

of its previously established value. As the letter itself stated, "*the subject naturally falls into two great parts, (1) the accomplishment of municipal ownership of the street railway system, and (2) the improvement of our street railway service while municipal ownership is being established.*"

To this purpose and plan, clearly indicated by Mayor Dunne and acceptable to the people of Chicago, the Morganites orally agreed. But when it came to putting the plan into the form of ordinances, they loaded down the ordinances with impossible conditions.

As stated above, the purchase price is allowed to exceed the ability of the city to pay; the city is not allowed to take over except for operation (for which it is without authority) unless it pays a 20 per cent. penalty on an already heavily padded valuation; no company can take over for the city unless it pays the same penalty or makes "a valid and binding contract" of dubious legal validity, and even then the city cannot assist in the purchase; and yet at the end of the long term of twenty years—though the city does not meanwhile take over and though the companies do meanwhile get nearly half the net profits in addition to liberal pay as capitalists and constructors and operators—the city cannot get back its traction rights to its streets without paying for the then existing plant more than double its value.

This is not municipal ownership, with improved service during the transition; it is corporate monopoly, with municipal ownership as a vague possibility and under circumstances stimulative of strenuous opposition from great financial interests. This is not carrying out the Werno letter; it is reversing it both in spirit and in letter.

✦

That the ordinances do reverse the Werno letter is evident from a comparison; it would be a fair inference merely from the attitude of the Morganic organs. The Chicago Tribune, for instance, railed viciously at "Dr. Fisher" as the draftsman for Mayor Dunne of the Werno letter; but it honors "Special Traction Counsel Fisher" for his work in drafting the ordinances. Either the Tribune has changed its mind as to the Werno letter, or the ordinances are a stultification of that letter.

Needless to say, the Tribune has not changed its mind.

VI.

Had the Morgan companies in good faith met Mayor Dunne upon the basis of the Werno letter, and joined him honestly in an effort to establish municipal ownership, with improvements in the service during the transition, even an excessive

price for the property and liberal compensation for co-operation could have been and would have been approved.

But these companies could not forego their predatory tricks. Instead of honestly aiding the municipal ownership movement, they have trickily tried to baffle it.

✦

The people should by their vote defeat these ordinances. They are tricky. They are framed in bad faith by the companies. They are calculated to perpetuate the Morganic ownership of our streets. While pretending to be in furtherance of the Werno letter, they fly squarely in its face. They will prevent good service. They will obstruct municipal ownership and operation. They will fleece street car passengers. They will make a new and profitable basis for stock-jobbing operations at the expense of the people of Chicago.

If Chicago is to have municipal ownership of the traction service, these ordinances must be voted down. If the city streets are ever again to come within the control of the city, the ordinances must be voted down. If the city is to have good street car service, they must be voted down.

The issue is for the city and a free hand to compel good traction service, or for J. Pierpont Morgan and the "dead hand" of an endless franchise.

EDITORIAL CORRESPONDENCE

AUSTRALIA.

(See page 1062.)

Corowa, N. S. W., Australia, Jan. 25.—The New South Wales local government extension act was passed in December. It is very much like the shires act of 1905. Each municipality is to be governed by a council, the members of which are called aldermen, who are all to be elected on the same day and to hold office for three years. The mayor is to be elected annually by the council from among its own members. All persons, male or female, who either own or occupy taxable land in a municipality will have the right to vote at the elections. An elector may not give more than one vote to any one candidate, and must vote for the full number of aldermen to be elected. Any male elector is eligible to be elected alderman.

A municipal council must levy a tax of one penny in the pound on the unimproved value of the land in its area. If any further revenue is required the council may impose a tax on either the unimproved or the improved value of the land, unless a poll is demanded, when the method of taxation must be decided by a vote of the taxpayers (not of all the electors). The total amount leviable in any muni-

cipality must not exceed the total amount which would be derived by a tax of two pence in the pound on the unimproved value, and two shillings in the pound on the assessed annual value (nineteenths of the rental value of land and improvements). This amount will depend on the relative values of the land and improvements. Probably in most cases, if a municipality resolves to tax land values only, it will be able to levy a tax of about four pence in the pound, if required.

It appears to me that every proper power is conferred upon municipal councils, except the right to construct and operate street railways, telegraphs, and telephones. Authority to provide street railways was included in the original bill, but struck out by Parliament, so this power remains a monopoly of the State government.

Telegraphs and telephones are constructed and worked by the Federal government in conjunction with postoffices.

The act would be much better if it compelled councils to raise all revenue from the taxation of land values only, and if there were no limit to the amount of tax; but it is a great improvement on the act it supersedes.

When it comes into force next year, the present State tax of one penny on the pound on land values, with exemptions, will be suspended in municipalities as has already been done in the shires.

The government has promised to bring in another bill to deal with the city of Sydney which is under a separate act.

+

About two years ago (vol. vii, p. 661) the Federal High Court decided that the salaries of Commonwealth officials were exempt from State income tax, and refused leave to appeal to the Privy Council of Great Britain.

This ruling was not based upon any specific clause in the Australian Constitution, but upon a judgment in a similar case by Chief Justice Marshall of the United States; the reason given for this being the resemblance between the Australian and the American Constitutions.

The decision gave great dissatisfaction, and there was some talk of amending the Constitution, but it was resolved to try a simpler plan first. The State government of Victoria sued a Federal officer for non-payment of income tax in the State Supreme Court. Judgment was, of course, given in accordance with the ruling of the High Court, but an appeal was allowed direct to the Privy Council. That body has now given its decision, which is in direct opposition to that of the High Court and therefore overrules it.

The Privy Council based its decision on the Australian Constitution, and would not admit that American precedents had anything to do with the case. As the High Court appears to be straining the Constitution in the interest of the Commonwealth as against the States, the decision of the Privy Council is important.

ERNEST BRAY.

* * *

I believe in the ultimate decency of things—ay, and if I awoke in hell should still believe in them.—Robert Louis Stevenson.

NEWS NARRATIVE

To use the reference figures of this Department for obtaining continuous news narratives:

Observe the reference figures in any article; turn back to the page they indicate and find there the next preceding article on the same subject; observe the reference figures in that article, and turn back as before; continue until you come to the earliest article on the subject; then retrace your course through the indicated pages, reading each article in chronological order, and you will have a continuous news narrative of the subject from its historical beginnings to date.

Week ending Wednesday, March 6, 1907.

The Chicago Mayorakty.

Mayor Dunne's renomination of a week ago (p 1135) was followed on the 2nd by the nomination for mayor by the Republicans of Fred A. Busse. Although Mr. Busse represents the Lorimer faction of his party, and his nomination was repugnant to Gov. Deneen's branch of the party, which is especially represented among the newspapers of Chicago by the Record-Herald and the Daily News (controlled by Victor F. Lawson), the nomination was made unanimously.

+

Except on the traction question the Republican platform is perfunctory and indefinite. On this question it declares:

Immediate and radical improvement in, and extension of, street railway facilities is the paramount need of Chicago. With growing indignation, but patient firmness, the people have endured totally inadequate transportation service and submitted to flagrant disregard of their convenience and comfort on the part of the traction companies. For ten years street car patrons have risked health and life in overcrowded, insanitary cars, and suffered injury to their business and property through lack of sufficient and continuous service, awaiting the time when a settlement could be made with the companies that would properly safeguard the interests of the city. Such a settlement is at last possible through the adoption of ordinances in support of which all disinterested and intelligent citizens who have the interests of Chicago at heart can unite without regard to differences of honest opinion as to the public or private ownership or operation of municipal utilities. On Feb. 4, 1907, the City Council passed two ordinances, subject to referendum, which have for their purpose the immediate reconstruction and practical unification of the street railway systems. They reserve to the city the right to purchase the lines at an ascertained price at any time on six months' notice, and provide a direct and speedy method of bringing about municipal ownership. These ordinances received the votes of fifty-seven out of sixty-nine aldermen of both parties, representing every section of the city. The ordinances make practical and effective provision for the immediate and comprehensive improvement of street railway facilities throughout the entire city; for much-needed extensions of lines, especially in the outlying wards; and for a single fare over all the lines of the four great systems within the present or future limits of the city. They give the city control of construction, equipment and extensions and of the service itself. They make the city a controlling partner in the enterprise, not only during the period of reconstruction, but of subsequent operation. The city becomes a participating partner in the enterprise, and the annual profit of the companies to a 5 per cent. interest return and