

people, over and above those which privately-owned railways would give them, are so great as to make this a minor consideration. But as they show no such deficit; as, on the contrary and in spite of natural drawbacks, their earnings have exceeded all expenditure for years past, all these advantages are obtained free, that is, without any draft on the pockets of the taxpayers.

The Australian States can make no claim to perfection in railway management. Serious mistakes have been made, probably as serious as any made by private companies. Nor could it be otherwise. Governments and representatives have indulged constituencies by giving them railways before their time or by unduly extending facilities, and ministers have filled the railway service with their supporters. This was inevitable in a democratic community, but in this case as in others democracy found the remedy by experience.

It will no doubt interest your readers to learn by what arrangements the Australian democracy has tried to exclude, and largely has excluded, political interference from its railways. I will therefore describe the methods employed in the State of Victoria. With slight differences they exist in all the States.

Railway construction and management are separated from each other. When the Government is pressed to build a line and approves of the project, it moves that such a line be referred to the Parliamentary committee on railways. It can bring in such a motion with regard only to one line at a time. If both houses of Parliament approve, this standing committee begins action. It is composed of members of both houses and of all parties, and is elected for the duration of Parliament (3 years) by both houses. This committee inspects rural routes, has surveys made, and hears evidence in public for or against the line, inclusive of that of the railway managers, who of course object, for prudential reasons, to being saddled with non-payable lines. If the committee comes to the conclusion that the line should not be built, the project lapses during the life of that Parliament. If it reports in favor of the line, it gives its reasons with the estimated cost and return. The Government then brings in a construction bill, which must be passed by both houses before construction can begin. The line is then built by the public works department, having no connection with the department of railway management, and upon completion is handed over to the latter.

The department of railway management is entrusted to three commissioners, one of whom, the Chief-Commissioner, bears full responsibility. These commissioners are professional experts, appointed for a term of years, and are independent of Parliament and Government. The latter bodies can refuse to reappoint them, but may not interfere with their management. This has become such a confirmed rule that the commissioners have established the practice of refusing to receive members of Parliament who call upon them upon railway business.

These common-sense methods have sufficed to exclude political interference and corruption from the Australian railway system and to make it self-supporting. No one can claim, I repeat, that its management is perfect. Probably there are railways more ably managed. But nowhere are railways freer

from corrupt practices; no where are they conducted with a more single-minded devotion to the interests of the country as a whole. What better proof could be asked than the fact, for fact it is, that there is not a single representative who would dare to suggest the sale or lease of our government railroads to private corporations. Anyone seriously doing so would find his political life at an end with the next election.

MAX HIRSCH.

NEWS NARRATIVE

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.

Week ending Tuesday, April 28, 1908.

The Cleveland Traction Peace.

Mayor Johnson's long fight in Cleveland for a traction system operated at cost and with a view to municipal ownership, as yet impossible under the Ohio law, is virtually at an end. The only obstacle at the time of the last report of this controversy (p. 84) was the price to be allowed the old company for surrendering its existing property rights inclusive of unexpired franchises. Mayor Johnson estimated the value at \$50 a share, while Mr. Goff estimated it at \$65, an amount he afterwards consented to reduce to \$60. At this point the negotiations came to an end and Mayor Johnson and the City Council proceeded to grant franchises to the 3-cent fare company along streets through which the franchises of the old company had expired. On the 20th Mr. Goff wrote Mayor Johnson that he had a further suggestion which he would be pleased to submit to the Council in committee of the whole, if the Mayor would call a meeting. Mayor Johnson promptly called a meeting for the 21st. The meeting drew a large crowd. Mr. Goff appeared before it and in behalf of the old company offered to settle for \$55 a share. Mayor Johnson said in response:

This proposition of Mr. Goff's deserves careful consideration. I am for peace—not because I am afraid of war, but because it is for the public welfare. The public owes much to Mr. Goff. His proposition is fairly before us—whether the price is to be 50 or 55. We should consider it and pass upon it. I have reported 50 as the highest price I could recommend. It is now up to you. Talk it over now or at some later meeting.

Councilman Zinner followed:

This fight has been the people's fight. They should be heard before any final step is taken. I suggest that every councilman sound the sentiment of his constituents before we meet to render our decision.

Accordingly large public meetings were held in various wards during the remainder of the week (Mayor Johnson contributing his big tent), at which both Mr. Goff and Mayor Johnson as well as Mr. Boyd (Mayor Johnson's antagonist for Mayor two years ago) spoke in favor of the settlement.

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Prior to the meetings Mayor Johnson published a signed statement to the people, of the nature of the proposed settlement, which fully and clearly explains the situation preceding the final action of the City Council. He said:

I hope that by attendance at ward meetings, by personal call, letter or telephone the people will let their representatives in the Council know their wishes in the street railway matter. I shall be guided by the decision of the Council, and the Council will, I am sure, be guided by the best expression of public sentiment that its members can secure. It is to be hoped that the decision will be practically unanimous. Mr. Goff for the Cleveland Electric Railway Co. offers to settle at \$55 per share. That is a high price, but I believe it is reasonable. The people might drive a harder bargain if they chose, but this is not a time for hard bargains. It is a time for peace. If the people shall accept the settlement they will make no mistake. It will mean that the people of Cleveland have won their eight-year struggle and—having won—are willing to be generous in their victory. The settlement as offered provides: (1) \$55 per share for Cleveland Electric stock; (2) immediate 3-cent fare; (3) a security grant at a rate of six tickets for a quarter. It is the third point only that may confuse, but when understood it is entirely simple. The security franchise is the guarantee or bond that the city gives to insure the safety of investors. The six-for-a-quarter rate will never go into effect, but is merely in the nature of insurance. It means that straight 3-cent fare will be the rate that the people will pay. If the leasing company should waste or abuse the property, or fail to pay interest on the money invested in the road, then and then only can the Cleveland Electric re-enter and, in order to recoup its losses, charge the six-for-a-quarter rate. That will never happen. The operation of the 3-cent lines by Mr. du Pont, in spite of tremendous obstacles, has been profitable, and the operation of all the lines in the city at that rate will mean better service than ever, with an assured surplus above dividends. The rights of the people have been jealously safeguarded in all papers that have been drawn, and the men who will work out the practical operation of 3-cent fare will be carefully chosen and worthy of all confidence.

With the immediate going into effect of the 3-cent rate the car service of Cleveland will become a public service in fact as well as in name. The Municipal Traction Co. will, to all intents and purposes, be a public commission with all the benefits of actual municipal ownership. This settlement will stimulate business in the city and will leave our energy free to take up other important public questions. Under the Schmidt law, the security franchise can be subjected to a referendum vote of all the people

of the city. If the settlement is refused at this time there can be no referendum, and 3-cent fare would be delayed: but if the public shall order us to accept the settlement even then a referendum can be had, and every voter in Cleveland may have a chance to vote on the security ordinance. I do not hesitate to recommend the settlement to the people and to assure them that their victory is complete.

At the public meetings Mayor Johnson and Mr. Goff both spoke to the same effect; and the popular sentiment was so manifestly favorable at all the meetings, that councilmen had no hesitation in accepting the compromise offer and ending the controversy.

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Accordingly, on the 27th, the City Council passed the "security franchise" under suspension of the rules. It was granted to The Cleveland Railway Company, a new corporation organized for the purpose of taking over all the property rights of all the existing companies at the price agreed upon, namely, \$55 a share for the 5-cent company and par for the 3-cent companies, payable in the stock of the new company. After the regular Council meeting, the Council and the Mayor met in committee of the whole to close contracts with the existing companies, the new company and the Municipal Traction Company. Before they separated, final papers had been signed and delivered.

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The papers delivered included a lease from The Cleveland Railway Company (which now owns all the property, including the "security franchise") to The Municipal Traction Company (the "holding" or operating company) for fifty years. The president of the Municipal Traction company, Mr. du Pont, promised universal 3-cent fares within the city limits in about two weeks. Stockholders in the old companies are to become stockholders in the new one, exchanging their stock. They will receive dividends limited to 6 per cent, together with a premium of 10 per cent if the city takes over or the stock is redeemed from surplus earnings. All surplus earnings will be used primarily for improving the service, and secondarily to create a sinking fund for redemption of the stock. The "holding" or operating company has only a nominal financial interest, the object being to make it conform as nearly to a city traction bureau as the present laws of Ohio permit.

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Mayor Johnson's Plans for the Future.

An article in the Cleveland Press of the 24th (the local daily paper which has heartily supported Mayor Johnson through the thickest of his traction fight both editorially and financially) indicates his plans for the future with reference to public utilities in Cleveland. It says:

The "holding company" by which the street rail-

way system of Cleveland is to be operated will only be the first of a number of such companies in this city, controlling in the public interest all public service corporations heretofore operating for private gain, if Mayor Tom wins out in the fights which he is planning to follow the settlement of the street railway war. The Mayor's ambition is to secure for Cleveland the operation of all public utilities in the interest of the public, eliminating the possibility of excessive private profit. This will have been accomplished with the city's biggest single corporation when the Municipal Traction Co. takes control of the Concon. Since municipal ownership is impossible under present laws, he hopes to place under holding companies the operation of all public service properties now operated for private gain. The Cleveland Electric Illuminating Co., which now supplies much of the light for the city's streets and homes, will probably be the next corporation to which his attention will be directed. Just what his plans are for carrying his fight into these new fields, Mayor Tom is not yet ready to announce. "We cannot fight two battles at once," he said Friday, "and this one is not yet completed." That he will lose little time, however, was indicated in his declaration that, with the decks clear of the street railway fight he could train his guns in other directions.

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President Roosevelt's Latest Message.

President Roosevelt astonished members of his own party in Congress on the 27th with a special message more radical and peremptory than any of the others (vol. x, p. 1231) he has as yet sent in. As a friendly newspaper, the Chicago Record-Herald, describes it, "it was the last word of the President, demanding from the Senate and the House of Representatives the legislation which he had urged in prior executive communications, and this is the short, barking paragraph which stirred the statesmen to their souls' marrow: 'It is unwise stubbornly to refuse to provide against a repetition of the abuses which have caused the present unrest. In a democracy like ours it is idle to expect permanently to thwart the determination of a great body of our citizens.'" No action was taken on the 27th by either House. The message was not even read in open session.

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In this most remarkable of his remarkable special messages President Roosevelt—refers to the new employers' liability law as falling short of what Congress ought to have done and yet as marking a real advance; declares that there is good ground to hope for further legislation for recompensing government employes for injuries suffered in the service, for child labor protection in the District of Columbia, for effective financial support of the water ways commission, for an investigation of tariff conditions, and for meeting financial troubles that may occur within the next year or two. In this connection he expresses—his desire for postal savings banks, for appropria-

tions to enable the Interstate Commerce Commission to supervise and control the accounting systems of railroads, and for legislation establishing forest reserves throughout the Appalachian Mountain region wherever it can be shown that they will have a direct and real connection with the conservation and improvement of navigable rivers.

But it is to two measures that the President directs special attention. On these he lays emphasis as being recommendations of his own regarding the wisdom of which "there seems much doubt." They are "the measure to do away with abuse of the power of injunction, and the measure or group of measures to strengthen and render both more efficient and more wise the control by the national government over the great corporations doing an interstate business."

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As to the abuse of injunctions in labor cases and where the validity of State laws are involved, the President argues that injunctions in such cases should be used sparingly and only when there is the clearest necessity. To quote from the message on this point, he says:

They are blind who fail to realize the extreme bitterness caused among large bodies of worthy citizens by the use that has been repeatedly made of the power of injunction in labor disputes. Those in whose judgment we have most right to trust are of the opinion that while much of the complaint against the use of the injunction is unwarranted, yet that it is unquestionably true that in a number of cases this power has been used to the grave injury of the rights of laboring men. I ask that it be limited in some such way as that I have already pointed out in my previous messages for the very reason that I do not wish to see an embittered effort made to destroy it. It is unwise stubbornly to refuse to provide against a repetition of the abuses which have caused the present unrest. In a democracy like ours it is idle to expect permanently to thwart the determination of the great body of our citizens. It may be and often is the highest duty of a court, a legislature or an executive to resist and defy a gust of popular passion, and most certainly no public servant, whatever may be the consequences to himself, should yield to what he thinks wrong. But in a question which is emphatically one of public policy, the policy which the public demands is sure in the end to be adopted; and a persistent refusal to grant to a large portion of our people what is right is only too apt in the end to result in causing such irritation that when the right is obtained it is obtained in the course of a movement so ill considered and violent as to be accompanied by much that is wrong.

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As to Federal control over corporations doing an inter-State business, the message argues that—

There should be an efficient executive body created with power enough to correct abuses and scope enough to work out the complex problems that this great country has developed. It is not sufficient ob-