

THE STATE OF PENNSYLVANIA VS. THE ANTHRACITE COAL COMPANIES.

TOWARD the end of last summer the Governor of Pennsylvania let it be known that he had discovered a corrupt agreement between the companies engaged in carrying anthracite coal, and that he had determined to exert the whole power of the State to break it up. As every one who read the newspapers knew that the "coal pool" had been in existence for nearly two years, and as there seemed to be no reason for supposing that there was any more corruption in it than in other pools, the public listened to this announcement with chilling indifference. It was suggested that the Governor's action was caused by the approach of the fall election, and the feeling that something ought to be done to rescue his Administration from impending oblivion. He had been elected as a reform Governor, but he had instituted no reforms, and his course from the beginning had been a disappointing one.

Such suggestions as these called forth vigorous protestations of good faith from Gov. Pattison; but the report of the proceedings in the suit that he caused to be instituted against the coal companies precludes belief in these protestations. A more humiliating failure on the part of a plaintiff is inconceivable. To be sure, the suit was begun too near election time to advance very far before a change of administration occurred, but the witnesses called by the State heaped up such a mass of evidence against it that no subsequent proceedings could make much difference with the result. That must be a weak case for the plaintiff in which he relies upon the defendant for his evidence; but, with one exception, all the witnesses called by the Attorney-General were officers or agents of the defendant companies. That exception was in the case of an officer of the State Bureau of Industrial Statistics, and his testimony was more damaging to the case of the State than was that of the defendants themselves. The State had charged that the companies had restricted production during the year 1885. The Attorney-General succeeded in establishing out of the mouth of his own witness that this charge was false, and that, in fact, the production of that year had increased by 6,000,000 tons. The palpable absurdity of these figures would have discredited the defendants' case had they introduced them; when brought out by the plaintiff they turned the whole proceeding into a farce.

That the way of the demagogue is hard was curiously illustrated by another circumstance that appeared upon this investigation. The miners are now generally paid upon a "sliding scale"—their wages rising with the price of coal—and their pay constitutes from five-sixths to six-sevenths of the cost of production. If, then, the companies had succeeded in raising the price of coal, they would have conferred a benefit upon "labor." In some communities it might be urged that the interests of the great mass of laborers who consume coal were of more consequence than those of the small number who produce it. But this argument has always been regarded as fallacious in Pennsylvania, and is, moreover, hostile to the "labor" policy. Gov. Pattison, therefore, found himself in the awkward position of denouncing the em-

ployers of about 100,000 laborers, most of them voters, and Democratic voters at that, for adopting a policy that would raise their wages and lessen their hours of work.

For these reasons the attack upon the coal companies must be pronounced a failure; but the testimony taken in the suit is in some respects of real value. It illustrates several important economic laws. The production of anthracite coal is substantially a monopoly. This is not so much due to an agreement among producers as to an agreement among the carriers, who are much fewer in number than the producers, and upon whom the producers are dependent. Monopolies have an odious name; but it is often the case that their interests are the same as those of the public. It may be questioned whether the great coal companies have in the past been governed by this principle, but the circumstances of the present time have compelled them to act in accordance with it. They have been ground between the upper millstone of the competition of the producers of bituminous coal and the nether millstone of the unions of miners, with the result that they have to treat all parties fairly. In fact, it seems to be their stockholders, and not the public, who have now most cause to complain.

Thus it appears that in the case of the Lehigh Coal and Navigation Company the price of coal was lower in 1886—under the alleged corrupt combination—than in any year since the war, and lower than the average of any previous year except 1879. This price, moreover, was very little above the cost of production, nearer to it, in fact, than in 1879, on account of the advance in wages. The profit made by this company, whose coals are exceptionally valuable, was in 1886 only 15 cents a ton, without allowing for royalties, interest, or depreciation of improvements. As the surface seams of coal are exhausted, it becomes necessary to use expensive hoisting machinery, and the cost of keeping the collieries free from water steadily increases. As the coal is taken out more thoroughly, more timber is used, and the price of timber has itself advanced. Greater care also has to be taken in preparing coal for market, for people have grown fastidious.

The fluctuations in price that regularly take place during the year, and the variations in the amounts produced from month to month, are not so arbitrary as the public suppose. They are caused by a very simple physical fact—the bulky character of the commodity compared with its value. The expense of storing coal is so great where land is valuable that large consumers prefer not to buy it until they need it. Furthermore, the expense per ton of rehandling it when it is stored by the companies is more than the average profit. The cheapest place for storing coal is the mine. The economical management of the business, therefore, requires that when the coal is once moved, it should be kept steadily in motion until it reaches the consumer. Hence it becomes necessary not only to reduce production when the demand is slack, but to lower the price at the same time. Were this not done, the cost of production would be greater and the average price higher, while the miners would

be idle for months at a time. Were the production to be the same in every month, the companies would at one time be overloaded with their own products, for they have not storage room for more than a million tons, while at another they could not supply the demand. Formerly, when there was no "pool," the fluctuations of price were much more violent, the periods when the miners were idle were much longer, and the expense of doing the business was much greater.

Upon the whole, it seems that the "coal pool" has been the result of an economic necessity, and produces an economic gain. The companies were charged with entering into a conspiracy to restrict the production of coal, to raise its price, and to lower the wages of miners. The evidence so far brought forward in support of these charges shows that, whatever the purpose of the "conspiracy" may have been, it has been attended with an increase of production, a reduction of profit to the producers, a reduction of price to the consumers, and an increase of wages to the miners. There is no reason to suppose that this state of affairs will be bettered by the interference of the State.

MONEY AND POLITICAL MACHINES.

MR. WILLIAM M. IVINS has published in the *Evening Post* two more papers, in which he follows up the growth of the evils so forcibly pointed out in his paper before the Commonwealth Club, and indicates the remedy for them. His new revelations, while not so startling as those in the first paper, are scarcely less interesting. Mr. Ivins shows that we owe the demoralizing practice of heavy assessments to the fertile political genius of John Kelly. Nothing affords stronger evidence of the merits of the invention, from a political point of view, than the broad general results which it accomplished within the short period of a dozen years. The grand total of "assessments" was run up from a few thousand dollars in 1872 to nearly a quarter of a million in 1884. Three political Machines were built up, controlling on election day an aggregate force of 45,000 men, equal to one-fifth of the entire voting population, all of whom were under pay and who had a pecuniary interest in the outcome of the election. The total amount of money distributed among these 45,000 on election day was over \$700,000. They had at stake in the election at least \$1,000,000 more in salaries, which their leaders hoped to get from the city for themselves and as many of their followers as could be quartered upon the city's pay rolls. Looking at John Kelly's mission in politics, in its proper light, that of obtaining the largest possible amount of spoils, no man can view these results and deny that he was a great leader. He reduced politics to such a perfect system that, when his power was at its height, he made the government of this city literally a matter of bargain and sale. He quarrelled with Governor Cleveland because the latter would not take this view of public office, and he quarrelled with every Mayor who made like objection. He had Tammany Hall organized into as subservient an army of mer-

cenaries as ever existed, and we had an example of what he was able to do with them when, in 1884, he threw almost their solid vote against the Presidential candidate of his party, whom he had repeatedly pledged himself to support. He literally sold his whole Machine vote to the Blaine managers in return for Republican votes for his candidate for Mayor, and nobody can examine the figures of the returns and not be convinced that the bargain was kept by both sides. The failure to deliver quite enough to insure success in the election undoubtedly had much to do with hastening Kelly's death. He had made a final and remarkable demonstration of the perfection of his system, but he had failed in a stake for life or death.

That bargain of 1884 was only an instance on a large scale of what goes on in every municipal election, and what must, from the nature of the case, go on in every election so long as the present machinery is continued. Mr. Ivins shows with great clearness why this must be so. The State has neglected to supply the needed machinery of elections beyond the mere recording, receiving, and counting of the vote. Gradually there have been built up to supply this deficiency three political organizations, composed of men who have taken up this as the most profitable business lying open to them. They have gone into it from no motives of public duty or patriotism, but simply to get a living. The more extravagant and corrupt politics can be made, the better living will they get. They cannot be blamed for this. They have taken up a business which nobody else would touch. They are able to take it up solely because the respectable people have been too indifferent to do it for themselves, and too careless of the public good to provide for its doing by the State. The wonder is not that the Machines are so corrupt and unscrupulous, but that they do any good at all. They do put fit men into office occasionally, though if they were always to combine in favor of bad men, they could win in spite of all obstacles.

There are encouraging signs that the people of this city are waking up to the disgrace of allowing such a state of affairs to continue. We put a tax upon nominations for office which excludes all but rich men from getting into high positions, and we put a premium upon political dishonesty and trickery by throwing all the machinery of elections and all the money for its operation into the hands of the worst elements of our population. We do not mean to say by this that there are no honest men in the Machines. There are many there, but the majority in all Machines is composed of men who have gone into politics because they had no other business, and were unfit for any other. We can never hope to reform this by starting a Machine composed entirely of honest men, simply because the honest men will not do the work. It is useless to talk more about reforming the Machines by infusing into them a larger proportion of what is known as the "better element." That has been tried over and over again, but has always failed and failed ludicrously. Then, too, even if we could reform the Machines, what right have we to put a tax upon

candidates which is so heavy that it excludes poor men and even men of moderate means from public office? The State pays for the registration and reception of the ballot, and on precisely the same principle it should pay for its printing and distribution. Instead of this being, as some persons curiously claim, contrary to the spirit of our institutions, it is in perfect accord with it, for it is the only way by which we can be supplied with a free and untrammelled exercise of the right of suffrage.

Mr. Ivins shows, in the ingenious parallel at the close of his second paper, how completely the evils which we are suffering under Machine control can be eliminated by the adoption of the remedy which is embodied in the English law. In his third and concluding paper he sets forth elaborately and clearly the provisions of this law, whose working in the elections of 1886 can now be studied in a very exhaustive report which has recently been laid before Parliament. This report gives for the first time a detailed statement both of the expenses of the candidates under the heads into which the law divides their outlay, and of the charges made to the candidates by the returning officers. The most significant fact disclosed is, that the grand total of expenditures by candidates is only a little more than one-half of the grand total allowed by the law. Omitting the universities, there were in the election 794 candidates in 460 English constituencies. The maximum scale allowed under the Corrupt Practices Act for all these constituencies was £667,400. The actual outlay on items allowed by the law was only £364,811. In Wales the maximum was £43,675, and the actual outlay was only £18,838. About one-fourth of the elections in England and Wales were uncontested, and the expense of most of these was very small. But had they all been contested at the average cost of the other three-fourths, the maximum would still not have been reached by more than £200,000.

Commenting upon these figures, the London *Daily News* says: "The first thing which they prove is the complete success of Sir Henry James's act. The chief feature of that act was that it laid down a maximum expenditure, to exceed which would be a corrupt practice, voiding the seat. The experts said that the maximum was placed too low—the experience of the last election demonstrates that, as usual, the experts were wrong, and that on the contrary the maximum is too high. It would be possible to reduce by at least one-fourth the sums allowed by law without in any way starving the elections. There are very few cases in which the maximum was reached."

This is a remarkable showing. Within the short space of four years, and after two elections, it has been demonstrated by actual figures that the extravagant and corrupt use of money in elections can be completely abolished by the simple process of forbidding it by law. As extravagant expenditure constantly bred greater extravagance, so on the other hand does honest expenditure breed economy, for if one candidate does not bribe and corrupt, his rival has no need to. Neither do we find

in the English comments on the results achieved any intimation that there is a falling off in the popular interest in the elections. The voters go to the polls with as much eagerness as they did when they were paid for their votes.

"PULLS."

No effect of the spoils system is so striking as the way it distorts people's notions about the relations of the Government to the people. A most curious illustration of this is the apparent novelty of Mr. Cleveland's saying that "public office is a public trust." When one thinks over it a little, this seems so obvious a truth as to wear somewhat the air of a platitude. Nevertheless, when first produced it startled people a good deal, and for some months took rank as a discovery in political science. Indeed, it is still repeated in the newspapers frequently as a valuable addition to the literature of trusts. The reason of this was, that although the doctrine of trust in government had never died out in moral philosophy, or in school and college text-books, it had assumed in American politics the character of what theologians call a "pious opinion"—that is, an opinion which may or may not be true, and which it does one's soul good to entertain, but by which nobody is bound to regulate his conduct. It was open to any good American to look on an office simply as a great responsibility imposed on him solely for the benefit of his countrymen, but at the same time any one who took this view was held by politicians to be a man as unfit for office as one who felt himself bound to give his coat to anybody who had taken his cloak, would be for the dry-goods business. Two-thirds of the work of civil-service reformers has, in fact, consisted in contending with the notion that offices are not private property, and that a man who acknowledges that the public has any interest in them is not an amiable visionary.

Fifty years of the spoils system have had a somewhat similar effect on the political mind about the exercise of the appointing power. The common-sense and ordinary business view of the appointing power is, that anybody who is invested with it is bound to keep in office all persons whom he believes, on due inquiry, to be discharging the duties of their respective places efficiently, and is bound to search diligently for persons qualified, in his own judgment, to fill vacancies. Nine out of ten Mayors and Governors, however, have wholly lost this early human notion of political duty. When they find themselves charged with the duty of filling vacancies, they are very apt to look on themselves simply as the custodians of lost articles, bound to deliver them to all who can identify them, or as officers charged with the distribution of prize money or of an indemnity fund. That is to say, instead of going to work to find proper persons to fill the places, they sit down and wait for "pulls." "Pulls" are among the most curious and interesting products of the spoils system. A "pull" is an occult force by which a public officer is compelled to do something which his judgment condemns, and for which he himself sees no