

pects to be legally as well as morally justified. On several occasions this paper, while seriously questioning the propriety of some of the Mayor's acts during his fight for low fare, has declared its belief that his motives were high and his course throughout disinterested. Nothing has yet appeared to change that opinion; nor is anything likely to appear, in or out of court, to show that he has erred, if at all, through anything more reprehensible than an excess of zeal in what he firmly believed to be a righteous cause. The fact, if such it shall prove, that he was mistaken in law will not impugn his motives.

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In a later interview, appearing in the Cleveland Press of the 10th, Mayor Johnson further explains, in answer to a reporter's questions:

The decision of Judge Phillips is of absolutely no consequence so far as it affects the ultimate result of the low fare war. Start all over again? Certainly not! The smoke from this Concon bombardment seems to have deceived more people than I imagined. The worst possible interpretation of Judge Phillips's decision doesn't jeopardize the validity of the Denison avenue and Fulton road grants. Of what consequence is it if the Bridge avenue and W. 65th street grants are knocked out? The council will pass them over again. To win a great victory for the people I lend my credit to a private corporation and the court says that that act taints its franchises. Well, suppose it does. I suspect no court will hold that a corporation loses its untainted franchises because it has one that is tainted.

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The Traction Situation in Chicago.

There is every indication now of an early settlement on the lines of "the Werno letter," of the traction question (p. 703) in Chicago. The ordinance proposed by the traction companies is reported to have been modified by them in its objectionable features, so that only one important point of difference now remains—the question of the share of net profits which the city is to allow the companies to retain. On the question of the price of the existing plant and all legal rights or claims to franchises, a virtual agreement in round numbers for \$51,000,000 has been arrived at. This amount includes items aggregating less than \$5,000,000, which the city disputes but is ready to allow as the "price of peace." Except for those items the amount agreed upon is the actual value of the property as appraised by the city's experts.

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Should this virtual agreement be adopted, the situation will be approximately as follows: The company will be granted a franchise for 20 years, subject to termination by the city at any time on six months' notice; in case of termination on such notice, the city must pay the sum of \$51,000,000, plus the actual cost of rehabilitation (not to exceed \$24,000,000) which the company is required to make and the city is to authorize and audit as made; if the city terminates for the purpose of owning and operating, no greater payment is required; if for the purpose of turning over to a "contract plan" or non-profit-making or "holding" company, no greater payment will be required; but if for the purpose of turning over to a profit-making company, then a penalty or premium is to be added to the payment; meanwhile the company is to provide

good service, and after retaining 5 per cent. on the agreed sum of \$51,000,000, plus cost of rehabilitation, is to divide the profits with the city, the proportion (as stated above) not yet having been agreed upon. The city's share is to go into a sinking fund for purchase of the lines.

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Chicago School Lands.

The fact that the Chicago public school system was once endowed with a large landed estate, which has been almost dissipated, and that efforts by local business interests, aided by local newspapers, have been unceasingly made to divert the remainder, is well known throughout the country; but more or less mystery has enveloped the circumstances. An examination into this mystery is now contemplated in the Board of Education, the character and results of which can hardly fail to be of general interest. As a basis, therefore, for understanding the subject, we shall briefly state the historical facts.

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About the middle of the early half of the last century the Federal government gave to Illinois, as it did to other Western States, certain sections of land a mile square for educational purposes. One of these, known as "Section 16," comprises so much of the site of the city of Chicago as is bounded by State street on the east, Twelfth street on the South, Halsted street on the west and Madison street on the north. This section was subsequently given by the State of Illinois to the city of Chicago for local educational purposes, and most of it was soon sold or given away in fee to private persons. The sales brought less than \$40,000. One city block, however, still remains in the hands of the school trustees of Chicago. This is the block bounded by State, Monroe, Dearborn and Madison streets, which is described as "Block 142." In addition to this block, which lies in the heart of the business district of Chicago, the school trustees hold miscellaneous lots, some within the area of the original "Section 16" and some outside of it, some in the business center and some in less valuable locations.

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In 1880 ground leases of the sites included in "Block 142" and of some other lots, were made for the term of fifty years, with provisions for readjusting rentals every five years. At the first date for readjusting rentals, 1885, the lessees threw the matter into the courts and forced the school trustees to make a compromise. One of the features of this compromise was an extension of the fifty-year term to a 100-year term, expiring in 1985; another was the substitution of ten-year for five-year readjustments of rentals. At the first decennial appraisement of rentals under this compromise, in the year 1895, the school trustees agreed with some of the tenants to strike out the revaluation clauses in their leases altogether, thereby leaving the leases to run ninety years on the rentals of 1895, which were low rentals, even for that period of great business depression. In consequence of this action of the school trustees the Chicago Tribune, for example, now pays for a corner site at the rate of \$2.74 a square foot per year, whereas McVicker's

Theater, on an inside site, pays at the rate of \$3.44. The Daily News is another beneficiary of the abolition of these revaluation clauses.

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This significant situation has attracted the attention of school trustees recently appointed by Mayor Dunne, and at the meeting of the Board of Education, on the 5th, one of them, Louis F. Post, introduced the following resolution, the discussion of which was postponed until the 19th:

Whereas, it appears from the records of the Board of Education (Proceedings of May 22, 1898, pages 471, 472, and 478) that a majority report of the Committee on School Fund Property presented to the Board May 22, 1895, recommended the modification of the then existing lease to The Tribune Company of school fund property known as Lots 12, 13 and 14, in Block 142 in the City of Chicago, by waiving the ten year revaluation clause of said lease and allowing The Tribune Company "to pay the sum of \$30,000 per annum until May 8, 1905, and \$31,500 per annum for the balance of the term," ending 90 years thereafter; and whereas, the same majority report recommended the modification of the then existing lease to Alexander D. Hannah and David Hogg of premises known as Lot 6, Block 58, Original Town of Chicago, by waiving the ten year revaluation clause of said lease and allowing Hannah and Hogg "to pay the sum of \$24,000 per annum until May 8, 1905, and \$25,000 per annum for the balance of the term," ending 90 years thereafter; and whereas, in a minority report (same Proceedings, page 472.) Trustee Joseph W. Errant denounced said recommendations as unbusinesslike, hurried, inconsiderate and prejudicial to the public interests, and as involving an unjustifiable diversion of money from the public school system in the interest of powerful and influential parties, as more fully appears from the copy of said minority report hereto attached, marked Exhibit A and made part hereof; and whereas, notwithstanding the notice and warning given by the aforesaid minority report, the majority report was on May 29, 1905 (Proceedings of 1894-5, page 479), adopted by the trustees of said property, and its future consideration prevented under the rules by the tabling of a motion to re-consider, all against the votes of Trustees Errant and Beebe, and the President and Secretary were instructed to execute the necessary legal documents to carry the same into effect; and whereas, it is reported that Trustee Alfred S. Trude was at that time the regularly retained attorney and adviser of the Tribune Company (which was and is one of the beneficiaries under said majority report), and was chiefly instrumental as a trustee of said property in procuring the preparation, presentation and adoption of said majority report; and whereas, at and about the same time various leases of school property were similarly modified under the same or like influences of an improper kind; and whereas, the consideration for the modification of all said leases was in each case so grossly inadequate as to give to said modifications the character of collusive and fraudulent agreements between the trustees of said school property and the said lessees thereof, for the surrender of contract rights, to the great financial loss of the school children of Chicago and the great financial gain of the conspiring lessees; and whereas, on the 26th day of March, 1895, the then Governor of Illinois, John P. Altgeld, in a message to the legislature, made a statement of facts regarding the circumstances under which the aforesaid suspicious transactions between a majority of the trustees of said property and the said lessees thereof were made, which statement indicates the probability of actual collusion, coercion and fraud in the modification of said leases, as more fully appears by the copy of so much of said message as related to the sub-

ject under consideration, which is hereto attached, marked Exhibit B; and made a part hereof; and whereas, in a letter addressed on the 8th of June, 1895, to the then Mayor of the City of Chicago, Mr. George A. Mon-ling, a public-spirited citizen, characterized the aforesaid transactions as having been consummated under extraordinary pressure from interested parties, both within and without the Board of Education, and presented proof in support thereof, all of which appears in the copy of said letter hereto attached, marked Exhibit C, and made a part hereof; and whereas, in and about the year 1902, Mr. Ole A. Thorp, then a member of the Board of Education, made an investigation into the good faith of the aforesaid transactions, in the course of which he discovered that almost immediately after the modification of said lease of Hannah and Hogg the same was sold by said Hannah and Hogg for a bonus of \$235,000, and that other such leases were also sold for large bonuses in consequence of the said modification thereof, all of which more fully appears by reference to the copies of letters from said Trustee Thorp to his fellow-trustees, hereto attached and marked Exhibits D, E, and F; and made part hereof;

Therefore be it resolved, first, that the special committee on revenues be and the same is hereby instructed promptly to investigate and report upon the good faith and legal and equitable validity of all modifications of school land leases whereby school trustees have struck out of said leases the clauses for periodical revaluations of ground rent; and be it resolved, second, that said special committee be and it is hereby empowered to employ such professional and clerical assistance for that purpose as may be necessary, provided it shall first obtain from the Attorney for the Board of Education an opinion that the Board has legal authority to incur expense for that purpose.

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The Teachers' Federation at a meeting on the 8th, decided to take active steps to bring the foregoing facts to the knowledge of the parents of the public school children, by means of circulars and public meetings and through labor organizations. On the evening of the same day, the Merchants' Club gave a dinner at which the president of the St. Louis school board, the president of the Boston school board, and the president of Columbia University (New York) were speakers, and Vice-President Theodore W. Robinson of the Illinois Steel Company, was toastmaster and also a speaker. The papers friendly to the old regime in the school board, report the speakers as having "excoriated" the "radical" members of the Chicago school board, who had been invited as guests, and some of whom were present. One peculiarity of the meeting was the fact that the presentation of only one side of the question was provided for. When the school board called a meeting for open discussion of the same subject at Fullerton Hall on the 31st of October, and invited the Merchants' Club to participate, this club declined.

NEWS NOTES

—President Castro of Venezuela (p. 398) and the Shah of Persia (p. 731) have been reported during the past week as fatally ill.

—Earthquakes (pp. 802, 825) were reported on the 4th from the British West Indies, and on the 7th from San Luis Obispo and other points in California.

—In a special message to Congress (p. 846) on