

seems to be "capital" and its owners "capitalists." But the difference is just as substantial and distinguishable when both plant and right of way are interchangeably "capitalized," as they would be if there were no such economic phenomena as "capitalization." Their essential nature is not altered by the commercial conventionality. The one is still a labor product, having a title traceable through contracts to the producers; the other is still a government grant, a species of continuous favoritism from the sovereign power.

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It seems to be his failure to detect this essential difference between labor products and government grants, when both are "capitalized" in one lump on the basis of their earning power, that confuses President Roosevelt. Had he clearly perceived that difference beneath the "capitalistic" system which makes it, he could have drawn a vital distinction—a distinction so illuminating as to have clarified his whole message. Seeing that governmental grants of power essentially differ from products of labor, even when "capitalization" befogs the difference, he might have avoided the confusion of advocating at once a type of individualism that makes private property of public functions, and a type of socialism that obtrudes public interference into private business.

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Railway Values.

Assertions have frequently been made to the effect that the cost of the railways of this country is represented by their bonds—that their stock is approximately all water. But these assertions have had no support from "business men" except in the confidence of business intercourse; and whenever they have been made by "cranks," some Slason Thompson or other has gone to the front to refute them with unverified and confusing statistics. But now the assertion is made, under oath and before a grand jury, by a "business man" who cannot be slasonthompsoned. He is no less a personage than Mr. Thomas F. Ryan, and Mr. Ryan knows. In his testimony Mr. Ryan said that 95 per cent of the stock of all railroad corporations of this country never cost a cent, for the roads were built with bonds.

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It is easy to draw misleading inferences from this fact. On the one hand it may be said that the stock values, representing no original investment, are therefore fraudulent; on the other hand it may be replied that these values are as honest as

any others, since they represent increase in the value of the property. Neither observation goes to the root of the matter. If railroad plants have risen in value, the increase belongs to the stockholders, whether the plants and equipment cost them anything or not. If, for instance, the stockholders borrowed 95 per cent of the cost of the plants by issuing bonds, and the plants afterwards rose in value, no matter to what figure, that increase would belong to the stockholders. Why? Because they are the owners of the plants, subject only to the claims of the bondholders. But in fact it is not the railroad plants that have risen in value. The railroad plants of this country are worth less today than they have cost. If railroad stock were dependent for its value upon the value of railroad plants, the railroad stock of the country would not be worth more than 5 cents on the dollar, over and above what may have been paid for the redemption of bonds. The true explanation of the higher value of railroad stock is that it represents, not railway plants, but railway franchises. The property which has increased in value is, therefore, not the property of the stockholders, but the property of the public. The stockholders are possessed of it, not as their own private property but as common property in trust for public uses.

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It is this public character of railway franchises that makes stockwatering plunderous. For railway stockwatering is a method of turning the increasing value of a public trust into private property. Whenever the original stock of a railroad built with bonds and still subject to the bonds rises to par, it means that the franchise is worth as much as the plant. If the stock has been doubled and is worth par, then this means that the franchise is worth twice as much as the plant. Now it is evident that such values are too high as premiums for the public to pay railway investors who invest only 5 cents on the dollar of cost, the bondholders investing the rest. Mr. Ryan's statement should impress every intelligent and honest man, whatever he may think of public ownership, with the importance of making provision with reference to railway franchises which will prevent any one from profiting by them beyond a fair return upon a legitimate original investment.

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Ryan and Bryan.

In explaining the half million contribution to national politics by himself and Whitney and the Elkins-Widener outfit (p. 53) Mr. Thomas F. Ryan has disclosed some additional information.

This money was not all used to elect McKinley after the nominations. In fact it was apparently raised to defeat Bryan's nomination at Kansas City. Mr. Ryan himself draws this inference from the fact that the money was contributed early in the Presidential year. As Mr. Ryan expressed it in his testimony before the New York grand jury, "it may not have been for the election of 1900—but during the Fall or Winter of 1899 there had been a preliminary campaign going on. It was thought perhaps Bryan could be defeated in Kansas City," "and part of the money may have gone for that." Who knows but that the money now being freely used to turn away a third of the Denver convention from Bryan, and which evidently comes from financial pirates on the high seas of politics, may be paid back to the contributors out of franchise fleecings as this corrupt campaign fund of 1900 was? There are franchises yet to be dealt in, which can carry an extra price in their water if need be in order to repay campaign contributions advanced for the benefit of the Interests.

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Bryan and Johnson.

The Rev. Harry White of Natick, Massachusetts, aptly defined the issue between William J. Bryan and Governor Johnson when he wrote to the Boston Herald saying: "The antagonism between that wing of the Democratic party which Mr. Bryan represents and that wing which is putting forth Mr. Johnson, is really much more radical and fundamental than the antagonism with the Republican party, or at least with a certain part of it. In the words of Mr. Seward, there is between Bryan Democracy, if you choose to call it such, and the Democracy which Mr. Johnson seems willing to represent, an 'irrepressible conflict,' such as does not exist between the radical Democracy and the better and more patriotic element in the Republican party."

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A somewhat similar light seems to have filtered into the perceptions of Mr. Henry Watterson, the original discoverer of Governor Johnson as a Presidential candidate (vol. x, p. 219). Mr. Watterson clearly sees and candidly admits the impossibility, not only of the nomination of Johnson, which no one really thinks of as possible, but of his obstructing the nomination of Bryan by drawing off one-third of the delegates, which is about the only interest anybody but Johnson has in the Johnson candidacy. Mr. Watterson says that Bryan's nomination is now a foregone conclusion.

While he thinks that Governor Johnson might have been nominated if the Watterson suggestion had been taken up at the time it was made, he considers his candidacy hopeless now because he has not only been put into the field too late, but "by the wrong people." In those last words Mr. Watterson brings to light the true difficulty with the Johnson candidacy. Governor Johnson is supported by the wrong people. This is only another way of saying that he is exposed as being on the wrong side in the "irrepressible conflict." His candidacy has the same animus and derives its liberal financial support from the same kind of sources as the opposition to Bryan's nomination in 1900, of which Mr. Thomas F. Ryan has recently told.

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Bryan and Sullivan.

Desperate efforts are made by Bryan's newspaper enemies to create an impression that the instructions for Bryan at the Illinois convention were given by Roger C. Sullivan, and that this was pursuant to a reconciliation between that gas-monopoly statesman and Mr. Bryan. The papers that try to create this impression (including Mr. Hearst's) know full well that there has been no reconciliation between Sullivan and Bryan. There is in truth nothing reconcilable to be reconciled. Bryan's quarrel with Sullivan is not personal; it is due altogether to the fact that Sullivan is one of those corporation agents who, like the late Mr. Whitney and the present Mr. Ryan, are Democrats for the purpose of diverting the Democratic party by secret methods from democratic policies.

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Mr. Bryan has said that, if he can help it, Mr. Sullivan, being a corporation man before he is a Democrat, shall not have an official place in the Democratic party where he can betray it to the corporations. A difference of that kind cannot be reconciled by anything short of the regeneration of Mr. Sullivan or the backsliding of Mr. Bryan. The former is highly improbable; the latter comes close to the impossible. If Mr. Sullivan and his friends wish him pitifully humiliated, they could hardly follow a better course than to insist upon associating him closely with Bryan's candidacy. Bryan's treatment of the Sullivanic Mr. Quinn at Peoria should serve Mr. Sullivan as a warning. It should likewise convince the rest of us that there has been no "reconciliation" between Mr. Sullivan and Mr. Bryan. Mr. Sullivan joined in the instructions for Bryan at the Illinois convention, not because he had become reconciled and was willing to, but because he had to.

The Sullivanic crowd which controlled that convention would no more have dared to take hostile or neutral ground on Bryan's candidacy than they would have dared to jump over Niagara Falls.

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That Sullivan intends to be treacherous if he can, is a reasonable inference from the loose wording of the Illinois instructions for Bryan. Sullivan dared not oppose instructions, but he could dictate their phrasing treacherously, and this it is charged he has done. Although they are specific enough for delegates acting in good faith, Sullivanic delegates might easily construe the instruction to use "all honorable means" in behalf of Bryan's candidacy as fully obeyed by voting for him once. Possibly this species of treachery is intended. It would be possible, for the delegates must vote as a unit; and most of them, like Sullivan himself, are for Bryan only because they dare not now be otherwise. The suspicion is warranted by the refusal of the chairman of the State convention to permit consideration of a motion to make the instructions more specific. Sullivan will defeat Bryan if he can. No one need take the pains to question that. And not from personal antipathy, for such men seldom allow themselves the luxury of vengeance; but from loyalty to the Interests. He is against Bryan because Bryan is against the Interests. But Mr. Sullivan is practically powerless. It makes no difference how loosely the Illinois instructions are worded. They are worded clearly enough to insure the solid vote of the State for Bryan on the first ballot, as the people of the State want it cast, and that will be enough. Unless all signs fail, there will not be a second ballot. There is good reason now to believe that Bryan will be nominated without any balloting at all.

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The Saloon in Illinois.

Although the Illinois Democratic convention of last week had no other legitimate function than to elect delegates to the national convention, the saloon interests saddled upon it a platform plank in favor of saloons. This plank was so deftly drawn in support of the general principle of personal liberty as to make a vote against it seem on the surface absolutely undemocratic. Yet it was rightly understood to be a declaration for personal liberty with reference to saloons and nothing but saloons. The plank was adopted, but by the narrowest of majorities. Had the Cook County (Chicago) delegates been free to vote individually, it would have been defeated. Nothing but the unit rule, which forced the counting of a large part of

this delegation against their convictions and their protests, saved the day for the saloon element.

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Public School Vaccination.

Unless the legislature interposes, there will be no further vaccination as a condition of school attendance in Chicago, and even an act of the legislature would be of doubtful constitutionality. The Supreme Court of Illinois has just decided that there is no authority for excluding unvaccinated children from the public schools. The matter rested upon the question of the right, asserted by the local board of health, to coerce the school authorities, whom it threatened with penal process. Those parents who have carried the question to the highest court of the State are to be congratulated upon their victory and should be thanked for their action. To exclude from school, temporarily, children who have been exposed to small pox, would be a reasonable act of precaution which the school board might wisely exercise; but to exclude permanently children who have not been exposed to small pox, because their parents refuse to allow another loathsome disease to be injected into their systems, is not to be tolerated, even if conscientious doctors do want it and vaccine farms do profit by it.

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Convict Labor.

A professor of economics in the Cincinnati University advocates a policy of encouraging the efficiency of convict labor. He criticizes the laws which have reduced its efficiency in order to lessen competition with free labor. We believe he is right. Labor organizations in the past have made a mistake, it seems to us, in urging restrictions upon convict labor. The real menace to free labor is not convict labor, but the farming out and underpayment or no payment of convict laborers. Not only is this prejudicial to free labor; it is destructive to the convict and promotive of crime. The convict laborer should be paid for his labor, and paid up to his earnings according to the scale in his trade. Were that policy pursued, the convict's self-respect would be stimulated, his labor power would be improved, he would support his family, he would leave the prison with the incentive and enhanced ability to keep out of it in future, and he would be no more a menace to free labor while within the prison than when working outside. Under existing convict labor laws the economic pressure upon free workers is relieved but little if at all. Yet they rob the convict of his labor (not for the benefit of any one he may have