trust by tariff protection. Standing out prominently in that report are these items:

Amount of sales	$757,014,767.60
Net profits	177,201,561.65
Salaries and wages	160,825,822.00

From those items it appears that the profits of all concerned—workers and investors—amounted to $338,027,383.65, which is the aggregate of salaries, wages and net profits. Of this aggregate profit the investors got $177,201,561.65, or about 52½ per cent, whereas the workers got only about 47½ per cent.

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The share of the investors was about 11 per cent of the value of the property as capitalized, for it is capitalized at $1,600,000,000. But this capitalization is fictitious, being put at that high figure for the purpose, among other purposes, of hiding the fact that the net profits are scandalously excessive. Even the 11 per cent is an enormous profit on legitimate investment; but as the properties of the steel trust are not worth more than a third of the capitalization, except for the monopoly power with which the tariff invests them, and probably never cost the steel trust a penny more than that, the net profits on the actual investment were over 33 per cent. This is equivalent to a 22 per cent dividend for the steel trust on account of the protective tariff.

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In contrast with that showing, please observe, ladies and gentlemen of the working world, how small a percentage the protective tariff yields to laborers in the employment of the steel trust. Note the amount that went to salaries and wages—only $160,825,822. This is $16,375,739.65 less than went to investors. Of the total profits, the trust got 52½ per cent and its workers only 47½ per cent. Don't overlook the fact either that the item of salaries and wages includes all that is paid not only to real workers but also to figureheads who draw fancy salaries. Without attempting to eliminate those fictitious salaries, which could be done only by some one inside, please note the average pay for work. As there are 210,180 employes reported, and the aggregate of salaries and wages is given as $160,825,822 for the year, we have an average of only $765 a year per capita. How much this would be reduced if the fancy salaries were eliminated we do not know; but even as the figures stand, that average is only $64 a month, and less than $15 a week, which is $2.50 a day, which isn't enough to provide cigars and drinks for any of the fancy-salaried steel trust "workers" whose fancy salaries help to swell this average.

And yet Mr. Taft and Mr. Roosevelt, the particular friends and guardians of this tariff-protected trust, want workingmen to vote for a continuance of its principle. They want working men to vote for "the principle of protection," under which 33 per cent on their investment goes to steel trust investors; and investors get 52½ per cent of the earnings, and workers, inclusive of favored officials with fancy salaries, get only 47½ per cent. They want working men to vote for a system which in the best protected industry of the country gives to the workers an average of less than $2.50 a day. They want them to vote for a man for President who is bound, by his adhesion to all of President Roosevelt's policies, to continue the immunity from prosecution for crime with which President Roosevelt indulges this most complete trust in the country.

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THE STEEL TRUST CONSOLIDATION

The underlying facts regarding the absorption by the Steel Trust of its only competitor, the Tennessee Coal and Iron Company, which President Roosevelt approved and for which he gave Pierpont Morgan immunity in advance (pp. 651, 678), have never been brought clearly to public attention. This ought to be done. In view of the statement of President Roosevelt that the consolidation was for the general good, it ought certainly to be done. Upon the real facts of the case Mr. Roosevelt's statement is manifestly absurd.

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The Steel Trust, which bears the name of the Steel Corporation, acquired practically the entire capital stock of the Tennessee Coal and Iron Co., by issuing $30,000,000 in par value of its own 5 per cent bonds. It, therefore, paid practically $30,000,000 for the equity in the entire properties beyond the various liabilities, such as bonded debt, etc. The latter amounts approximately to $15,000,000; and, therefore, considering both items, the entire properties were acquired by the Steel Corporation at an ultimate cost of $45,000,000.

At the time this purchase was made the controlling interests in the Tennessee Coal and Iron Co. were undoubtedly in financial stress. Certain of the large banks and trust companies in New York were carrying large lines of the stock of the Tennessee Co. on margin, and the controlling interests through certain stock market movements had previously sent the price of the stock up to nearly double its par value. The argument given in 1906, and prior to that, in favor of high prices for the stock, was that the company owned far more valuable coal and ore deposits than any other concern in the country, not excluding the great Steel Corporation itself.

No special mention was made of the great value of these ore deposits by Wall street people, or by the President at the time the deal was consumated; and in fact, the Steel Corporation in its annual report for 1907, in which it explains the merger, does not give any figures of real significance regarding the value of the ore and coal properties and other mineral rights. It simply states that there are 447,423 acres of iron ore, coal, and limestone property in the States of Alabama, Tennesee and Georgia, which are controlled by the company. It does not state their value especially, but makes the following general comments on the purchase:

> The parties owning or controlling a majority of the Tennessee Coal Co.'s stock offered the same to the corporation on terms which were satisfactory, both as to price and manner of payment. The purchase of the property promises benefit to the corporation, and also aided promptly and materially in relieving the financial stress at the time existing. The Tennessee property is very valuable. Its material resources are large. The location of the iron ore and coal deposits in the immediate proximity of the manufacturing plants, enables the production of iron at reasonable cost.

The foregoing statement does not give the slightest idea of the real value of the great property, which last Fall was handed over to the Steel Corporation at an ultimate cost, free of any liabilities, of $45,000,000.

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This Tennessee coal and iron property embraces not only about 450,000 acres of mineral lands, but includes 41 developed and active iron ore and coal mines; 16 large blast furnaces; the ownership of several land companies holding extensive tracts of land adjoining the several developed properties of the company, and also the Birmingham Southern Railroad Co., a terminal property of great value connecting the various mines and plants in the Birmingham district with all the diverging trunk lines.

The capacity of the company's blast furnaces a year ago was about 850,000 tons per annum, and that of the developed coal and ore mines, about 20,000 tons per day. If we compare this capacity with that of the actual production of all the other properties owned by the Steel Corporation, outside of the Tennessee Coal and Iron Co. for the year 1907, we will get the following results: "Blast furnace products, 10,819,968 tons. Ore and coal mined and limestone quarried, 39,576,161 tons." In other words the capacity of the new properties acquired, according to the figures above, is about 15 per cent of the total production of mining products of the entire Corporation for last year, and about 8 per cent of the blast furnace products.

Based on those figures alone, therefore, the purchase was an exceedingly advantageous one for the Steel Corporation, as the purchase price was only about 3 per cent of the entire present capitalization of the Steel Corporation; or, if we regard all the common stock of the Steel Corporation as water, it was but 4½ per cent of the balance of capitalization.

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But that would be only a superficial comparison.

The possibilities of the Tennessee property and the value of its raw materials are so gigantic, that even if it were producing nothing at the present time it would have been the best bargain at $45,000,000 that the Steel Corporation or any other concern or individual ever made in the purchase of a piece of property.

The Steel Corporation, fifteen months ago, entered into a lease with the Great Northern Railway interests, whereby it has the right to mine at so much per ton the vast ore deposits of the Great Northern properties. The Steel Corporation agreed to pay to the Great Northern people $1.65 per ton for this ore, and transport a portion of the ore over the Great Northern tracks at a specified rate. The Great Northern ore bodies are estimated to contain about 500,000,000 tons of good ore, which, if all mined and taken by the Steel Corporation at $1.65 per ton, would make an ultimate cost to the Steel Corporation of about $850,000,000, without considering cost of transportation, etc. As stated in the Steel Corporation report for the year 1906, this contract was looked upon as a good one from the standpoint of the Steel Corporation.

The object in giving the foregoing details is to bring out a vivid comparison of this Great Northern deal with that made last winter in the acquisition of the Tennessee Coal & Iron Co. The Great Northern properties, containing probably 500,000,000 tons of ore, will ultimately cost the Steel Corporation about $850,000,000; but the Tennessee Coal & Iron properties which are of far more value than the Great Northern properties probably ever can be, cost the Steel Corporation only $45,-000,000.

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To demonstrate the foregoing statements, let reference be had to the following from the annual report of the Tennessee Coal & Iron Co., for the year ending December 31, 1904. In that report, Mr. Bacon, the chairman of the board, said:

Early in the summer of 1904 a committee of appraisers was appointed, representing the Sloss-Sheffield Steel & Iron Co., The Republic Iron & Steel Co. and this company, to estimate the amount and quality of the coal and iron ore owned by each company. An examination covering several months was conducted, as the result of which a report signed by every member of the committee was submitted, showing that this company owns in fee over 395,-000,000 tons of red ore, of which 381,000,000 tons are graded as first class, 10,177,000 tons of brown ore, and over 1,623,000,000 tons of coal, of which 809,112,000 tons are coking coal. In the coking coal is included 300,000,000 tons of Cahaba coal, which is unexcelled in the South for steam and domestic purposes, and commands the highest market price of any grade of coal in the district. The men in charge of our iron mines estimate the holdings of iron ore of the company to be still larger; viz., of first class red ore, over 450,000,000 tons; of second class red ore, over 95,000,000 tons; and of brown ore, 16,900,000 tons.

From the above it will be seen, figuring the first class ore at as low an amount as $1 per ton, that the valuation for that alone is $395,000,000. If we disregard the aggregate estimate of coal, and simply take the estimate for coking coal at as low a figure as 50 cents per ton, we get a valuation of $400,000,000 more. A very conservative estimate of the values of the ore and coal deposits of the Tennessee Coal & Iron Co. at the present time, is hardly less, in all probability, than $1,000,000,-000.

Now, as far back as 1901, Mr. Schwab made the statement that the coking coal deposits of the Steel Corporation were of vast value, because of the fact that coking coal of the kind needed for blast furnaces was rapidly growing scarce, and that in a few years there would probably be no more. He disregarded the Tennessee properties, undoubtedly, but by this great acquisition the Steel Corporation has been put in a position where it need have no concern for the future as far as coking coal is concerned. In fact, the acquisition of the Tennessee Coal & Iron Co., aside from being a business stroke of enormous direct profit, has had the effect of rounding out and completing the control, by the Corporation, of the ore and coking coal supplies of the country.

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That acquisition is of more value to the Steel Trust, and will be in the future in many ways, than its holdings of Lake Superior ores, both because of location and because of general character and quality of the deposits.

It is well known that the Tennessee iron ore deposits are the best in the world for making pig iron; and the cost of production and manufacture of iron products in that section is considerably less than is the case in the Great Northern ore bodies. Therefore, it can be easily demonstrated that the acquisition of this property for $45,000,000, added an almost unheard-of value to the equity back of the Steel Corporation stocks.

Many people have wondered and are still wondering why, in the face of temporarily poor earnings, and in the face of tariff agitation, the Steel Corporation stocks, both common and preferred, have been steadily rising since last December, and are now almost at the highest figures of their history. The foregoing demonstration certainly accounts for it.

If it were not for the danger involved in tariff agitation, the Steel Corporation common stock would probably be selling today at nearly double its present value. In other words, instead of having a market price of $45 per share, a total market value of about $220,000,000, it would be selling in the neighborhood of $90 per share, with a total market value of $450,000,000. It could easily reach this point in spite of the fact that the Corporation may not pay any larger dividends for several years to come.

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The appraised value in 1904 of the Tennessee company's properties, as quoted above, was that of a thoroughly impartial and unanimous board. This appraisal must have been known to Mr. Morgan and the rest of his party when the property was taken over by the Steel Trust at the absurdly low price they paid. If they checked the panic by this transaction, they did it by taking a few dollars out of one pocket and putting millions into another.

President Roosevelt also must have understood the situation. If he did not, he should have learned it, as he easily might, before consenting to the consolidation.

JOHN MOODY.

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A HEROIC SCHOLAR.

If the span of life is to be measured by extent of service rather than by number of years, then Professor Frank Parsons, who has just died in Boston (pp. 630, 637), was a veteran indeed. In truth, he was but 54 years old, having been born