

be developments of coal in other directions, but nothing like this coal; therefore I say the matter of capitalization depends very largely on the value you put on the raw material."

He said that "these companies" * * * have created values by coming together, and the owning of these stocks by one corporation will enhance the value of them all." He said that while iron and coal mines were usually put in at the outset at cost, and were carried on their books, at low valuations, yet "if they appreciated in value by reason of the fact that a limit could be placed upon the possible sources of supply they certainly would possess a higher value if considered at only subsequent periods."

TOM L. JOHNSON AS A BUSINESS MAN.

The Philadelphia Press, under caption of "The Ways of a Demagogue," a few days ago told in an editorial how

A rotund man known as Tom Johnson appeared in Cleveland and bought up a bankrupt street railroad for a song. * * * boomed it, watered the stock enormously and then dumped it on a confiding public at an immense profit to himself.

The Press continues:

Now Mr. Johnson has appeared in Cleveland again, this time as its mayor, and with the intention of booming not his pocketbook, but his political fortunes. And in order to play to the galleries he has instructed his board of equalization to raise the assessment of the street railroad he boomed so as to include the water he pumped into the stock and sold at a big figure to deluded purchasers. The road has hardly been able to pay a moderate dividend on its Tom Johnson watered stock, and with its Tom Johnson assessment it will be able to pay little or none.

Evidently "playing to the galleries" is the way the Press chooses to say that Mayor Johnson is in his assessment campaigning performing an official duty that meets with popular approbation. But this aside, what is the truth of the matter which bias of some kind prevents the Press from stating?

It is a fact that, with his now deceased brother, Albert L. Johnson, "a rotund man known as Tom Johnson appeared in Cleveland and bought up a bankrupt street railroad for a song." It was an insignificant affair in the suburbs. Only the eye of genius and the daring of early manhood could see what might be done with such poor material. The Johnsons bought four old cars in Chicago, which they repainted and shipped to Cleveland. They imported a carload of 20 mules from Kentucky. One died in transit, so that with 19 mules and four second-hand cars they started their career in

a city dominated by the skill, the wealth and the masterful nature of Marcus A. Hanna. The Johnsons improved and pushed out. They quietly extended toward the Superior street viaduct, proposing by that route to strike for the heart of the city. It was a long, bitter war, with sensational incidents. The Johnsons had all the other railroads against them. But they had the people with them, because they paid better wages to their men than any of the other roads. They never had a strike, and they offered an increasing ride without increasing the five-cent fare. Suddenly they made a master stroke. They asked the city authorities for a franchise from the center to the opposite side of the city from which they had entered.

They offered in return not only to carry passengers from one end to the other of their system for a single fare, and thereby provide for five cents what before their advent the public had had to pay 25 cents, but in addition they bound themselves to do what few if any railroad companies had up to that time dreamed of doing—to pave the streets through which their tracks should run. The low fare and the street-paving condition were too popular for the combined railroad opposition. The Johnsons received the franchise. Nor did their popularity stop there. They were first to apply electricity in Cleveland transit facilities; so that in low fares and free transfers, in high wages to their men, in speed and convenience of their transit service and in contributions toward the public treasury the Johnsons led.

Now in the middle eighties was formed a combination of Cleveland street railroads known popularly as the "Little Consolidated." Mark Hanna headed this. About the same time was organized a larger combination commonly called "The Big Consolidated." The Johnson roads appeared in this combination and the Johnsons went on the board of directors, and though neither ever became president of the company, their spirit and methods largely prevailed in the management.

Whatever watering of stock was done occurred at the time of consolidation. I cannot tell the extent of the water, or indeed, if there was any at all; I assume, however, that the economies attending the combination would, in the opinion of the combiners and the public, insure larger dividends, and that the managers must have proceeded as other railroad managers do in like cases,

on the principle that rather than pay ten per cent. dividends on a given valuation they would pay five per cent. on twice such valuation; in other words, pay out the same sum of money, but on a doubled principal. Whatever was done in the matter the Johnsons received their proportion of stocks and bonds as based on the ratio of value contributed by their roads to the combination.

But they did not then proceed to "dump" these stocks and bonds "on a confiding public." On the contrary, they proceeded to use all the influence they could command in the management to improve and build up the system, and it was not for a number of years after the consolidation that the Johnsons withdrew from the Big Consolidated.

Perhaps the Press would have made no objection to Tom L. Johnson if, after this, he had not chosen to devote himself to the public weal and, on being elected to the office of mayor of Cleveland, he had not inaugurated a policy against street railroads, likewise against all public service companies—that is, all corporations having public franchises, which policy should, through taxation, lower fares or other methods, transfer to the public a larger share of their benefits so long as such privileges should remain in private hands, and which looked ultimately to the public ownership and operation of all such public functions. But, unfortunately for the Press, Tom L. Johnson perceived the iniquity of making private property of the arteries of the social organism.

In the middle eighties, and before the Big Consolidation was effected, he had publicly uttered clear views on this subject, and during his congressional campaigns, while still a director of the Big Consolidated, and still holding his stock and bonds in that company intact, he condemned private ownership of public franchises and announced his fixed purpose to work with his fortune and all his powers to awaken the people to the truth, that these privileges should not

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be granted to him or to any other individual, but should publicly be held and shared by all alike. On this same principle he offered a tariff amendment in congress to place steel rails on the free list, although he was a manufacturer of steel rails, which were highly protected. Likewise he advocated the abolition of the patent laws, although he had been and was then a patent beneficiary. Similarly he voted for a measure intended to raise all federal revenue from land values alone, and this in face of the ownership, by him personally or his relatives, of considerable valuable land.

If it be demagogic to avow certain principles of public justice early in one's career and then publicly to proclaim and work for such principles consistently and persistently, and to declare that the money being made from a form of public privilege was to be used to educate the people to their rights; and, lastly, on taking public office to act as one has sworn to act, to work in the public weal—then Tom L. Johnson is a demagogue, and such a demagogue as the world seldom sees.

But even if he had no such principles about public ownership of public franchises, should he forswear himself? The law of Ohio is plain. It says that such corporations as the Big Consolidated company shall pay taxes on their "true value in money." The Ohio courts have long settled that this true value is to be determined by the market value of the stocks and bonds. What the mayor of Cleveland had done was to appoint to the local assessment board men who would not act upon the state law and its judicial interpretation.

In accordance with general usage in Ohio to assess at 60 per cent. of the full value, the board raised the assessment of Senator Hanna's Little Consolidated system from something over \$500,000 to more than \$6,000,000, and that of the Cleveland Electric company, or Big Consolidated, from less than \$1,000,000 to above \$8,000,000. Perhaps this is "playing to the galleries," but the masses of the people of Cleveland seem strongly to indorse it, and a judge opposed in politics to the party to which Mayor Johnson belongs refused to enjoin or in any way discourage the mayor or his assessing board from proceeding with their work.—Henry George, Jr., in Philadelphia North American.

That is to say, the constitution chaperones the flag, merely.—Puck.

JUSTITIA OMNIBUS.

For The Public.

Those critics overbalanced, that do find
Their happiness, and all that makes worth
while

Their lives, to live in advertising gulle—
To all that does extenuate are blind.
Each day they know does seem to be their
grind,

The stories of wrong-doing to compile;
But with those stories, not a note they
file

That mitigates a deed, or makes more
kind.

Thus our great president they criticise,
Even because to Kruger he did send
No message of condolence; and their cries
Of naked condemnation illy blend

With song of men more fair, who, "'twas
not," sing,

"Our William's fault that Kruger was no
king."

G. T. EVANS.

"Mr. Wanamaker," said the old
journalist, "certainly did a very enter-
prising piece of work when he ar-
ranged to have Funston and Aguinaldo
write stories of the great capture
for his magazine."

"Especially," remarked Scoops, "if
the arrangement was made before the
capture."

G. T. E.

The Gripman—You have to keep a
sharp lookout for people who want ter-
git on.

The Novitiate—Yes?

The Gripman—Yes; if you don't,
why, the first you know they're on!—
Puck.

Frotherham—Poor Mixer's health
was broken down by overwork and he
had to leave Manila.

Straight—What was he doing over
there?

Frotherham—Running a saloon.

G. T. E.

First Millionaire—I've been fright-
fully busy this week!

Second Millionaire—Is that so?

First Millionaire—I haven't even had
time to give away any money.—Puck.

"Histy is very particular in his
choice of language."

"What has he said?"

"In speaking of the country as it
was previous to the Revolution, he re-
ferred to the period as our 'first'
Colonial times."

G. T. E.

MAGAZINES.

—Prof. Ely contributes to the August
Cosmopolitan a most valuable paper on
the subject of trusts. Considering the limi-
tations the writer puts upon himself, it may
be safely accounted the best of the maga-
zine articles on this subject that have so
far appeared. It proposes no policy with
reference to the trusts, but is confined to
an analysis of their power, and leads to
the conclusion that it has its origin in mo-
nopoly.

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