

bring into co-operative relations the business interests that are identical with labor interests, and get rid altogether of the business interests that are inimical to labor interests. And in order to do this, what we need to see is that land capitalism is only the modern form of feudal landlordism.

We must indeed recognize with our socialistic friend the fact that feudalism has passed away, and that we are living now under a regime of capitalism; but we must be cautious not to lose sight of the other fact, that capitalism includes in one category what feudalism had three categories for. Feudalism had natural instruments, artificial instruments, and workers; and the landlord governed all. Why? Because he owned the first. So, now, the capitalist governs all merely because he owns the first. Through capitalization of land, capitalists have acquired the power of feudal landlords—that power of coercing labor which resides nowhere outside of personal enslavement but in dominion over the natural, as distinguished from the artificial, instruments of production.

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## NEWS NARRATIVE

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To use the reference figures of this Department for obtaining continuous news narratives:

Observe the reference figures in any article; turn back to the page they indicate and find there the next preceding article on the same subject; observe the reference figures in that article, and turn back as before; continue until you come to the earliest article on the subject; then retrace your course through the indicated pages, reading each article in chronological order, and you will have a continuous news narrative of the subject from its historical beginnings to date.

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Week ending Tuesday, October 27, 1908.

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### Cleveland Traction Situation

The referendum vote on the traction compromise in Cleveland, which came off on the 22d (p. 707), resulted in what upon the face of the returns is a defeat of the compromise.

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This compromise was made after Mayor Johnson's triumphant re-election (vol. x, p. 827) nearly a year ago. His traction policy was thereby adopted, the stock of the old company had fallen in the market to less than 40 cents on the dollar, its important franchises were expiring, court decisions were in his favor, and altogether the old company was "whipped to a standstill." At this moment overtures were made to Mayor Johnson by the local business interests to be generous and make a fair settlement, to which he acceded (vol. x, p. 854), and in consequence the City Council held public meetings and ultimately appointed Mayor Johnson as their arbitrator to adjust with Mr. F. H. Goff, nominally and authoritatively the arbi-

trator for the old company, but in fact also for the general business interests of the city as a lawyer-citizen. After a long and tedious series of conferences on details, the compromise movement came to an end early in April last (p. 61) over the question of price for the old company's interests. Mr. Goff insisted upon \$65 per share net, although the stock was then below \$40 on the market, and Mayor Johnson reluctantly consented to raise his estimate from \$41.73 to \$50, conceding the difference as a "price for peace." Mr. Goff subsequently (p. 84) offered to come down to \$60, and thereupon the local business interests raised a cry for "splitting the difference." Meanwhile, the negotiations being "off," the City Council began to grant franchises to the 3-cent fare company along the streets upon which the franchises of the old company had expired and were expiring (p. 105), whereupon Mr. Goff renewed the settlement negotiations by offering in behalf of the old company to take \$55 a share net in full settlement. Mayor Johnson referred the proposition to the City Council and through public meetings to the people. Saying that the price was high, he advised nevertheless that it be accepted for the sake of peace. Late in April last (p. 106) it was accepted, and the whole controversy would have been at a satisfactory end if the old company and the local financial interests had acted in good faith.

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Pursuant to this settlement the City Council granted a "security franchise" on the 27th of April (p. 106) to a new company—"The Cleveland Railway Company." This franchise was to be in the nature of a mortgage or security to the financial interests concerned for the carrying out of the compromise agreement. It was to take over all the property of the old monopoly company at \$55 a share in exchange for its own stock, and at par in exchange for the stock of the competing 3-cent company. It was also to lease to the Municipal or "holding" company all street franchises for the whole city and its other property rights. The Municipal company as lessee was to operate, and while giving all profits to the city during its operation was to turn the property over to the city upon the payment by the city to the new Cleveland Railway Company of par plus ten per cent, as soon as the city should get the legal power to take over and should decide to do so. In case of failure for any reason to carry out this arrangement, the interests of the old monopoly company and of the 3-cent company were to be restored, the compromise peace to be of course then at an end.

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Accordingly all details were perfected, and on the same day, April 27, 1908 (p. 132), the Municipal company began operations as the lessee of

the Cleveland Railway Company, the owner of all the traction franchises, which it was to hold as security for the performance all around of the conditions of the compromise.

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Immediately a strike of motormen and conductors began, upon the basis of a secret agreement which the old company had made (pp. 157, 299), a strike which now appears to have been instigated and maintained by the financial interests of the old company, supported by the electric lighting interests which are next on Mayor Johnson's program for municipalization. The strike crippled the new regime financially from the start, although it lacked the sympathy of the labor organizations. In connection with and following the strike, financial interests all over the country utilized the local news bureau of the Associated Press to flood the country with false reports calculated to discredit the regime financially and to frighten timid investors into making a "run" upon the new company for a redemption of stock. All this failing, the directors of the Cleveland Railway Company (controlled by the old monopoly interests) arranged to violate its pledges by refusing to pay dividends with the rentals it received from its lessee company, the Municipal (p. 658), but were frustrated by the discovery of their purpose followed by a tender of the money upon condition of using it for dividends according to the compromise agreement. Meantime the strikers had procured a sufficiently signed petition for a referendum on the security or compromise franchise of last April, and this came to a vote (p. 707), as stated above, on the 22d.

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There was universal confidence that the vote would be from 2 to 1 up to as high even as 5 to 1 in favor of the settlement, and the result was amazing to everyone. The campaign was a hot one and the vote was enormous—over 75,000 out of a total registration of 91,000. The result is accounted for in large part by the wide circulation, too near election day to be effectively counteracted, of a deceptive circular headed "3c or 5c Fare," with this inscription underneath:

If you want 3-cent fare and not 5-cent fare, mark your ballot as follows: [Then followed a fac simile ballot with the cross opposite the words "against the franchise."]

The effect, of course, was to mislead voters who wanted 3-cent fares into voting unintentionally against them. The organization responsible for this trickery was "The Citizens' Referendum League," which was supported by the financial interests opposed to Mayor Johnson. At first it was reported that the franchise had been carried by 391, but later figures, though unofficial, showed a

vote of 37,644 for the franchise and 38,249 against it—an adverse majority of 605. Owing, however, to defective operation of voting machines, which were used in some of the voting precincts, the result is not yet settled. If these are thrown out the result will be in the affirmative by about 800.

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Immediately after the announcement of the vote the new company, the Cleveland Railway Company, which took over as owner all the interests of the old monopoly company and of the 3-cent company, and which is controlled by the old monopoly interests, demanded the return to it, by the lessee company, the Municipal, of all the traction lines. It has also tied up \$300,000 of current receipts of the lessee company in bank deposits, and it has caused creditors of the lessee companies to bring receivership suits. Its purpose is to get control not only of the old monopoly franchises but also of the Forest City or 3-cent fare franchises. This is contrary to the agreement between Mayor Johnson and Mr. Goff, that if the security grant should fail for any reason, the old companies should be restored to their former position. On the 26th, Mayor Johnson made a public statement of the situation in which he said:

We are willing to concede the defeat of the security grant and turn back the original Electric lines at once if the Cleveland City Railway will restore the original 3-cent lines to the former owners. This is a point of honor. Mr. Goff and I last April arranged a gentlemen's agreement that should our plans fail, all the property should be restored to the original owners. The Cleveland Railway Company subsequently bought the Forest City Company's stock, which it may hold if it stands on its legal right and ignores its moral obligations. Should it refuse to abide by the gentlemen's agreement, we shall insist on holding all the lines under the lease. There is not one word in the lease which says it shall fall with the defeat of the security grant. It was agreed between us that the lease should become inoperative should the grant fail, but that, too, was a gentlemen's agreement. If the other side refuses to abide by its word of honor, we shall feel no scruples in doing likewise. The lease is still as good as ever. We have a right to operate under the old franchises to the Cleveland Electric and the Forest City. We do not propose to surrender. I do not believe a receiver can be appointed. The Municipal Traction Company is solvent, with assets \$300,000 in excess of liabilities. We do not propose to contest the election on a technicality. I want to settle this question on broad lines. The other side insists that competition shall be eliminated and it shall be given sole rights in the streets. I shall not consent to such a plan. I am willing to do the fair thing and keep my promises, but we are going to carry on this fight until we die in the last ditch, before we surrender to a private company, operating without competition, on lines part of which are held without moral right.