

than the failure to enforce the law against rich criminals while it is rigidly enforced against petty offenders. But it is not sufficient to enforce existing laws. If ten corporations conspiring together in restraint of trade are threatened with punishment, all they have to do now is to dissolve their separate corporations and turn their property over to a new corporation. The new corporation can proceed to do the same thing that the separate corporations attempted, and yet not violate the law. We need, therefore, new legislation and the republican party not only fails to enact such legislation, but fails even to promise it. The democratic party must be prepared to propose legislation which will be sufficient.

"Recent investigations have brought to light the fact that nearly all the crookedness revealed in the management of our large corporations have been due largely to the duplication of directorates. A group of men organized, or obtained control of, several corporations doing business with each other and then proceeded to swindle the stockholders of the various corporations for which they acted. No man can serve two masters, and the director who attempts to do so will fail, no matter how much money he makes, before his failure is discovered. Many of the trusts control prices by the same methods. The same group of men secure control of several competing corporations and the management is thus consolidated. It is worth while to consider whether a blow may not be struck at the trusts by a law making it illegal for the same person to act as director or officer of two corporations which deal with each other or are engaged in the same general business.

"A still more far-reaching remedy was proposed by the democratic platform of 1900, namely, the requiring of corporations to take out a federal license before engaging in interstate commerce. This remedy is simple, easily applied and comprehensive. The requiring of a license would not embarrass legitimate corporations—it would scarcely inconvenience them—while it would confine the predatory corporations to the state of their origin. Just as a federal license to sell liquor leaves the possessor of the license to sell only in accordance with the laws of the state in which he resides, so a corporate license granted by a federal commission would not interfere with the right of each state to regulate foreign corporations doing business within its borders.

"If corporations were required to take out a federal license the federal government could then issue the license upon the terms and conditions which would protect the public. A corporation differs from a human being in that it has no natural rights and as all of its rights are derived from the statutes it can be limited or restrained according as the public welfare may require. The control which congress has over interstate commerce is complete and if congress can prevent the transportation of a lottery ticket through the mails, by the express companies or by freight, it can certainly forbid the use of the mails, the railways and the telegraph lines to any corporation which is endeavoring to monopolize an article of commerce, and no party can long be credited with sincerity if it condemns the trusts with words only and then permits the trusts to employ all the instrumentalities of interstate commerce in the carrying out of their nefarious plans. It is far easier to prevent a monopoly than to watch it and punish it, and this prevention can be accomplished in a practical way by refusing a license to any corporation which controls more than a certain proportion of the total product—this proportion to be arbitrarily fixed at a point which will give free operation to competition.

"The tariff question is very closely allied to the trust question and the reduction of the tariff furnishes an easy means of limiting the extortion which the trusts can practice. While absolute free trade would not necessarily make a trust impossible, still it is probable that very few manufacturing establishments would dare to enter into a trust if the president were empowered to put upon the free list articles competing with those controlled by a trust. While I shall take occasion at an early day to consider the tariff question more at length, I can not permit this opportunity to pass without expressing the opinion that the principle embodied in the protective tariff has been the fruitful source of a great deal of political corruption as well as the mother of many of our most iniquitous trusts. It is difficult to condemn the manufacturers for uniting to take advantage of a high tariff schedule when the schedule is framed on the theory that the industries need all the protection given and it is not likely that the beneficiaries of these schedules will consent to their reduction so long as the public waits for the tariff to be reformed by its friends.

"But one of the worst features of the tariff, levied not for revenue, but for the avowed purpose of protection, is that it fosters the idea that

men should use their votes to advance their own financial interests. The manufacturer has been assured that it is legitimate for him to vote for congressmen who, whatever their opinions on other subjects may be, will legislate larger dividends into his pockets; sheep growers have been encouraged to believe that they should have no higher aim in voting than to raise the price of wool; and laboring men have been urged to make their wages their only concern.

"For a generation the 'fat' has been fried out of the manufacturers by the republican campaign committee, and then the manufacturers have been reimbursed by legislation. With the public conscience educated to believe that this open purchase of legislation was entirely proper, no wonder that insurance companies have used the money of their policyholders to carry elections—no wonder that trusts have hastened to purchase immunity from punishment with liberal donations! How can we draw a moral distinction between the man who sells his vote for five dollars on election day and the manufacturer who sells his political influence for fifty or a hundred thousand dollars, payable in dividends? How can we draw a moral line between the senator or congressman elected by the trusts to prevent hostile legislation and the senator or congressman kept in congress by the manufacturers to secure friendly legislation? The party that justifies the one form of bribery can not be relied upon to condemn the other.

"There never was a time when tariff reform could be more easily entered upon, for the manufacturers by selling abroad cheaper than at home, as many of them do, have not only shown their ingratitude toward those who built the tariff wall for them, but they have demonstrated their ability to sell in competition with the world. The high tariff has long been a burden to the consumers in the United States and it is growing more and more a menace to our foreign commerce because it arouses resentment and provokes retaliation.

"The railroad question is also interwoven with the trust question. Nearly all the private monopolies have received rebates or secured other advantages over competitors. Absolute equality of treatment at the hands of the railroads would go far toward crippling the trusts, and I rejoice that the president has had the courage to press the question upon congress. While the law, as it was finally distorted by the senate, is not all that could be wished, it deserves a fair trial.

"Rate regulation was absolutely necessary, and it furnishes some relief from the unbearable condition which previously existed, but we must not forget that the vesting of this enormous power in the hands of a commission appointed by the president introduces a new danger. If an appointive board has the power to fix rates and can, by the exercise of that power, increase or decrease by hundreds of millions of dollars the annual revenues of the railroads, will not the railroads feel that they have a large pecuniary interest in the election of a president friendly to the railroads? Experience has demonstrated that municipal corruption is largely traceable to the fact that franchised corporations desire to control of the city council and thus increase dividends of the franchised corporations. If the railroad managers adopt the same policy, the sentiment in favor of the ownership of the railroads by the government is likely to increase as rapidly throughout the country as the sentiment in favor of municipal ownership has increased in the cities.

"I have already reached the conclusion that railroads partake so much of the nature of a monopoly that they must ultimately become public property and be managed by public officials in the interest of the whole community in accordance with the well defined theory that public ownership is necessary where competition is impossible. I do not know that the country is ready for this change; I do not know that a majority of my own party favor it, but I believe that an increasing number of the members of all parties see in public ownership the only sure remedy for discrimination between persons and places and for extortionate rates for the carrying of freight and passengers.

"Believing, however, that the operation of all the railroads by the federal government would so centralize the government as to almost obliterate state lines, I prefer to see only the trunk lines operated by the federal government and the local lines by the several state governments. Some have opposed this dual ownership as impracticable, but investigation in Europe has convinced me that it is entirely practicable. Nearly all the railroads of Germany are owned by the several states, the empire not even owning trunk lines, and yet the interstate traffic is in no wise obstructed. In traveling from Constantinople to Vienna one passes through Turkey, Bulgaria, Servia, Hungary and a part of Austria without a

change of cars. And yet, each country owns and operates its own roads and different languages are spoken on the different divisions of the lines. Sweden and Norway each owns its railroads, but they have no trouble about interstate traffic, although their political relations are somewhat strained. The ownership and operation of the local lines by the several state governments is not only feasible but it suits itself to the conditions existing in the various states. In those states where the people are ripe for a change the local lines can be purchased or new lines be built at once, while private ownership can continue in those states in which the people still prefer private ownership. Some states have been more careful than others to prevent the watering of stock and in the acquiring of roads each state can act according to the situation which it has to meet.

"As to the right of the governments, federal and state, to own and operate railroads there can be no doubt. If we can deepen the water in the lakes and build connecting canals in order to cheapen railroad transportation during half of the year, we can build a railroad and cheapen rates the whole year; if we can spend several hundred millions on the Panama canal to lower transcontinental rates, we can build a railroad from New York to San Francisco to lower both transcontinental and local rates. The United States mail is increasing so rapidly that we shall soon be able to pay the interest on the cost of trunk lines out of the money which we now pay to railroads for carrying through mails. If any of you question the propriety of my mentioning this subject I beg to remind you that the president could not have secured the passage of the rate bill had he not appealed to the fear of the more radical remedy of government ownership and nothing will so restrain the railroad magnates from attempting to capture the interstate commerce commission as the same fear. The high-handed manner in which they have violated law and ignored authority, together with the corruption discovered in high places has done more to create sentiment in favor of public ownership than all the speeches and arguments of the opponents of private ownership.

"I have referred to the railroad question as a part of the trust question because they are so interwoven that it is difficult to consider one without the other.

"Just a word more in regard to the trusts. Some defend them on the ground that they are an economic development and that they can not be prevented without great injury to our industrial system. This may be answered in two ways: First, trusts are a political development rather than an economic one; and, second, the trust system can not be permitted to continue even though it did result in a net economic gain. It is political because it rests upon the corporation and the corporation rests upon a statutory foundation. The trust, instead of being a natural development, is a form of legalized larceny, and can exist only so long as the law permits it to exist. That there is an economic advantage in production on a large scale, may be admitted but because a million yards of cloth can be produced in one factory at a lower price per yard than one hundred thousand yards can be produced in the same factory, it does not follow that cloth would be produced at a still lower price per yard if all the cloth consumed in the United States were produced in one factory or under one management. There is a point beyond which the economic advantage of large production ceases. The moment an industry approaches the position of a monopoly it begins to lose in economic efficiency, for a monopoly discourages invention, invites deterioration in quality and destroys a most potent factor in production, viz.: individual ambition. But the political objections to a trust overcome any economic advantage which it can possibly have. No economic advantage can justify an industrial despotism or compensate the nation for the loss of independence among its producers. Political liberty could not long endure under an industrial system which permitted a few powerful magnates to control the means of livelihood of the rest of the people.

"Landlordism, the curse of Europe, is an innocent institution in comparison with the trust carried to its logical conclusion. The man who argues that there is an economic advantage in private monopoly is aiding socialism. The socialist, asserting the economic superiority of the monopoly, insists that its benefits shall accrue to the whole people, and his conclusion can not be denied if the superiority of monopoly is admitted. The democratic party, if I understand its position, denies the economic as well as the political advantage of private monopoly and promises to oppose it wherever it manifests itself. It offers as an alternative, competition where competition is possible and public monopoly wherever circumstances are such as to