

gated to give cannot be correctly defined as an exercise of force. If railroad corporations are on the road to bankruptcy it is a road on which they have voluntarily entered. If they did so in the expectation that the government would help them out they gambled on an assumption that may be wrong.

S. D.

### John Z. White for Public Utilities Board.

The Chicago Inter-Ocean protests against the suggestion that Governor Dunne appoint John Z. White to the newly-created Public Utilities Board of Illinois. That was to be expected. The Inter-Ocean represents all legalized predatory interests, including franchise monopolies. So Mr. White is not to its taste. It prefers men who are not likely to interfere with what frenzied finance requires. It does not want anyone whose knowledge of fundamental principles enables him to distinguish wrong from right. It dislikes to consider the possibility of a member of the board able and willing to correctly analyze specious pleas in behalf of privilege. If additional evidence were needed of Mr. White's fitness for the place the Inter-Ocean furnishes it. But its evidence is superfluous. John Z. White has for many years been before the public and his thorough knowledge of all that an efficient member of the board ought to know has long been demonstrated. What Franklin K. Lane was to the Interstate Commerce Commission John Z. White would be to the Public Utilities Board of Illinois. While regulation by boards remains the policy of dealing with franchise monopolies the appointment of men like White should be everywhere urged.

S. D.

### Trusts and Privilege.

An object lesson is furnished by the sudden surrender of the Telegraph-Telephone combination. A suit under the Sherman law has for some time been pending against it, which certainly could have been fought in the courts for years. Appearances indicated that the combination was ready to fight. Then suddenly Postmaster General Burleson recommended that all wire lines be made public property. That was hitting the combination in a vital spot. That was an attack on its privilege. Two days later its surrender was announced. There may be no positive proof that the surrender was forced by Mr. Burleson's recommendation and Congressman Lewis's resolution to put it in effect, but appearances indicate that it was. It is interesting furthermore to note

that the President has since been able to say that other combines will voluntarily dissolve also. It looks as though they feared lest anti-trust effort might actually be directed against underlying privileges of other monopolies than the wire lines.

Of course, the dissolution of the telegraph and telephone combine is but a barren victory. Telephone and telegraph are both natural monopolies. They occupy fields in which such competition is impossible as exists—say—in the retail grocery business. There is no public gain in their dissolution. Neither is there any public gain in compulsory dissolution of trusts of any kind. Competition to be beneficial, must be voluntary and be the result of natural business conditions. It can not be forced. When government confers privileges on some the unprivileged can not compete with them, while the privileged ones will not compete with each other even though there be no formal combination. For this reason alone all efforts to force dissolution through litigation or through criminal proceedings can not restore competition. Neither can dissolution when it has no other object than to ward off some action that the combine fears. Nothing short of complete abolition of privilege can settle the monopoly question.

S. D.

### Out of the Whirlwind.

Ella Flagg Young has returned to the superintendency of schools in Chicago. Impelled by an avalanche of public censure Mayor Harrison bestirred himself and succeeded in effecting her prompt re-instatement. The stormy two weeks' period of Mrs. Young's exile has blown the fog away from several carefully enveloped men and affairs, and sharpened the political and educational vision of many Chicago citizens. There is left from the occurrence ample food for deliberation, much matter for counsel that shall lead to a more determined and vigilant defense of the true democracy in education which Mrs. Young champions.

A. L. G.

## A YEAR OF PROGRESS.

Time, philosophically considered, may have no beginning and no end, but for purposes of comparison it has become customary to reckon the changes in human affairs by years, decades and centuries. Looking back over the year just closed, the question arises: Has there been progress or retrogression. To the pessimist, who sees only what remains to do, and forgets all that has been

done, it may look as though we had merely been marking time; if, indeed, we have not gone backward. But to the man who has his face to the future, and his feet set in the way of wisdom, there is a feeling of exultation. He rejoices in what has been done; and he is eager to go on. For he knows that the fight is worth while, and that victory—even though he may not live to see it—is certain.

It would be idle to enumerate the accomplishments of the year. One fact alone will serve to mark a great human achievement, for it is nothing less than a radical change in public opinion. Twelve months ago we were wondering what the new year would bring us. While on the whole there was confidence, there also was doubt and uncertainty. The political upheaval that had rent the Republican party, had given power to one notorious for Bourbonism, led by a comparatively untried man. The leader had expressed some advanced ideas, but would the old bottle hold the new wine? Would the party rise above its chronic incompetency and address itself resolutely and aggressively to living issues? Such a result could come only by setting aside the old leaders. Was the new aspirant for leadership equal to the opportunity? Could he, in a word, make the Democratic party democratic?



It is not necessary to go into the details of the work and accomplishment of this first year of the administration. The tariff bill, radical and destructive as it seemed to the ultra conservative, was in reality a very mild attempt at restoring commercial freedom. And the currency bill, while it may serve as a temporary expedient, is yet a long way from the solution of the money question. It is not the actual concrete things done that are to be considered, but the state of mind that preceded their accomplishment. Slight as was the degree of freedom vouchsafed to trade in the new tariff, it is incalculable when we consider the principle upon which it was done. For fifty years it had been customary to let the beneficiaries of the tariff write the schedules. Ever since the Civil War it had been recognized as an Americanism that the manufacturer, and not the consumer, should receive the first consideration. When the consumers grew restive with the passing years, various clever expedients were devised to bolster up a vicious principle. "Establish Infant Industries," "Protect Labor," "Maintain the American Standard of Living," and other seductive sounding phrases had been dinned into the people's ears so assiduously that belief in the absurdity had be-

come a fixed state of mind. To question its truth was to arouse a suspicion of one's integrity, sanity or patriotism.

The same thing was true of the money question. Who but bankers understood the currency question? Who but money changers comprehended banking? It was another phase of the protective spirit, another form of the idea that one set of men have a right to the enjoyment of a social force, or value, created by all. So long as that idea remained inviolate, that is, that a part of the people, acting under the forms of government, could levy tribute on the mass of the people, there could be no real political progress. Changes might be effected, and forms altered, but the substance would remain. And the strength of this position lay, not in the able men who led in the spoliation, but in the state of mind that caused the people to think they were themselves benefited.

It was in the face of such untoward conditions that an old party, steeped in Bourbonism, and weighted with a record of decades of incompetency—but under a new leadership—came into power. Immediately, in response to this leader's trumpet call, there came a rallying of the forces of freedom. And so pronounced was this response that even the Democratic party felt its force, and was constrained to heed the command of the people to live up to its own declaration of principles. It is not that the tariff has been reduced, or that there has been a limitation of the power of the bankers, but that there has been a definite acknowledgement of the fact that human liberty is incompatible with special privilege. Once this truth has been established, those recognizing it can no more stop with a partial application than a child who has learned to figure the number of feet in an acre can refrain from applying mathematics to other things.



People are asking, Does the President see further than he has declared? Will he continue on the way to freedom? The answer, in all probability, will come in deeds and concrete propositions, for this new leader has learned that in the minds of the people things are not always the same as the words that stand for them. It would seem incredible that a man could go as far as the President has gone, and then stop. But granted that he will go no farther. Neither he nor the Bourbons who have so long controlled the Democratic party can stop the hosts of freedom any more than the Mississippi can be turned back when the levee gives way. The people are awaking to political

truths, politicians are eager to do their bidding, and the new year is full of promise.

S. C.

---

## INCIDENTAL SUGGESTIONS

---

### OUR PATENT LAWS.

#### A Letter to President Wilson.

New York, July 2.

I have seen occasional references in the press to proposed changes in the patent laws, as well as in the organization of the patent office, and I would like to lay before you some suggestions which would, I believe, correct the most serious evils of the present patent system, which evils group themselves, as far as the public is concerned, under the following heads:

(1) The retardation of industrial progress through the dog-in-the-manger privileges which the patent laws permit.

(2) The bulwarking of monopoly which the present patent laws make possible.

(3) The inhibitive legal processes which make a patent almost worthless to a poor inventor.

The first evil is to my mind the worst of them all, for we have no means of measuring the extent to which industrial progress is hampered by the innumerable interferences which it meets through patent privileges or claimed infringements. I fully believe that the patent laws as they now exist, far from promoting initiative, are a distinct hindrance to it.

Aside from the evils of patent law and court procedure, the other evils can, I believe, be corrected simply, easily and effectively by the following means:

(1) By compelling the patentee, when he takes out his patent or at any time within three years thereafter, to make a declaration of its value, which declaration becomes a matter of record and is conclusive evidence against the patentee in any litigation or proceedings.

(2) That upon such valuation a Federal tax be imposed, sufficiently burdensome to compel the patentee either to use or to forfeit his patent right, such tax however not to be imposed until three or five years after the issuance of the final papers to the patentee, in order that he may have an opportunity to find a market for his invention. That the tax be at a progressive rate, so as to prevent powerful corporations from placing a prohibitive value upon their patents as a means of preventing their use.

(3) That any individual may use such patent upon the payment of royalties to the patentee based upon the valuation so fixed by the owner.

(4) That this law be made retro-active as to all existing patents.

The first result of such a law would be to clean the decks. Thousands of patents would be forfeited. I know by my slight patent law experience that such dormant patents are used in a great variety of ways for blackmailing purposes; they are brought forward by some powerful interest to prevent the development of some device or commodity which is a substitute for, or will compete with, an existing product.

The opening of all patents to use by everybody will free the minds of manufacturers of the fear of being ruined after they have expended large sums of money in the development of an idea to its marketable stage. I have known this to happen in a number of cases. It is not improbable that industrial liberty is greatly thwarted by such fears and interferences.

Under such a plan the government would derive a revenue from a source which is not now taxable by the States, and upon which the Federal government levies no impost. Yet the patent rights of corporations are included in their assets; they are of great value, and in the case of many large corporations constitute a large part of their assets. Certainly they form the bulwark of monopoly in the larger electrical plants, in machine and tool industries, in the shoe business and probably in hundreds of other industries. Independent telephone development, with the great improvement which followed, had to wait for the termination of the telephone patents, by which time the Bell Telephone Company enjoyed practically a monopoly of the nation. There has been almost no advance in the whole field of telegraphic transmission by wire since the invention of the Morse instrument, which is still used by both the telegraph companies in face of the fact that scores of known inventions would have revolutionized the business. Further, the tax would not only produce a large revenue, it would establish the same basis for royalties as that existing for taxation; it would tend to prevent fictitious values and would establish outside of court proceedings the basis upon which all royalties should be paid.

Under this suggestion patents would become public property, subject to a royalty for their use. There would still remain every incentive to the inventor, and, I believe, far greater protection than he now enjoys. For in actual practice the individual inventor is no longer protected by the patent laws of the country.

New Zealand offers an analogy to this in her taxing system, under which the owner himself makes a return of his property, subject, however, to the right of the government to buy upon his valuation. Germany, too, has worked out a system of fees and taxes which is far in advance of our own.

FREDERIC C. HOWE.



### PRIVILEGE THE EVIL FACTOR IN BUSINESS.

Center Bridge Pa., October 31.

At a meeting of the American Iron and Steel Institute held at Chicago, October 25th-26th, President E. H. Gary of the United States Steel Company discussed the subject of "Why Does Business Halt?" He is quoted as saying that "the people of other nations are asking this of us, especially those foreigners who have money for investment. . . . That while there are exceptional cases in which mismanagement of American enterprises has caused distrust or dissatisfaction among foreign capitalists, this is not their principal reason for hesitancy at the present time. But that the principal reason that there is so much unnecessary agitation and ill-considered criticisms by those who