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The free trade speech of the late President McKinley, made at Buffalo upon the eve of his assassination, and in the presence as it afterward appeared of the man who on the following day took his life, was forgotten in the excitement of the tragedy. It is recalled by the adverse action of the reciprocity conference which met at Washington last week.

There were many phrases and sentiments in that speech to which thoroughgoing free traders would take exception. But considering Mr. McKinley's previous record as an uncompromising protectionist, who regarded every dollar of exportation as a sign of prosperity, and every dollar of importation, gold alone excepted, as a calamity, the speech, as a whole, gave evidence of a dawning recognition of the true nature of trade.

In many respects the tariff fight in the United States has resembled that of England. The same greedy demands and absurd arguments have been made for protection here as there. The same play upon words in calling it "the British policy" there and "the American policy" here, in order to catch the votes of groundling patriots, is familiar to readers of political history. The same juggling with "protection," which means restriction of trade, and "reciprocity," which means freer trade, is a characteristic of the old British controversy which has been adopted here. And when Mr. McKinley, the foster father of American protectionism, spoke as he did at Buffalo, it seemed as if we might be about to repeat in this country, upon the heels of great

protection triumphs in politics, the experience of England when Sir Robert Peel celebrated the last protection victory there by becoming a convert to free trade.

In his Buffalo speech Mr. McKinley declared that—  
isolation is no longer possible or desirable.

That sentiment differs from sound free trade doctrine only in its assumption that isolation ever was or could be desirable. "God and man have linked the nations together," he proceeded, and—

no nation can longer be indifferent to any other.

That is free trade and not protection doctrine. It is strangely out of tune with the doctrine once proclaimed by the same lips that American labor can thrive only at the expense of the starvation of labor abroad. But farther on in his Buffalo speech Mr. McKinley struck even a higher free trade note:

A system which provides a mutual exchange of commodities, is manifestly essential to the continued healthful growth of our export trade.

And then, as if by inspiration, he gave expression to one of the economic commonplaces of free trade:

We must not repose in fancied security that we can forever sell everything and buy little or nothing.

He clinched this with an ethical commonplace of the same fraternal doctrine:

If such a thing were possible, it would not be best for us nor for those with whom we deal.

His final message upon the subject was this:

Commercial wars are unprofitable. A policy of good will and friendly trade relations will prevent reprisals. Reciprocity treaties are in harmony with the spirit of the times; measures of retaliation are not. If perchance some of our tariffs are no longer needed for revenue or to encourage and protect our industries at home, why should

they not be employed to extend and promote our markets abroad?

Interpreting all these phrases, they mean, if they were intended to have any meaning at all, that the protection regime is at an end, and by the device of reciprocity treaties a regime of freer and freer trade must begin.

But the reciprocity conference of manufacturers at Washington is not in accord with that policy. It is in favor of reciprocity, but of the reciprocity that prevents, not of that which promotes mutual trade. While advocating reciprocity treaties, it demands that these treaties shall admit no importations which might compete with domestic products. As any conceivable kind of importation might compete with some American product, this is a veiled protest against all imports. The delegates to the conference were like the member of parliament in Cobden's time, who, representing a herring fishery constituency, declared for free trade in everything but herrings. Each delegate was for reciprocity treaties admitting every foreign product but such as would compete with his own, the net result being that the conference as a whole has in effect opposed all foreign competition. This spirit was rebuked by McKinley in his Buffalo speech when he said:

The quest for trade is an incentive to men of business to devise, invent, improve and economize in the cost of production. Business life, whether among ourselves or with other people, is ever a sharp struggle for success. It will be none the less so in the future. Without competition we would be clinging to the clumsy and antiquated processes of farming and manufacture and the methods of business of long ago, and the twentieth would be no further advanced than the eighteenth century. But though commercial competitors we are, commercial enemies we must not be.

The rumor noted two weeks ago, at page 500, that the Chicago traction

companies had invoked the federal courts to grant an injunction prohibiting the Illinois board of tax equalization from executing the mandate of the supreme court of the state, has proved to be true. As stated last week in our news columns (p. 520), the United States circuit judge, Grosscup, granted a restraining order pending a hearing for an injunction. The order has effected no practical purpose in the litigation, for after the hearing on the 21st the two federal judges—Grosscup and Humphrey—denied the injunction. But they denied it only on the ground that the facts before them did not warrant interference in this particular instance. Judge Grosscup, in announcing the decision, made no disclaimer of the right of federal judges to issue injunctions against the execution of the tax laws of sovereign states. On the contrary, in the course of the argument he asserted this right and in announcing the decision he assumed it. The decision was directed solely to the question of whether the facts in this particular case justified an exercise of a federal jurisdiction the existence of which in cases of the kind was taken for granted.

There is in this decision, therefore, an unpleasant significance. The persons sought to be restrained by the injunction constitute a state board, and were acting under a state law, with reference to state taxation, and in obedience to the mandate of the state supreme court. If a federal question had been involved in that decision, the orderly way of reversing it would have been by taking the whole case directly to the supreme court of the United States. But here we have the spectacle of an inferior federal judge granting a restraining order in the nature of an injunction, and of two inferior federal judges assuming and virtually asserting jurisdiction over the question of issuing an injunction, in effect though not in form against the supreme court of a state. Even if a federal question

were involved, this procedure would be at least of doubtful propriety. But when the vital question at issue is the supremacy of the state in a matter so distinctly local as state taxation, the assumption of federal authority to issue the injunction or not as the merits of the case and not the constitutional relations of the states to the general government might require, is significant of further advance in the direction of government by injunction and of the subordination of the domestic affairs of the states to regulation by the great central or imperial power.

In connection with the assessment of corporations, the Chicago corporations would have just cause to complain if in future they alone were to be taxed on their franchise values while the steam railroads and other monopoly or public grant corporations escaped. Yet there are indications that the board intends in this way to favor the steam railroads. In explanation the chairman of the board is reported as saying that—

an assessment against capital stock would have no effect on the corporations organized outside the state, because such an assessment could not be collected. So, in order to put the outside corporations on the same footing with Illinois railroad companies, the plan of making a heavy assessment against the tangible property of all companies and allowing the capital stock to escape has come into use. It has now been the custom for 30 years, Mr. Works said, and he intimated that he considered it the fairest plan that has been devised for assessing the railroads.

Mr. Works may be right in his law, that a tax on the capital stock of corporations organized outside the state could not be collected; but, as the board has learned from the supreme court, thanks to the Chicago school-teachers, that it was mistaken in giving the advantage of legal doubts and repeated precedents to street franchise companies, it would be wiser now were it not so swift in giving the advantage of other legal doubts and other precedents to the steam railroads. As to "the plan of making a heavy assess-

ment against the tangible property of all companies, and allowing the capital stock to escape," the latter part of the plan is notorious. The capital stock is certainly allowed to escape. But the former part of the plan, "a heavy assessment against the tangible property," has not been enforced quite as rigorously as Mr. Works implies. Even more positively doubtful is the practice to which Mr. Works refers. If he really thinks this the fairest plan for assessing railroads he should take elementary lessons in ethics. The fairest plan would be the one which exempted tangible property like cars, rails, etc., from all taxation, and taxed the value of public grants and franchises which railroads own and upon the strength of which they water their stock. Under existing laws this cannot be done. But fairness demands that it be done to the fullest extent which existing laws permit.

One recommendation in the report of Gov. Taft, of the Philippines, throws a ray of brilliant light upon the true inwardness of the American invasion in the Philippines. Gov. Taft recommends that congress amend the American empire act so as to allow the sale of public lands and to give more latitude in the matter of granting franchises. He explains that as the law now rests it works great hardships upon thousands of ambitious Americans who have gone to the Philippines to invest.

According to the report of the third assistant postmaster general, as foreshadowed by the press dispatches from Washington, the postal deficit this year, exclusive of the cost of transportation over the Pacific roads, whose accounts are still in process of settlement, is \$3,923,727. Mr. Madden complains bitterly of the pressure upon the service of second-class matter, saying that if the present rate of increase continues it will soon consume most if not all of the revenue derived from other classes of postal matter. He attributes about 50 per cent. of this increase to publications which