

The Nation.

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The Week.

General Wood was, of course, bound to stand by his action in taking thousands of dollars from the Cuban treasury and giving the money to an American advocate of reciprocity legislation, but he does not mend matters by his explanation. It was his duty, as Military Governor, he says, "to counteract the influence of the powerful Oxnard lobby." What General Wood apparently does not see is, that there was a proper and an improper way of "presenting the case of Cuba and her economic needs to the American people," and that he had no right to use both. He should have told Congress and the country officially, as he did, that the prosperity of Cuba depended upon reciprocity with the United States, but he had no business to go a step further and try "fighting fire with fire." The best proof that it was wrong to use Cuban funds for this purpose is the fact that the matter was kept secret because it was felt that it would hurt the cause of reciprocity—as it plainly has done—if the truth should become known. A fight for a principle is not to be won by opposing a lobby with the weapons of the lobbyist. Congress ought still to pass some measure granting reciprocity, because this is our plain duty, and because our Government is virtually pledged to it. The plea for reciprocity is addressed to the moral sense of the nation, and it is in no wise affected by any wrong which may have been committed in advocating it. The Cubans are not to blame for the poor judgment of their Military Governor, and their interests should not be prejudiced by his mistakes in trying to help them. The incident throws a flood of light on the conditions of military administration of dependencies.

There is no precedent, so far as we can recall, for the endorsement of a President for a second term by conventions of his party meeting more than two years before the next election of the Federal Executive is to be held. Nor was there ever before a case where a man who had been chosen Vice-President and had succeeded to the higher office through the death of his chief, was pledged such support by his party in more than one State before he had been a year in the White House. This is what has happened to Mr. Roosevelt, the Republican State conventions in both Kansas and Pennsylvania having within a fortnight declared for him as their candidate in 1904. "We pledge ourselves," so runs the explicit language of the plank adopted at Har-

risburg on June 11, "to his renomination to the great office which he has filled with such ability and patriotism." The Topeka convention declared that "Kansas looks forward with joy to the coming time, but two years distant, when again her delegation, representing a united Republican party, will march under the banners bearing the inscription, 'For President, Theodore Roosevelt.'" It is a noteworthy fact that the Harrisburg pledge comes from a convention controlled by a disreputable boss who seems to get along well with the President; whereas the Republican Senator from Kansas had tried unsuccessfully to boss the party in his State, had opposed Mr. Roosevelt, and had been "turned down" by him more than once, notably in the matter of the Pension Commissionership.

Quay's shrewdness was never so strikingly demonstrated as in his selection of Judge Pennypacker of Philadelphia for nomination as Governor by the Pennsylvania Republican State Convention. "The old man" has learned wisdom during the past dozen years. In 1890 he forced upon an unwilling party the candidacy of that discredited machine politician Delamater, and thereby turned over the Governorship for four years to Pattison, who beat the Republican candidate by 16,554 votes. Eight years earlier, Pattison had also been elected through the folly of the Republican machine, which then insisted upon the nomination of Beaver, and thus provoked a revolt which resulted in the polling of nearly 44,000 votes for an independent Republican, and allowed the Democratic candidate to win by a plurality of about 40,000. This year a man quite as offensive to decent Republicans as was either Beaver in 1882 or Delamater in 1890, Attorney-General Elkin, sought the nomination, but the Senatorial boss refused his consent, and offered instead a judge of ability, high character and corresponding reputation; an historian who lately compared Pennsylvania and Massachusetts, to the disadvantage of the latter (with a bold placing of Quay to Pennsylvania's credit side). Elkin would not submit without a fight, but he could not beat his old master at the trick of packing delegations.

A platform of much better quality than usual is also provided by the Pennsylvania boss this year. The most important planks in any such deliverance are those which relate to Cuba and the Philippines. There is much less "hifalutin" in the resolutions on these questions than could have been expected. Not a word is said about "the flag staying put" in the Philippines. On the contrary, stress is laid

upon the progress which has been made in developing native rule, satisfaction is expressed over the fact that "the Filipino people have been started upon the road of self-government," and the way is left open for the acceptance by the party, later on, of the policy of giving the natives independence. The plank regarding Cuba ends with this clear and explicit demand for action by a hesitating Congress:-

"We endorse the recommendation of President Roosevelt, that the United States should enter into reciprocal trade relations with the Republic of Cuba that shall be mutually advantageous to it and to the United States; and all efforts to that end of our representatives in both houses of Congress we cordially endorse."

President Roosevelt writes to the Secretary of the American Unitarian Association—which had protested against a "policy of coercion" in the Philippines, and asked the substitution of a "policy of conciliation and good will"—that there is now almost none of the coercion policy left, "because the insurrection has been so entirely overcome that, save in a very few places, peace—and with peace the 'policy of conciliation and good will'—obtains throughout the Philippines." Mr. Roosevelt says also that the bill regarding the islands which has just passed the Senate, if enacted into law, "will enable us to proceed even more rapidly and efficiently than hitherto along the lines of securing peace, prosperity, and personal liberty to the inhabitants of the Philippine Islands." Proceeding more rapidly and efficiently than hitherto signifies nothing except doing what we have done heretofore—that is, killing everything over ten, making a solitude and calling it peace; but if any bill pending in Congress looks towards personal liberty to the inhabitants of the Philippines, it is the House bill, and not the Senate measure. The latter provides only that the President shall order the taking of a census, and that thereafter the Philippine Commission shall report whether they think all or any of the islands are ready for popular representative government. The House bill provides for the election of a legislative body, fixing the time for its meeting, as well as for the choice of two delegates to our Congress. President Taft of the Philippine Commission earnestly favors these fundamental features of the House bill, and it is to be regretted that President Roosevelt in this letter did not endorse the better measure.

The cable reports great activity at the Vatican, and almost as much visiting and card-exchanging between Gov. Taft and the recognized envoys in that quarter as

is now taking place at London in connection with another event. And yet we are solemnly told that Gov. Taft's mission is not diplomacy but business. This might lead to the inquiry, What is diplomacy if it is not business? What is diplomacy for, if not for the transaction of some kind of business? It is not merely for bowing and scraping and exchanging calls. If that had been the object of Mr. Taft's visit, he would not have presented any letter outlining the business which took him to Rome. To ward off the imputation of holding diplomatic relations with the Vatican—which the American people certainly would not approve of—the point has been made that Mr. Taft's letter to the Vatican was from the Secretary of War, not from the Secretary of State. That is of no importance, however. Both Secretaries act under the orders of the President. President Grant negotiated the purchase of the island of San Domingo through an aide-de-camp, and he had a clear Constitutional right to do so. The fact is that we have entered into diplomatic relations with the Vatican. The letter of Secretary Root makes that fact perfectly clear, for if we intend to go on and expropriate the friars in the Philippines, whether the Pope agrees to it or not, then there is no reason why Gov. Taft should consult him at all. If the object of the consultation is to agree upon methods the most satisfactory, or the least distasteful, to the Pope, a consultation to that end is diplomacy.

Announcement was made last week of a combination of ship-yards embracing five on the Atlantic and one on the Pacific Coast. A statement of the plans in contemplation by the members was made by Mr. Lewis Nixon of the Elizabethport yards, and we are pleased to note that the intention is to enter into active competition with English and German builders in supplying ships for all nations. At the present time, Mr. Nixon says, "the yards of this combination have contracts for three years ahead." "Some of us," he adds, "are not content to see Asia and Latin-America going to England and Germany for their vessels, and we propose to put ourselves into shape to secure this work." There it is again. We have often said that Americans could build ships just as cheaply as foreigners, in opposition to the contention of the Commissioner of Navigation at Washington that the cost in this country was \$160 per gross ton for steel ships, as against \$140 per ton on the other side. We pointed out at the time that the difference cited by the Commissioner was a difference in the charge made by the shipbuilders respectively, but was not necessarily a difference in cost. It might be merely a difference in profit. Mr. Cramp's statement, made in a magazine article some

years ago, pointed to that conclusion, as Mr. Nixon's statement does now. Mr. Nixon enlarges upon this theme in a truly patriotic way, and we are moved to congratulate him on his enterprise and foresight. He perhaps overestimates the needs of the United States for war-ships and big guns, but he cannot overestimate the needs of the world's commerce, and he can hardly put too high a value on the skill and resources of American designers, builders, and artisans.

In the *Nineteenth Century* for June, Mr. Edmund Robertson, Q.C., M.P., has an article on the Shipping Combine that introduces a new element into the dispute on his side of the water. The plan of the Morgan syndicate as announced was to organize a company under a charter from some American State, which company should acquire the shares of certain British and American steamship companies. The plan provided, for example, that the seven-hundred and fifty shares of the Oceanic Steam Navigation Company (White Star Line) should be so acquired. These are all the shares of that company. The shares of various other British companies were to be similarly acquired, but the ships were to remain under the British flag. Now Mr. Robertson points out that, according to British law, they cannot remain under the British flag. The right of a British owner to sell his ship or his shares to a foreigner is not disputed, but the British law says that no ship shall be deemed British unless wholly owned by British subjects. It is immaterial where the ship is built or what is the nationality of her crew, but the ownership of a British vessel must be British. "If an unqualified person," says the Merchant Shipping Act, "acquires as owner, otherwise than by such transmission as hereinbefore provided for, an interest either legal or beneficial in a ship using a British flag and assuming the British character, that interest shall be subject to forfeiture under this act." Transfers to foreigners without the intention to retain the British character are legal, but other transfers simply forfeit the registry. If Mr. Robertson is right in his contention, the question becomes important, what flag the British-built ships of the Morgan combine will carry. They cannot remain under the British flag, because they are not owned by Britons. They cannot come under the American flag, because they were not built in the United States.

Vice-Chancellor Emery's decision against the Steel Corporation, in the New Jersey suit to prevent the company from converting \$200,000,000 preferred stock into bonds, perhaps caused the more surprise because of Judge Lacombe's contrary decision, exactly a week before, in New York city. But the New York suit was brought in a Federal court, and the

question on which Judge Lacombe had to rule was the argument that such conversion was unconstitutional. Issue and sale of the preferred stock, the applicants contended, established a contract in perpetuity for the maintenance of existing relations between corporation and shareholder. To alter such relations, in the face of protest by any shareholder, violated such a contract; therefore, it was alleged, both the conversion plan and the law which authorized it must be repugnant to the Federal Constitution. Judge Lacombe thought otherwise, ruling distinctly that "permanency in the relative proportions of the different securities was no part of the contract." The ground of the New Jersey suit is different, and the Vice-Chancellor's decision does not, therefore, contravene Judge Lacombe. It follows very broad lines of equity. It sweeps aside all question of a contract, goes behind the outward form of exchange of bonds for shares, and defines the proposed operation as a distribution of assets to shareholders. Such distribution, if permissible under the present circumstances—and the court does not say it is—must be absolutely made *pro rata*. If the company chooses to stipulate such conditions as surrender of shares in exchange for the credit assets distributed, it must see to it that all shareholders assent to the condition. If any shareholder refuses such assent, the company nevertheless must hold itself ready to provide him his due proportion. It cannot transfer to any other person the proportional right in question. But the Steel Trust's conversion plan explicitly provides that in case the offer "shall not be accepted by holders of preferred stock to the full extent of \$250,000,000 bonds," the company shall then issue to the banking syndicate, in exchange for preferred stock and cash, upon the same terms, the bonds not accepted by any shareholder.

As a landmark in American public finance, the fact is interesting that outstanding gold certificates have, for the first time in our history, reached a total equal to outstanding United States notes. Since the Act of May 31, 1878, stopping the cancellation of legal tenders, the amount outstanding has remained fixed at \$346,861,016. On June 10, Treasury certificates issued against the deposit of gold with the Government, and circulating as money, showed an aggregate of \$347,021,089. Comparisons have been made at Washington with the opening months of 1895, when the country's gold fund reached low level. Not the least curious among these comparisons is that as to outstanding gold certificates. As against the very large total just referred to, there were afloat on February 1, 1895, only \$52,985,000. The immense increase since that time, however, is perfectly comprehensible. Within the seven subsequent years, the esti-

mated increase in this country's total money circulation has been \$640,000,000, which has hardly been in excess of the normal demands of expanding trade. Such an increase could not have come from the legal-tender notes. The old greenbacks were limited in amount, and the Treasury notes of 1890 have actually been reduced, since 1900, though with an equivalent issue in silver dollars or certificates. National banknotes are, it is true, some \$150,000,000 larger in amount than when 1895 began; but these are now decreasing. Therefore the needs for increased currency supplies have been filled from the gold markets of the world, and the gold has passed into circulation in the form of certificates. At the present date, 41 per cent. of the country's estimated circulation is in the form of gold.

Although there has been little in Connecticut politics for months other than the question of reform in legislative representation, when the subject was submitted concretely to the electors on Monday, in the adoption or rejection of the new Constitution, much apathy was shown. This may have been due, in part, to the fact that there was little in the document to invite support. But, on the other hand, its adoption would have continued indefinitely the present inequitable system of representation, and would have placed serious obstacles in the path of Constitutional reform. It is surprising, therefore, that the cities did not cast a larger vote in opposition. For the opportunity of reform yet afforded them by the rejection of the Constitution they are largely indebted to the selfish voters in the little towns, who were influenced either by their resentment over the larger representation grudgingly granted to the cities by the Constitutional Convention, or by the fact that under the plan proposed they would lose one of their two Representatives.

When Mr. Chamberlain seems to be blinding all eyes with his schemes for Imperial Federation—incidentally evading the criticism of sundry dubious past deeds—it is gratifying to find in an influential Canadian journal a disposition to examine the whole matter coldly, in the light of reason. The *Toronto Globe*, the chief organ of Liberal opinion, while not unfriendly to the idea of an Imperial Zollverein, still sees the great difficulties in the way, and suggests caution in counsel. Politically, it remarks, a tariff union must offend all English free-traders and many colonial protectionists. Mr. Borden, the Canadian Minister of War, who is now in London, appears to be of the same mind, as he virtually rebuked an over-zealous fellow-countryman last week for his tariff-union activities. The more far-sighted of the Canadian Liberals see clearly

that this proposed tariff union must preclude reciprocal arrangements with other countries. In a period of prosperity, Canada may not feel the pressure of the present disadvantageous tariff relations with the United States and Germany, but prosperity cannot last for ever, and a year of crop failures would show Canada the folly of limiting her markets. Sir Wilfrid Laurier undoubtedly is a convinced Imperialist, but he will hardly put the commercial policy of the Dominion in the hands of a brilliant Colonial Secretary with a past to retrieve.

The seriousness of the situation is not fully grasped, even in London, and Washington is completely indifferent to a matter of the highest concern. Mr. Chamberlain has so often played Imperial Federation as a matter of temporary expediency that it is hard to realize not only that he is committed at last to his own doctrine, but that he has brought over an unwilling Ministry to his project. On no other ground can we account for the failure to strike the corn tax from the war schedule. There is undoubtedly danger that Great Britain may be dragged out of her position of light and leading into the confusion of tariff warfare. We need hardly say that our farmers would feel very quickly the effect of a preferential on colonial wheat, and it is strange that even the protectionists do not take every step to avert such a discrimination. If it should be asked how Congress at Washington can influence Mr. Chamberlain and the colonial premiers in conference, the answer flies to meet the question: Negotiate promptly a reasonable reciprocity treaty with Canada. The Canadians desire it, for their possible English market is small compared with what their American market might be. And certainly our grain-growers will see that no importation of Canadian grain can hit them so hard as the restriction of the British market would. Mr. Chamberlain's scheme may, of course, break of its own unwieldiness—we trust it will; but Congress could at any moment put a spoke in the Zollverein wheel, to the great advantage of both Canada and the United States. Here is an opportunity for the Democrats and for the enlightened Republicans who follow Congressman Babcock.

If the Irish Nationalists are never so happy as when they are unhappy, they must be in a quite ecstatic mood just now, with troubles thickening upon them as they are. In addition to "proclaiming" the United Irish League, the Government has set on foot a legal process to restrain the agitation for compulsory expropriation of Irish landlords. The weapon selected is a writ of injunction against the Nationalist leaders. By

means of it the hope is that every orator and agitator may be held in contempt of court, with imprisonment and ruinous fines and the liability to have all his papers attached staring him in the face. This would be "government by injunction" with a vengeance. It may succeed, though, if it does, it will be the first time that a policy of repression and coercion in Ireland has accomplished anything but the firmer union of the people in a more passionate hatred of English rule. Already the Nationalists are accepting the challenge and flaming against the Government. "We shall have stirring times at the coronation," says Mr. John Redmond exultantly. It certainly seems a pity that the pacification of the Boers should have come in time for the ceremony, but only to emphasize the inextinguishable bitterness of a nation at England's door. The revival of Irish clamor and of Irish hate at this time is only one melancholy illustration more of the failure of that English policy in Ireland which even so stout a Tory as Coleridge called one long record of imbecility and weakness.

The impressive majority by which the French Chamber of Deputies sustained the new Premier on Thursday—the vote was 329 to 124—is no sign that his programme of tax reform will have effectual support. Naturally the groups which have agreed upon the selection of a Prime Minister may be counted upon to give him at least one formal vote; no one but the Duc de Broglie, we believe, has been so unlucky as to be voted down at the first session of a new Parliament. It was the oratory of M. Jaurès which gave distinction to the otherwise conventional debate of Thursday. His declaration that *revanche* for Alsace-Lorraine is now a counsel of folly expressed what the more thoughtful in France feel, but dare not say. His demonstration that the Franco-Russian alliance promises not the restoration of lost territory, but the maintenance of the *status quo*, was illuminating. Many who by no means follow Jaurès in his theory of disarmament, will begin to question the value of a formidable alliance that only guarantees a *status quo* which is nowhere threatened. It was his speech which gave significance to a session otherwise devoted to safe Ministerial promises of economy and tax reform. His obvious friendliness to the new Radical Ministry may be taken as a sign that Premier Combes may, for the present at least, reckon upon the support of the Parliamentary Socialists, M. Waldeck-Rousseau's faithful allies. But of course the test of the new Government, which starts out auspiciously, will come when it presents, or fails to present, its promised progressive income tax. Majorities as large as M. Combes's first have melted away with amazing rapidity.

"TEACHING THE PRESIDENT A LESSON."

All the Washington dispatches agree that the President has addressed himself to Congress in vain, and that Cuban reciprocity is beaten. His special message has only intensified existing antagonisms, and widened instead of closing the breach in his own party. His outspoken enemies within the Republican ranks had already burned their bridges behind them, and continue defiant; his half-hearted supporters are more than ever reeds shaken in the wind. Thus, in spite of Republican pledge and boast, and notwithstanding the President's bold summons, there is every indication, as we go to press, that Congress will adjourn without lifting a finger in aid of Cuba.

This effect defective comes by cause, and what that cause is, the Washington politicians take no pains to conceal. They have used the Cuban business simply as a convenient club with which to punish the President. As a leading Republican of the House explains the case, "We have had to teach Mr. Roosevelt a lesson." That is to say, they did not love Cuba less, but disliked the President more. In his Cuban policy he could be easiest thwarted and humiliated, and their accumulated rancor and resentment they decided to glut in defeating him on that battle-field. That, we firmly believe, is the true explanation of his failure. He had affronted the most powerful managers of his party. They have not liked his ways, they have determined to blight his political prospects, and so, by means of the Cuban question, have undertaken to set him the "lesson" that no President who ventures to assert his independence of the politicians can get any favors from Congress, or hope for a renomination. That is the real political significance of the Cuban fiasco.

Few people not in close touch with affairs at Washington have known how large is the number of Congressmen hugging secret grievances against President Roosevelt. In public, of course, they have spoken as his supporters; but those behind the scenes have understood that it was but another case of Pitt and the great nobles. "They supported him," writes Lord Rosebery, "on their necks, for his foot was there." Mr. Roosevelt has heaped up slights to members of Congress—or what they consider slights. They have long regarded themselves as a privileged guild. Theirs it was to name public officers, to determine party policy, to make patronage wash legislation as one hand washes another; and there were certain rules of the political game, as it was played between the Capitol and the White House, which they had come to think of as possessing the force of imprescriptible law. But President Roosevelt has not observed those rules. He has been

horribly irregular. He has appointed men to office without first consulting Representatives and Senators. In endless instances he has rejected their recommendations. Their sensibilities he has ruffled, their arrogance he has given cold douches. He has done it smilingly, even hilariously, as if he thought that was just the sort of thing they would like. But they have not liked it, and they have silently bided their time. In the Cuban imbroglio they saw their great opportunity, and are now chuckling with delight to think how they have utilized it to make him know his place. They have, they say, sent the young man to school.

To be entirely frank, we think that there were certain "lessons" which the President needed to be taught in this Cuban affair. One of them was that he had entirely underestimated the cohesive power of the protectionist system of public plunder. He asserted in his off-hand way that a reduction in the duties on Cuban products had nothing to do with tariff revision. He thought he could throw cold water on all other reciprocity treaties, and still obtain Cuban reciprocity. That was the great mistake of his annual message to Congress. It was but a jaunty view of the situation which he then took. He should be wiser now. He has been taught that a protective tariff is only a system of balancing one selfish interest against another; that each one thinks it has a vested right to its own share of the spoils; and that it will rage like a bear robbed of its whelps against all the others if they dare to touch the part of the law written for its benefit. To talk of "honor" to men with such an idea of their protectionist booty well in hand, was to use to them an unknown language. This is a truth which, we may presume, the President has now learned in the dear school of experience.

The other lesson which the events of the past six months should have enabled him to master is, the true secret of his political power. Whenever he has tried to be "practical," he has failed. Roosevelt as a practical man always reminds us of Disraeli's definition of the practical man—the one who practises the errors of his predecessors. In that way he does not get on a step. When he diplomatically puts himself into the hands of the politicians, the invariable result is their triumph and his own undoing. This fact glares at one from his Cuban experience. For six months he has been dealt with insincerely by his Congressional advisers. They have cheated him throughout with false promises. They tricked him into believing that his wisest course was to trust to them, and not appeal over their heads to the people. When it was too late, when the psychological moment for a Cuban message was long past, he did, indeed, come out in an appeal to the country. But, alas, he found it jaded with the long discussions and

delays, the summer break-up already upon it, and the adjournment of Congress obviously near, and he got but a feeble response compared with that which would have echoed through the land had he spoken out three months ago. Not in such secret negotiations, in such bartering, and bargaining, and being "diplomatic," lies the hiding of Roosevelt's power, but in clear honesty, in dauntless courage, and in flouting of the boss while going direct to the people.

Every one can see that the present crisis is big with the political fate of President Roosevelt. His defeat in the Cuban matter has been brought about by political managers who are hostile to him in their hearts, and who are determined to prevent his renomination. If he falters, or compromises with them, he is lost. But he can beat them all if he remains "unshaken, unseduced, untterrified," another Abdiel. The politicians are teaching the country a lesson, as well as the President. People see how the bosses are quietly endeavoring to monopolize all forms of the political activity of the nation. From primary to Cabinet their ambition runs, as they would have their power extend. This conditions of things the majority of Americans look upon with loathing. The system is fairly forcing the people out of doors to become statesmen, as was said of the English Conservatives. But a leader is necessary in the revolt against the tyranny of the machine, and if President Roosevelt chose to fling himself upon the popular sympathies and support, and assert the right of the people to govern themselves without consulting the bosses, he could make himself strong enough to defy the confederated politicians.

THE STRIKE UNVEILED.

Sooner than could have been expected, the President's inquiry, through Labor Commissioner Wright, into the causes of the coal strike, has borne fruit. It has given us the correspondence between the operators and the miners, previous to the strike. This yields more light on the controversy than the public has before had. It makes clear the attitude of both employers and men. What the latter demanded, and the reasons the former gave for refusing to grant it, we now know for the first time. All doubt as to the merits of the dispute, or as to the one way in which it can be settled, is removed by the letters made public on June 11. We have at last a breath of wholesome publicity, and its value is instantly apparent.

Why the correspondence had been kept back so long, we can only guess. President Mitchell expresses his surprise, if not pain, at the action of the operators in publishing it, and almost intimates a breach of good faith. But if it all was certain to reach the pub-