

every State in the Union as it is to Maine herself. We refer to the method proposed for apportioning taxes to the various localities in that State.

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Apportionment has long been and still is one of the most difficult of fiscal problems. If the State leaves it to counties to make their own assessments, a rivalry for low assessments sets in between the localities, which results in gross unfairness, not only between the inhabitants of different localities as communities, but between individuals within the respective communities. Moreover, it influences boards of apportionment in ways that cannot be talked about in detail. To overcome this weakness, systems of indirect taxes have been proposed for State purposes. But indirect taxation is also unfair and open to much secret corruption and oppression. The only radical solution offered until now is the Purdy plan of equalization. Proposed by Lawson Purdy, president of the New York tax department, this plan contemplates an automatic system of equalization. The State board would ascertain the local expenditures of each county and apportion State expenses upon that basis by simple "rule of three." As the aggregate of local expenditures for a given year is to the amount required for State expenditures for the next year, so would the local expenditures of a given county for the former year be to its proportion for State expenses for the other year. This solution has attracted widespread and favorable attention. But the Maine commission objects to it as tending to tax enterprising and progressive communities in undue proportion. There are answers to this objection, but the superior plan proposed by this commission makes further discussion unnecessary.

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The plan proposed by the Maine commission seems to be more in accord than any ever yet proposed, with the principles underlying the single tax method of raising public revenues. Yet it is not the single tax, and the commissioners distinctly disclaim its relation to that system. They are not single taxers, and they do not propose to levy taxes in proportion to land values. Their proposition is in no sense a revenue-raising one. It would not make land values the basis of taxation as between individuals, but only the basis of apportionment for State taxation as between localities. In its own language, this Maine report holds that—
the State should apportion the State tax upon cit-

ies, towns, plantations, and unincorporated townships, in the proportion that their respective land values bear to the total land value of the State.

It has been objected that under this plan local assessors would rival one another in lowering land values of their respective localities. But the Maine report contemplates clothing the State board of assessors with ample power to secure returns of full value from every locality.

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Not only is this plan of apportionment fair upon its face, but it is fundamentally sound. The land values of a community relatively to those of all other communities in a State, are the standard, and the only true and fair standard, of the fiscal obligations of that community to all the others. Let State taxes be apportioned according to land values fairly assessed, and each locality would contribute to the State its just proportion—the great cities the most, farming regions the least. This is just, because farming regions require and receive least, and cities most, from the State whose protection and service both may claim.

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GOVERNMENT OWNERSHIP OF RAILROADS.

I.

Some one has said that figures never lie; and some one else has retorted that liars often figure. These are familiar examples of two kinds of wit—the solemn and the jocose. Both embody truth, which is characteristic of wit; and both conceal truth, which is too often one of the weaknesses of wit. The truth embodied is this, that isolated figures, like isolated words, do not lie; but that collocations of figures, like collocations of words, may be false. The truth concealed is this, that compilers of false collocations of figures, like compilers of false collocations of words, are not liars necessarily; it is a legitimate inference that they are possibly incompetent or careless.

We may continue to laugh sympathetically, even at this remote time, with the old joker who classified falsehoods as positive, comparative and superlative—lies, black lies, and statistics,—and yet we may acquit statisticians of mendacity. For false statistics may emanate as well from incompetent or careless as from mendacious experts. And may we not also enjoy the rough and ready humor of the stump speaker who said that statistics are like sausages because their value depends upon who makes them? But while we

appreciate the joke, we need not infer that the maker of statistics—or sausages, as the case may be—is a rascal; he may only be incapable of distinguishing true from false ingredients, or he may be careless.

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So much by way of excuse for the kind of discussion which opponents of government ownership of railroads usually resort to. They fence with figures; they play with statistics of freight rates, passenger rates, capitalizations, gross earnings, net earnings, wages and dividends, as stage jugglers play with sharp knives; they often compare non-comparable details instead of comparable wholes; and sometimes they deliberately deceive with those half truths that “are ever the worst of lies.”

We must not be understood, however, as intending to be at all contemptuous of facts. One may respect facts, even if his gorge does rise at cooked statistics. Facts must be considered of course. They constitute the foundation and superstructure of the whole controversy.

But the facts must be large facts. They must be facts that the average man of intelligence can scrutinize, verify and value. They must be well-established or commonly observable facts. They must be comparable facts when cited for comparison. And they must be all the facts that are necessary for a judgment.

Quivering little globules of fact, and the esoteric facts of expert statisticians, won't do.

All the statistics of all the publicity bureaus of all the private railroad companies in Christendom, are not worth one well established instance, like that of Germany, of steady displacement of private ownership by government ownership. This is a type of the facts to which we must turn as a basis for sound judgment.

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And back of those large facts, are facts more important still. We allude to the accumulated facts of human experience that have come down to us in generalized form as evidence of some vital principle—the facts that indicate a natural law which will not be disobeyed.

The primary consideration, therefore, is not so much a consideration of the individual facts which we usually call facts, as it is a consideration of one or more of the groups of generalized facts which we usually call principle.

If government ownership is not sound in principle, we need go no further. In that case it cannot in any true sense become successful in prac-

tice. The same observation applies, of course, to private ownership.

II.

What is the principle then, that should determine the relation of railroads to government? Is it not the same principle that determines the relation of government to highways? This seems to be so, for the extremely obvious reason that railroads *are* highways.

How can the highway character of railroads possibly be denied? It was recognized by the legislatures when they authorized condemnations under the right of eminent domain; and it was recognized by the courts when, upon the basis of the right of eminent domain, they sustained condemnation proceedings for railways. Now the right of eminent domain is not a railroad right. Some railroad men think it is, but it isn't. It is a right of sovereignty—a right of the people as a whole. But if that is so, on what ground could it have been invoked in favor of railways except the ground that railways are highways?

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The highway character of railroads would be quite obvious, were it not for one railroad peculiarity. With railroads, the highway and the operation are a unified mechanism—road, fixtures, and rolling stock, all one mechanically.

But that peculiarity doesn't abrogate the highway principle. If we must unify the ownership because the mechanism is unitary, it is easy to determine the direction on principle in which ownership of the whole should go. All we have to do is to ask ourselves which is the “real thing” and which is its incident. The incident always goes with the “real thing” and not the “real thing” with the incident—the tail with the dog and not the dog with the tail.

And which is the “real thing” in railroading? Is it the rolling stock and fixtures, or is it the highway right? Can there be any serious question? Upon principle it must be conceded that fixtures and rolling stock are appurtenant to highway, and not highway to fixtures and rolling stock,—when all happen to be mechanically one.

If, then, unification of ownership is unavoidable, principle demands that ownership of the highway mechanism shall go with the highway right.

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This conclusion brings forward the determining question again. In whom should ownership of highway rights be reposed? Should this owner-

ship be private or public—individual or governmental?

Governmental, of course. We all see it, we all acknowledge it, when habit helps us. We are in doubt only when the principle in a familiar application is appealed to in support of a similar but unfamiliar application.

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But there is no room for doubt if we consider that *private* business is not the only kind of business. There is also such a thing as *government* business. Boot-blackening is an example of private business; levying taxes, or preserving the peace, are examples of government business.

To generalize, we should say that a private business is one which anybody may go into unless government conditions it arbitrarily. Any person may go into storekeeping, manufacturing, transportation on open highways, fishing in open waters, and so on. He needs no government franchise unless government has interposed barriers under its police power. That is to say,—and this is the point,—he needs no government franchise on account of the nature or essential character of the business. In the nature of the occupation itself his own will determines his action, and his customers determine the rest.

But government business is fundamentally different. Its essential character is such that nobody can engage in it as a private occupation without a government franchise. For example, nobody can engage in levying taxes unless he has a government franchise to do so. This is obviously true also of preserving the peace and administering justice. Isn't it equally true of opening and maintaining highways? Nowhere can any person engage in the highway business without a franchise from government. And it makes no difference in this respect whether the highway is paved with dirt, concrete, brick, stone, or parallel rails.

Now, our contention is that any business the essential character of which is such as to make a government franchise an absolute prerequisite to engaging in it, is primarily a government business. Consequently when private interests have a franchise to engage in such a business, the business is "farmed out," precisely as tax collection used to be.

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The question of government ownership of rail highways is really not a question of taking over a private business; it is a question of resuming a "farmed out" government business. To maintain the present system of railroad ownership, is

to maintain a system of "farming out" of government functions to private exploitation. It is making public highways private property.

False in principle, that policy cannot operate in practice to the common good. It tends to foster bad business and bad government as surely as plague germs tend to produce deadly epidemics.

III.

Turning from principle to a consideration of the special facts of experience, we find a wide field for observation.

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In the United States experience is altogether with private systems. The results are before us. And what a grim story of graft the well-established facts about them loudly tell. Mountains of highway value have been seized upon by private interests. The corrupting influences generated have attacked the foundations of our governments—national, State and municipal. What the spoils system in politics once did in a small way, the system of private ownership of railroads, and of kindred functions of government, is doing on an enormously larger and infinitely more dangerous scale. Added to the rest, is a network of "gentlemen's agreements," under which the highways that are farmed out to railway corporations by government are sublet to favored business interests for the formation of trusts. We need no statistics nor experts to prove any of this; it is all matter of common knowledge.

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In contrast with the private railroad systems that curse our country with all the evils of highway monopoly, we have the government system of Australia. In many important respects it is true that the two countries are not comparable. But they are comparable in the fact that one is a country of private ownership exclusively and the other of government ownership exclusively. And in so far as they are non-comparable in any important respect the difference does not make Australia a witness in favor of private ownership. Australia has no permanently navigable rivers, as we have; consequently she has been under the burden of opening her empire of opportunity, with temporarily unprofitable railroads to a greater degree than we have been in opening ours. Moreover the population per mile of railway open for traffic is much less in Australia than here, owing to sparse population there. These are highly important points in comparing the success of Australian with American railroads.

Yet the Australian roads are successful. The

figures would show it, but there is better evidence than figures. The Australian railroads are so satisfactory that public opinion in Australia would not tolerate an attempt to "farm" them out. This irresistible fact in favor of government ownership does not depend upon expert testimony, which usually has to be taken on faith. It is matter of common knowledge.

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In Germany we get a comparison of government with private railroads; for both kinds are in operation side by side. Government ownership in competition with private was begun in Germany about 70 years ago. Statistical globules reach us once in a while, through the publicity bureaus and press agents of our private systems, which are calculated to prejudice American opinion against the German system of government ownership. But the great big significant fact is this, that over so long a period as 70 years, the German people have taken more and more kindly to government ownership until now at least 90 per cent of the mileage is governmental. This is matter of common knowledge in Germany in all substantial respects. It requires no expert testimony, nor any of the simple credulity upon which expert testimony usually depends for acceptance.

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In Belgium, which began government ownership some 70 years ago, the tendency has been steadily in that direction in spite of private competition. Today 60 per cent of the mileage is under government ownership, and the tendency persists—that is the point, the tendency persists.

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In Switzerland the entire system is governmental. It was made so by referendum, after experience with private ownership. Once in a while our railway press bureaus give out unverified figures about these Swiss roads, indicating bankruptcy. But on such figures it is best to suspend judgment—at least until we learn the extent to which they may depend upon the excessive price the government was forced to pay private interests for resuming these public highways. As to management, the Swiss railroads have the reputation of being superior to any private railroads in Europe.

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In Italy the railroad system, once given over to private ownership, has been restored to government ownership within about three years. As the

new regime has been embarrassed by the wretched condition of the private system when taken over, the present situation affords a fine opportunity for railroad statisticians. They compare government railways in Italy with private railways in the United States, without comparing present government railways in Italy with recent private railways in Italy.

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Sweden has had government ownership side by side with private ownership for 50 years, and the tendency has been constantly toward complete government ownership. There is only one inference.

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Probably the best European comparison of two countries—one with private and the other with government ownership of railroads—is afforded by France and Germany. As these countries are contiguous and similar in size and resources, they are reasonably comparable. And all reports agree that the government railways of Germany are better than the private railways of France. Yet the efficiency of the private railways in France has been stimulated by Parliamentary measures for taking them over. Before that, they were worse.

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Some of the government railroads of Europe are unquestionably good, and some are doubtless not so good. But all seem to be better than the private railroads in the same or similar political environment and geographical and commercial conditions. And on a fair comparison they are better than our private railroads—better in service, better in respect of employes, better in rates, better in net profits, better in safety to life.

Not only are the German government roads better than the German private roads, not only are they better than the French private roads, but they are at least equal to the English roads although the English roads are said to be the best privately owned roads in Europe. The worst railroads of Europe are those of Spain, and Spain is the only European country except England in which all railroads are privately owned.

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By the test of experience, as well as the test of principle, government ownership of railroads stands approved and their private ownership condemned.

IV.

With reference to method—should our own country decide to adopt government ownership of

railroads, there comes first the question of conflicting sovereignties, due to the overlapping jurisdictions of States and nation.

But that question should present no practical difficulty. Australian railroads are owned by the States, not by the Commonwealth. German railroads are owned by the States, not by the Empire. Yet inter-State traffic is conveniently adjusted in both countries; and doubtless it would be as well adjusted if instead of the States the Commonwealth in the one case or the Empire in the other had the ownership.

In the United States we suppose that under government ownership we should have State ownership for State lines and national ownership for national lines, and that the adjustment of intra-State and inter-State traffic would be quite as easily accomplished, and far more justly, than under the present system of private exploitation.

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Another question of method relates to the unification of the highway with its operating processes.

On country roads this matter adjusts itself automatically; the government owns the highway, and the private operator owns the vehicle, operating it under appropriate government rules of the road. On canals there has to be special adjustment, but the principle is the same. The government owns the highway and its fixed mechanism; the private operator owns the vehicle, and operates it under appropriate government rules of the road. As to railroads, the government might own the highway and its fixed mechanism, as with canals, and leave the vehicles to private operation under appropriate government rules of the road.

Such an adjustment would be in harmony with principle and entirely practicable. But 75 years of national habit in railroad operation might offer a political obstacle—the obstacle of public opinion. We are accustomed to unitary ownership of the whole railway business, and custom must be taken into account in dealing with public opinion. For that reason it seems probable that we shall have to retain the unitary ownership of highway and operation. If so we must either continue to endure private ownership of rail highways or else assume government ownership of the railroad business. We must either let the dog go with the tail, or take over the tail with the dog.

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It is more difficult and more meritorious to wean a man from his prejudices than to civilize barbarians.—Voltaire.

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 Tuesday, February 16, 1909.

Venezuela and the United States.

A settlement of the American controversies with Venezuela (vol. xi, pp. 899, 900) was reported from Caracas on the 13th. It was made by Mr. Buchanan, American commissioner, with Acting-President Gomez, whose succession to the Presidency seems now to be generally recognized. Under this settlement three claims go to The Hague tribunal for arbitration. These are what are known as the Critchfield concession, the Orinoco Steamship Company, and the Orinoco Corporation claims. The other two of the five claims that have disturbed the relations of the United States with Venezuela, are that of A. F. Jaurett, an American newspaper man expelled from Venezuela, and that of the New York and Bermuda Asphalt Co. Jaurett gets \$3,000 in full settlement. The Asphalt Company regains its concessions in Venezuela, agreeing to pay Venezuela a minimum of \$20,000 a year. It is also to pay \$60,000 as indemnity for its alleged participation in the Matos revolution.

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Japanese Exclusion.

President Roosevelt's protests against anti-Japanese legislation (p. 154) appear to have been effective in California. After what is reported to have been one of the stormiest all-day debates ever known in the California capitol, the lower House, decided, on the 10th, to reconsider the Johnson bill, providing for segregating Japanese pupils in the public schools, and then killed the bill. This result is stated to have been accomplished largely through the influence of Gov. Gillett and Speaker Stanton, who called Assemblyman Grove Johnson, the author of the bill, into conference and tried to convince him that he should withdraw his bill. Johnson proved obdurate and not only declared he would not withdraw his measure but he would put up the best fight possible to secure its final passage, should the majority vote to reconsider it. They then called all the influential members into conference and labored to convince them that the passage of any anti-Japanese bills at this time would result in prejudicing the whole country against California,