

shipped, but an increased business might entirely offset this loss.

It is to be presumed, however, that the railway officials have so adjusted rates that they can make more on restricted business at extortionate rates than on an expansive business at low rates. Railway traffic officials are under constant pressure to make as much out of the business as possible for the benefit of the stockholders, and if lower rates would achieve this result they would undoubtedly lower the rates on all roads except—and this is an important consideration—on such roads as are being manipulated for speculative purposes.

The question that presents itself is not, therefore, the paralysis of business in general but the reduction of railway net profits, and this is really what worries President Spencer. It is possible that railway regulation will reduce somewhat the dividends on watered stocks. The people of the country must decide whether all industries shall be injured to benefit the railway industry or whether the railway industry shall forego some of its profits for the benefit of all other industries.

President Stickney of the Great Western, who is one of the clearest thinkers among railway officials, believes that freight rates could be lowered without reducing profits. He is of the opinion that present high rates are maintained because freight officials are afraid to experiment with a general reduction of rates as a method of producing a greater amount of traffic. Testifying on this point President Stickney said:

"The real problem is to find a rate which will give the most net profit to the railroads. That rate will be most advantageous to the shipper and railway alike. I must illustrate that by the passenger business. Several years ago the rate used to be 5 cents a mile. It was reduced to 3 cents, and for a time the passenger income to the railroads was reduced. But soon the lower rate stimulated more traffic, and the net profits now are acknowledged to be larger than they would be under the 5 cent fare. Whether the 3 cent rate is right or whether the 2 cent rate would produce more net revenue, I am not clear, and there is only one way to find out. That is my experiment. The same principle pertains to the freight rates, that it is only by experiment and experience that we can tell which rate will produce the most net revenue. When that rate is found it is my opinion that it is the right rate. 'Will not traffic move on an exorbitant rate so long as it is not actually prohibitive?' asked Attorney Cowan for the government. Yes, some freight would move on an exorbitant rate, just as some people would travel at 10 cents a mile, but it would not be a good rate for the railroad because it would not produce the biggest net revenue."

Perhaps the only mistake President Stickney makes in this statement is his assertion that "the real problem is to find a rate which will give the most net profit to the railroads." President Stickney thus places the interests of the railway industry above the interests of all other industries and above the interests of the consumers, who, in the last analysis, pay the freight. The consumer would, of course, pay the freight if rates were reduced, but it would be a lower freight. At the same time the producer would be helped by the expansion of his business. The real problem, therefore, would seem to be the discovery of a rate that will be advantageous to both the consumer and the producer while allowing the transporter a fair profit for his services.

President Spencer's fears are based on the supposition that the interstate commerce commission in time would lower practically all rates. Although a general reduction is desirable it is unlikely that the commission would lower many rates. It must be remembered that for ten years the commission exercised the power of not only declaring a certain rate unjust but of designating a fair rate. In 1897 the supreme court decided that the commission must go no farther than to declare a rate unjust. For ten years the rates fixed by the commission were placed in effect by the railways, and yet during that decade there was no general reduction in rates by the commission. In fact, the commission fixed comparatively few rates.

CHARGING ALL TRAFFIC WILL BEAR

In Iowa there is a railway commission which fixes local rates below the range of charges that would obtain if the roads were allowed to charge all the traffic would bear. Such a commission would be a great boon in Nebraska where rate extortion is notorious and intolerable. Next year the people of the state will have an opportunity to signify at the polls whether they wish an elective railway commission. In the light of their long-suffering under the iron heels of the transportation companies it is not difficult to predict the verdict. This commission should be given the power to fix rates. Nor should this power be limited to the fixing of rates in such cases only as come before the commission on complaint. Frequently shippers who have been discriminated against are deterred from making complaints through fear of future ill-treatment. Moreover, individual complainants might be induced to withdraw their complaints if promised future favors. Consequently the commission

should be given the power to investigate rates on its own initiative, and, after a thorough examination, to fix such rates as it may deem fair, these rates to take effect immediately and to remain in force pending litigation.

In Iowa freight rates are lower than in Nebraska. The figures for 1903 show that the net profits of the roads on 9,719 miles of track were \$15,076,163. In Nebraska the profits on only 5,697 miles were \$16,425,416. If the officials of Nebraska roads are asked why rates are so much higher in Nebraska than in Iowa they say that this is due to the greater cost of service in Nebraska. But when they are told that they should charge according to the cost of service they object, claiming that they must charge all the traffic will bear.

THE LABORER AND HIS HIRE

It is announced that G. E. Cunliffe, a money clerk for the Pacific Express company at Pittsburg, who disappeared with \$101,000, was paid only \$55 a month in salary, although he handled millions. On this meager salary he supported himself and family.

While Cunliffe's theft cannot be excused on the ground that he needed the money to keep the wolf from the door, it will strike the average man that the express company has been taught a lesson it should heed. The president of an insurance company or of an express company who draws a salary of \$50,000 or \$100,000 a year feels no qualms when he is told that many of his employees who hold responsible positions are receiving as salaries a pittance which he spends every month for cigars. What is it to him that John Smith or George Cunliffe is not paid enough to secure for himself and his family the ordinary necessities of life? If John Smith should plead for an increase in salary on the ground that he is holding a responsible position he would be told that many other men would be willing to take his position at the same wages. If he should plead the necessity of his wife and little ones he would probably be considered an anarchist.

It is only when John Smith robs his employer of \$100,000 or \$101,000 that the employer understands that there is something wrong with a system that pays less than living wages to a man who handles millions. When moral philosophy or sentiments of charity fail to convince, a brief calculation in arithmetic demonstrates to the employer that it is better to pay his money clerk satisfactory wages than to have him run off with \$100,000.

The employer who places upon a young man the responsibility of handling millions, but who is unwilling to pay fair wages for services received, puts a premium on dishonesty, and will not see his mistake until his pocketbook is touched. To touch the heart of the typical modern financier is a task that angels would shrink from.

At bottom the insurance president who receives a salary of \$150,000 is frequently not as honest as the \$55 clerk who steals \$101,000. The life insurance revelations have taught us that. Fair wages would keep many a young man from temptation, but a fabulous salary cannot keep some men honest.

PRESIDENT SETTING BAD EXAMPLE

President Roosevelt and friends will soon start on a jaunt through the southern and western states at the expense of the railway companies. Free transportation will be furnished on a scale befitting the momentous occasion. The chief executive will lend the dignity of his approbation to a system of favoritism by which legislators, judges and state officials of high and low degree have been bribed to disregard or injure the interests of the people.

The president's trip at this time, to say the least, is inopportune. Throughout the nation there exists a rising spirit of protest against free transportation. It is not so many weeks ago that the president himself was represented as giving heed to this protest and it was stated in the press, apparently without foundation, that he would thereafter pay his way on the railroads. About that time Charles J. Bonaparte was appointed secretary of the navy and when he took the office he surrendered his railway transportation. This act was widely approved and many thought that the new secretary was inspired in what he did by the president himself. Secretary Bonaparte stated that he did not think that as a member of the president's cabinet he ought to accept passes from transportation companies. If the secretary is sensitive on this point how much more sensitive should the president be. But Mr. Roosevelt is about to take a long junket for which the railways will pay, or perhaps it would be nearer the truth to say that for this trip the people will ultimately pay, inasmuch as they are compelled to pay higher passenger rates than the president and other pass-users may ride free.

To say that what the president is about to do is customary is an