with which to pay his way home, and when he got there but five cents remained. After passing through an illness he went to work as a plantation hand at 50 cents a day, out of which he had to pay his board; and after a while he bought a small farm that he has now paid for. He has $400 in the bank besides. This is his report to the school he left when penniless six years ago: "The place with improvements on it is worth $1,000. I have built a good house with two rooms and a gallery. My house is painted and has a brick chimney, glass windows and blinds. It is known as the Tuskegee Cottage. With one horse last year I made ten bales of cotton, 150 bushels of corn, together with potatoes and peas, and I have a fine garden." There may be nothing great in this, but it is one of the things that give prophetic color to magazine disquisitions that now and then demand that the black race be kept down lest it blot out the "great white race." With the multiplication of black men like this one, power will in time surely come to the American Negro. Were that day ever to dawn, how would the American Negro use his power? Would he try to enslave and degrade the whites, as they did him in the day of their power and his weakness, or would he try to co-operate with them on the level of a common humanity?

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Attacking the Police "Sweat Box."

What judges and grand juries everywhere and long ago ought to have done, some members of the Illinois legislature are now trying to do. They are struggling to secure legislation against the police "sweat box" (p. 603), that brutal device for extorting confessions from alleged criminals. It is cruel and criminal in its methods and untrustworthy in its results. Pumping water down a prisoner's gullet may force him to say what lazy detectives want him to say, but what he says is as likely to be false as true. To turn a glare of light into his eyes so that he cannot sleep will hardly produce a better effect. Even to cross-examine him in prison surroundings with no friends near, or to wheedle him, or to frighten him with gruesome tableaus, is not calculated to further the ends of justice. Yet all these things and worse belong to "sweat box" procedure. The courts should stamp it out without waiting for the legislature to re-enact existing law. When a man is arrested it is his legal right to be taken at once to the nearest magistrate, and to be questioned only by the magistrate, and after being warned that he may refuse to answer, and that if he does answer his answer will be used against him. But it has become a common practice for police officials to hold prisoners in custody for days at a time before taking them before a magistrate, and meanwhile to subject them to cruel physical abuse and to questioning without warnings of their rights.

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Corporate Lawlessness.

After suffering from wretched water service these many years, the city of San Francisco is now proceeding against the Spring Valley Water Company to forfeit its franchises for refusing to reduce water rates as required by law. The right to forfeit in such cases is secured by the State Constitution, but the company is fighting in the courts, and confident predictions are made that the Federal judiciary will not allow a forfeiture. Just how public service corporations can be compelled to perform their duties to the public, whether required by law or fixed by contract, is as yet one of the unsolved mysteries.

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THE MORGANIC GRAB IN CHICAGO.

I.

The latest attempt to Morganize the street railway systems of Chicago (p. 1110) will come to trial before the people at the municipal election on the 2nd of April.

This contest between the municipalizationists and the stock-jobbing corporationists of Chicago, affects and interests intelligent men and women wherever they may live, for Chicago is for the time the storm center of an agitation for municipal rights against corporation privileges which is yearly advancing and strengthening in every wide-awake American city and town.

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But for the honesty and steadfastness of Mayor Dunne, the people of Chicago would have had no voice at all in determining this momentous question.

The same newspapers, the same politicians, the same "goo-goos," the same professional men and financial interests that now command the people of Chicago to vote for the Morganic street car ordinances, did all in their power to prevent a referendum.

Indeed, they supposed they had prevented it even when the City Council yielded at last reluctantly and grudgingly to Mayor Dunne's demand. For only sixteen days then remained in which to secure the 87,000 signatures required as a condition of allowing the question to go to

referendum; and they supposed, as they had good reason to suppose, that so large a petition could not possibly be secured in so short a time.

Thanks to Mayor Dunne, however, not only was the Council forced at the last minute to grant the referendum, but the 87,000 signatures, with nearly 100,000 to spare, were secured in time. Mayor Dunne has performed his part with honesty, fidelity, courage and efficiency. It remains now for the people of Chicago to do theirs.

II.

One objection that has been raised to the ordinances is not valid in the form in which it is usually put.

Inasmuch as the city would be obliged to pay $50,000,000 twenty years hence for franchises and tangible property now existing but which long before twenty years will have no existence, it is argued that the ordinances will require the city to pay at the end of twenty years for what will then be "dead dog." This plausible contention is not tenable in so far as it raises no other question than that of a deferred payment. If the city ought to pay $50,000,000 for the franchises and tangible property if it purchases and pays now, it ought to pay that sum with interest if it purchases now but does not pay now. The fact that the franchises will have expired by average in seven years, and that most of the tangible property will have gone into the scrap pile in hardly more than that many months, makes no difference either to the companies or to the city. The property will be "dead dog" in twenty years whether the city pays for it now or then.

The real question here is not whether the city ought to pay $50,000,000 when the property has ceased to exist, but whether it ought to pay that sum at all. In other words, the question is whether the sum itself is extortionate for property consisting partly of old franchises that will soon expire and partly of old plant and equipment most of which is to be immediately discarded.

If the city were by this enormous payment to rid itself of all further vexatious association with the traction companies, the payment might be considered as an exorbitant yet on the whole an economical price for peace.

But that is not the case.

Should the ordinances be adopted, the companies will be more than ever like an old man of the sea on the back of the city of Chicago.

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For the city would probably be unable, even at the end of the 20-year franchise which these ordinances grant, either to resume possession of its streets itself or to induce any private corporation to compete with the present companies for possession, on the burdensome terms imposed.

At the end of the twenty years the companies could, by the terms of the ordinances, hold fast to the streets for traction purposes until they were paid the $50,000,000 for "dead dog," plus the cost of rehabilitation. Estimating rehabilitation at $35,000,000, we have an aggregate price of $85,000,000, which for 700 miles of track would be more than $121,000 a mile. At this price, and only at this price, could the city itself get possession of its streets at the end of the twenty years; and only at this price could it turn them over to any other corporation than the one that is demanding them now.

After twenty years of possession and use, then, the Morgan company would be able to extort $121,000 a mile—over $70,000 a mile more than their worth,—as the condition of letting go of the city's streets.

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In that fact we have a consideration that points to the true objection to paying the companies $50,000,000 for "dead dog" at the expiration of the ordinances.

During all this period of twenty years the companies will have received 45 per cent. of the net profits of operation.

What for?

Not for financing; that is provided for by a brokerage of 5 per cent.

Not as compensation for management; that is provided for in operating expenses, which include salaries and fees of officials, attorneys, experts and other employes, big and little and whether of brain or brawn, from day laborer to president and board of directors.

Not for superintendence of construction; that is covered by a commission of 10 per cent. on construction contracts.

Not for sub-superintendence; that is provided for by a further commission of 10 per cent. on sub-contracts.

Not for interest on capital; that is covered by an interest charge of 5 per cent.

Not for repayment of capital expended in keeping the plant and equipment up to standard after rehabilitation; that is to be paid for out of gross receipts.

Not for capital invested in rehabilitation; that must be repaid before the city can regain possession of its streets, be it in twenty years or fifty.

Not for the $50,000,000 valuation of "dead dog"; that too must be paid to the company to enable the city to regain possession of its streets.

What, then, is the consideration which the city is to receive for the 45 per cent. of net receipts that the companies are to retain?

Are we told it is profit for risk? But that would be absurd. This is no new or doubtful enterprise, and there is no risk. Even if there were, it would be the city's risk under these ordinances, and not the company's; for the streets of the city would be mortgaged to the company until it had been reimbursed for everything from "dead dog" to lawyers' fees.

Is it a share of partnership profits? A one-sided partnership, indeed, would such a partnership be. The company would contribute $50,000,000 in "dead dog," and possibly as much more in money for working capital; the city would contribute the monopoly of its streets, by far the most valuable part of the "partnership" fund. But the company would draw 5 per cent. interest per annum on its investment, "dead dog" and all, and a brokerage fee of 5 per cent. on its cash contribution, besides full compensation for superintending construction and operation. The city would draw no corresponding payment. Yet the company, after taking 45 per cent. of net profits, would at the end of twenty years be entitled to payment in full not only for its cash investment but also for its $50,000,000 for "dead dog"; and the city could not get back its streets, even at the end of that long time, without paying that huge sum.

So the 45 per cent. of net profits is nothing but a gift. There would be no consideration for it at all, unless it were to scale down the $50,000,000 for "dead dog," and that it is not to do.

In this particular the ordinances are manifestly unfair. Nor are they merely unfair. They place the city in such a position that, in order to regain control of its own streets for traction purposes at the end of twenty years, it must pay the company, in addition to unearned profits during that time, the sum of $121,000 a mile for 700 miles of traction plant worth not half as much.

III.

It is highly significant that a piling up of obstructions to city acquisition of the traction system characterizes these ordinances. Not only are the terms so adjusted that even after twenty years the city cannot eject the Morgan companies without paying an enormous price, but the possibilities of taking over during the term are reduced to a minimum.

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The system cannot be taken over by the city without the payment to the Morgan syndicate of the full price of $50,000,000 and the cost of rehabilitation, in cash. While these sums would aggregate, at the least, $85,000,000, the city has no cash resources in excess of $75,000,000. Consequently, the city would be unable to take over until a further issue of Mueller certificates had been authorized.

This would require affirmative action by the City Council and a popular vote on referendum.

As long as the city is not required to pay more for purchase than the authorized issue of Mueller certificates, it would be to the interest of all concerned to induce the Council to act if further expenditure were necessary for good service. But these ordinances would invest the Morganites with an enormous financial incentive to thwart such action.

So long, therefore, as they could control enough aldermen to give them a bare majority of the Council, they could prevent the authorization of more Mueller certificates, and thereby prevent purchase by the city.

The fact that the Morganites refused to consent to such a change in the ordinances as would provide that the aggregate expenditures should never exceed the Mueller certificates then authorized, is a strong indication that they contemplate utilizing this means to perpetuate their hold upon the city streets.

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Another hold which these ordinances give the Morgan ring is the clause that prescribes the conditions of purchase by the city. Even if the city gets over the obstacle of insufficient cash resources for purchase, it will not be allowed to purchase except for municipal operation—a purpose for which it has no legal authority.

Why is that condition made?

The Morganites say it is made because Mr. Morgan doesn't want the Chicago traction service turned over to some one or other of his financial enemies. But this is not a sufficient reason. It is no affair of the Morganites whether the city takes back its streets to operate traction service on them itself, or to transfer them for that purpose to another licensee, even to Morgan's financial enemy, provided the city pays the Morganites the full amount of their investment and profits.

There is but one reason for the stubborn insistence by Morgan's lawyers upon imposing this

absurd condition of purchase. The city cannot acquire the right to operate until the City Council passes an operative ordinance and the people adopt it by a three-fifths vote. So long, therefore, as the companies can prevent action by the Council they can hold fast to the streets.

Under no circumstances should such a condition of purchase be permitted. There is no just reason for it from the standpoint of the company, and from that of the city it unnecessarily raises up an enormous pecuniary interest against an operation ordinance. Whenever the people sought such an ordinance they would have to fight the company, which could defeat them in the Council with a bare majority and at the polls with only two-fifths of the vote.

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But, it is replied, the city may take over without operating authority, by adding 20 per cent. to the purchase price.

Why should the city be so penalized?

If it were to have no right whatever to take over, the argument might be made that this 20 per cent. penalty is to offset the company's surrender of a share in future profits. But inasmuch as the city may, without the penalty, take over for municipal operation, that argument falls to the ground. Since the company would lose its future profits were the city to take over for operation, it cannot reasonably argue that it is entitled to compensation for those profits if the city takes over not for operation.

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It must be observed, however, that provision is made for turning over the property to a "contract" or "trustee" or "pro bono publico" company, for the benefit of the city, without the penalty. If this right were secured beyond reasonable doubt, it might well be regarded as a satisfactory adjustment. But is anything secured by it but vexatious litigation?

The "pro bono publico" company is required to enter into "a valid and binding contract" with the city. But can the city make "a valid and binding contract" with a licensee company for the purpose here contemplated.

Whether in the end it be held by the courts that this can be done, the question would afford the companies as good an excuse for long and vexatious litigation as they once derived from their trumped-up 99-year claims.

If there had been no other way of adjustment, this danger of litigation might have had to be met. But there was another way. It was to refuse the demand of the Morgan men that the city either operate or pay a 20 per cent. penalty, or else not take over at all. With that unfair demand thrust aside, the city could have been free to resort to a "pro bono publico" company or not, and thereby save the necessity of making "a valid and binding contract" that may frustrate its purpose.

Nor is danger of litigation the worst feature at this point. The provision for a "contract" or "trustee" or "pro bono publico" company is so drawn as to be a bare pretense. Under it the city would be wholly unable to promote the organization and operation of such a company by buying the property with the proceeds of Mueller certificates. The "pro bono publico" company itself must buy from the franchise company; the city cannot buy for it and lease to it.

At every turn in the direction of municipal ownership, these ordinances hamstring the city.

IV.

Reflection upon the stupendous obstacles to municipal ownership which the pending ordinances contain, proves the hollowness of the assurances that their adoption will produce good traction service.

The only effective guarantee of good service is an effective public ownership reservation. When the companies know that the city can easily and speedily dispossess them, they may make their service satisfactory, but only then.

But under these ordinances their dispossession cannot be effected easily. It is extremely doubtful if it can be effected at all, even at enormous pecuniary sacrifice and after long-drawn-out litigation.

And not only will these provisions which fortify the privileges of the companies militate against good service, but they are directly at variance with the Werno letter, on the basis of which they are ostensibly drawn.

V.

The Werno letter was Mayor Dunne's outline for a settlement. Its dominant purpose was the establishment of municipal ownership through the plan of a "contract" company, the old companies to serve in that capacity.

The theory of the letter was that the companies should agree with the city upon a valuation of their existing property, should finance and superintend rehabilitation and operation, and upon the demand of the city at any time should turn over all the property upon payment

of its previously established value. As the letter itself stated, *"the subject naturally falls into two great parts, (1) the accomplishment of municipal ownership of the street railway system, and (2) the improvement of our street railway service while municipal ownership is being established."*

To this purpose and plan, clearly indicated by Mayor Dunne and acceptable to the people of Chicago, the Morganites orally agreed. But when it came to putting the plan into the form of ordinances, they loaded down the ordinances with impossible conditions.

As stated above, the purchase price is allowed to exceed the ability of the city to pay; the city is not allowed to take over except for operation (for which it is without authority) unless it pays a 20 per cent. penalty on an already heavily padded valuation; no company can take over for the city unless it pays the same penalty or makes "a valid and binding contract" of dubious legal validity, and even then the city cannot assist in the purchase; and yet at the end of the long term of twenty years—though the city does not meanwhile take over and though the companies do meanwhile get nearly half the net profits in addition to liberal pay as capitalists and constructors and operators—the city cannot get back its traction rights to its streets without paying for the then existing plant more than double its value.

This is not municipal ownership, with improved service during the transition; it is corporate monopoly, with municipal ownership as a vague possibility and under circumstances stimulative of strenuous opposition from great financial interests. This is not carrying out the Werno letter; it is reversing it both in spirit and in letter.

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That the ordinances do reverse the Werno letter is evident from a comparison; it would be a fair inference merely from the attitude of the Morganic organs. The Chicago Tribune, for instance, railed viciously at "Dr. Fisher" as the draftsman for Mayor Dunne of the Werno letter; but it honors "Special Traction Counsel Fisher" for his work in drafting the ordinances. Either the Tribune has changed its mind as to the Werno letter, or the ordinances are a stultification of that letter.

Needless to say, the Tribune has not changed its mind.

VI.

Had the Morgan companies in good faith met Mayor Dunne upon the basis of the Werno letter, and joined him honestly in an effort to establish municipal ownership, with improvements in the service during the transition, even an excessive price for the property and liberal compensation for co-operation could have been and would have been approved.

But these companies could not forego their predatory tricks. Instead of honestly aiding the municipal ownership movement, they have trickily tried to baffle it.

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The people should by their vote defeat these ordinances. They are tricky. They are framed in bad faith by the companies. They are calculated to perpetuate the Morganic ownership of our streets. While pretending to be in furtherance of the Werno letter, they fly squarely in its face. They will prevent good service. They will obstruct municipal ownership and operation. They will fleece street car passengers. They will make a new and profitable basis for stock-jobbing operations at the expense of the people of Chicago.

If Chicago is to have municipal ownership of the traction service, these ordinances must be voted down. If the city streets are ever again to come within the control of the city, the ordinances must be voted down. If the city is to have good street car service, they must be voted down.

The issue is for the city and a free hand to compel good traction service, or for J. Pierpont Morgan and the "dead hand" of an endless franchise.

EDITORIAL CORRESPONDENCE

AUSTRALIA.

(See page 1062.)

Corowa, N. S. W., Australia, Jan. 25.—The New South Wales local government extension act was passed in December. It is very much like the shires act of 1905. Each municipality is to be governed by a council, the members of which are called aldermen, who are all to be elected on the same day and to hold office for three years. The mayor is to be elected annually by the council from among its own members. All persons, male or female, who either own or occupy taxable land in a municipality will have the right to vote at the elections. An elector may not give more than one vote to any one candidate, and must vote for the full number of aldermen to be elected. Any male elector is eligible to be elected alderman.

A municipal council must levy a tax of one penny in the pound on the unimproved value of the land in its area. If any further revenue is required the council may impose a tax on either the unimproved or the improved value of the land, unless a poll is demanded, when the method of taxation must be decided by a vote of the taxpayers (not of all the electors). The total amount leviable in any muni-