

gate market value of the bonds at the time of the exchange was about equal to their aggregate par value.

To-day the market value of the stock and bonds has increased in all about \$8,533,000, making the total market value of all the securities involved something like \$78,500,000 or an increase of \$54,800,000 over the amount of money which has actually been put in the property. This \$54,800,000 logically represents nothing else but the values of the franchises.

Yet this franchise value, represented by \$54,800,000 of securities out of a total of 78,500,000 (about 70 per cent.) is certainly a very valuable asset. These franchises have cost the company no cash, it is true. Neither has the city received any cash for them. Yet the company has in some way realized \$54,800,000 from them. In other words the company has practically capitalized them at \$54,800,000, and is earning and paying interest and liberal dividends on all these securities. The credit of the company is high and it could undoubtedly sell its business and franchises to-day for fully as much and possibly more than the \$78,500,000 at which it is financially valued.

The speculator, and the speculator only, benefits from this condition of things.

In the long run, no one else benefits, not even the legitimate investor.

The loss which the community sustains in this way is certain to react, sooner or later, on every class of investor; both the rich who invest their surplus wealth, and the poor who invest their labor or their brains. For, in the last analysis, the interests of the "investor class," so called, and the working class are identical. I cannot say this, however, of the purely speculative or gambler class, for they could not possibly live in their present power and glory were the interests of the rest of the community in no way encroached upon.

It cannot for one moment be contended by any frank and disinterested observer, either in or out of Wall street, that the situation is either equitable or healthful when a community presents, absolutely without compensation, a \$54,000,000 premi-

um to a \$24,000,000 corporation; and, after presenting it, complacently pays a large rate of interest on its present year after year; and, further, not only pays this interest without complaint, but as the years roll on sees its present grow in value like a snowball, and then calmly and without a murmur, pays interest on the increasing increment.

On precisely the same principle I might turn over a thousand dollars to a man who had no special claim on me for him to start a business with; and then, in order to induce him to keep the money, pay him six or eight per cent. interest per annum; and, feeling that possibly this was not a sufficient inducement, then give him an additional hundred dollars or so each year, paying interest on the increased amount at the same rate.

JOHN MOODY.

## NEWS

Astonishment at the revelations of American atrocities in the Philippines, reported last week, which had then risen to a high degree, became intense when Gen. Smith's counsel, speaking for him before the court-martial at Manila, admitted that Smith had given the atrocious orders which Maj. Waller attributed to him, but which it was expected he would sweepingly deny. The hearings before the court-martial began on the 25th, instead of the 29th as at first announced. Gen. Lloyd Wheaton presided, and Col. Chas. A. Woodruff appeared as counsel for the defense. At the opening, Col. Woodruff announced his willingness to simplify the proceedings by admitting that most of the accusations were true. He said he was willing, in behalf of Gen. Smith, to admit that inasmuch as the country was hostile Gen. Smith did not want any prisoners, and that he had issued orders to Maj. Waller to kill all persons capable of bearing arms, fixing the age limit at 10 years because many boys of that age had borne arms against the American troops; and that he had ordered Maj. Waller also to burn the homes of the people and to make Samar "a howling wilderness."

Gen. Smith's confession is defended by some army officers both at home and in the islands; and the surrender on the 27th of Col. Guevarra, Filipino

commander in Samar, is referred to by them as a happy result of Gen. Smith's bloody orders. But the revolting disclosure was not received so complacently by the civil officials at Washington. "There is a good deal of nervousness," writes Walter Wellman, the well known Republican correspondent, in the Chicago Record-Herald of the 29th, "over the possible effect of the disclosures in the Philippines." Continuing he says:

At the cabinet meeting to-day the subject came up for informal discussion. What the President and his advisers fear is that Gen. Smith and all other accused officers and men who are under trial in the Philippines will be acquitted by the court-martial and that a cry will then go up in this country that the military tribunals have "whitewashed" guilty men. It was said to-day in the cabinet discussion that this would be worse than the present state of things, for it would indicate lack of confidence in the integrity of the army and in its courts of justice. Instead of a few accused officers being under the ban of public disapproval, the whole army would suffer indictment. . . . It was agreed that the best thing that could happen would be the conviction of Gen. Smith and his severe punishment. But all the indications are that he is to be acquitted, and that then the storm will break more fiercely than ever before.

The storm broke heavily in Congress on the 28th, when bitter denunciations of Gen. Smith's order were applauded not only by Democrats but also by Republicans. One of the speakers was Representative Williams, a Democrat, of Mississippi. The other was Representative Sibley, a Republican, of Pennsylvania. Mr. Sibley denounced Gen. Smith as "a disgrace not only to himself but to every man who wears the uniform of his country," and demanded his dishonorable discharge from the army upon his own confession. In the course of this speech Mr. Sibley said:

I have always defended the course of the administration in the Philippines and have been an expansionist. When I have heard statements made that we were cruel in the conduct of the war I have thought perhaps the partisan was speaking. But when I have read, as I have within the last 48 hours, that a general wearing the uniform of the army of the United States, one who stands under the shadow of our flag, issues orders, not to conciliate a province but to leave it a howling wilderness and to kill all above ten years of age, then it seems