

Presidential Complacency

THE real interest of the letter which President Wilson wrote to Secretary McAdoo on Tuesday is psychological rather than political. How can a man of his shrewd and masculine intelligence possibly delude himself into believing the extravagant claims which he makes on behalf of the Democratic legislative achievement? His letter reads like one of the dithyrambs which used to be delivered by Mark Hanna upon the abounding benefits which the administration of Mr. McKinley had bestowed upon the American people. The Democratic legislation "has done away with agitation and suspicion because it has done away with certain fundamental wrongs." "New things have been put into action, which are sure to prove the instruments of a new life." "The future is clear and bright with the promise of the best things." "Fundamental wrongs once righted, *as they may easily and quickly be*. [our italics], all the differences will clear away." "The future will be very different from the past, which we shall presently look back upon, I venture to say, as if upon a bad dream"; and all these wonderful results have been accomplished in part as a result of tariff revision and anti-trust legislation, but chiefly because the Federal Reserve Act has supplied "means of accommodation in the business world, and an instrumentality by which the interests of all, without regard to class, may readily be served." We must repeat: How can a man of President Wilson's intelligence see in tinkering with the tariff and anti-trust laws, and in a reorganization of the banking system of the country, the causes of a better social order? How many sincere progressives follow him in believing that this legislation has made the future clear and bright with the promise of best things? Where will such leadership finally land the Democratic party and the progressive movement?

President Wilson could not have written his letter unless he had utterly misconceived the meaning and the task of American progressivism. After every allowance has been made for his justifiable pride at the excellent legislative record of the Democrats and for the natural exaggerations of the oratorical temperament, there remains an ominous residue of sheer misunderstanding. Any man of President Wilson's intellectual equipment who seriously asserts that the fundamental wrongs of a modern society can be easily and quickly righted as a consequence of a few laws passed between the birth and death of a single Congress, casts suspicion either upon his own sincerity or upon his grasp of the realities of modern social and industrial life. Mr. Wilson's sincerity is above suspicion, but he is a dangerous and unsound thinker upon contemporary

as he himself has said, "a single-track mind," but a mind which is fully convinced of the everlasting righteousness of its own performances and which surrounds this conviction with a halo of shimmering rhetoric. He deceives himself with these phrases, but he should not be allowed to deceive progressive popular opinion. If the "New Freedom," after less than two years of actual operation, has done away with the causes of agitation and suspicion, and promises to the country an era of good feeling and social benefaction which will make the past few years look like a bad dream, then the New Freedom is an essentially mechanical and an essentially conservative doctrine. It is mechanical because it claims to accomplish as the result of a few changes in legal mechanism so much too much. It is conservative because it becomes so fatuously complacent about its own achievements, and it makes the exorcism of a few "bad dreams" an excuse for taking refuge in a sound but stupefying slumber.

Education With a Bias

UNTIL recent years the attitude of business toward the economic doctrines taught in school and college was prevailingly one of indulgent contempt. The old-time tariff beneficiary could afford to smile at the free-trade teachings of the college which he was helping to support. Experience had taught him that a few years of struggle in the hard conditions of practical life would transform the college free trader into an ardent protectionist. Protectionism, after all, is in the blood of most of us. Whatever economic logic may pretend to establish, we cannot get it entirely out of our minds that we can build up domestic prosperity through handicaps upon foreign trade.

We have, however, passed beyond the stage in which the chief political interest of business centers in the tariff. Not much less than one-fifth of all the private capital of the country is now invested in railways and other forms of public service enterprises. These vast interests are, in last analysis, dependent upon the popular will; they will thrive or languish according to the course of legislative action and judicial interpretation. The protected interests can rely upon a deep-seated popular prejudice in their favor. Not so with the public service enterprises. In every part of the country there exists a smoldering popular distrust of the public service corporation, likely at any time to be fanned into a flame of hostile legislation.

Accordingly it is not surprising that practical business men are now looking upon public opinion as a natural force to be conserved and put to financial use, a force which if neglected may work wide-

past generation has given way to one who talks incessantly and engagingly about the community-building activities of his company. Publicity, which once the reformer vainly demanded of the public service companies, is now proclaimed by the corporate managements themselves to be the breath of their life. But it must be the right kind of publicity. What is, from the point of view of the interests, a wrong kind of publicity must be checked at its source. Hence the new profession of the publicity agent, whose function it is to call the attention of the representatives of the press to careless and prejudicial statements. Hence, too, a new solicitude about the financial doctrines of our colleges.

The American Electric Railway Association is a powerful organization including in its membership some four hundred of the electric railway companies of the United States. The association has a committee on public relations which takes account of the attitude of the governmental bodies, and of the public opinion as well, toward the electric railway interests. A sub-committee, under the chairmanship of James H. McGraw, was appointed to draft a "code of principles" setting forth what should be the relations between the electric railway interests and the state. This code of principles was submitted to the association on October fourteenth, and appears in the *Electric Railway Journal* of October fifteenth. It is an able, and, on the whole, a moderate document, as the following summary indicates:

(1) Quality is the chief consideration in transportation service, and "quality of service must primarily depend upon the money received in fares." (2) Regulated private ownership and operation are superior to public ownership and operation. (3) In the interests of the public, local transportation should be a monopoly, subjected to state rather than local control. (4) Short term franchises are detrimental to civic welfare. (5) Electric railways must be allowed to earn a fair return on a fair capitalization. (6) "Securities which have been issued in accordance with the law as it has been interpreted in the past should be valid obligations on which an electric railway is entitled to a fair return." (7) Adequate wages are essential to good service, but electric railways "should be protected against excessive demands of labor and strikes." (8) "The principle of ownership of securities of local companies by centralized holding companies is economically sound." (9) "In the appraisal of an electric railway for the purpose of determining reasonable rates, all methods of valuation should have due consideration." (10) Full and frank publicity should be the policy of all transportation companies.

The sub-committee further recommended the creation of a financed bureau of public relations

of—"Influencing the sources of public education, particularly by (a) lectures on the Chautauqua circuits, and (b) formation of a committee of prominent technical educators to promote the formulation and teaching of correct principles on public service questions in technical and economic departments of American colleges, through courses of lectures and otherwise."

We are safe in assuming that the "correct principles" to be taught in the technical and economic departments of the American colleges are none other than those outlined in the code above summarized. This leads one to a closer examination of the code than would be warranted if it were to be regarded merely as an expression of aspirations on the part of a special interest.

We note that principle number six inculcates the doctrine that a fair return on capitalization must be permitted, no matter how extravagantly it may have been watered. Number eight commits us to approval of the holding company; number three, to the principle that a city like New York must forever look to Albany for the regulation of its transportation system; number four, to the long-term franchise. Indeed, there is only one of the ten—the desirability of publicity—that is not in some measure debatable. No conclave of disinterested political scientists would presume to formulate a canon of "correct principles" on the relations of public utility corporations to the state. What is the likelihood that a canon formulated by a special interest will be subscribed to either by political scientists or by the general public?

It is not here disputed that public opinion is a proper object of solicitude on the part of the public service interests. It is possible, indeed probable, that the character of many of their financial operations is generally misunderstood, and hence that they frequently suffer under unjust popular censure. Teachers of economics are no doubt occasionally unduly harsh in their condemnation of various practices of the public service corporations. It has not been very long that the policy of publicity has been followed by such corporations, and there are still a number of corners not adequately illuminated; more light should remove whatever unwarranted suspicion now falls upon the corporations.

We are therefore much in need of a far more thorough exposition of the practices and purposes of the public service companies—an honestly partisan exposition of their side, with no pretence to a monopoly of "correct principles." But a deliberate policy of "influencing public education at its source" is sure to prove worse than futile. Nothing is easier than to start a well-poisoning scare; and while such a scare reigns it is unsafe for those suspected of hostile intent to be found