

issue of  $4\frac{1}{2}$  per cent stock at a slight premium, to yield the investor 4.43 per cent. On May 20, 1913, it sold  $4\frac{1}{2}$  per cent stock at a smaller premium, to yield the investor 4.49 per cent. That is to say, the price of capital to New York City was a little lower in June, 1915, than it was two years before. The average net yield of a selected group of ten railroad bonds, charted by *The Annalist*, during the first half of 1915 was 4.37 per cent, against 4.21 per cent during the first half of 1914. New security issues in Wall Street in the first half of 1915 were only 10 per cent less than in the corresponding half of 1914. Rates of interest on call loans, time money and commercial paper were all lower in the first half of 1915 than during the first six months of 1914. The Federal Reserve banking system, inaugurated since the outbreak of the war, has affected both the supply of commercial funds and the price of credit favorably to the borrower, but the actual lending power of the Federal Reserve banks, additional to that of the National banks, has hardly been utilized; and in any case, the increased lending power of the dollar through the advent of Federal Reserve banks, and the lowering of reserve requirements generally, should affect only commercial credit and not the supply or price of fixed capital. As for the railroads, fixed capital has been no harder to borrow this year than last. It is notable that reorganization plans abandoned in 1914 have been brought to fruition recently. The Missouri Pacific will raise \$41,000,000 by assessing its shareholders. It happens to be a Western road, and therefore one that did not participate in the freight-rate advance.

What the ultimate effect will be we cannot predict. It is probable that if the war continues the cost of American capital will rise, and it is also probable that living will be more expensive. We are not, however, so confident of the economic effects of this war upon America as we were a year ago. Economic prophecies are more reserved. We are beginning to understand that the mere fact of war alters the intricate economic relations upon which our facile predictions were made. How far consumption may be decreased and production increased under the compulsion of necessity is an element which vitally affects all our economic relations and opens the door to a hope that conditions may not develop as disadvantageously as had been feared. Germany has shown us how a nation may become isolated from a world economic unity without being shattered. England, France and other nations show great powers of adaptation under new and difficult conditions. It is not to be assumed without more proof than we have that American finance and American business will not adjust themselves to conditions brought about by the war.

## The Eastland

IN Chicago on Saturday morning, July twenty-fourth, at seven o'clock the excursion steamship Eastland lay at the Clark Street dock carrying over two thousand lives.

At about ten minutes past seven the Eastland began to rock away from the dock, to the north, under the moving weight. She could not be righted. She overturned. The catastrophe drowned a multitude of men, women and children.

The enumeration of the dead from the city coroner's workers at two o'clock on Monday morning ran from one thousand to twelve hundred. For two days Chicago has been a city of the dead. The tugs have been dragging the river; the flags at half mast. The families of the missing have been searching for their lost among the long lines of stark, muffled figures in the morgue.

Most of the known dead are working people from Hawthorne who had gone to the Eastland as one of five excursion boats chartered for the lake picnic of the Western Electric Company. Of Bohemian, German, Scandinavian, Polish and American birth, great numbers of those who were drowned here in the center of our country were in the flower of their youth and strength. The loss of young life in the catastrophe is overwhelming. On Sunday morning none of the identified dead of his parish who had been found and been reported to the Polish priest at Hawthorne were beyond the nineteenth year.

In the presence of this great common bereavement, everyone is asking in grave question, doubt, and the rising sense of public responsibility, "Why did this happen? Was the law broken? Was the Eastland crowded beyond the limit of the law?"

It has not now been ascertained, it is indeed now regarded as improbable, that at the time of the disaster more persons were on the boat than the law allowed. The law, it seems, allowed twenty-five hundred people on the Eastland. A more serious consideration has arisen. Those who have seen the public suffering in Chicago in the last two days are asking, "Did our government and our national law itself license a realized danger for human life on the Great Lakes? It is as though we had suddenly learned that the sentry we have placed to guard us is at his post but feels no concern in protecting us from disaster. His form is present, but his interest in watching over our lives is absent."

Weight is added to this serious consideration, this new conception of the government's attitude, by the record of the Seaman's Union in its correspondence with governmental authorities at Washington concerning dangers to the public in the condition of Great Lake shipping.

For twenty-two years the Seaman's Union has been calling the attention of the government to the dangers of Great Lake travel. One may read its correspondence for ten years back asking the national government for investigation of these dangerous conditions. One may read letters of the last year and a half signed by Mr. Victor Olander, the secretary, and quoting to the Department of Commerce case after case showing the necessity for an inquiry.

In Chicago, as the most populous port of the Great Lakes, the extent of the tragedy upon their waters is more seriously realized than throughout the rest of the country. The events on our inland waters alluded to in the Seaman's Union correspondence are perhaps more familiar in the Middle West than nationally. In the last ten years thirty-one vessels, passenger and freight steamers, schooners, fishing vessels, have been completely lost on the Great Lakes with every creature on board. In one terrible year alone (1913-14) twelve vessels and all their human cargo left port never to return. Their fates are unknown. They have vanished. The rest is silence.

Among the freight vessels lost with all on board was the Benjamin Noble. According to well-witnessed statement in the Union correspondence, she was so heavily laden with steel rails that her decks were awash, and the inspectors who allowed her to leave port on her last voyage made their inspection in rubber boots. Judge Tuttle's comment on the case was, "She was overloaded." It is noteworthy that the Union letter on a request for inquiry made because of the instance of the overloading of the Benjamin Noble received from Washington only a disparaging and unsatisfactory reply.

The steamer Marquette and Bessemer, No. 2, carrying freight, foundered on the Lakes with everyone on board, though without a numerous loss of life. Federal investigation was requested and was not made, although the steamer Pere Marquette, No. 18, a boat of the same type as the Marquette and Bessemer, was running on the Lakes and permitted to carry two thousand passengers daily. In the fall, after the loss of the Marquette and Bessemer, at a period of lighter travel than through the summer, the Pere Marquette also sank on the Lakes with all the twenty-seven souls upon her.

No representation of these occurrences in Lake traffic on the part of the Seaman's Union has brought the exhaustive public investigation and publication of its results which tragedies so serious and so repeated have seemed to demand. As one hears certain responses from the Departmental replies from Washington, the general impression is that they are disparaging, evasive and obstructive. They

do not exhibit a clear-eyed and zealous interest in learning the cause of these disasters. They betray no purpose of working keenly and responsibly to prevent their recurrence.

What ought to be done specifically, to safeguard life on the Great Lakes? Mr. Olander, the secretary of the Union, answers clearly. "No vessel should be allowed to take on board more people than she can provide with life boats. She should have sufficient stability, so she will not capsize with her full capacity of living weight on one side—and that, without water ballast. If any ballast is used to obtain this condition, it should be solid ballast fastened to the boat."

This conclusion points, as we have said elsewhere, to the need of expert servants of the people. Little is ever to be gained in the attempt to alter a widespread, general wrong condition by hunting down one man. Much is to be gained by an unbiassed view of that general wrong condition, and the specific interest in changing it.

Not only the Eastland catastrophe, but the destruction of the Slocum, the closed exits of the Iroquois Theatre and the Triangle fire, the mine disaster at Cherry, all have made for us again and again, an unescapable comment. All have told us that our American departmental officers in city, in state and in the nation in general have been inexperienced, and therefore ineffectual and unconcerned, in their tremendous task of protecting human life.

Not in the representations of owners or their sheer financial greed, not in upholding inadequate laws and rulings, should the interest of these officers for one instant lie, but absolutely in their difficult and serious duty of the expert protection of the safety of multitudes. Such community tragedies as have been mentioned will continue in the United States until we have faced this truth about them.

## *The New* **REPUBLIC** *A Journal of Opinion*

PUBLISHED WEEKLY AND COPYRIGHT, 1915, IN THE UNITED STATES OF AMERICA BY THE REPUBLIC PUBLISHING COMPANY, INC., 421 WEST TWENTY-FIRST STREET, NEW YORK, N. Y. HERBERT CROLY, PRESIDENT. ROBERT HALLOWELL, TREASURER.

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YEARLY SUBSCRIPTIONS, FIFTY-TWO ISSUES, FOUR DOLLARS IN ADVANCE. SINGLE COPIES TEN CENTS. CANADIAN SUBSCRIPTION FOUR DOLLARS AND FIFTY CENTS PER YEAR IN ADVANCE. FOREIGN SUBSCRIPTIONS FOR COUNTRIES IN THE POSTAL UNION, FIVE DOLLARS PER YEAR IN ADVANCE.

REMITTANCE TO BE MADE BY INTERNATIONAL POSTAL MONEY ORDER. ENTERED AS SECOND CLASS MATTER, NOVEMBER 6, 1914, AT THE POST OFFICE AT NEW YORK, N. Y. UNDER THE ACT OF MARCH 3, 1879.

# A New Kind of War

**M**UST America either lamely accept with humiliating inertia a gross violation of her own right and dignity and of the common interest, or else take part in a war which, however successful, will not necessarily advance in the least degree the objects for which she fights—the future safety of her citizens and respect of their rights in war time, a better international law and its more scrupulous future observance—and which conceivably might even render those objects more remote than ever? Is there no third course? Events have already pointed to a possible one.

Great Britain is at this moment engaged in negotiating with the merchants of neutral countries as to the conditions upon which they shall be allowed to trade with one another, the object of course being to prevent Germany securing supplies of any kind through neutral sources. This amounts obviously to an attempt to control the international trade of the world in such a way as to serve Great Britain's military purposes.

The United States government—as apart from certain of her merchants—has of course refused to take part in these negotiations, for obvious reasons. This claim to dictate the conditions of trade between neutrals, irrespective of blockade and contraband as heretofore understood, constitutes a very pregnant development of belligerent rights at sea. However much the American people may approve England's general cause in this war, the American government could not allow such development to become by precedent an accepted part of sea law, because in some future war such functions might be exercised by a power other than England on behalf of a cause of quite other character than that now being supported by England. Moreover, it is freely alleged by American merchants that British control of neutral trade is not exercised impartially; that, while on the ground of preventing supplies reaching Germany Britain has excluded American merchandise from neutral ports, British goods of the same kind have been going to those ports in increasing quantities. Whatever of truth there may be in this allegation, it is evident that if ever belligerent right expanded into the formal recognition of the kind of control over neutral trade aimed at by Great Britain, it is just such abuses as these that neutrals would in future suffer. The whole matter is at this moment the subject of very serious negotiation between Washington and London and the cause of some ill feeling between sections of the two countries.

Yet this very situation might, in the event of

rupture of diplomatic negotiations between America and Germany, be so handled as to become not merely a means of solving the special and present American difficulties concerning neutral rights and interests, but of achieving the larger purpose of developing a really civilized international law and finding some means of enforcing it more efficient than the very clumsy instrument military force has proven itself so far to be.

Out of the Anglo-American negotiations might develop an understanding affording means of avoiding the absurd stultification which mere military cooperation with the Allies would involve for America—the position, that is, of fighting a war to assure the victory of one side, to find after the war, perhaps, that that side is as much opposed to any form of international law at sea which will really protect American and neutral right and interest as is the beaten side.

For, if the suggestion which follows proves feasible, the constructive development of international law and of some sanction enabling the community of nations to enforce it, would not await the end of war nor be dependent upon a definite victory of one side, but would take place during the war and would later still be operative even though the Allies were not decisively victorious in a military sense.

Let us assume a rupture of diplomatic relations between America and Germany—a contingency which recent events seem to render altogether probable. America would in such an event in any case put her defences in as thorough order as possible, though the likelihood of Germany sending an army across the Atlantic at this juncture is, to say the least, small. But American naval force would probably prepare to be in a position to convoy ships.

America should certainly make it plain to Germany—and to the Allies, for that matter—that the absence of American military cooperation with the armies now fighting Germany was not due to mere indifference to the causes involved, still less to a desire selfishly to avoid the cost and suffering of war in the achievement of her purpose, but because both her own and the larger and ultimate general interest could be more effectively achieved by another form of cooperation, which would be as follows:

America would offer to settle the whole contraband and blockade dispute with England on the basis of making international that virtual control of overseas trade of the world which England now exercises. That is to say, all that international trade now affected by British action should still be