advantages very great. The corruption of public officials without exposure would be made more difficult; dishonest rebates and other forms of favoritism by carrying companies would be checked if not absolutely prevented; excessive charges to the public and unjustly inadequate wages to workers in order to pay excessive profits to property owners would be discouraged. The few might not get rich so fast, but the many would be better served. Nor is it possible wholly to avoid the suspicion that the objection to publicity may have its reason partly in the fact that there are corporate acts now not uncommon, but known only to the few, except as occasional accident brings them out, which those who are engaged in them are unwilling should be known to the public. It is certainly true that "any one that doeth evil hateth the light," and it is not strange, therefore, that he that hateth the light should find himself subjected to the suspicion of doing evil.

How the law can prevent overvaluation and compel publicity, whether such law can be passed by congress or only by the states, or as regards some corporations by congress and as regards others by the states, are ques-

tions that we shall consider hereafter. That in some way these two ends should be secured appears to us almost self-evident, and our statesmen and lawmakers, without regard to party, should regard it as almost their first duty to study how to accomplish this result.—The Outlook, New York.

### New England Populism.

Holyoke is about to enter upon one of the most important enterprises that has ever come to any Massachusetts city. It will soon assume the complete ownership, control and operation of the gas and electric lighting plants in the city, and the progress of the experiment will be watched with keen interest all over the country. With the principle upon which this experiment is to be entered upon the Gazette has long been in full accord, based largely upon the remarkable success which has attended the ownership and control of the water works in Northampton. Here the public control of this great public utility has been kept free from partisan influence, and it has been run on strictly business principles, with the same economy and efficiency as would attend any private enterprise of equal magnitude. If the Holyoke experiment shall be managed on the same lines, and kept out of politics, it will be likely to prove successful as a business undertaking, but if it be made a political football, to be kicked about, squeezed and bled by the ward heelers, then woe to the city, for it will curse the day that it ever thought of city ownership and control. The city paid \$706,543 for the two plants, the amount being fixed by a commission. The company wanted \$850,000, and the city at first expected to pay not more than \$300,000. There are 43 men employed at the two plants. It is most fortunate that the city enters upon this great undertaking under the management of so able and conservative an administration as that of Mayor Chapin.—Northampton Gazette.

The Independent has often said that the judges would soon be issuing injunctions to the other two departments of government, the legislative and executive. Out in Colorado a suit has been brought to enjoin the governor from issuing a proclamation required by law concerning the adoption of a certain amendment to the constitution. As the judges seem bent upon usurping all the functions of government, no doubt this judge will issue his mandatory orders to the governor of Colorado, and then we shall see what will happen.

The people of the United States have millions for tribute to the trusts, which they hand over every time they buy anything, but not a cent for defense against these extortions. That spells d-e-g-e-n-e-r-a-c-y.

## THE VALUE OF CHARCOAL.

### Few People Know How Useful It is in Preserving Health and Beauty

Nearly everybody knows that charcoal is the safest and most efficient disinfectant and purifier in nature, but few realize the value when taken into the human system for the same cleansing purpose.

Charcoal is a remedy that the more you take of it the better; it is not a drug at all, but simply absorbs the gases and impurities always present in the stomach and intestines and carries them out of the system.

Charcoal sweetens the breath after smoking, drinking or after eating onions and after odorous vegetables.

Charcoal effectually clears and improves the complexion, it whitens the teeth and further acts as a natural and eminently safe cathartic.

It absorbs the injurious gases which collect in the stomach and bowels; it disinfects the mouth and throat from the poison of catarrh.

All druggists sell charcoal in one form or another, but probably the best charcoal and the most for the money is in Stuart's Absorbent Lozenges; they are composed of the finest powdered willow charcoal, and other harmless antiseptics in tablet form or rather in the form of large, pleasant tasting lozenges, the charcoal being mixed with honey.

The daily use of these lozenges will soon tell in a much improved condition of the general health, better complexion, sweeter breath and purer blood, and the beauty of it is, that no possible harm can result from their continued use, but on the contrary, great benefit.

A Buffalo physician in speaking of the benefits of charcoal, says: "I advise Stuart's Absorbent Lozenges to all patients suffering from gas in the stomach and bowels, and to clear the complexion and purify the breath, mouth and throat; I also believe the liver is greatly benefitted by the daily use of them; they cost but twenty-five cents a box at drug stores, and although in some sense a patent preparation, yet I believe I get more and better charcoal in Stuart's Absorbent Lozenges than in any of the ordinary charcoal tablets."

### NOTICE.

There will be a meeting of the members of the FARMERS MUTUAL INSURANCE COMPANY of Nebraska in Lancaster County for the purpose of electing delegates to represent them at the annual meeting of the members of the FARMERS MUTUAL INSURANCE COMPANY, annual meeting to be held in Lincoln, Nebraska, Wednesday, January 21st 1903. Our county meeting will be held in Lincoln, (Lancaster County) Nebraska at the company's office 130 N 13th St. December 13th at 10 o'clock a. m. All members of the company are urgently requested to be present to vote for delegates to the annual meeting.

JOHN T. DORGAN,  
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