

had shrunk on the 31st day of August to \$506,877. This rate of decrease, if maintained, would automatically cause an increase of fares some time in November, for the "interest fund" would then be reduced to less than \$500,000 by as much as \$200,000. But the increased fare would not be 5 cents. It would be the rate specified in the ordinance schedule as next above the present rate. As the present rate is 3 cents *with* "rebate" of the transfer charge, the higher rate would be 3 cents *without* rebate of transfer charge. It would be, that is, the same as the rate for the first fifteen months of operation under this ordinance, namely 3 cents without transfer and 4 cents with transfer. This rate, as shown above, was so profitable during the period it was in use as to raise the "interest fund" above \$500,000 by more than \$200,000, a fact which makes it altogether improbable that any rate higher than 3 cents, plus 1 cent for transfer, will be necessary. At all events, no higher rate than that is anywhere in sight yet.

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It should be explained, too, that economical management of the company is very gravely questioned in Cleveland. The company tried hard, prior to June 1, 1911, to prevent an accumulation in the "interest fund" of \$200,000 in excess of \$500,000; and it is believed to have reduced that fund to \$500,000 again by purposely extravagant management. More will be known about the company's management in this respect when Newton D. Baker becomes Mayor of Cleveland, which will probably be on the 1st of next January.

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Accounting for "Oregonian" Editorials.

Newspaper readers inclined to yield to the pertinacious attacks by The Oregonian upon the Singletax movement in Oregon may learn some things pertinent and worth knowing if they read this paragraph from the Portland Labor Press: "The 'heir apparent' of The Oregonian has standing in his name 40,000 acres of the railroad timber lands, and worth not less than two million dollars. No wonder the organ of plutocracy is worried over the prospects of being made to use or let others use that idle land."

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Education.

The man of an earlier time who was proud of his inability to write his name was probably a stronger man, other things being equal, than the man of our day who is proud of his ability to do it. In this thought there is a moral for educators. To

have a modern education strengthens one by giving him larger equipment; but if one exalts his education, its advantages as a mental equipment are thereby probably more than offset by consequent deterioration in mental power. To make a more general application, peoples of the past who had no book learning and were proud of it were probably, man for man, more capable intellectually (even with their limited but for their own time and place sufficient mental equipment) than peoples of the present who boast of their education. For education is a mental tool, not a mental quality; and the prouder we are of our possession of the tool the more deficient are we likely to be in the quality for using it. So our boasted era of education may be expected to remain inferior in true intellectual power until we take education off its pedestal as a fetish and practice using it more as an implement. This is doubtless the essential truth in the movement for vocational education. It is education *for use* instead of polish. But that truth is not limited, as sordid minds try to limit it, to the specialties of production and trade. It applies to all education.

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SIGNING A BLANK CHECK.

"And a Great Country with its Wealth and Splendor Stood Before It, and the Life of its Deluded People Made the Hills and Valleys ring with Their Demented Laughter."

Press dispatches from New York inform us from time to time that the reorganization of the Tobacco Trust is being proceeded with and that the ambassadors of the Trust are in almost daily conference with the equally potent representatives of the Government, looking to a carrying into effect of the judgment of the Supreme Court of the United States which not only dissolved the Trust but ordered it to "re-create out of the elements now composing it a new condition which shall be honestly in harmony with the law."

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The order of the Supreme Court of the United States in the case of the American Tobacco Company, commonly referred to as the Tobacco Trust, was the most unheard of order that ever emanated from any court of justice in the history of the Anglo-Saxon race. The court exhausted its jurisdiction when it rendered a judgment dissolving the Trust, as prayed for in the bill of complaint; but to exceed that jurisdiction and to order it to re-organize in harmony with the law, is quite in keeping with the friendly attitude of the court to the Princes of Privilege.

Such an order finds no parallel in the annals of our jurisprudence.

The Tobacco Trust stood before the bar of the Supreme Court convicted of a flagrant violation of the laws of the United States. Under the Act the court had a right to order, in its judgment, that the Trust be dissolved as being a combination in restraint of trade. It was beyond the power of the court to order it to reorganize, much less to order it to reorganize under the tutelage of the Government.

Isn't the Supreme Court of the United States manifesting an almost paternal regard for the Tobacco Trust?

Having amended the Sherman Anti-Trust Act after Congress had repeatedly refused to do so, the Court orders the Tobacco Trust to reorganize, not on the lines of the Sherman act as passed by Congress but in harmony with the Sherman act as amended by the Court in the Standard Oil case. Evidently fearing that the Sherman Anti-Trust Act might not be sufficient protection, even as they had emasculated it, the Supreme Court ordered the trial court to supervise the reorganization.

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After an interview with Attorney General Wickersham it is reported that his statements implied that the reorganization of the company's properties had been considered and decided upon up to that point at which it was possible for the representatives of the Government and the representatives of the Trust to formulate a reorganization plan in advance of public hearings by the court.

We are further told that the proposed plan had been discussed in conferences between the attorneys for the Trust, the Attorney General of the United States and the Judges of the United States Circuit Court, and that after several such conferences a plan of reorganization had been agreed upon that, so far as its main points were concerned, was considered generally satisfactory and was the result of a compromise.

To the lay reader, unskilled in the art of legal ledgerdemain, this information would convey the impression that a real effort was being made to remedy an existing evil, and that there was an indication of a sincere desire on the part of the Tobacco Trust to bring itself within the law. An effort so earnest and heartfelt that it had invoked the aid of the very Government itself to supervise the operation and to put the seal of its approval on the plan finally adopted; and, as fur-

ther evidence of its contrition, to have it made a matter of court record by a judgment of the court.

Herein lies the gravest danger that has menaced the people of the country in their struggle with Privilege.

It seems almost idyllic to contemplate the arrogant Tobacco Trust as actually putting itself under the tutelage of the government that it may be instructed in the true way of life. But the illusion fades when we stop to consider that if the Tobacco Trust reorganizes its business after a plan approved by the Government, no matter what the result may be, the Government will, by every principle of law, be estopped in the future from saying that this new organization is in violation of the Act of Congress. No matter to what extent the Trust may restrain trade in the future, it will be secure. The judgment of the United States Circuit Court approving the plan will be conclusive on all parties in court, and the Government being one of the parties to the suit will be forever bound by the judgment.

That Privilege is well aware of the impregnable position it will be in when it reorganizes combinations under the tutelage of the Government in court, is indicated by the following statement of its attitude toward the proceeding:—

"The outcome of the reorganization conferences is considered scarcely less important than the result of the anti-trust cases in the Supreme Court. *because it will furnish a precedent for the treatment of other great combinations of capital.*"

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While the average citizen, handicapped as he is by the annoying distractions of his own economic insecurity, has practically no time to devote to matters of public interest, the Princes of Privilege are keenly alive to the advantage that may be gained by a reorganization of their business interests under the precedent furnished by the treatment of the Tobacco Trust, and will quickly avail themselves of the opportunity.

It was reported a few weeks ago that the ambassadors of the Harvester Trust had met in consultation with Attorney General Wickersham and it has been suggested that they indicated a sincere desire to receive like absolution at the hands of the Government. There will be a grand scramble of all the Trusts to reorganize during the eighteen months that must elapse before the Republican party can be ousted from its control of the affairs of the government.

All trusts reorganized in the manner indicated will be immune from prosecution at the hands of

the Government; and any incoming administration, no matter how earnest it may be in its efforts to serve the people, will find itself bound hand and foot when it comes to attacking the trusts in the future. They will all invoke the *doctrine of estoppel*, and the Supreme Court of the United States, ever ready to serve special interests, will declare the law to be that as to such combinations of capital as have been reorganized under the supervision and with the advice and consent of the Government, *the Government is forever estopped to declare them unlawful.*

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Bearing in mind that the plan has been practically agreed upon by secret conferences of the Trust attorneys, the Attorney General of the United States and the Judges of the United States Circuit Court, and that the essence of the plan as thus "agreed" upon is that "the company may be resolved into three units, no one of which is to have a monopoly control of any one branch of the business, and no one of which is to be controlled by any other," we next hear that a suit has been filed in the United States Circuit Court at New York City seeking to enjoin the Tobacco Trust from interfering with one of its subsidiary concerns, and that this subsidiary company alleges in its bill of complaint, under oath, that "the details of the reorganization of the American Tobacco Company show that the *American Tobacco Company is to be divided into three corporations, each to have almost unlimited capital and resources; that the control of these companies will remain with the majority of voting stockholders of the American Tobacco Company; that the American Tobacco Company is to remain in existence to pay off its bonds at maturity and that the American Tobacco Company will control \$170,000,000 of the assets.*

A corporation ordered *dissolved* by the Supreme Court is to be allowed to remain in *existence* and control assets of the value of \$170,000,000. Dissolving a corporation in legal contemplation means to wind up its business, divide its assets and surrender its corporate franchises and charter. But here is a "dissolved" corporation to remain in *existence* and to control millions and millions of dollars in assets.

As if such a "dissolution" was not a mere subterfuge on the part of the representatives of the trust and the representatives of the Government to deceive the people and mask its true purpose, counsel for the complainant company in the suit referred to has publicly stated that "*the dissolution has no effectual safeguards to prevent the*

companies created out of the new elements, now united, from being really though secretly controlled by the same interests as at present."

Although it is thus claimed by an eminent lawyer familiar with existing conditions in the proposed reorganization of the Tobacco Trust, that the proposed dissolution has no effectual safeguards to prevent the companies to be created out of the new elements from being secretly controlled by the same interests that now control them, yet the plan has met the approval of the Attorney General of the United States, and the Judges of the Circuit Court whose judgment in the case will forever fix the status of the company.

It is reported that the plan to divide the business of the American Tobacco Company into three new companies was not to be considered the private idea of the Trust alone but was the common ground from which the company and the government attorneys might work. A plan for the division of the American Tobacco Company into three companies with no effectual safeguards to prevent the companies from being secretly controlled by the same interests that now control them was the common ground on which the Trust attorneys and the attorneys for the government met "to re-create out of the elements now composing the American Tobacco Company, a new condition which shall be honestly in harmony with the law."

The logic of the situation forces us to the conclusion that their idea of a ~~new~~ condition that shall be honestly in harmony with the law is a condition in which there are no effectual safeguards to prevent the three new companies from being *secretly* controlled by the same interests that now dominate them.

Notwithstanding the fact that it may be shown in the future that this same American Tobacco Company, while ostensibly divided into three apparently independent companies, is in truth and fact, for all practical and business purposes, secretly controlled by the same central power that has been declared to be illegal, inasmuch as the government, through its accredited representatives has put the seal of its approval on the plan, both by the consent and approval of the Attorney General and the action of the United States Circuit Judges in making it a judgment of record in their court, *the government is forever estopped from saying that its business is unlawfully conducted.*

As if to further advertise the fact that abolition was awaiting all who might apply, Attorney General Wickersham has given out the following

statement in an interview: "If in anticipation of action by the government, those in control of such combinations (meaning the great, complex combinations of corporations under a centralized control, dominating the trade of the country in an important industry) should work out a plan to avoid illegal condition, this Department would necessarily give very careful consideration to the plan, to avoid hostile action if possible. Personally I should much prefer that the business interests should readjust their organizations, so as to remove all possible criticism concerning their legality, than that the Department of Justice should conduct legal proceedings to compel such readjustment."

This is sufficient notice to those great, complex combinations of corporations, under centralized control, dominating the trade of the country in every important industry, to come in while the Republican party is yet in power and can consent to the plan, and be guaranteed an impregnable organization, safe for all time from overthrow at the hands of any party of reform that may finally get control of the affairs of the government.

The Government is signing a blank check that the System will soon fill in for a heart-rending amount.

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The Republican party is dying. Corruption has eaten into its heart. Its genius has departed, and, heavy with the loot and spoils of the country it is tottering to a fall. While the eyes of the people have been for years blinded to its vices by the glory of its battlefields, as the light fades its nakedness and horror stand revealed.

Instead of looking around it with human eyes upon the needs of the country the Republican party has created an independent class of rich and permitted them to withdraw by privilege and immunity, from the restraints of the law. It has established that order of things in which Princes of Privilege, booted and spurred, are allowed to put into governmental form their claim for the privilege of riding the many. It has pandered to the perverted commercial morality of the age. It has served those private interests that are always enlisted against the cause of the people. It never could be made to understand that to allow the System to take a man by the throat and rob him under the guise of an iniquitous tariff was no guaranty of tranquillity or prosperity. It never was able to realize that corruption by wealth will lower the moral tone of our people and that morality is the only sure guaranty of

property. It permitted the System to trample upon the consciences of the people from what seemed to it a higher interest.

But a slumbering sympathy is awakening into life. A new day is breaking. One by one the old lights are disappearing. The people are taking an inventory in the retrospect. It is not a single individual, but a system, an epoch, come to judgment.

The people have learned that patriotism is too often the last resort of the scoundrel. They have learned that they have been excluded from any real share in the government beyond the payment of taxes over which they exercise no control. They find that their government has been surrendered by the leaders of the Republican party into the hands of an irresponsible aristocracy of Privilege, utterly indifferent to public opinion, consistent only in the pursuit of wealth, lacking in integrity, careless of principle, oblivious to the voice of the people. While these "Children of the Preferred Stock" have been leading enchanted lives, charmed with the soft music of adulation, thrilled with the splendors of the world, the masses of the people have been living on the bare margin of a hungry subsistence.

"Take everything out of Italy that you can transport that is of any value to us," wrote the Directory to Napoleon at the head of the Army of Italy. In like estate the System writes: "Get everything out of the Republican party that you can that is of any value to us."

JOHN FREEMANTLE

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IMPORTANT FACTS NOT "EVEN FAINTLY" APPRECIATED.*

It seems to be the function of railway "mag-nates" to operate railways as an agency for creating public debt.

The cash profit divided among the stockholders of the New York Central lines in 1870 and 1871

*Mr. C. R. Burritt, of New York City, asks for a more particular citation, or information more in detail, of the operations of the New York Central lines as told over my signature in the editorial of this series in *The Public* of October 6th, at pages 1018 and 1019. The particulars he asks for are as follows:

Capital stock September 30th, 1875.....	\$ 89,428,300
Increase to June 30th, 1906 (11.82%).....	10,571,700

Capital stock June 30th, 1906.....	\$100,000,000
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The total number of passengers reported as having been carried one mile in the entire five-year period ending in 1906, is equal to the total number carried one mile in the five-year period ending September 30th, 1875, plus 24 per cent. The percentage of increase in the tons of freight hauled is arrived at by the same rule.

LEVI STEVENS LEWIS