

denounced as a thief he will endure public disfavor with more or less equanimity, but when he is punished as a thief he will cease to look upon thievery as a desirable occupation. The deterrent effect of such punishments will be even a more potent protection to the public. If it be made clear that all who enter illegal combinations must pay the penalty in prison few will wish to take the risk of forming a trust.

The Loomis anti-combination law provides that prosecutions in the first instance shall be started by the county attorneys and shall be taken up by the attorney general on appeals. It is likely, therefore, that Attorney General Norris Brown will refuse to prosecute criminally at the instigation of the Farmers' Co-operative Grain and Live Stock State association. The circulation of petitions demanding that the attorney general shall take action may, therefore, prove futile, but this should not discourage those who seek to bring to justice violators of the anti-trust law. Let them demand that the prosecuting attorneys in the various counties take the necessary steps to punish the corporation culprits. The farmers' organization is said to have 103 locals. If this is true most effective work ought to be possible through these locals. A general fund would doubtless be necessary, but each local could use such portion of it as should be required. Criminal proceedings will place a much lighter tax upon the members of the organization than will civil suits, for the counties will, of course, be forced to bear the expense of criminal prosecutions. Such expense, however, can be well endured by the counties if it results in the overthrow of a monopoly that extorts a tax from every farmer.

FALSE BOAST OF THE BUREAUCRATS

Already the railway bureaucrats are boasting that their campaign of education has triumphed and that restrictive legislation has been "headed off." If the fallacies, misrepresentations and threats the literary bureaus employ have lulled to sleep the agitation for railway regulation which seemed so general the triumph is a mighty one and cannot be exaggerated. But is it not possible that the bureaucrats have been deceived by surface signs? Are they not counting too much on the ease with which the people have been hoodwinked in the past?

The friends of railway regulation, while admitting that they are in for a hard fight, are not lacking in confidence. They have kept the people well informed as to the character of the literary bureaus, and cannot believe that any great number have been deluded by railway arguments. So far as the senate of the United States was concerned the railways did not need any campaign of education. In the millionaire's club all that was needed was a campaign of persuasion, and that campaign was a success long before the campaign of education among the people began.

Legislation may be delayed by the senate, but it has not been "headed off" by any appeal the railways have made to the people. It is still the liveliest and breeziest of issues.

GOVERNMENT AS A SLEUTH

Attorney General Moody, in his address before the Lincoln club of Boston, gave a brief history of the proceedings which led to the indictment of the packers. He makes it altogether too apparent that the evidence secured was not of a decisive character. The Independent has already expressed the fear that the government has been foiled in its second attempt to ascertain the secrets of the beef trust, nor could the result be otherwise considering the methods of investigation.

The investigation was begun with a sensational and absurd blare of trumpets. Instead of approaching stealthily the government proclaimed that it was on the march to crush the common foe. The attorney general authorized and directed a most searching inquiry into the conduct of the packers. Witnesses were subpoenaed and questioned. Two of the most important witnesses fled from the country. Former employes of the packers were found and from them was obtained some valuable testimony. After the grand jury had been in session several weeks secret service men were given the scent and told to shadow packing house employes. The packers, however, were well informed as to every step taken by the district attorney, and doubtless all the illegal paraphernalia was removed before the raid began.

Why was not the order of the investigation reversed? Why did not the secret service men begin the inquiry? Why were the packers warned by the issuance of 200 subpoenas at one time? These are questions that Attorney General Moody should have answered in his speech before the Lincoln club. The secret service men could have secured an abundance of information from talkative and un-

suspecting employes of both the packing house and the railway companies. This is the process adopted in hunting down little criminals. Why is it not adopted in hunting down the big criminals? If the district attorney had wished to uncover a gang of counterfeiters he would not have set a trumpet to his lips and blown a fanfare summoning counterfeiters to testify before a grand jury. He would have secured the evidence first, then arrested the counterfeiters, and finally submitted the matter to the grand jury.

It is to be hoped that the government will know better next time, but a radical change of administration is necessary. In dealing with the trusts justice must be as wise as a serpent and as innocent as a dove.

THEORY OF STOCK VALUES

Editor Louis F. Post in his admirable paper, The Public, suggests that Thomas W. Lawson has set the cart before the horse in assuming that wealth distribution is controlled by stock values, whereas stock values are controlled by wealth distribution. Mr. Post points out that by the special privileges they enjoy the railways and corporations are able to increase their capitalization without "watering" the stock. Stock which, for example, has a nominal value of \$10,000,000 when its net earnings capacity is five per cent has a real and equitable value of \$20,000,000 when its net earning capacity has advanced to ten per cent as the result of such privileges as rights-of-way, mining rights, franchise rights, etc.

Editor Post has undoubtedly stated the correct theory of stock values. Many have declared that the values of certain railway stocks have been "watered," but when we find these stocks regularly paying dividends of 5 or 6 per cent we cannot truthfully say that any portion of the stocks consists of water. As long as the western railways have the privilege of charging high freight rates without reference to the increased wealth of the districts they traverse it will be possible to increase the capitalization of the roads every little while, but the roads will not therefore be overcapitalized. It is because the roads have the power to "bleed" the west by extortionate freight rates that the values of railway stocks are continually mounting. When the financiers observe that the surplus of a certain road is growing topheavy and that larger dividends can be paid they proceed to issue more stock. There is a great deal of "graft" in the underwriting of such stocks. Much of the value is absorbed by pools and syndicates which manipulate the funds by various devices, such as, for example, were employed by the Equitable directors to divert into the pockets of Wall street "grafters" a surplus that should have gone to the policyholders. The owners of the railway stock, of course, reap a portion of the profit that comes from capitalizing the increased value of the road. Meantime the value has been spread out over a wider surface and the new and old holders of stock will draw only four or five per cent where the original holders of the stock, if there had been no recapitalization, would have drawn dividends of ten or twelve per cent.

The only sane method of correcting this evil is public ownership. When the government owns the railways there will be no inducement to extort high freight and passenger rates. As the regions through which the railways pass increase in wealth and productivity the increased earnings of the roads will be returned to the people by a lowering of the freight and passenger rates.

The fact that the railways have been able so often to increase their capitalization is an excellent reason why government ownership in this country should be a success. Under government ownership the entire revenue would go to the government. In a nation whose productivity is increasing at a rapid rate government ownership, therefore, should be much more successful than in a nation whose productivity increases slowly. In the United States the people pay for all the roads every fourteen years by means of high freight rates. It should, therefore, be easy to acquire and pay for the roads and to operate them at a great profit after they have been acquired.

A GRADUATE OF ANARCHY

When Thomas W. Lawson in plain and lucid language exposed "the system" to Kansas and Nebraska folk a few weeks ago he was told that he was merely describing with a more intimate knowledge conditions which populists had been denouncing for years. In reply Mr. Lawson said that he did not clearly understand the teachings of populism. He knew that he was telling the truth and if what he said was populism he was glad to know that populism was the truth.

But the similarity between Lawsonism and populism ends just where populism becomes constructive. There is nothing constructive about Lawsonism. As Mayor Dunne of Chicago rightly