

The Nation.

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The Week.

Congress seems destined to round out its character as a body that neither was born to issues nor achieved issues, but had issues thrust upon it. Congress is chiefly being called upon to do things which it does not particularly care for, but which it is willing to take as the lesser evil. A Republican Congress has taken up tariff revision because of the possibility that there might be a Democratic House if it did not do something. To avert the peril of too much tariff revision, the idea of an income tax was brought forward. To avert the danger of an income tax, Mr. Aldrich has laid hold of the corporation tax. Tariff, income tax, corporation tax bear the vice of their origin. Tariff revision extorted from the Republican party under the threat of punishment at the polls has become in Congress a travesty of revision. The income tax brought forward in the past by those who had not the heart to wrestle with the tariff earnestly, is in danger of being abandoned as soon as an easier alternative presents itself. The corporation tax brought forward as an eleventh-hour remedy bears on its face the strong suspicion of being a temporary stratagem.

Attorney-General Wickersham displays great temerity in actually setting the machinery of justice in operation against the Sugar Trust. Mr. Earle of Philadelphia, and his counsel, have been subpoenaed to appear before a Federal grand jury, and bring with them all the evidence they have that the Sugar Trust had entered into a criminal conspiracy. But this evidence is precisely the same as that which Mr. Bonaparte, when Attorney-General, declared to be entirely insufficient to make out a case. True, Mr. Bonaparte had never seen the evidence, while Mr. Wickersham apparently has; but any Attorney-General who is able to decide by the light of his own inner consciousness that an indictment will not lie, must be so great a lawyer that his successor might well tremble at the thought of differing with him. Meanwhile, the

sugar weighers are asking that their trial be deferred until autumn, on the ground that popular anger against the Sugar Trust is dangerously hot just now. The earlier they appear in court, the calmer may the verdict on them be. It is not as if the whole truth were out and waiting only for judgment. Only a few opening chapters of the sickening story of corporation thievery have been deciphered; the rest President Taft and the Attorney-General will surely grub out. Their discoveries about the leading criminals can scarcely whitewash the seven little mercenaries. Should one of the men higher up turn State's evidence—an event not altogether unlikely—what fuel might then be added to the fires of indignation! Big-knave and little knave would probably fare alike.

It is a highly commendable move to try to keep open the door of diplomatic preferment to capable American citizens who do not happen to be rich. Of recent years, the expenditure required to support the social status of an ambassadorship abroad has made the official salary seem exceedingly meagre. The American Embassy Association, whose object is the correction of this anomaly, is therefore engaged in a good cause. One can not, however, quite escape envying E. Clarence Jones, the president of this organization, his pleasant task of making a "personal investigation" of the way our diplomats are housed abroad, the cost of living in foreign capitals, and the allowances made by other governments to their diplomats. It is possible that Mr. Jones, after having been fêted at such unpretentious establishments as that on Park Lane, London, may at least alter the wording of his propaganda, and abandon the idea of finding "more fitting abodes" for our diplomatic representatives. The abodes are "fitting" enough, if the salary were commensurate. Meanwhile Frederick A. Delano, president of the Wabash Railroad, announces his intention of sticking to railroading rather than take the Chinese mission. It is a bit odd to hear that he regards railroading as affording "no schooling in diplomacy." He must be a man with unusual definitions.

The business-like proceedings of the Direct Primary Association at Albany last week augur well for the early success of the movement in this State. The interest in some effective plan for giving political initiative to the party rank and file is too pervasive and emphatic to tolerate much longer the boss system of nomination. The Association is alive to the practical necessities of its propaganda, and shrewdly proposes to interrogate every candidate for the Assembly upon his attitude toward this question. Equally sagacious is the Association's project to organize in every county of the State a local league to forward this legislation. Gov. Hughes's letter to the Association disposes of the objection, if the machine dares longer to raise it, that direct primaries signify the abandonment of the party system. Its advocates intend that party leadership shall be a real and responsible leadership, not a subterranean manipulation of those who hold power without just title to power. It must cause searchings of heart to some of the advocates of the old régime to canvass the names upon the Association's roster of officers, so unquestioned has been their stanch party loyalty in the past, and so unassailable is their representative character. The advisory council is headed by Oscar M. Straus. It is all very well to scout at a lot of unpractical idealists, but when the practical men of affairs of unimpeachable standing in party councils declare their abhorrence of the present workings of the nominating machine, even the hidebound spoilsman may well think it good politics to "pander to the moral element."

With the enactment of the bill prohibiting race-track gambling in Florida, the year's campaign in State Legislatures came to an end. This movement has had the backing of no general organization whatever. Following the passage of Gov. Hughes's measure in New York, the idea has been taken up on individual initiative elsewhere. In Louisiana, the Locke bill went through with an incident recalling the dramatic action of Senator Foelker in this State. At Baton Rouge, a Senator so ill that he was hardly able to stand turned the tide in favor of the measure. In Cali-

fornia and Washington the race-track interests, seemingly strong at first, crumbled at the test; while Texas fell in line soon after. When it is recalled that knowing persons predicted Gov. Hughes's defeat last autumn solely on account of his anti-gambling campaign, there is food for study in the fact not only that he was elected, but that five States have followed with legislation patterned after his.

The trial of Patrick Calhoun in San Francisco came to have a national interest, and it is a national disappointment that the jury could not reach a verdict. That a defendant whose case in court had occupied nearly five months could be neither convicted nor acquitted in the end, is, as the presiding judge remarked, a deplorable event which should lead Americans everywhere to look to their methods of criminal prosecution. This San Francisco trial was, to be sure, hedged about by unusual difficulties. Public feeling had been inflamed; there were the sharpest differences of opinion in the community, making the selection of an impartial and competent jury almost impossible; and the whole contest had too much resolved itself into a battle between powerful interests. The long weeks spent in sifting the talesmen showed how general was the belief that getting the jury "right" was more important than the presentation of evidence. But over and above all this, was the ominous fact that, as Judge Lawlor said, the criminal statutes and judicial decisions of California had been made an intricate maze of subtleties and uncertainties, directly inviting such a fiasco as has now followed. The lesson is one that should be taken to heart in all the States. Until our criminal procedure is simplified and purified, there is little chance of convicting a rich and resourceful man "higher up," or even of making sure that, in ordinary cases, there shall not be a miscarriage of justice.

The new Secretary of Commerce and Labor, who had already shown his quality in dealing with the Director of the Census, has now applied a cold douche of common sense to a group of labor leaders. These worthy gentlemen have demanded the abolition of the "division of information," in the Bureau of Im-

migration. Their complaint was that it had been far too serviceable to intending and actual immigrants. Especially did they object to its aiding newcomers to find work. This was to take bread from the children's mouths and give it unto dogs—that is, to make it appear that workingmen could get along without unions. Unexpressed was the charge that immigrants had been told where men were wanted to take the place of strikers, this being, of course, the unpardonable sin. But Secretary Nagel has refused to accept the reasoning of Gompers and Mitchell, Chief Stone, and Commissioner-General Keefe. To their urgent representations, he replies that he will not make the change they desire; that he believes in giving immigrants all the assistance possible; and that, in fact, the distribution of these new workers has been made with great care, most of them having been sent out to farms and other places where there was a "shortage of labor." But that phrase will only heighten Secretary Nagel's offence, in the eyes of trades unionists. He seeks to relieve a shortage of labor. They would make it chronic. And the fact that the Secretary has both reason and humanity on his side, will not alter their opinion of his decision.

The social rebel's trade-mark and countersign is the straight line, which, being the shortest distance between two points, symbolizes all his aspirations. He sees a broker wolf devouring a lamb; the beast must be strangled on the spot. A drunkard jostles him; the saloon must go. Children are not being taught to earn their bread; close the mediaeval schools and colleges! If our rebel makes a business of his rebellion, he again drives in a straight line across our civilization. There is in this directness an intellectual vigor, as well as an unwavering honesty, which forces admiration. It outdoes Nature's own blind gropings toward a better order; no gunner ever drives so true to his mark, for even cannon-balls move in a curve. Nevertheless, a straight line has its serious disadvantages, one among which our uncompromising reformers have, we fear, overlooked to their own eventual grief. This one the geometer points out when he declares that the line meets itself

at infinity. In terms of reform this means that, if you push straight on to the limit in any direction, you will land in the very region you fled.

We see the working of this law oftenest nowadays in the remodelling of our social institutions. The Socialist, hating capital and classes, prays to be ruled by despots in an aristocracy whose leaders have more substantial power than mere stocks or bonds could ever bestow. From Chicago comes *Correct Thinking*, a new magazine devoted to the immediate enthronement of uncompromising common sense in school, church, and town hall. It demands that we employ a teacher for every ten pupils, evict all preachers, close every court and law school, and ostracize physicians—to say nothing of expunging from literature all ideas that occurred to anybody before Darwin wrote. If common sense, moving in a straight line, brings up there, one understands why it is that the most successful reformer often moves in a circle.

In the statistical debate over the relative growth of Eastern and Western colleges only one striking fact has appeared; that is the slight advance the latter have made over the former. So slight is it that, figuring one way you see it, and, figuring another way, you don't. All things considered, the situation must mildly disappoint the West. Foreign educators have been extolling its universities above the cis-Appalachian; one English critic rating Wisconsin as the first of the land. Home educators have shown the same preference. Particularly the great State universities of the Mississippi Valley now offer the undergraduate every fancy course, every patent rowing machine, and every social delight known to the most effete East. Only in their graduate schools do their bids fall short; but, in compensation, they are catching more utilitarians than does the East with their lectures on cheese-making and hog cholera. At the same time, "atmosphere" has been slowly gathering about the Western campus, local pride has added an ell to its girth, and the whole countryside has grown mightily in self-sufficiency. Finally, West has outstripped East in the rate of increasing population. We might expect, then, to see the star of our educational empire taking

its way toward the sunset at a meteor's speed. But it is not; and the only reason is that tradition and sentiment still overrule college boomers.

A five-foot shelf of books very frequently does represent a wide and lofty culture—for the friends of the owner of the shelf. To be the owner of only five feet of books means only too often that the other fifteen or twenty feet are in the parcelled possession of people who wanted a particular volume merely for a day or two, or for a tedious railway trip, or only to read to a sick friend. Lists have been drawn up of the hundred best books and the hundred worst books. But neither Sir John Lubbock nor Lord Acton nor Dr. Eliot has really met the point. The hundred best books are the books our friends lug away or send back with fingermarks on the margin. The hundred worst books are the books they leave us. We say this with all due consciousness of the fact that humanity shows itself at its very lowest in the man who locks his book-case and makes it a principle not to lend. Some golden mean must be found between being miserly and being ruined. Might not some enterprising publisher put on the market a library of a hundred selected books intended exclusively for being given away?

The effect abroad of the English wave of war hysteria, has not been exactly flattering to English pride. The world in general has wondered. German newspapers have made jokes about the imperturbable Briton. But perhaps the most unwelcome comment has come from the side of France. Some of the most serious French newspapers are now asking what value the Anglo-French *entente* can have, if England is in such a blue funk about her military helplessness. The readiness of Great Britain to come to the aid of France, in case of war, has been understood to be a part of the agreement between the two nations. Mr. Strachey writes incidentally in his recent book of "the knowledge that we should stand by France in case of any attack upon her by Germany." But the Paris *Temps* has been reading the confessions made for sentimental or partisan effect at the recent Press Conference, and discovers that a British expeditionary force would not probably exceed three or four di-

visions. But that will never do, declares the *Temps*, for an offensive alliance. If England is not able to launch sixteen or eighteen divisions, she had better keep out of the coil of Continental politics, and be once more peaceable John Bull at home in his tight little island.

It's a different Von Bülow who handed out cuffs and compliments last week, from the man who less than a year ago seemed in imminent peril of being ground to fragments between an infuriated Reichstag and a disconsolate Emperor. But the habit of loyalty is very strong in Germany, and after the Kaiser's diplomatic *coup* in the matter of the Balkans, William II and his man are firm in the saddle again. From the indifferent way in which Von Bülow has taken to speaking of his possible retirement from office, it may be gathered, first, that such an event would not quite overwhelm him, and, secondly, that such an event is not very probable before the adjustment of the difficult financial question. And when a man isn't afraid, and, in any case, doesn't care, he is eminently in the mood to have a little fun with his enemies. Von Bülow has been Chancellor since 1900—longer by five years than Caprivi, and by three years than Prince Hohenlohe. Ruling a Reichstag must be pleasant, but taking orders from the Kaiser is rather wearing, and the Chancellor's health is not what it used to be. If, after giving Germany a great navy, he should succeed in finding the money to pay for it, he might leave office with an enviable record.

The Federation of American Zionists has gone through its twelfth annual convention with no signs of wavering from its original aim, the establishment of a Jewish national state in Palestine. All over the world the Zionist party, in a strict sense, has held firm to the old programme. By contrast, the party led by Israel Zangwill has wandered pretty nearly over all the five continents and the seven seas without fixing upon any one location for more than a couple of months. Believing that any region which is fit for colonization would make a suitable second Palestine, they have found nothing that suits. The latest field of inquiry has been Mesopotamia, about which much talk is still under way. But

already it is becoming evident that the economic difficulties of the project are enormous. Before the land can be occupied, it must be largely created anew by a vast system of irrigation. The Mesopotamian project is chiefly interesting because it shows that in the long run Mr. Zangwill and his followers here have been forced to perceive that sentiment is a very important factor indeed in Zionism. Mesopotamia is Biblical soil, and the distance to Holy Land is short. But the Zionists who have held fast to Palestine have their difficulties. That region, too, is not at present a land with milk and money blest. If it is to support a much larger population than it counts at present, large stretches of desert and waste must be reclaimed. The task that thus confronts the architects of a new Jewish state is a double one. They must make farmers out of the Jews, and they must make a land for them to cultivate. What has taken years and large expense on the fertile soil of Argentina, will call for greater labors still in the sun-baked territories about the Jordan.

No doubt, the Chinese railway loan, in which so many Powers are determined to have a part, is a serious affair, with important commercial and international relations, but the various steps taken in the matter seem irresistibly comic. The rush of the nations up to bewildered China with the announcement that she really must borrow some money from each of them, scarcely appears like a scene from real life; and the sudden awakening of the United States to the fact that this country, too, had a right to force some of its hard-earned dollars upon the Chinese, looked strangely artificial in a thrifty and close-fisted Uncle Sam. Now comes one more touch of the comic spirit in the pathetic appeal of England that, having kept out of the loan so long, we keep out altogether. Admitting our right, under the convention with China, the English Foreign Office begs us not to insist upon it, and thereby imperil an agreement which has been long and difficult in the drafting. To complete the humorous aspect of the whole transaction, the Washington dispatches say that our Government is more determined than ever to go ahead. We should like to oblige England, but a loan is thicker than water.

THE CORPORATION TAX.

Mr. Taft's quiet message to Congress last week deserves quiet study. The wrathful explosions which it has provoked in certain quarters are disturbing to the calm inquiry which ought to be made into the political and financial and social aspects of the measure which the President recommends. Beginning with the first, it is obvious that Mr. Taft has made this public intervention in the tariff debate, mainly to come to the help of Aldrich against the mighty. It is, primarily, a political move. Taxation is secondary. The Republican organization in the Senate was in danger of disruption. Aldrich and his phalanx had discovered that they would be outvoted on the amendment providing for an income tax. In their despair, they appealed to the White House, and the message is the result.

Its immediate political effect will doubtless be what was designed. The income-tax amendment will be beaten. When the President declares against enacting it at present, and urges the passage of a Constitutional amendment giving Congress, what it has not now, the undoubted power to levy an income tax of the broadest kind, party pressure is certain to bring over enough wavering Republican Senators to give Aldrich a narrow but sufficient majority. Indeed, the Washington dispatches make it clear that this result has already been secured. The inter-party alliance for the income tax confesses itself beaten. It will continue to fight, but acknowledges that the other side will win. Yet this does not mean that the whole tariff controversy will now come to a speedy end. Instead of cutting short the debate, we think it will be found that President Taft's message has greatly prolonged it. The new topic will precipitate new Senatorial *longueurs* and fury. On the merits both of the proposed corporation tax and of the income tax, many a Senator will desire to speak nine times the space that measures day and night to mortal men. The Democrats will wish to make party capital by showing that the new President is as skilled as the former in stealing their clothes—for he is now recommending what the Denver platform advocated, while his own party passed it over in silence. Hence we fear that Mr. Taft's plans to get away to his summer home by July 10 will be interfered with. He

may go, or he may come, but the Senate debate will flow on.

In favor of a corporation tax as a fiscal measure, there is much to be said. It is a direct tax upon wealth. Moreover, it is a tax which cannot, except in very small part, be shifted to the consumer. This is challenged in the statement put out by the rump of the insurgent Republican Senators. They say: "It is well known that corporations, especially the larger ones, can in most instances shift the burden of the tax to the public by imposing upon the people increased charges and prices." But these amateur economists can scarcely have looked at the scientific discussions of the incidence and shifting of taxation, nor studied the actual facts of business. A tax on net earnings which exceed ordinary savings bank interest is one of the few taxes which are tardily if ever shifted. The case would be different if the tax were on gross earnings or gross product or on dividends or capital. But to tax net receipts is to tax a surplus. It does not heighten the cost of production, so that, under competitive conditions, no corporation could in consequence exact more for its goods or services. Even a monopoly could not do so, for even a monopoly would probably find that steady prices and large business would be more profitable than increased prices and lower gross returns. The tax on parlor-car tickets, during the Spanish war, was paid by the corporations. It is pretty safe to conclude that nearly every corporation would in like manner pay a tax on its net income. Considered merely as a means of raising revenue from those who can best afford to contribute, the corporation tax if it affected all securities alike, must rank high among those which come nearest meeting the canons of just taxation.

This fact, however, does not do away with the unhappy impression caused by this eleventh-hour throwing of the corporation tax into the Senatorial witches' caldron. Urged in the name of revenue, there is no certainty what the resulting revenue will be, nor whether it will be needed. Senator Aldrich has stoutly declared that it will not be; yet now he is meekly accepting an additional tax to raise indefinite millions. The President says: "I am informed that a 2 per cent. tax of this character would bring into the Treasury not less than \$25,000,-

000." He does not state who informed him. No detailed estimates are offered. But it seems plain that the figures given to Mr. Taft put the returns from the tax far too low. The net earnings of the railways for the fiscal year ending June 30, 1907, were \$833,000,000, thus alone yielding a revenue under the proposed tax of more than \$16,000,000. It is hard to believe that the same tax on all the other corporations would not bring in a total largely outrunning the President's estimate. In any event, we have here one more hap-hazard experiment in taxation, vaguely undertaken, in a way that can only add to our national reputation for financial huggemugger.

Nor does it appear that the remoter consequences have been so carefully studied as they should have been. It is not certain that some corporations could not safely contest the constitutionality of the tax. Any of them whose earnings came in whole, or in part, from land, could apparently claim exemption under the decision of the Supreme Court that to tax the revenue from land, is to tax the land itself, thus making it a direct tax such as is forbidden to Congress, without apportionment. Even the choice of the corporation tax, therefore, may be, no less than would be the voting of an income tax, the "enacting of a lawsuit." And when we add the complexities and dubieties sure to arise from putting a swarm of Federal inspectors and bookkeepers into the offices of all corporations, great and small, we see reason enough for regretting the time and manner of bringing this vast project before a fatigued and fretted Congress.

NEGOTIATING A TARIFF.

A political philosopher of sufficient experience and detachment of view could readily find in the present activities of Congress an analogy to what biologists call reversion to type. Prior to the adoption of the Constitution, our national Congresses had been virtually nothing more than advisory conventions or diplomatic assemblies of sovereign colonies. The Constitution contemplated the creation of a national Legislature. What has resulted is an essentially diplomatic body whose statutes in their making bear more resemblance to the negotiating of a treaty than to the framing of a law. As a result, the na-