

The Nation.

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The Week.

It is easy to credit the Washington report that Senator Aldrich has informed the President that it will be very difficult, if not impossible, to get the inheritance tax through the Senate. This is not because the Senate is the entrenched defender of wealth, but because it directly represents the States. Now, no less than thirty-three of the States have laws levying an inheritance tax. The rates on inheritances in the direct line vary from one-half of one per cent. to 5 per cent.; and on collateral inheritances from 1½ per cent. to 15. The amounts collected for the latest fiscal year accessible ranged from \$200 in North Dakota to \$5,435,000 in New York. (We quote from the figures furnished by the State Tax Commissioner of Connecticut, to the meeting of the International Tax Association, at Toronto, last year.) It is natural that the States should look with jealousy upon an invasion of their tax preserves by the Federal government. The objection is not only that double taxation would result, but that the fruitfulness of the tax itself would be certain to be impaired. The tendency would increase to make gifts during lifetime, instead of waiting for a legacy to be taxed twice. It is, of course, highly desirable that Federal taxes should impinge upon those best able to pay them. That is one of Adam Smith's fundamental canons of taxation from which our government has too much departed. Wealth ought to be taxed, not poverty. And if the inheritance tax cannot be taken up, the movement for a national income tax will become strong. President Taft has declared that such a tax can be levied in a form to obviate the objections made by the Supreme Court to the income-tax clauses of the Wilson bill.

One of the first nominations sent to the Senate after Mr. Taft's inauguration was that of Z. Lewis Dalby of Virginia, as Indian inspector. The nomination had failed of approval in the last Congress. It was twice confirmed, but then reconsidered, and was thereupon

laid aside, pending further inquiry as to the fitness of Mr. Dalby, against whom a number of charges have been made. His name was once more sent to the Senate on Monday. An Indian inspector is a very important official, because he must judge between the Indians on the one hand and the agents on the other. The Indian Rights Association charges Mr. Dalby with brow-beating and cursing an Indian witness when the man's evidence was unfavorable to the sheep and cattle interests. Not unnaturally, the Indians have lost confidence in Dalby. An educated Chippewa Indian charges Inspector Dalby with having shown himself at an inquiry "unscrupulous, untruthful, and unreliable"—this at the White Earth agency, Minnesota. Other complaints on file against him come from the Winnebago reservation in Nebraska. The very helplessness of the Indians makes it absolutely necessary that only men of the highest character be permitted to come into such vital relations with them.

There is no higher parliamentary authority in this country than Asher Hinds, so long clerk to the Speaker, and his opinion of the slight changes in the House rules will hardly be challenged. He declares that they leave the Speaker stronger than ever, since they take away none of his essential power, while relieving him of certain irksome responsibilities. These relate chiefly to his consent to the calling up of bills in which particular members are interested. The giving or withholding permission has often been the cause of bitter enmities. Mr. Hinds recalls the political hostility which Speaker Reed incurred in that way. Hereafter, there is to be a "unanimous-consent" day, in which bills that have reached a certain parliamentary stage may be brought before the House, provided nobody objects. That will take the burden from the Speaker, and put it upon the members. They will have to rage at each other, after this, and not at a tyrannical Speaker, for preventing them from getting their great measures enacted. The check on hasty legislation will remain, but will not lie wholly in the Speaker's hands. As Mr. Hinds puts it, the result will be to tend to make "a perpetual Speaker

and an ephemeral membership." This was scarcely the intention of the insurgents.

The Second Public Service Commission at Albany has refused assent to the plan to build the proposed Buffalo, Rochester and Eastern Railroad, from Troy to Buffalo, a line parallel to and competing with the New York Central. For months the commission held hearings along the projected route, listening to the evidence of shippers and merchants in all the leading cities between Albany and Buffalo. The volume of fault-finding with the New York Central was astounding. Shippers, it seems, would route their consignments in the most devious ways to escape the inevitable delays on the Central. The fact was settled beyond all dispute that the conditions inflicted grave injury upon business. Naturally, the New York Central appeared in opposition, but speedily found itself in the difficult situation of having either to admit that its management had been bad but could so be improved as to enable it to handle properly all the traffic offered it, or else to confess that the volume of traffic had passed beyond the limits of its utmost powers as a four-track railway. After hearing the evidence, the commission took months to weigh it and to examine the scheme from all possible points of view.

Now the commission has rejected the proposal, not because the new road would parallel an existing line, or, we take it, because the members of the commission are satisfied with the traffic arrangements between Albany and Buffalo, but for wholly different reasons. The commission found that one excellent defence offered by the New York Central, the inability of the Boston and Maine to care for the business offered to it by the Central, would be a fatal obstacle to the new line; for the Boston and Maine would be its only Eastern outlet. An average of 770 cars a day was the utmost that the Boston and Maine could handle in 1907. Yet to earn enough for its fixed charges the new road would have to offer to its Eastern outlet at least as many additional cars per day. Another ground for disapprov-

ing the application was the underestimates of the engineers, \$85,559,018, as against the \$100,000,000 estimated by the commission's engineers. That capitalization would call for an earning capacity of \$48,000 a mile—over \$8,000 a mile more than the gross earnings of any road in 1906. Furthermore, the financial responsibility of the backers of the road did not satisfy the commission. Whoever recalls the era of speculative, overcapitalized, parallel railways from 1870 to 1885 must rub his eyes in amazement as he reads of this quashing of a plan because it has the very features which characterized the wild building of that period. The history of American railroading would have been far different had Public Service Commissions with similar powers been established even so recently as thirty years ago.

The conviction of the Coopers for slaying ex-Senator Carmack is highly creditable to Tennessee and to the South, where crimes of precisely this nature have more than once gone unpunished. When the former Lieut.-Gov. Tillman of South Carolina killed N. G. Gonzalez, editor of the *Columbia State*, without the shadow of an excuse for his crime, he was promptly acquitted. The Cooper jury was apparently just the one that would be expected to let the murderers off, because of its lack of literacy and general intelligence. Its members one would think precisely the persons to sympathize with the feud spirit of the Tennessee and Kentucky mountains. Yet they have bravely vindicated the courts by balking the clever attempts of the lawyers to bring about acquittal on the ground of self-defence. This conviction, we believe, will be of great value to the entire South, as a precedent. Henceforth every public prosecutor in that section who is compelled to put on trial a bully with the pistol-carrying habit will be encouraged by the result of the Cooper trial. This interference with the long-established prerogative of one gentleman to kill another may mean the breaking up of an old custom, but it is a custom that should have gone decades ago.

The strike of the postal employees at Paris has been settled in the inevitable way. The strikers are going back to work in reliance upon fair treatment by

the government. In all probability they have received pretty definite assurances that their enemy, M. Simyan, will be got out of the way. Thus another victory of the somewhat peculiar Clemenceau brand is added to the French Premier's record. He has settled labor troubles before this by sternly refusing to yield, next getting the strikers back to their places, and then yielding with grace and dispatch. The Opposition may accuse M. Clemenceau of hastening on the social revolution by compromising with the enemies of social order. But in that talk there is a good deal of humbug. What the Opposition cannot forgive M. Clemenceau is that he should compromise with the labor leaders instead of bringing on a crisis by stern measures, get the Opposition into office, and let them compromise with the strikers. After all, France is a radical nation at present. It has an overwhelming Parliamentary majority of men who are not afraid to call themselves Radical-Socialists. It has a large out-and-out Socialist party. It has two Socialist members of the Cabinet.

The Balkan war-clouds melt away as the skies in the North Sea begin to lower. In this there is food for optimist and pessimist alike. It is too bad that trouble should follow upon trouble. It is fortunate that one difficulty should pass away before another arrives. The outcome in the Balkans is distinctly encouraging to this extent: if there are forces in Europe working for conflict, there are also powerful forces making for peace. Austria-Hungary comes out of the long quarrel with her coveted pound of flesh, but with nothing added to her reputation. Her warlike intentions could never have been very serious, seeing how very exacting she was while winter made war impossible, and how suddenly she grows placated when spring is on the threshold. Von Aehrenthal and his associates banked upon Europe's present fear of war. In justice it must be admitted that they played a bold game; but "bluff" it was nevertheless. Yet if Russian diplomacy can now take advantage of the exasperated feelings of the Balkan Slavs, Austria may find her way to the Ægean Sea barred more solidly than ever.

Mr. Asquith has set at rest the ru-

mors that he was about to give way to the Jingoism and decide upon eight new Dreadnoughts instead of the four he has asked for. Mr. Balfour's resolution of censure is still before the House, and will come up for discussion within the next ten days. If his own party wishes, therefore, to take sides with Mr. Balfour for eight battleships, it may do so. We cannot, however, see that there is any danger of this, unless the House, like the public, should go stark mad over battleships. Mr. Asquith also spoke out bravely against the anti-German agitation; "the artificial agitation," he called it, "that is now being engineered" and is "unpatriotic, unscrupulous, and misrepresenting the situation." These are the correct adjectives to apply; and the Premier helped to establish his claim to be a leader by stating positively that there is "no friction, no unfriendliness, and no suspicion" between England and Germany. That country is endeavoring to set before the world the facts as to its building programme. It ought speedily to agree with England on a definite limitation, lest both peoples go out of their heads.

The details of the libel suit won by Mr. Lloyd-George, the British Chancellor of the Exchequer, make it plain that the proprietors and editors of the offending paper, *People*, have reason to be grateful that they are not in jail. A sort of English *Town Topics*, this newspaper announced that the Chancellor of the Exchequer had been guilty of adultery, but that, thanks to the efforts of his friends and the expenditure of \$100,000, the price of peace, the case would be kept out of the divorce court. Naturally, Mr. Lloyd-George brought the paper to book, and the proprietors, Sir William Armstrong and W. T. Madge, were compelled to admit that "they were unaware of the insertion in their paper of these scandalous libels"; that the last thing they would desire is that their paper should circulate such accusations, for which there was no justification or foundation. The defendants were let off with a fine of \$5,000. The judge praised Mr. Lloyd-George for his extreme moderation in not going further in the punishment of the offenders. He gave the case an immediate place upon his calendar, not because Mr. Lloyd-George was a man of influence and position, but because anybody plac-

ed in his position was entitled to immediate relief, as the defendants had confessed guilt. There would be less libelling in this country if our courts moved more promptly and were as keen to see justice done.

In Persia, a crisis seems approaching. The greater part of the Empire is in open revolt against the Shah, who would apparently be content to hug his quiet at Teheran if Russia and England would only let him. The loose structure of Oriental states allows life to go on in spite of dismemberment. Morocco furnishes a parallel instance of a revolution extending over almost a dozen years, without greatly disturbing the monarch in his capital. The West, however, is more impatient, and neither Britain nor Russia can be content with Tabriz, Ispahan, and other great cities in a permanent state of revolt. It rasps on the political nerves and hurts trade, besides. So far, winter has exercised the same restraining influence that is ascribed to it in the Balkan imbroglio. With the melting of the snows fighting will take on new life about Tabriz, and even Teheran may not remain permanently intimidated by the Shah's Cossacks. There is talk of a convention being summoned by the Shah to draft a new constitution. Foreign influence is undoubtedly behind that move.

THE PAYNE TARIFF BILL.

By the way in which a tariff bill is received, one may get light upon the theory on which it is drawn. The Payne bill has a mixed reception; the inference is that it was drawn on mixed principles. That is otherwise clear. No man can even read the vast mass of provisions in the various schedules, with their minute subdivisions and qualifications, without becoming convinced that no one clear principle runs through the whole. Now it is revenue that is sought; now protection; now a dubious mingling of the two. More than one clause is subject to the suspicion of having been inserted only as a "joker." Many such will doubtless be discovered as the examination and discussion of the bill goes on. The whole is too much like a mighty maze without a plan. A rigidly and consistently protectionist

tariff would be easier to understand. We could both more heartily praise and more readily comprehend a tariff strictly for revenue. The Ways and Means Committee has given us neither.

Concerning the efficiency of the bill in producing sufficient revenue, its very framers are evidently in grave doubt. The statement put out by the Ways and Means Committee predicts an adequate government income in 1910, only in case the next fiscal year prove "prosperous and the normal conditions of 1906 return." Hope is also expressed that the returns will be larger "on account of the large increase in population," during the past three years. But nobody seriously expects conditions to become "normal," in the committee's sense, until after the next fiscal year is pretty well gone. The committee itself plainly does not, and is not certain that its bill will wipe out the deficit by means of fruitful taxes, for it goes on to provide methods of borrowing money to meet the deficit. Authority to issue Treasury certificates is continued, and the maximum amount of them is pushed up from \$100,000,000 to \$250,000,000. That is a good-sized anchor to windward. Furthermore, Panama bonds, to the amount of \$40,000,000, may be sold and the proceeds used to "reimburse" the Treasury for the money paid in the original purchase of the canal. Once let the principle be recognized of capitalizing previous expenditures for "permanent utilities," when revenue fails, and we are treading the path of danger which has thrown the public finances of Germany and Russia into their present disorder. If the Treasury is to be "reimbursed" for revenue spent in good faith on the Panama Canal, then why not "reimburse" for fortifications, for post-offices, for river and harbor improvements, paid for out of the ordinary revenue in years gone by? It is proposed not only to set up a principle new to American public finance, but quietly to override the old and salutary principle of paying for the needs of government as we go. This provision is the surest evidence that the Ways and Means Committee is not at all confident of the revenue to be got from the new tariff. Yet to make it yield sufficient revenue was declared by President Taft in his message to be the main object.

Whatever may be the defects and the

offences of the Payne bill, it still represents, as compared with the McKinley and Dingley bills, an enormous advance towards common sense. The idea of cheapness has ceased to be anathema to these latter-day protectionist tariff-makers. They hold out the hope, and have done their work on the theory, that the cost of many of the necessities of life may be reduced by reducing taxes. Shoes and clothing, glass, and steel, wood and paper, it is proposed to make cheaper. At last, the forgotten consumer is given a thought. After long years of argument, it has been beaten into the heads of high-tariff fanatics that low duties mean both more revenue and more trade. And the old idea of universal, all-round protection, every single product getting its just recompense of reward in a perfectly equitable tariff, is now admitted to have broken down.

The most conspicuous proof of this is the restoration of hides to the free list. They were taxed 15 per cent. ad valorem in the Dingley bill, as a distinct sop to the farmer. He was being heavily taxed for his ploughs and hoes and harvesters and harness, therefore, in order to conciliate him, concede him the right to tax other people on leather. The duty on hides was explained by the great Lodge in the Senate as a necessary part of consistent protectionism. His constituents in Massachusetts might not like it, and he himself was opposed to it *per se*, but there stood the fact that the blessings of protection must be extended to all, or none would enjoy them long. Manufacturers might desire free raw materials, but could not have them. From all this sophistication, the Payne bill executes a sharp retreat. It would make not only hides free, but iron ore and coal; and the taxes on other raw materials it would cut down. This is the greatest single achievement of the bill. It marks progress. Upon some of the hoariest absurdities and outrages of protection, it plants a heavy foot. Free hides are a kind of sign-board, pointing the way in which the whole bill is headed. That provision alone will do more to stimulate our trade with South America than could the establishment of a score of steamship lines, unprofitable and therefore to be subsidized.

The new tariff bill will now be fought over in Congress. It will have to en-