

ceived from the street car lessees on mileage. The reserve fund item of \$97,000 in 1897 and \$170,000 in 1898 is the clearest of clear profit. This fund aggregated, according to the report of 1898, as much as £71,693 8s. 10d.—approximately \$350,000.

Ex-Gov. Altgeld's campaign for the mayoralty of Chicago has all the appearances of healthy growth and probable victory. His meetings are large, and the principle for which he stands is manifestly gaining adherents. One of the encouraging facts about his campaign is that several office holders of the Harrison administration have resigned so as to be free to work for Altgeld. Joseph R. Finn, chairman of the board of examining engineers, is one of these. In his letter of resignation Mr. Finn showed the motive of his act in these inspiring words:

I believe that there never was a time in the history of our country when the great cause of human freedom called so loudly to the people to be loyal to the great principles upon which our government is founded. The dark days of our civil war, when nearly one-half of the states of this Union were in open rebellion against it, did not imperil the life of our nation one-half as much as the insidious tyranny and corruption which is an inseparable part of the principle of privilege and monopoly, which seeks to stifle the rights and liberties and the aspirations of our people and poisons all the streams of our social, political and industrial life. In such an hour I feel it my duty to make the pecuniary sacrifice involved in the surrender of an office as freely as I left my engine in 1894, when I considered the rights of 14,000 men, women and children of Pullman at stake. Whether Mr. Altgeld secures few or many votes in this contest does not influence me in this decision. I simply wish to exercise my ability and influence, such as it may be, in the furtherance of the cause for which ex-Gov. Altgeld stands.

In Toledo, Mayor Jones stands among republicans for what Gov. Altgeld represents at Chicago in the democratic party. He was defeated for the republican renomination by Hannaism. The amount at stake for the monopolists was enormous. During the next city administration franchises are to be asked for valued at

\$7,000,000. Jones's reelection meant the certain loss of these franchises. No wonder, then, that money was lavishly spent to defeat him. The corruption was successful at the city convention, and Mayor Jones is to be especially commended for his courage in giving the people of Toledo an opportunity to rebuke this instance of corrupt politics by voting for him as a protesting candidate.

The way of the imperialist is hard. No sooner does Gen. Otis get his reinforcements and begin to civilize our Philippine "subjects," than the Cubans drop some of their gratitude and get us into a snarl over Gomez, while even the Porto Ricans manifest a barbarous discontent with military government. Instead, therefore, of having one job of "benevolent assimilation" by means of "criminal aggression" upon our hands, we have three.

Still this black cloud of imperialism is not without a silver lining. It has induced thought and discussion of the fundamental principles of liberty such as the American people have not experienced since the foundation of the government. Even plutocratic papers have been forced by the logic of the situation to take advanced democratic ground. Here, for instance, is the New York Evening Post which, in criticising the imperialistic idea that we must not treat with Aguinaldo until he submits, is led to lay down a profound general principle. It says:

But the rule of common sense which is recognized in modern times by people who have much occasion to deal with "rebels," is to grasp at any men or organization of men who are obeyed by the rebel community, and are capable of answering for it, in peace or war, without sticking at names or forms, or making any fuss about "dignity" or authority. The power which refuses to treat with or even converse with a man, whether rebel or rioter, who believes he is engaged in a creditable enterprise, does not behave as a civilized government.

We call attention especially to the last sentence, in which it is asserted that a government is not civilized if it refuses to treat even with a rioter who believes he is engaged in a credit-

able enterprise. That is sound doctrine. Yet the Evening Post would not have fathered it when Cleveland was obliterating state lines to put down a labor strike in Chicago with national troops. At that time the Post cried with the other imperialists of the day, that if the laborers had any grievances they must trust to a magnanimous public to redress their grievances after they had submitted to the military power.

It must not be overlooked that one important element of the present flagrant imperialism is the fact that its foundations were laid in the last Cleveland administration, and that such moulders of opinion in avowed opposition to imperialism as is the Evening Post, must share the responsibility. Those who have advocated a domestic imperialism must be held estopped from objecting to the logical consequences of expansive imperialism, unless they retract, as the Post has virtually done, in the extract quoted above. The action of the Cleveland administration during the Chicago strike was highly undemocratic and imperialistic, and people who upheld it must not wonder that those who were then persuaded that imperialism in domestic affairs was all right, are not now inclined to oppose the same policy in foreign affairs.

Let him who doubts the imperialistic character of Cleveland's military invasion of Illinois in 1894, send to Congressman Amos Cummings, of New York, for his recent speech in congress on the right of local self-government. Embodied in that speech is the correspondence between Cleveland and Altgeld at the time of the invasion. It speaks for itself, and places Cleveland in the class with McKinley on the general subject of democratic government.

THE RAGE FOR TRUSTS.

The daily papers now are burdened with stories about trusts. Hardly an issue appears without accounts of the organization or prospective organization of one or more. The air is full of these schemes for consolidating large

business competitors. That old business maxim, sound and wholesome, that "competition is the life of trade," has been discarded in industrial circles for the theory, for which no maxim has yet gained currency, that consolidation is the condition of success. This theory is the vital principle of trusts.

I.

The latest mode of trust organization is a vast improvement upon earlier ones.

Competitors no longer enter into agreements in restraint of competition. That primitive mode was proved by experience to be altogether incompetent. The agreements were evaded and sometimes openly violated; and, as they fell under the ban of the law, there was no redress in the courts.

What competitors aiming to organize a trust do now, is to form a legal corporation in which all become stockholders, paying for their stock with their respective business plants. Establishments that formerly competed for business, thus become part of one great concern under the management and control of one board of directors. If the former owners continue to operate their plants they do so no longer as owners, but as corporation employes. It is the corporation, too, that determines as to each plant whether it shall be operated at all.

There is no opportunity, therefore, as there was under the primitive mode of making trusts, for any party to the trust to evade his obligations to his confederates. The business is wholly in the hands of a corporation, which has all the legal attributes of a single person; and the trust, instead of being under the ban of the law, operates under its sanctions.

An effect, and one of the objects, of these combinations is to dispense with many employes and cut down the wages of others.

The journeyman mechanics and unskilled laborers may escape. Whether they do or no, depends upon whether the trust reduces its production. If it does not, these employes escape; if it does, they are prejudicially affected.

But whether mechanics and labor-

ers are affected or not, such employes as salesmen, bookkeepers, foremen, clerks and the like are sure to be injured. When many establishments are consolidated, even though as many mechanics and laborers be required as before, they can be governed by fewer foremen, and the output can be disposed of and accounted for by fewer salesmen, bookkeepers and clerks. The organization of a trust, therefore, involves the discharge of more or fewer of this class of employes; and that in turn involves the reduction of the wages of those who remain. This has been one of the notable facts in connection with the trust craze. The general public may not be aware of it, but foremen, clerks, bookkeepers and salesmen are painfully so.

Another object and effect of trusts is the destruction of competitors who are left out of the combination.

Since the motive for combining is to kill competition, outsiders must be crushed or the combination fails of its purpose. Many methods of accomplishing this are resorted to. It may be done by selling certain lines of goods for a time at less than cost. The trust can stand that longer than the small competitors; and when they are out of the way can recoup by charging higher prices than ever. Even while a price war is in progress, the trust may charge excessively for goods that are not in the field of competition, while selling below cost those that are in that field. But whatever the method the object is to crowd out all competition and make the whole field free to the trust.

Competitive business men are sharply admonished of this, by diminishing custom and decreasing profits. Some even of the best of them begin to look forward to retiring from business into high grade clerkships; and a vast number of them are contemplating the possibility, if they themselves fail to get into a trust, of competing with lower grades of clerks for their already precarious places.

II.

Whether or not the trust has come to stay, is an open question. Trust magnates have no doubt of it. The ordinary business man fears it. The social agitator proclaims it. And only here and there is doubt expressed.

Most significant, however, of all the opinions yet recorded, is that of the banks, which are beginning to look with suspicion upon trust certificates as collateral. In this opinion there is a suggestion of disastrous possibilities which cannot be ignored, a suggestion that derives peculiar force from the fact that the primary consideration with banks in passing loans is the question of safety. It may well be, then, that this making of many trusts is only an evanescent craze, and that the trusts are mere bubbles which must soon burst.

But any intelligent conclusion as to that point must rest upon an understanding of the differences in trusts. There are trusts and trusts. It cannot, therefore, be predicated of the trust generally that it must either succeed or collapse. Some kinds of trusts may succeed if well managed, while others, no matter how well managed, may be predestined to inevitable collapse. Some analysis, then, of the trust as it confronts us is necessary.

III.

We can conceive of a trust having for its object and effect economy in production, and neither aiming at anything nor effecting anything beyond that. By consolidating business plants, such a trust might lessen the cost of supplying goods to consumers. It would do this in part by reducing the number of managers, clerks, bookkeepers, and so on, necessary to supply a given demand; and in part through those innumerable other economies which, in favorable conditions, flow from operations upon a large scale. That kind of trust would be analogous to labor saving inventions. Indeed, it would be a labor-saving invention itself.

Familiar examples are offered by the department store, by farming on a large scale, by manufacturing combinations, by any business consolidation, however vast, which is neither directly nor indirectly buttressed by legal privileges.

Such a trust would, in the absence of legal privileges, be compelled, by fears of starting up competition if not by competition itself, to give to consumers the benefit of its economies. And though this trust would displace employes and independent operators, just as labor-saving ma-

chines do, just as all economies must, there would be nothing to deplore in that, if opportunities to work for others or to do independent business in other and related lines were inviting and insistent, as under free conditions they would be. The displacement then would be a simple and easily adopted change of occupation, not exile from the whole industrial field.

Trusts of that character are not essentially bad. On the contrary, like labor-saving machines, they are essentially good. If they operate prejudicially in actual practice, it is not because they are objectionable in themselves, but because they exist in conditions which operate, in greater or less degree, to bar out from other employments the workers and business men whom they displace.

There is, however, a class of trusts which are essentially bad. These are the trusts that rest upon or are buttressed by legal privileges.

The harmful power of a railroad trust is the ownership of great public highways, which it brings under a single control. That is true, also, of street car combinations; of telephone and telegraph monopolies; of gas and electric light and power trusts; in a word, of all consolidations of those business interests that spring out of the law instead of being evolved and regulated by unobstructed competition.

Mining trusts are in the same category. They are essentially oppressive because they consolidate titles to mining opportunities, and thereby enable the trusts to dictate to all industries that depend upon the mineral riches of the globe. And as with mining trusts, so with all other trusts which, so to speak, have their feet upon the ground.

Closely akin to highway and landed trusts are the trusts that bring under common ownership, important patent rights. By virtue of these parchments, those trusts arbitrarily and effectually prohibit the unprivileged, as a distinguished patent law writer puts it, "from using some of the laws of God," just as railroad trusts by franchises, and mining trusts by deeds, arbitrarily and effectually prohibit the unprivileged from using some of God's common wealth.

All these trusts are in character one. They are founded in legal privilege.

Subordinate to the privileged trusts, are trusts of still another class. These have the characteristics externally of those of the first class described above—those which we have likened to labor-saving machines. They appear to have the benefit of no monopoly whatever, but to be simple unprivileged business combinations. In fact, however, they derive legal privileges at second-hand and secretly from trusts that are founded in privilege.

Of this type was the Standard Oil trust at its inception. Under secret agreements with railroads, which enjoyed special highway privileges, the Standard Oil trust secured rates of transportation so much lower than its competitors were required by the same railroads to pay, that it thereby drove its competitors to the wall. Subsequently, it acquired highway privileges of its own. Other trusts that flourish now, doubtless also depend for their power upon discriminating freight rates. The cracker trust is said to be one of them.

To one or the other of the three classes of trusts mentioned above, all the trusts now organized, or in process or expectation or possibility of being organized, may be assigned. And according to the class into which a trust falls, will the probabilities of its success or collapse be determined.

IV.

The weakest of all the trusts are those of the first class, trusts which possess no legal privileges.

If capitalized at the true value of their plants, and conducted merely with a view to economy and not to keeping prices above the competitive level, they may succeed. The chances of success in such cases, other things remaining the same, are undoubtedly improved by the consolidation.

But which of those trusts is so organized and so conducted? It is safe to say none. In capitalizing, each plant is inventoried at double its value or more; and the consolidated business is conducted with a view to paying good dividends on the stock so watered.

The trust which does this, without

the aid of some kind of monopoly—land, highway, patent, or the like—can no more succeed than a boy can succeed in lifting himself by his shoe straps. And for like reasons. All such trusts are fated from their inception to perish.

It is probably true, however, that most trusts of the general character last described, are not of that character strictly. Very likely most of them are buttressed either with some special privilege or other of their own, or with contractual interests in the special privileges of other combinations. In that event their success will depend upon the power of the monopoly they so enjoy—to which extent they are in the category of trusts of the second class described above, those founded in legal privilege. As the latter rise or fall so may the former.

Trusts founded in legal privilege may be expected to succeed or collapse accordingly as their legal privileges enable them to control the original sources of supply of the goods they handle. Unless they acquire control of these, it is only a matter of time when another trust will. And if another trust does, it will either absorb or crush the first one.

Steel manufacturing trusts might for a time control the steel market. But let another trust secure the ore mines, and the steel trust would be at its mercy. Manufacturing combinations however complete, however wealthy, even though buttressed with patents and in combination with railroads, can retain their power only while the owners of the natural sources of their supply are not combined.

It is a sine qua non to success that a trust have its feet upon the earth. This has been discovered by the great trusts. The steel trust goes back to the land, and makes ore mines part of its property. The coal transporting trust of the anthracite region is careful to secure not only highways, but coal mines. And the trust that does not follow their example is doomed.

V.

To analyze this subject is to conclude that the rage for forming trusts will react and produce a stupendous crash. Trusts with much watered

stock and without much monopoly power, will go first to their fate. They will be followed by the monopoly trusts that fail to secure fundamental privileges. In the end, no trusts will be left to rule in the economic field but those which have their feet upon the earth. The trust question leads directly to the land question.

NEWS

At the close of our account last week of the American war for the subjugation of the Philippines, the Filipinos, after being driven on the 7th from a position near the water pipes that supply Manila, had forced their way back on the 8th, and at other points along the American line their sharpshooters were still annoying the American troops. No change in this situation was reported for the 9th; but on the 10th additional American reinforcements began to arrive at Manila, and immediately thereafter, Gen. Otis advised President McKinley of his plan to bring the war to a speedy close, by a vigorous aggressive campaign for the complete subjection of the island of Luzon.

This campaign began on the morning of the 13th, when Gen. Wheaton advanced from San Pedro Macati, eastward along the Pasig river, upon the town of Pasig, then held by the Filipinos. He was supported by an American gunboat which shelled the jungle along the banks of the river in advance of the American troops. In his advance Gen. Wheaton was reported as having captured three towns—Guadalupe, Pateros and Pasig. The Filipinos had retreated as far as Pasig, where they made a stand; but the Americans shelled the town, finally driving them out and taking possession. On the 14th, however, the Filipinos recaptured Pateros and Pasig, and threw up intrenchments, but only to be driven out again on the 15th, when the hardest fighting since the 5th of February occurred. The Americans now have complete possession of Pasig river to its source, Laguanda bay, a lake about 100 miles in circumference, some eight miles east of Manila. The Filipino army is therefore cut in two, with no opportunities for communication except around the lake.

During the fighting the heat was oppressive. Many soldiers were prostrated by it, both upon the firing line and in Manila. James H. Creelman, the well-known correspondent, cables that "the fight against exhaustion from this cause became as keen as that against the rebels."

Mail advices from Manila show that the conferences between Gen. Otis and Aguinaldo, preceding the outbreak of hostilities, were formal and official. Following is Gen. Otis's order pursuant to which they were conducted:

Brig. Gen. B. P. Hughes, United States volunteers; Col. James F. Smith, First California volunteers; Col. E. H. Crowder, J. A., United States volunteers, are hereby appointed a commission to meet a commission of like number appointed by Gen. Aguinaldo, and to confer with regard to the situation of affairs, and to arrive at a mutual understanding of the intent, purposes, aim and desires of the Philippine people and the people of the United States, that peace and harmonious relations between these respective peoples may be continued.

At the meetings of these commissions the Filipinos required independence under an American protectorate. They also insisted upon an arrangement meanwhile between the American and the Filipino armies for the prevention of disturbances. No mail advices have yet been received which relate to the beginning of hostilities; but it is clear from such as have so far arrived that a collision was daily expected long before it actually occurred.

A strong appeal has been made in the United States during the week, to "all lovers of freedom," to unite in an attempt to induce the American government to

take immediate steps toward a suspension of hostilities in the Philippines and a conference with the Philippine leaders, with a view to preventing further bloodshed, upon the basis of a recognition of their freedom and independence as soon as proper guarantees can be had of order and protection to property.

It is urged in this appeal that the United States

tender an official assurance to the inhabitants of the Philippine islands that they will encourage and assist in the organization of such a government in the islands as the people thereof shall prefer, and that upon its organization in stable manner the United States, in accordance with their tra-

ditional and prescriptive policy in such cases, will recognize the independence of the Philippines and their equality among nations and gradually withdraw all naval and military forces.

The appeal is signed by 29 men among the most representative in this country. Included in the number are ex-Governor Boutwell of Massachusetts, ex-Senator Edmunds of Vermont, John Sherman, Henry U. Johnson of Indiana, Samuel Gompers, president of the American Federation of Labor; Felix Adler, David Starr Jordan, president of Stanford university; Leonard Woolsey Bacon, Charles Francis Adams, Samuel Bowles, Edward Atkinson, Carl Schurz, Hermann Von Holst of Chicago university, Thomas Wentworth Higginson, ex-Senator John G. Carlisle, Charles Elliot Norton of Harvard university, W. G. Sumner of Yale college, and Rev. Dr. C. H. Parkhurst of New York.

American colonial difficulties are not confined to the Philippines. The situation in Porto Rico, also, is embarrassing. Affairs in that island were generally supposed to be in a satisfactory condition on all hands, until Col. Hubbell, of the 47th New York volunteers, which returned from Porto Rico on the 10th, publicly expressed his belief, based upon his experience as a soldier, that an insurrection of the natives of Porto Rico is bound to come sooner or later. Col. Hubbell explained:

We found that there is a latent determination among a large class to gain independence. There is no longer any use in trying to conceal the fact. Our troubles and annoyances increased toward the last. The demonstrations made at our departure convinced us that the majority of the natives were glad to get rid of us.

Col. Hubbell's opinion is reinforced by that of Gen. Henry, the American military governor of Porto Rico. Referring to the easy victory of our troops in the island and the apparent friendliness of the natives, as having given currency to a notion in the states that there is little necessity of a strong military force in Porto Rico, he declares the idea to be erroneous. "The conditions are alarming," he says, and adds:

These people have been given every opportunity, but they have thrown them aside. They are clamoring now for local self-government. They are no more fit for local self-government than I am to run a locomotive. More troops are needed in the island. The