

of the revenue clauses of the constitution; and, as we are advised, one class of taxes which, though economically direct would be regarded as legally indirect, and therefore leviable regardless of population, would be taxes on corporation values.

Assuming this to be so, an ample Federal revenue ought easily to be collected at the expense of the trusts, and the obstructive and corrupt customs system be wholly abandoned.

The total Federal expenditures for the fiscal year ending June 30, 1901, were \$509,983,310.39. Since then they have averaged \$39,862,499.97 a month, or at the rate of \$478,349,999.64 a year. If we estimate Federal expenditures, then, at \$500,000,000, in round numbers, we shall be making a liberal allowance.

Of that sum the customs tariff yielded for the fiscal year ending June 30, 1901, \$238,786,740.89, and since then a monthly average of \$21,102,957.02, being at the rate of \$253,235,484.24 per year. We may, therefore, regard customs duties as supplying an annual revenue in round numbers of \$250,000,000, or one-half the total expenses of the general government.

Now, that this customs revenue could be abolished and the amount it yields be raised by a simple, economically direct, non-corrupting and easily collected tax upon trusts, appears from an estimate by Prof. Edward W. Bemis, of the market value of the principal monopolies and trusts. Prof. Bemis puts it at over \$19,931,000,000 — in round numbers, not less than \$20,000,000,000. Following are the details—

Private water companies.	\$931,000,000
Street railways .....	2,113,000,000
Gas companies .....	510,000,000
Electric lighting companies .....	500,000,000
<hr/>	
Total city monopolies except telephones ....	\$3,423,000,000
Telegraph and telephone companies .....	600,000,000
Express companies .....	100,000,000
Trusts .....	500,000,000
Railroads .....	10,808,000,000
<hr/>	
Total .....	\$19,931,000,000

It will be observed that all these concerns (except the trusts, so named) are special privilege corporations. That is, they own special priv-

ileges conferred by and belonging of right to the people; such as rights of way for the distribution of water, gas and electric lighting, and for the operation of street cars and railway cars. These privileges are, indeed, by far the most important factors in their value. To realize this, one has but to imagine the destruction of the entire plant of any water company, street car company, railway company or the like. The remaining property, consisting of nothing whatever but some such public privilege as a right of way, a mere legal power to levy toll, will still have great value—in most cases far greater value than the cost of restoring the plant. And as to the trusts, those so named in the foregoing table, if they were particularized it would doubtless be found that they, too, derive most of their value from special privileges of some kind, enjoyed either directly from the public, as in the case of railroads and street railways, or indirectly, as in the case of those express companies which depend for their value mainly upon exclusive railway privileges.

A tax upon corporations of this kind, therefore, would be a tax upon business only in minor degree. It would in the main be a tax upon the value of the special privileges. And  $1\frac{1}{4}$  per cent. upon these trust values, considering only those discovered by Prof. Bemis, whose estimate does not cover the whole field, would raise enough revenue to replace the customs tariff. Less than  $2\frac{1}{2}$  per cent. would supply all the tax revenues required by the Federal government.

We do not suggest this trust tax for immediate action by Congress, nor for immediate adoption by the Democratic party as a proposed substitute for customs revenues in order to secure free trade. It would probably be impossible to induce such action now, and the energy necessary to force it upon a party or upon Congress might secure a better substitute.

But since this method of raising Federal revenues by taxing trusts directly, instead of the people indirectly, by taxing privilege values instead of industry values, is available, let no one venture, hereafter, to oppose the policy of free trade as constitutionally

impracticable. Free trade is practicable, and the privileged classes must be made to understand that it is to be pushed on to complete establishment.

Every Democratic congressional convention this year ought to demand in unmistakable terms "the fullest measure of free trade that the constitution permits." Recognition of that principle secured—and what Democrat dare openly oppose it—and the road to absolutely free trade would be open.

## NEWS

In consequence of the resignation of the Waldeck-Rousseau ministry, and the declination of Henri Brisson to undertake the organization of a new one (p. 140), the president of France has placed that honor and responsibility upon M. Combes, a radical republican senator and former vice president of the senate. M. Combes accepted the appointment on the 5th. His official position in the new cabinet is minister of the interior and of public worship. The other portfolios are distributed as follows:

Justice, Senator Valle, radical republican; foreign affairs, M. Delcasse, republican; war, Gen. Andre; marine, M. Pelletan, socialist; public instruction, Senator Chaumie, republican; public works, M. Maruejous, radical republican; colonies, M. Doumergu, socialist; commerce, M. Trouillet, radical republican; agriculture, M. Mougeot, republican left; finance, M. Rouvier, republican.

The ministers were formally commissioned by the President on the 7th.

Alsace-Lorraine, the territory acquired from France by Germany as a result of the war of 1870, is about to be relieved of the dictatorial government imposed by Germany in order to suppress agitations in favor of restoration to France. Although the German constitution was extended to Alsace-Lorraine on the 1st of June, 1874, the country has been treated as imperial territory and its administration placed under a governor general called the "statthalter." He is in fact a military governor with power to suspend the laws in his own discretion. This condition is about to be modified and the loyalty of the people to Germany recognized