

McClure's Magazine
May, 1905

New Jersey: A Traitor State

PART II.—HOW SHE SOLD OUT THE UNITED STATES

A SCHEME “to make New Jersey a Mecca for Corporations” was proposed in these terms to the governor of that state, in the summer of 1890, by a corporation lawyer of New York. There is no doubt about the man: he was James B. Dill, now known as the author of “Dill on Corporations.” There is no doubt about the year, and, as for the season, “it must have been in the summertime, because the governor sat in his shirt sleeves.” The only question is whether this was the beginning. It was—of the business. Jersey’s liberality to corporations is as old as Jersey, and Mr. Dill was not the first New York lawyer to go over there with corporation schemes. Alexander Hamilton (1800) headed a long procession. But Mr. Dill did not know all this. He lived in Jersey, but he was a commuter. He thought he was proposing something new to Jersey, and he was, in a way; his proposition was to put the state regularly into the business of incorporating business companies; it was not merely to let business sneak over there for charters now and then, but to open up the state as a sort of wholesale charter factory and advertise the industry in a business-like way.

It was not a bad scheme, not as he conceived it. Mr. Dill was a young man. His practice was small; large enough to open his eyes to the troubles of corporations, small enough to leave him time to go far afield in his reading. He had been following a series of articles on the rise of business companies in England, and the advantages of the joint-stock arrangement over the old copartnership came to him like a discovery. Mr. Dill believed that what had reached the dimensions of a movement, almost of a fashion, in England, was under way in the United States. Why not promote it? Public opinion here was against “monopolies” and “trusts,” but Mr. Dill was no theorist. He was a young American lawyer out for business, and he realized that the lawyer who had a hand in drafting laws favoring corporations could hardly fail to become an authority on corporation law—with a large practice. Just about that time many of our legislatures were passing laws to discourage the growth of corporations. But what did that matter? English legislation encouraged the business. Mr. Dill was a Connecticut Yankee, astute, jolly, energetic, and he set out with his scheme to pass English laws for American corporations and to make himself “Dill on Corporations.”

New York Had First Choice

How? By writing articles, making speeches, and appealing to public opinion? No. Mr. Dill was a practical man. He went to the bosses. He put his scheme in shape and offered it first to the rulers of the state of New York. That was where his practice was, and that was where business centered. The New York corporation laws were bad—bad, I mean, for corporations; they were

antiquated, complicated, and rather strict. Moreover, operations under them were subject to all sorts of “political grafting.” Now, lawyers and business men are not unreasonable about paying for what they want, but they like “fixed charges,” and New York had, and has, a most annoying system of variable taxes and miscellaneous feeing. From court stenographers and departmental clerks all along the line, through referees and assessors, up to legislators and bosses, it is tip, tip, tip—all the time. Mr. Thomas C. Piatt, when he was boss, simplified legislative business, but progress elsewhere always had been like a trip abroad; you needed a guide to tell you where to tip and when you were through. For example, a lawyer, lacking experience, was changing the name of a corporation. This was a simple matter, and he thought he had “seen” that all arrangements were made. There was delay, he waited, then inquired. The official said “it was all right, and everything would be ready in a few months.” A few months! The lawyer drew the fellow aside. “I want those papers tomorrow morning,” he said; “how much will that cost?” That cost only about forty dollars, but think of the bother!

When young Mr. Dill laid his great scheme before his bosses and mine he explained how all this graft would be wiped out. Taxes would be made certain, charges by the state would be fixed, and stated fees would go to named officials. It was beautiful, but it left the bosses cold. They could see the advantage to the state and to business, but they could not see, first, why they should deprive their officeholders of all the good old graft, nor, second, where the bosses “came in.” New York has regretted this blindness since and has begun to adopt the scheme, but only recently and—late. New Jersey got it then.

Jersey at that time was opening wide to everything bad. Leon Abbett was governor. He was an ambitious man. He long had wanted to go to the United States Senate, and, to get there, he had, during his first term as governor, listened to a popular demand for a tax on the Pennsylvania and other railroads which ruled the state. The railroads were exempt, by the terms of their charters, from taxation, but when they pleaded the inviolability of those ancient charters as sacred contracts, this man, this politician, said: “All right, then, we’ll tax these charters. If they are a contract, and if that contract is irrevocable, it is a pretty valuable piece of property itself; we’ll tax that.” Leon Abbett was an awfully bad man. The railroads beat him when he ran for the senate at the close of his first term, but he was so unscrupulous that, convinced of the impossibility of reaching the Senate by serving the people of his state, he set about building him a System. He organized the Democratic party into a grafting machine. He accepted the support of the liquor interests, of the race tracks, and even of some of the railroads. He had himself elected governor, and now, in 1890, the first year of his second term, he was making of Jersey a Tenderloin of interstate vice.

How the Scheme Went to Jersey

This, then, was the situation when our young lawyer, rebuffed in New York, looked around for some place to go to do what he was not allowed to do at home. He did not know Abbett; he did not understand the conditions in Jersey. He only lived there. Mr. Dill went to Jersey with his scheme, as Alexander Hamilton did with his, simply because the state was convenient. And Jersey received him, as she receives all, because for a hundred years she has trafficked on her convenience. The state gave the young successor of Hamilton a welcome commensurate with the price he had to offer, and Mr. Dill had a good price to offer. His experience with the New York grafters had matured the young man. He had come to realize that if he hoped to interest men in his scheme he must be able to show them where they “came in.”

About that time he heard how the secretary of state of West Virginia was in town, at the Fifth Avenue Hotel, where, with the great seal of his state by his side, he was displaying the liberality of his laws and selling charters—for fees. That was the idea. Mr. Dill seized upon it, and when he went to Jersey (in all fairness to the New York bosses this should be noted well) his scheme was immensely improved. It provided now for all; that is to say, for all, excepting only the United States.

But in this exception lay Point One of the scheme: With the United States as a nation of men and women up in arms against trusts, there was need of a state where public opinion was conservative. With “demagogic” legislators in Congress, and in most of the states, passing laws expressive of the public will, there was a demand for a state legislature that would enact the will of the corporations. With business men everywhere forming pools, and trusts, and gentlemen’s agreements to break the law or to get around it, and failing because, though there were trustees there was no trust, and while there were agreements, there were so few gentlemen—with all these difficulties abounding in the Union, there was money in it for the state that would throw down her sister states and give a license to business to do business just as business pleased; lawfully, widely, with a legislature to defeat the general public will, and courts to compel private, corporate good faith.

Now, this is my statement of the case, not Jersey’s, nor Wall Street’s, nor Mr. Dill’s. They hold that corporations are inevitable and good, and I don’t contradict them. Mr. Dill says that he had in mind many small companies, not the few big trusts; he did not foresee all of the future; and I believe him, for he is openly against some of the recent developments of Jersey’s corporation legislation. All that is maintained here is that the men concerned at that time in the adoption of the Dill scheme “didn’t care a whoop” what might result, and what the other states might think, or feel, or wish. They were out for themselves and Jersey. Some of them told me so. But let us follow the facts.

How Jersey Received the Scheme

When Mr. Dill, contemplating his descent upon Jersey, inquired who the bosses were over there, he was referred to Governor Abbett. Mr. Dill didn’t know enough, then, to be surprised that the head of a state and the governor thereof should be one and the same man. He was much more taken aback to be directed from the capitol at Trenton to the governor’s law office in New York, but he went there; and there, to the governor “in his shirt sleeves,” he showed how Jersey, by granting licenses to business to do what other states were trying to forbid, might become the Mecca of corporations and make an enormous revenue. Governor Abbett was interested. Leon Abbett was interested in anything that would increase the revenue of his state. That was the backbone of his original policy; that was why he had taxed the railroads and, by the way, the franchises of corporations also. And, as for the cost to the other states, Abbett was not the man to scruple at that. I tried to bring out in the first Jersey article how Abbett, with all his faults, rose head and shoulders above all other Jersey politicians in this, that he did, in his crooked, unscrupulous, Jersey way, sometimes represent his state. And in a nation where the average citizen is out for his own pocket all the time; where the average reformer is for his county or his city; where the noblest cry is for municipal reform; where good citizenship implies a willingness to let the states go to the deuce, if only local government is not too bad—in contrast with this sort of parochial patriotism, the appearance of a man who has a sense of the state, of a whole state, city and county and country, too, is a phenomenon. Leon Abbett was a

phenomenon. But, rare as it is in these days, the state-sense is not enough; and Leon Abbett proves that. He was for Jersey; he was Jersey personified. Out of loyalty to Jersey, the selfish, her best man betrayed the United States—to help him get into the United States Senate.

Governor Abbett then, thinking only of Jersey and the Senate, hearkened to the voice of the young corporation lawyer of New York, who was thinking of the corporations and his practice, and there was no one there to think of the rest of us. Abbett saw that the scheme was good, but what more could Jersey do for the corporations? They already were running to Jersey for charters, and they were already getting all that they asked for. Then Mr. Dill displayed Point Two of his scheme; and for those states whose statesmen have asked me covetously how Jersey “got such a lead in this corporation business,” let me say that this is the feature of the Jersey policy to adopt, if they want to out-Jersey Jersey in the betrayal of the rest of us to the trusts. Mr. Dill explained to Governor Abbett that, while his state had liberal laws, other states, like Delaware and West Virginia, were liberalizing their laws, and that while the advantages of Jersey were known to the great captains of industry, the little captains did not know about them. Tobacco was there, and Standard Oil, the Chicago Stock Yards and Cordage, and Thurber-Whyland, and American Gas and Sugar; but where were the little fellows? What was wanted was a state that would not only open up its laws, but would advertise itself; that state would get the business which would go forth with business push, advertising and drumming up trade among the businesses that never had heard of West Virginia, Delaware, and New Jersey as dealers in lawful license. Now a state, as a state, could not afford, even if its officials, like the secretary of state of West Virginia, had the loyal energy to take up the work, to go out on the road showing its goods and advertising itself as the easiest, safest, and best shop for limited-liability charters. The thing to do, therefore, was to make it worthwhile for a private company, incorporated under Jersey laws, to undertake this part of the business. So Mr. Dill proposed to form a company which, for small but numerous fees, should advertise Jersey as a charter-granting state, explain her laws, vouch for her courts, attend to the incorporation of commercial companies, and look out for them at home while they were off doing business in the other states.

Interesting the Ruling Interests

The governor of New Jersey was convinced, but while he was boss of the state and the actual head of the system, he was not “the whole thing.” He told Mr. Dill that he must see the secretary of state, Henry C. Kelsey, who was one of the old Democratic state house ring; nothing could be done without that interest. Then he must see Allan L. McDermott, the Abbett lieutenant, who was clerk of the Court of Chancery and chairman of the Democratic state Committee. McDermott handled the legislature, and nothing could be done without legislation, of course. Then he must see some Republican of influence, say, well, say United States District Attorney Henry S. White; for nothing could be done quietly without the minority interest. And last, but not least, Mr. Dill must see some representative of the Pennsylvania Railroad; the road, though not in control, held South Jersey and owned legislators. “You can’t do without the Pennsylvania.” So Charles B. Thurston, secretary, in Jersey City, of Alexander Hamilton’s old Associates of the Jersey Company, which the Pennsylvania controlled, with all the shore front and exclusive ferry privileges, was added to Mr. Dill’s visiting list.

The scheme provided for all these men and their interests. To Mr. Kelsey was shown how the secretary of state’s office would get fees, fixed, regular, and small, but many and, in the aggregate, large. Also Mr. Kelsey was to come into the company. To Mr. McDermott was shown

how the clerk of the Court of Chancery could double his fees and, besides, Mr. McDermott was to have an interest in the company. So, also, with Mr. White. To Mr. Thurston it was shown that the business, by increasing the income of the state and of her officials, would benefit the Pennsylvania and all other railroads. In the first place, the legitimate expenses of the state were growing. When they became a burden to the taxpayer again there would be another howl to tax the railroads. The railroads had just had an experience of that. It probably would not be the last. In the second place, the politicians would be asking for more and more money for political expenses, and, unless the state provided graft, the roads would have to meet that demand. The roads were there; they couldn't get away. They would have to go down into their own pocket, unless they could go down into somebody else's pocket. Mr. Dill's scheme provided somebody else's pocket; it would bring all the corporations of the United States into Jersey to pay her expenses, legitimate and political, and save the railroads from that horrid cry, "equal taxation." This line of reasoning won the Pennsylvania, and as for Mr. Thurston, who presented it to his people in Philadelphia, Mr. Thurston himself was to be taken into the company.

Jersey's Drummer for the Trust Trade

Thus was formed the Corporation Trust Company of New Jersey, which in its circulars announced that "we have a Board of Directors which includes Henry C. Kelsey, secretary of state; Charles B. Thurston, of the Pennsylvania Railroad; Allan L. McDermott," etc., etc. Governor Abbett took stock in the company, but, as someone remarked, pointedly, "Abbett paid for his stock, which is more than can be said of some of the others"; and his name was not used. The official, inside character of the company was sufficiently indicated by the other names, and hints like this: "Any forms issued by the secretary of state can be obtained from us without charge"; or this: "Our location, which places us in close touch with the state departments, having charge . . . will be of special benefit to those for whom we may act."

Lest we be unfair, let us proceed now very deliberately. This was a graft. This company was organized to graft upon the incorporating function of the state, and the state officials were in on it. But Jersey is a business man's state; business men and their lawyers have ruled it always, and the laws they have made permit a business man to hold office and engage in private business, almost any office and almost any business. An attorney-general may take a retainer from a railroad; while I was writing these lines the present attorney general, R. M. McCarter, was appearing in court for the Lackawanna Railroad; and so with prosecutors of the pleas (district attorneys); they frequently are of counsel for the public service corporations against whom they have to appear. In other states, as in New York and Pennsylvania, for example, officials in the public contracting business let their friends or their wives appear in their private businesses. In Jersey, the secretary of state could be, as he was, an officer of the Corporation Trust Company of New Jersey.

Moreover, this company, unlike political-business companies in other states, and even in New Jersey, was organized not to rob, but to help the state; it was to make its profits by increasing the profits of the state. As things financial-political go in America, the founders of the Corporation Trust Company of New Jersey were engaging in a singularly patriotic business. True, their prosperity was to be achieved at the expense of the other states, and it might be costly to the United States. But who cares about the United States? That is too big, too great, too grand and glorious to need care. And, as for the other states, Mr. Dill himself, in his recent address at Harvard, said that "the spirit of the charter-granting states is war, interstate war."

Again, we must not charge up to this company all the peculiarities of Jersey corporation laws. That would be not only unjust, but ridiculous. The story of those laws was told me by leaders of the Jersey bar without any mention of Dill or his company. The Jersey policy was a natural growth out of the character of the government and people of the state, as influenced by her neighbors, New York and Philadelphia. From the beginning of the last century, when Alexander Hamilton went over there and drew his two famous charters, for the Associates of the Jersey Company, already mentioned, and for the Society for the Encouragement of Useful Manufactures which preempted the water power of the Passaic River where it falls near what is now the city of Paterson—from that time on Jersey had been a resort for corporation schemes. She was a business man's government by business men, with lawyers and politicians for tools or agents, and the traffic in her special charters went on till in 1875 amendments to the constitution forbade special legislation. After that, when you wanted a special law you procured the passage of a general law, but the foreign railroads and the jealous Jersey men were so rapacious that in a few years the Jersey legislature had enacted for special purposes enough general corporation laws to permit almost anything—in the way of business. Jersey lawyers go frequently to New York, and in the '80s, when the anti-monopoly agitation arose. New York lawyers and national captains of industry, worried by the law elsewhere, heard of Jersey and went there in such great numbers that, by 1891, a New York newspaper complained that "in the last two years 1,626 (national) corporations with an aggregate capital of over \$600,000,000 have been organized under the New Jersey laws."

Financial Raines Law Hotels

So when in 1890 Governor Abbett and Messrs. Dill, Thurston, McDermott, and their friends sat down together in New York City to perfect the Dill scheme, they were turning a wild growth into a cultivated plant; what had been a natural, subconscious functioning of the state, they raised up into an intelligent, orderly, definite policy. The business was coming of itself to Jersey; all that was necessary was to nurse it along and get possession of it for the state officials in the Corporation Trust Company of New Jersey. This last proved no easy task. At that time the national corporations with Jersey charters were what a New York judge called "tramps"; they had no domicile, no address in the state whence they were launched. They had to hold certain meetings in Jersey, however, so they used to sail now and then by ferry to Jersey City, or Hoboken, where they took rooms for an hour or two in some hotel. Taylor's Hotel, Jersey City, got most of this business. The Corporation Trust Company opened offices nearby. But (so conservative is capital) Sugar, Tobacco, and the others were slow to cross the street. Some of these "hotels" were vice resorts at night, but the trusts didn't care; they continued to use them for financial assignments by day. "We offered them a fine financial Raines law hotel," said one of my informants, "with bona fide, lawful sandwiches, but they stuck to their side-doors and the stock, wooden 'meals.' " It was not till the Corporation Trust Company passed laws requiring corporations to have "an office," kept open the year round, with books and an agent, and to hang out a sign, that the corporations were driven out of the hotels. And then the Corporation Trust Company and its branches did not get all the business. The men interested were so careful lest they frighten the corporations away, that, today, under the law, almost anything is "an office," and almost every bank, trust company, and lawyer in the state displays a tablet with the names on it of some corporations doing business out of the state. Most of this trade hangs around the ferries, however, and in Jersey City there is such a clustering of New York business at the Exchange Place landing that this place is called West Wall Street, and the Corporation Trust Company, which has now two or three rooms in a high building

on the site of Taylor's Hotel, displays the "signs" of some 1,600 companies—1,600 of the biggest corporations in the world, whose "principal office" is here.

Before legislating for themselves, however, the Corporation Trust group legislated for the state and for the corporations; and the propaganda began at the same time, and very interestingly. Though the first bills were in the direction of sound business, they were passed secretly. The corporation tax had been fixed by Governor Abbett in his first term, and it was low and regular—one-tenth of one percent on the capital stock. Little had to be done to ensure an orderly, simple method of incorporation without any possibility of blackmail, but that little was done. Fees were stated; to be sure they were properly distributed among the inside officials, but the system was to be above board. Thus Dill's idea of giving Jersey an honest advantage over New York and other grafting states was carried out, secretly. Why secretly? Other bills put through were in the interest of corporations, but even these were for all corporations; they were not for some one or two special clients. They were for Jersey, to further the policy that was to enrich her. Yet, I was told: "The legislators did not know what the bills were for. All they knew was that each crowd got orders from its own boss, and, though some of the shrewd fellows remarked that all parties were for these measures, it was assumed that this was some private graft of the leaders; so they voted like blind pigs." Thus, then, the great Jersey policy was initiated, as a policy, by the corrupt Jersey legislature, in cynical ignorance!

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How We Helped Jersey Get Business

The other states "kicked," however, and promptly. I have quoted from a New York newspaper of 1891. Other papers took up the discussion, and before long Jersey's liberality to the corporations and her rush of business in charters was the talk from Maine to California. I remember writing myself some newspaper articles on the subject, and you, who read these lines, you may have taken your part in the discussion, too. But here is something neither of us knew at the time: that discussion was inspired in the interest of Jersey. The man who "fed the first facts" to the New York papers told me it was then and thus that the advertisement of Jersey's wide openness to business was begun. Our anti-Jersey anti-trust facts, our figures, and some of our thoughts were passed out to us by men who wanted corporations to come to Jersey for their charters. The System is a wonderful thing; it votes us, it buys and it sells us, and—it does a lot of our thinking for us. It turns our abuses to its uses. Our denunciation of a boss helps to make him a boss, by telling bribers where to go to buy favors. As we shall see, the Jersey drummers for Jersey's trust business have used in their propaganda every offensive act of hers, but, in the beginning, our antitrust passions were aroused against Jersey for the purpose of starting her on the road to become—what she is.

Well, and what is she? I have called her a traitor; let's see if that is too strong a term. Dr. Ernst von Halle, the German economist, says: "By the end of 1894 the federal government, twenty-two states, and one territory, had enacted anti-trust laws." He gives a review of this legislation, state by state, from 1887 to 1894, concluding with the observation that "the United States act was passed in 1891." We need not go into details. This is the point: we, the people of the United States, we're anti-trust. We may have been foolish, we may have been wrong; but in the period from 1887 to 1894 our thinkers were proposing, our legislators were legislating, and our courts were deciding to check the growth of great combinations of capital which threatened competition in trade.

That was the time when New Jersey said to the trusts: "Come to us. We'll let you do anything. You needn't stay here. Pay us for them, and we'll give you letters of marque to sail out into the other states and do business as you please. The other states have made your business a crime; we'll license you to break their laws. We'll sell out the whole United States to you, and cheap; our courts are safe and our legislature is 'liberal,' and our location is convenient."

Jersey's Spirit the Spirit of Treason

Do you think this is putting it too baldly? Listen, then, to a Jerseyman, who, from the politician's standpoint, is thoroughly versed in the Jersey policy from its formal inception. I asked him to sum up for me the spirit of that policy. "When it was being talked over," I said; "when you were considering how corporate legislation would profit you, your friends, your state, just what was your attitude toward the other states and the United States?" "To hell with the rest; what does Jersey care for other states? That was the attitude. Their loss was our gain. As for the trusts, we let them play in everybody's backyard—except ours. And, so far as possible, we fixed it so they couldn't be kicked out." It was in this spirit that, in 1894, when the Great White Spirit Company wanted to run a distillery in Massachusetts, and couldn't do it as a Massachusetts company, because Massachusetts law forbade the organization of domestic companies for distilling purposes, New Jersey provided the charter. Massachusetts had not thought to provide against "foreign corporations," so New Jersey set that distillery right down on the banks of the Charles River, and there it stayed until insolvency closed it.

This is not war. Mr. Dill's word is too large. This is business. Massachusetts, with her strict law, created a demand for a loose law, and Jersey supplied the demand, cleverly, and for money. Jersey was smart. So we of the United States with our anti-trust laws developed a market for trust laws, and Jersey made them to order. That's business. Jersey sold us out, and that is treason. But what's the difference? There was money in it. Let's follow the growth of a few features of her law, and see how she did it.

How Jersey Made Trusts Lawful

The great companies which we know as trusts are so called because, at first, they were combinations of allied businesses whose management was put into the hands of trustees or pools. state and federal laws forbade such trusts, and business character (or, perhaps, it was human nature), was against them. The several companies broke faith; they gave rates or cut prices, so that between the law and the mutual distrust of trustees, pooling-trusts broke up. Thus, for example, the Standard Oil Company was dissolved by law, and all railroad pools of those days were short-lived. What was needed, therefore, to beat the law and human nature was a perfect,

lawful combination. So the corporation lawyers who were steering Jersey legislation devised the “holding company,” with power to own absolutely all its subsidiary companies. Starting from a decision of the Jersey court in 1888, that a corporation had no implied power to purchase and hold the shares of another, an act was passed in the next year authorizing directors to purchase the stock of any company “manufacturing and producing materials necessary to its business.” This was not enough, and in the course of the next few years the clause was made to read, “manufacturing and producing materials and property necessary,” etc. In 1893 this was simplified to let directors “buy stocks of any other company which the directors might deem necessary.” And in 1896, when the corporation laws were revised and codified under a Republican administration, this section was broadened like this: “Any corporation may purchase, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of the shares . . . or any bonds, securities, or evidences of indebtedness created by any other corporation or corporations of this or any other state, and while owner of such stock, may exercise all the rights, powers, and privileges of ownership, including the right to vote thereon.” There we have the holding company, which makes the trust lawful and strong.

Again, the life of charters and the purposes of corporations were limited. The Jersey law specified the things for which a company might be incorporated, and after 1891 the list grew year by year till, in 1896, charters were made perpetual, and instead of a list of permissions, the Revision Act said any “three or more persons may become a corporation for any lawful purpose or purposes whatever,” and then followed a list of exceptions. And this list of exceptions was drawn only to protect from the trusts Jersey and Jersey interests—banks, insurance, railroad, telegraph, and telephone companies. As Frank P. McDermott says in his “Pointers on New Jersey Corporations,” “Companies for constructing and maintaining railroad, telegraph, and telephone lines outside the state are not within the exceptions.”

How Jersey Provided for Exploitation

These and many other such laws were all in the direction of permitting trusts to exist and to stop competition; i.e., to become monopolies. But the captains of industry had other needs. They wanted not only to do business; they wanted also to exploit and finance it, and make money out of the operation. Jersey was willing. The next string of legislation was to enable promoters to buy up competing companies without paying money for them. They were permitted to pay with shares in the trust. In 1891 an act was passed permitting directors to issue additional stock, and another authorizing them to “buy property and pay stock therefor.” In 1893, stock issued for property—that is to say, paid out to the owners of the purchased company—might be exempted from calls for cash, but it had to be marked. Later this last requirement, which embarrassed promoters who paid themselves in stock, was abolished. In the famous revision of 1896, all powers necessary to water and pour forth stock were rounded up in the famous dummy-director clause, which declared that “the judgment of directors as to the value of property purchased shall be conclusive.” The meaning of this law may be brought out in a story Edwin Lefevre tells. When one of the great steel combinations was forming, a group of financiers, who had been buying companies in one city, got drunk on the train that was taking them home. They talked steel, and somebody suggested buying out a certain mill at a town on the way. They left the train. It was late, but they went to the mill-man’s house in a hack and called him to the window. He protested in his night shirt that he did not want to sell.

“How much is your plant worth?” they demanded.

“Two hundred thousand,” he said, “but it is not for sale.”

“We’ll give four hundred thousand.”

“Not for sale.”

“Five hundred,” said the drunken financiers. “Six.”

To make a long story short, the man finally came down to the door, went with them to a club, and sold his mill for several times what it was worth. The financiers sold it to their trust for twice what it cost them in watered stock, and then they sold their trust out to the United States Steel Company at so high a price that even Morgan quailed. But Morgan took it, and, as we all know, he sold it to us. All this was possible under the Jersey law permitting trust directors to put their own value on purchased companies.

To Sell a Business and Own It, Too

One more of McDermott’s “pointers on Jersey corporations,” and we may proceed with our story. Our captains of industry wanted not only to form trusts without the law and to finance them without money; they wanted to control them without owning the majority stock. Jersey let them. In 1891 she passed a law permitting stockholders to vote by proxy; the leaders thus could corner the votes. Another law allowed stockholders to define a quorum. Another gave directors power to decide the amount of dividends. And finally, in the ’96 revision, stockholders could be classified, preferred and common, and unequal power given to them. Under this law you and I could organize a company with property worth, say, a million. We could issue bonds for that amount; bonds have no vote. If we then put out one million of preferred stock with no vote, and a million of common stock with no value but a vote, we could sell all the stock that the market would take and yet control the property. In other words, we could eat our cake and have it, too—which is one secret of high finance.

Bad Government in Jersey

The famous revision of 1896, referred to above as the culmination of each line of trust legislation, was a Republican act. The Democrats, the so-called anti-trust Democratic party, initiated the great Jersey policy which gave us the trusts. But that party gave Jersey bad government; the government that sold us out, sold out Jersey as well. Governor Abbett, who, to attain a seat in the United States Senate, let his party represent trusts, railroads, saloons, race-tracks, and local public service “crowds,” disappointed the rapacity of these interests. Ambitious as he was, and unscrupulous, this “demagogue” was afraid of public opinion, so when his term expired they beat him, and gave the seat for which he had sacrificed so much to his lieutenant, James Smith, Jr., the boss of Essex County, and the largest contributor in the new public service crowd to the Democratic campaign fund. A representative of corrupt special interests at home, Smith was one of the four “Democratic” senators who helped the Republicans hold up President Cleveland’s tariff reform bill till Aldrich got the sugar schedule fixed.

Thus Smith became the boss of the Jersey Democracy, and with Abbett out, Abbett’s system went wild. With a weak man for governor and a race-track starter in the speakership (called the startership) the race-tracks and the liquor men, the trolleys and the railroads, got all that they wanted. Legislation was for sale. Cities and towns were thrown open to loot; public property, from franchises down to cheap furniture, was stolen, and vice and crime reigned. This was the era of “bad” government to which Jersey men look back with horror. As they speak of

those days, you would think that only the race-tracks, saloons, and vicious politicians were busy. Jerseymen forget that it was then that the big trusts and the public service corporations put through some of their worst legislation. The stench of the vice graft did not repel, it attracted big business, and such national concerns as the Standard Oil rushed over there, and as for the Jersey public service people, it was in 1893 that they put through as separate, unnoticed bills a lot of legislation which together not only allowed them to merge, consolidate, and finance, but to compel unwilling combinations by threats of parallel lines; and not only to take streets, but to grab turnpikes without county consent. Jersey was made a Tenderloin of vicious finance, at the time she was a Tenderloin of political graft.

Reform in New Jersey

But a change occurred. Jersey rose in revolt. The clergy preached; they threw open the pulpits to lawyers and merchants, and these laymen preached to churches filled with men who went forth and—voted. The Democratic party was thrown out of the legislature in 1894 and 1895, and in 1896 John W. Griggs, the first Republican governor Jersey had had in some thirty years, was elected to make the administration also Republican. Thus ended the Democratic government which gave to Jersey bad government, and to the United States—the trusts. What did the Republicans give us? That was the reform party in New Jersey; what reforms did it bring about? The race-tracks were abolished; the liquor interest was quieted; all criminal vice and crime were driven to cover. The most flagrant of the trolley laws were repealed. But the trolleys went on. They had the roads and streets; they got extensions, but noiselessly. They had their perpetual franchises and their consolidations. They got more, and they combined their consolidations. And, as for the corporation laws, which concerned you and me, they were not repealed. They were “improved.” The Revision Commission of 1896 was appointed by Governor Griggs, and it codified, amplified—it perfected in competent, Republican fashion, the charter-granting business policy of Governor Abbett, the Democrat. And this was done with not only the whole country, but with New Jersey also looking on. The policy had begun to pay. In 1890 Jersey had collected only some \$292,000 from her miscellaneous corporations; under the stimulus of the corporation-trust legislation and propaganda she gathered in \$405,000; and by 1896 her revenue from this source was \$707,000. This was good; good business and “good” government.

Good Government in New Jersey

Good government began in New Jersey in 1896—what Jerseymen call “good,” and what most of us would call “good” if we lived in New Jersey. General Sewell, the veteran Republican boss, took charge. He was sent back to the United States Senate to represent us. Really he represented the Pennsylvania Railroad, but he was a broad, conservative business man, and he took care of all business interests. He rallied about him all railroads, all protected industries, all the public service groups. Democratic and Republican alike, and he was on friendly terms with the leaders of both political parties. To be sure there was corruption, but it was “good” corruption; quiet, orderly, in the interest of business. The clergy were not scandalized by it and the people heard nothing but rumors which no one could prove. The people were not represented, but the good people do not really want representative government; “good government” is their cry, and the Jerseymen who had that did not “kick.”

There was some kicking in the United States. Business was reviving, and the Jersey trusts began to flourish. These caused complaints, but most of us took the advice of the late Governor Flower, who said: "Don't kick at the trusts; get into them." One loud political protest was raised in Governor Flower's state: The Albany legislature appointed a committee to investigate all Jersey trusts that were operating in New York, and that committee came down to New York City after the Sugar Trust. But the Sugar Trust put its books on a boat and rushed them over to Jersey, and Jersey, under the guidance of her New York corporation lawyers, drew up and rushed through the Trenton legislature a bill to protect her own. This so-called protective act is a remarkable measure. It says: "No action or proceeding shall be maintained in any court of this state against any stockholder, officer, or director of any domestic (Jersey) corporation for the purpose of enforcing any statutory personal liability . . . whether . . . penal or contractual, if . . . created . . . by the statutes or laws of any other state."

Here was a defiance to the other states. Put through in eighteen hours, with the whole country watching the "fight for the Sugar Trust's books," Jersey was not ashamed to be seen saving one trust from possibly just punishment for breaking a New York law; on the contrary, she took the occasion to announce to all trusts that she would save them all from all laws "penal or contractual," of all "other states." Her drummers, the corporation trust companies (at least two of them), sent out to their clients, the trusts, an identical circular boasting of the act, as follows:

"May we not refer to this as an instance of the watchful care which the New Jersey Corporation Guarantee and Trust Co. (ditto the Corporation Trust Co. of N. J.) exercises over the corporations located with it when we say that this act, the importance of which cannot be overestimated, was drawn by our counsel, was introduced at 8.30 P.M. of March 29, and by 2.30 P.M. of the following day was signed by the governor and became a law?"

The whole spirit of this "good" Jersey government was toward the indulgence of corporate business, and every step it took in that direction was advertised not only by our clamor, but by circulars sent out by her citizens to attract business to their financial Raines law hotels. I have a lot of these circulars stating the "advantages of corporations organized under the laws of New Jersey." They say: "You are not called upon to disclose the financial standing of your business, nor to make public the details thereof." "We (the financial hotel) attend to every detail, including, if you desire, the organization of your company, notify you of all meetings which you are required to hold and see that they are legally conducted." Again: "It is unnecessary for you to come to New Jersey, as the matter (organization and meetings) can be completed by mail." Again: "We have employees of this office who act as incorporators, who would sign the charter, complete the organization, and return you all the papers ready for the company to do business within three days." But there are some exactions:—"The statute requires one director to be a resident of this state; whom we will furnish if desired without extra charge."

A Resort for Tax Dodgers

No matter how great and good trusts may be, there is something disgusting about this. But these business rulers of this "safe" and businesslike state have gone lower than that. In 1898 they made Jersey a retreat for property that would escape taxes. Take the ease of money. New Jersey does not (in practice) tax deposits in banks and trust companies. New York does, and she requires all foreign corporations to make sworn statements of their balances. So the ferry landings in Jersey are choked with trust companies and banks which are agents of New York

companies, and some rich men have little depositories of their own. If you are rich enough to be a tax dodger, you keep an account in a Jersey "bank." You deposit in New York in favor of that bank, and draw your checks on it, but the money comes from the New York bank. This practice is advertised openly in newspapers, and Jersey's "Raines law banks" put out timely hints like this: "The Comptroller of New York has fixed the 31st day of October as the day upon which the report is to be made to him for the purpose of fixing the tax . . . The amount of your bank-balance and the property you have in New York on that day will have a bearing on amount of taxes you must pay." That is all; but before such days you see boys going to Jersey with bags of money and securities.

Jersey is a state in business. The business men who govern her have turned her into a great commercial concern. Does it pay?

Her main line has paid well so far. The miscellaneous corporations, which netted her \$707,000 in 1896, paid nearly a million in 1899; nearly a million and a half in 1900, more than a million and a half in 1901; in 1902, nearly two millions, and in 1903, \$2,177,297.81. Her debt was wiped out. She is famous for her schools. She has the finest roads in the country; one-third of the macadam roads in the United States are in New Jersey. But listen to her new governor, Edward C. Stokes, summing up. He is a Pennsylvania Railroad man, so he includes the railroad tax receipts in his statement of the case. "At the close of the last fiscal year the balance in the treasury amounted to \$2,940,918.98. The ordinary receipts for the year amounted to \$4,302,370.61, of which nearly seventy-eight percent, or \$3,351,543.69, came from railroads and business companies domiciled in our state. Of the entire income of the government, not a penny was contributed directly by the people. . . . The state is caring for the blind, the feeble-minded, and the insane, supporting our prisoners and reformatories, educating the younger generations, developing a magnificent road system, maintaining the state government and courts of justice, all of which would be a burden upon the taxpayer except for our present fiscal policy. To have raised last year, by direct taxation, the income of the state, would have imposed upon property a tax rate of nearly one-half of one per cent."

There is no doubt, then, about these profits. But goodwill is the greatest asset of a Jersey corporation. Is her own goodwill all right? Can she hold the business? Jersey is worrying over this question herself. This was what Governor Stokes had in mind when he wrote the passage quoted above. He sees other states getting the business away from Jersey. "The incorporations in one state last year," he says, "show a capital of \$111,255,500; in another, \$251,971,620; in another, \$285,553,700; in New Jersey, \$313,569,620." New Jersey still leads, but, says the governor of New Jersey, "our state is by no means attracting all the great moneyed interests seeking articles of incorporation."

Jersey's Business Falling Off

What is the matter? Three things are the matter. In the first place, while Jersey was helping trusts to wipe out competition, she could not create a monopoly in such legislation. Any American state can go into that business, and some have. Jersey is suffering from competition. Her example in betrayal was promptly followed by states that are willing to give lower laws at a lower price, and if the rivalry in lax legislation goes on at the present rate, the trusts will be able to get all they want, and Jersey may have to suffer with the rest of us.

The second thing the matter is that Jersey's trusts have abused Jersey's frailty and discredited her corporation laws. Those trusts which she launched so completely armed with

indulgences for every thinkable financial sin, have come sailing back, as we saw Sugar do, for further dispensations and more power. A Jersey charter is a chip off the sovereignty of the state; it is what a constitution is to a state. Under her laws you could draw a charter distributing power and rights at will. You could disfranchise a majority of the stock and let the board of directors declare dividends, earned or unearned, or withhold them. In Jersey, you, not the legislature, made your corporation laws, and Jersey's drummers warned promoters as follows: "You can draw your charter as broad as you please; be sure to use foresight and care." Even after all this the Jersey trusts committed crimes or wanted to, and back they came for amendments to her laws to cover them. In 1901, United States Steel asked that the law which provided for a two-thirds vote be changed to two-thirds of the stock present. In 1902 it was back again for a special act to permit the conversion of stock into bonds which might be sold below par. This operation, Professor William Ripley, in his "Trusts, Pools, and Corporations" says, "betrayed a disregard of the principles of sound finance and even of common honesty and fair dealing with the stockholders." In 1903, Malting, Amalgamated Copper, and other trusts appeared at Trenton for a law to remove the liabilities of directors before the courts for crimes already committed. This was putting the state regularly into the business of selling, not only indulgences, but absolution.

These are but a few instances of what has developed into a large part of Jersey's business, and, taken together with such scandals as the Shipbuilding Trust, which failed, and the Franklin Syndicate of 520-per-cent.-Miller fame, which ended in prison, and other unfortunate Jersey companies, a Jersey charter was brought to mean to many men nothing but danger. No wonder, then, that James B. Dill now advocates federal charters, and Governor Stokes, to save the business of his state, recommends a revision of the Jersey laws "to safeguard the public," and "protect the stock-holders of other states."

The third thing the matter is, perhaps, the saddest of all. The betrayer is being betrayed. It was reported in Jersey while I was there that her junior U.S. senator, John F. Dryden, president of the Prudential (life) Insurance Company of America, was in favor of President Roosevelt's recommendation that the federal government take over the charter-granting function of the states. Two states, Wisconsin and Massachusetts, have objected to the Prudential's methods, so Senator Dryden, being a Jerseyman and selfish, might be willing to sacrifice the interest of Jersey if the United States would let him operate in two more states than a Jersey charter can open to him. But Dryden since has introduced a bill to put insurance companies under national control, and that may satisfy him. Her senator still may represent her. But her drummer is lost to her. The Corporation Trust Company, proving a good thing, was bought in 1902 by some New Yorkers belonging to the Equitable Life Insurance crowd, and those men have broadened the field; they do business not for New Jersey alone, but, as they advertise, in all charter-granting states. Jersey's own original partner is in business for itself.

Abused by her progeny, the trusts; betrayed by the agents of her treason; outdone in self-prostitution by sister states, younger and more reckless in the business, Jersey is finding that her liberal policy was too liberal. Governor Stokes says: "The day of gigantic business combinations is on the wane," and to catch the smaller companies, he is urging legislation to "insure the faithful administration of the affairs" of business companies, to guard the "rights of the owner of a single share of stock," and "to remedy abuses." Coming so late, this sounds pathetic, and when you hear that Governor Stokes thinks that, at best, the business is good for only a few years more, you will see that there is something desperate about it.

But the trusts don't care what becomes of Jersey. They have got what they wanted out of her, and can go elsewhere now. Has her policy paid the trusts? Of course, the promoters have

profited by it, but has business? Business men say “No.” While I was working on Jersey I had to spend a great deal of time in Wall Street, and I heard this question discussed. The feeling of conservative corporation men can best be indicated by the proposition two of them made to me; one was the president of one of the oldest and cleanest corporations in the country, the other a corporation lawyer of national reputation. They said they would furnish the facts if I would write an article showing the methods by which some typical big corporations were being “wrecked.” Why were they willing to tell? Because, they said, the financial licentiousness and the criminal corruption of the financial rings they had in mind were a menace to corporate and all other business. And their examples were all taken from Jersey-made trusts, or from the operations of men interested in the exploitation of that state which protected the wreckers.

Business men stand license no better than politicians. Having no self-restraint, they need the restraint of law, and having been placed by Jersey where they long have wanted to be, above the law, they find that anarchy, financial anarchy, is hurting business. So Jersey’s liberal policy does not pay business? Whom does it pay? Not us, not the other states, not the United States. With millions of men holding watered stock in fallen or failing corporations, which have been robbed like cities, and with the President urging national control in the interest of business and fair play, that conclusion needs no enforcement. And, besides, “to hell with the rest.” That is Jersey’s attitude today; Governor Stokes is advocating other, higher principles; but strong forces are opposing him, and, to carry the state, he is appealing to Jersey motives, to wit: to save the business to the state. And, as for the rest of us, many of us envy Jersey. She is making money at the expense of the rest of us; she is trafficking in treason; but Delaware, Maryland, West Virginia, South Dakota and Maine are seeking by still greater liberality to get the trusts to come to them, and New York, Rhode Island, Massachusetts, and others would like to—because they think it pays. That is the American attitude. And the great American question is: Does it pay?

Let us go back to Jersey. Does it really pay her? Has she good government?

How Jersey is Actually Governed

The government of New Jersey is a syndicate. You have noticed, perhaps, that I have had little to say about individual men. The reason is that there aren’t any. Since Abbett, the Democratic governor, and Senator Sewell, the Republican boss, died, Jersey hasn’t had any conspicuous leading men, good or bad, on the machine side or on the side of reform. There are bosses, like Major Lentz in Essex County and David Baird in Camden, and there are reformers, too, but the bosses are local political agents of the controlling business interests—and the reformers are county reformers. Both parties take contributions from the business interests, organize the voters county by county, appoint candidates, and deliver to the business interests the sovereignty of the citizens in the shape of local and state officers and legislators who take orders like dummy-directors and deliver franchises, charters, and laws to the local, state, and national business interests that pay. The higher officers are representatives, customers, attorneys, or agents of the chief sources of corruption; they typically are business men, sometimes clean-handed, but they represent dirty money washed white in campaign funds and, instinctively, they stand for privileged business. The railroads, with the Pennsylvania at their head, and the so-called “Prudential Insurance—Fidelity Trust-Public Service Corporation” crowd, are the largest political spenders. Therefore they dominate. As between the Pennsylvania and this Public Service group, the Public Service is the stronger. The governor, Mr. Stokes, retired from a Pennsylvania directorate to run for his office, but both the United States senators, John Kean and

John F. Dryden, are public utility men. This does not mean that they are against the “roads”; they are showing the Senate that they are “safe” for the railroads in the Senate. All the “rise” of these men means is that the public utilities are the more active corruptionists; the railroads don’t want much more now out of Jersey, only to be left alone; they don’t care to rule just for the sake of ruling. If some other business, not antagonistic, will attend to the government and put up enough money to keep politics corrupt so that any business man can get what he wants for a fair price, the railroads are glad to neglect politics. Now the trolleys and other public utility businesses are still building up their business in Jersey; they are extending lines, buying and absorbing plants, making contracts all the time, so that they have, anyway, to keep in touch with politics, and at the bottom, too, in the cities and counties. Senator Kean has some independent public utilities down his way, but most of the water, gas, electric light and power, and the trolleys of New Jersey are held by the Public Service Corporation, Thomas N. McCarter, president. This company was financed by the Fidelity Trust Co., Uzal H. McCarter, president. And back of the trust are the men in the Prudential Insurance Company, John F. Dryden, president. Naturally, when General Sewell died Mr. Dryden was elected to the Senate. He had never taken any part in politics before, and his election caused some surprise and some difficulty; his friends had to buy outright several votes for him—unbeknown to him, they say—but that will probably not happen again. Unless there is “reform” in Jersey, the next time he runs for the United States Senate, he will probably go through as the chief visible representative of the System. I say visible, because the Prudential has relations with the Equitable Life in New York City; and since the Pennsylvania resides in Philadelphia, the real seat of the government of New Jersey, the most selfish and provincial of states is outside its borders, and the state government, which so liberally has served national trusts, actually is governed by a syndicate representing national corporate interests. Is this good government?

Present Conditions in Jersey

When I first went to work in Jersey I was made most welcome everywhere, by good citizens who, aware of the corrupt conditions all about them, wanted to help me to expose—what? The charter-granting system by which Jersey was betraying the citizens and the sound business of the whole country? Oh, no, they said. That was all right; that relieved Jerseymen of their state taxes. What, then, the state? The Public Service Corporation and the Lehigh Valley Railroad were preparing at that time to abandon the old Morris Canal, and to divide it up, the railroad to sell off the water and the trolley to have the canal-way for a trolley line. R. H. McCarter, the attorney-general who must pass upon the bill, is a brother of Tom McCarter, president of the Public Service Corporation, and he was counsel for the Lehigh Valley; and the legislature is owned by the Public Service and Railroad lobbies. Did they want me to show up the state government which made them despair of defeating this typical scheme of despoliation? No, they said, the state was in pretty good shape. There might be some evils, but the government was in the hands of good business men, safe and conservative, and they had it in an excellent financial condition. Very well, then, what would they have me “expose”? Why, their county. “Do Passaic county,” they said, in Paterson; “we are having an investigation here right now.” They were, and the condition was rotten with petty, political graft. In Newark and the Oranges they offered me Essex County. “That is the center of the whole business,” they urged. And it is. But Jersey City, bestraddled and hemmed in by railroads which paid her no taxes, and shut her off from the water with their ferries and terminals, which denied the city easement for sewers—

Jersey City would have made an interesting article. At the other end of the state, however, there was Camden declaring, "We are the worst. We need exposure the most." Exposure! I have never exposed anybody or anything, and no exposure is needed in any American community. What everybody knows is more than enough material for me, and in Jersey everybody knows everything apparently. The trouble there is that such citizenship as they have is mean, narrow, local. Jersey in the mind of the average Jerseyman is a group of counties, and his concern, if he worries at all, is with the petty evils of his own sordid surroundings. My concern is for the other states that Jersey is selling out, my interest is in the story of the troubles she has caused me and you, not in the troubles of Jerseymen. I didn't know when I set out that they had any. I had heard that Jersey got good government out of her ruling corporations. And when I found that they really had troubles of their own, my first impulse was to rejoice. My first feeling was that I'd like to see the citizens of this selfish state pickle in the corruption of Hudson County and Essex, of Camden, and Passaic, and Middlesex, and Ocean. And when President Roosevelt proposed that the federal government should take over the charter-granting function from the states, I said "Good; it will serve Jersey right. She deserves all the punishment we can give her."

That feeling was wrong. The president's suggestion may be sound, but I notice that many leading corporation men are leaning in that direction, and that makes me pause. Why this bad faith in Washington? Is the national government more corrupt than that of the states? Is it more representative of business than Jersey?

What the Matter Is

But there is another reason why I know my feeling about punishing Jersey is wrong: It is too Jersey-like. That is the spirit which has betrayed Jersey and made her betray the rest of us. It is the spirit of the reformers of the Oranges, of Hudson, and Camden, and they were in a fair way of finding it out when I was there. Camden elected as Mayor Joseph E. Nowrey, a Democrat who represented the city. David Baird, the Republican boss, is chairman of the state board that taxes railroads, and he is in business with the Public Service Corporation in his county. He had the state legislature take away the veto and other powers of the mayor. And thus Camden must see that Camden's issue cannot be fought out in Camden County. Jersey City has for its mayor a Republican, Mark Fagan, who is one of the few real democrats in this state. He has stood for "equal taxation," which is indeed the issue in his city, but he had to go to the legislature. What did he find? He wrote Governor Murphy, a fellow Republican, a letter describing what he found; here is part of it: "The Republican legislature is controlled by the railroad, trolley, and water corporations, and the interests of the people are being betrayed. While I charge no man with personal corruption, I do not hesitate to mean that this is a condition of affairs which is essentially corrupt, and which, if unchecked, means the virtual control of our state and our party by corporations. As a citizen I say that this condition is dangerous and demoralizing. As a public official I protest against the injustice done to Jersey City. As a member of the Republican party I deplore its subserviency to corporate greed and injustice. No political party can long receive the support of the people with such a record as this Republican legislature is making." The Orange men are not willing to grant forever and for nothing a trolley extension to the Public Service Corporation. They appeal to their local aldermen, only to find them bought up. By threats they frighten off the company, which proposes a Greater Newark to swallow up Orange in one well-owned municipality. The Orange men go to Trenton with a bill to limit all franchises to twenty-five years, and they find, what Mayor Fagan found, that their legislature does not represent them;

not even all the representatives from their own town represent them. Wouldn't you think they would see, Orange and Camden and Hudson, that the trouble is not that their local governments are bad, but that no part of their government represents them? and that the thing to do is to begin in their counties, make their mayors and aldermen, not "good men," but men who will represent them, or be beaten. And that, this done, all the good citizens in all the counties should get together, pledge their own legislators not only to represent their own county, but the wishes of good citizens in all counties, and last, but not least, that all these same citizens should see to it that this legislature should, first, send to the senate senators who would represent you and me, and, second, pass no bills that would betray the will and injure the business of the United States? But, no, the local spirit of Jersey is the spirit of counties, cities, and states all over the country. It is the home-rule sentiment which says: "Give us good government, and to hell with the rest." And that, again, is the American spirit.

If our national government is corrupt, it is because Jersey and other states, being corrupt, send their Keans and Drydens to the Senate, and their Gardners and McDermotts to the House to misrepresent all of us. And if Jersey and the other states are corrupt, it is because their Jersey Cities, and their Hudson and Essex counties, being corrupt, send their graduates in corruption to the state legislature to misrepresent all the counties. Jerseymen can't see it so, but this is the truth: Jersey's policy toward the trusts, which is the cause of so much trouble to all the rest of us, is the cause of the trouble of all the counties of Jersey. The corruption of those counties is the foundation of the "good" state government that sells us out for fees, which, turned back into the counties to relieve them of taxes, act upon the character of Jersey's citizens like bribes: they keep Jerseymen contented with a state government which represents, not you and me and them, but corrupt special business interests, at home and abroad. Not "good government," the cry of Americans in wards, counties, cities, states and the United States should be "representative government."