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HOW CHICAGO IS FINDING HERSELF

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ILLUSTRATED WITH PORTRAITS AND PHOTOGRAPHS

II



It is rare indeed that an American official enters office with greater confidence that he can accomplish that for which he has been elected than Judge Edward F. Dunne had in April, 1905, when he became Mayor of Chicago. He was to give the city *immediate* municipal ownership of the street railways—"I. M. O." it was called. As we have seen,* the city already had earned at great cost the right to own and operate. *Immediately* to exercise this right was Judge Dunne's program. He said he could do it before the snow flew.

*THE AMERICAN MAGAZINE for November, 1908, How Chicago is Finding Herself, Chapter I.

He had strong backing for the confidence which inspired him; a substantial and enthusiastic majority had elected him, the town almost to a man—some gladly, some sadly—was convinced that the companies occupying the streets could never be brought to accept the terms it considered reasonable, and that as a consequence municipal ownership was inevitable. So convinced of this had Judge Dunne's predecessor, Carter Harrison, Jr., been, that he had been working with the City Council for nearly a year getting ready the nucleus of a municipal railway. This was to be a beginning, on which they could thresh out the complicated legal and financial difficulties involved in the undertaking. Bion J. Arnold had already been appointed to prepare the plans for this road, and it was expected that bids for construction would soon

be called for. Besides having the first step toward municipalization taken for him, Judge Dunne had an unusually able and experienced city council to work with.

But strong as was his backing, there were obstacles. Sober-minded people had been asking ever since he began his campaign, "How is he going to get the money to buy or build roads?" The city had reached its debt limit. There was a law giving it the right to issue special street railway certificates—the Mueller law—but this law had never been tested in the courts, and it was obvious that until it had been so tested it would be practically impossible to finance the certificates. Certainly that could not be done "before the snow flew." Judge Dunne had met this objection in the campaign by saying easily that there was \$500,000,000 in the savings banks of Chicago drawing three per cent. and that it would "flow to the city"—if offered five per cent. Sober-minded people, however, remarked that money which went into savings banks usually came out only for secure investments, and that until the intricate legal questions between the existing companies and the city were cleared up, the proposed municipal railway would be anything but a secure investment.

The Mistakes of a Confident Mayor

There were other difficulties. The companies were in possession. They claimed for the majority of their lines fifty years more of franchise and Judge Grosscup had upheld their pretensions. If the United States Supreme Court upheld *him*, Mayor Dunne had a high hurdle to take on his way to "I. M. O." There were, too, grave dangers in the temperaments of the factions involved; in the skepticism of Judge Dunne's power to redeem his promises entertained by many who had voted for him and wished to see him succeed; in the impatience of his radical friends who wanted quick results and talked of condemnation and confiscation as the true method; in the wariness and ability of the companies to take advantage of every false move he would make.

Plainly the situation was serious enough to make it essential that the new Mayor should not be overconfident and that he should hold together his forces. But from the start it was apparent that the Mayor did not clearly realize where either his strength or his weakness lay. He began his career indeed by a tactical blunder which at once weakened him where it was most essential that he be strong and that was in the Council and its Transporta-

tion Committee. The Chicago City Council in 1905 had almost reversed the proportions of ten years before—"58 skates + 3 dubious + 7 O. K's." Fifty-six of the now seventy members were regarded by the Municipal Voters' League as to be trusted to carry out their traction pledges. No doubt some of these had to be watched, but that the League was doing as well as the honest aldermen. The remaining twelve were frankly "gray wolves" as the members of the Gang were called, and it was expected they would stand with the companies, as graft came from no other quarter.

The aldermen in their ten years' training in traction had grown to be wary, proud and jealous. Wary, for they had learned that their tenure in office and their standing among their neighbors depended on their not allowing the companies to trick them into any concession which would weaken the city's power. Proud, for it was *they* who had produced the reports which had educated Chicago; they who had refused again and again to grant ordinances which were improperly framed; they who had led in the fight for the right to municipal ownership; it was they who must now carry the war to a triumphant conclusion. They were jealous, too, of their prerogative as legislators. *They* made the laws, not the executive. He might lead them if he could, but he must not ignore, order or bully them.

The Transportation Committee was made up of easily the most thoroughly informed and experienced men in the Council. Of its thirteen members five had been on the Committee ever since its organization, and two, Raymer and Foreman, had been on the Street Railroad Commission of 1900 which, as we have seen, worked out the program on which the Council had been proceeding since. I think there is no doubt but that a majority of this Committee were disposed to aid the Mayor in any constructive traction policy he might propose. Indeed, when he was elected, although the Council was Republican, it was conceded that the majority of the Local Transportation Committee should be his declared supporters, and they were, with Charles Werno, a Democrat, as chairman.* The Committee as a whole was entirely conscious of its own worth, was sure of its facts, jealous of its honor and ambitious to finish its work in a manner creditable to the city.

Now the Council and the Committee had been trained by Carter Harrison in his eight

* This concession, so unusual in our system, was made possible by the fact that the City Council of Chicago is—and for eight years has been—organized on a non-partisan basis by a bi-partisan committee of three Democrats and three Republicans—a plan proposed by the Municipal Voters' League and carried out through its cooperation.

years' service to expect the Mayor to consult constantly with them on traction matters. The chairman of the Transportation Committee at the time Mayor Dunne was elected, Mr. Foreman, waited on him and told him that he and his associates were ready to confer whenever he wished; but for some reason, probably a failure to comprehend the real relation he bore to the Committee, possibly a doubt of aldermanic sincerity, possibly a desire to "settle" the traction question himself, Mayor Dunne ignored the Committee and sought advice from *without* the city. He invited into consultation Mayor Tom Johnson of Cleveland; A. B. Du Pont, a Detroit street railway manager; and, most surprising to everybody, at Mr. Johnson's suggestion, the manager of the municipal railway of Glasgow, Scotland, James Dalrymple. This last named gentleman was lent to Chicago by the city of Glasgow itself on Mayor Dunne's private invitation and at his personal expense and without the slightest consideration of the Council. It was some two months before the result of the consultations was known, and then it was in a series of suggestions which deeply offended the Council and alienated some of the Mayor's best friends. The municipal road, the plans for which Mr. Arnold had already turned in and for which bids had already been asked, he brushed aside, asking that the request for bids be withdrawn. It was too small an affair to begin with. He and his counsel decided that there were 233 miles of street which it would be safe to seize, or a railway *paralleling* the existing lines could be built, thus driving them from the streets. He also asked that Mr. Du Pont be appointed his special traction engineer.

For financing the new scheme he proposed alternate plans—raising the money by issuing the Mueller certificates or by selecting a body of five trustees who should construct and operate the road under the city's direction at a moderate profit until such time as the city was able to buy it. The Mayor said he preferred the second or "contract" plan because it could be immediately carried out, while financing an issue of Mueller certificates would have to wait on the courts.

Here, then, was the Mayor unceremoniously setting aside at the start two things on which the Council prided itself—the nucleus of a municipal system where the preliminary experimenting could be done and the honored engineer Mr. Arnold, whose selection they properly regarded as one of their most creditable achievements. Here he was proposing without consultation with them an ambitious

system which was sure to stir up a new set of legal difficulties, and for financing it a scheme not carefully worked out but merely suggested in outline, and of which they were consequently suspicious.

An Excited City

A pretty hullabaloo broke out on all sides. The Council demanded to know who the five trustees were to be who were to furnish the money, what checks were to be put upon them. The radicals were even more severe. This was not immediate municipal ownership to turn the roads over to trustees—this was only a variation of the old system. Mayor Dunne is said to have had a very bad hour with the members of the Municipal Ownership League when he tried to explain his plans to them. The companies joined in the fracas and threatened to sue the city if it attempted to parallel their lines while the titles were still unsettled. They talked of the unfairness of getting up a new company to build a rival road when they themselves were willing to accept a twenty-year franchise or would sell to the city—if the city could pay! The City Railroad said it would accept the contract plan practically as the Mayor outlined it. On all sides there were hints that the five trustees were to be friends of Judge Dunne; that this was Tom Johnson's scheme and probably he was trying to get hold of the roads for himself—this was "Chicago for Cleveland, not Chicago for Chicago." Into this jangle Mr. Dalrymple projected in the summer a veritable boomerang—a report sent from Glasgow that political conditions in Chicago did not yet justify the serious experiment of actual municipal ownership and operation of street railways. Altogether poor Mayor Dunne found himself at the end of his first five months of office embroiled on all sides.

Early in September (1905) the question came up for settlement in the Council whether they should take up his contract plan or go on with the effort to work out a satisfactory ordinance with the companies. It was decided to ask him to perfect the "contract" plan himself while the Council gave its time to the "settlement" plan. The Mayor was deeply chagrined. Unhappily for him, he did not take his defeat patiently, but the very night after it, at the big farewell banquet given to Mr. Bryan before his trip around the world, he rehearsed his traction program and said in explanation of the delay in municipalization: "There are two arms in a city government—the Mayor and the Council. What if one arm

be paralyzed? What if the traction interests be hanging to the other arm?" Naturally the Council resented this attack on its honor and the incident was the beginning of a disastrous feud between the "two arms," of which, of course, the companies were quick to take advantage. They had been negotiating with the Council for nearly a year with little hope of a successful result, but this break between the Council and the Mayor gave them courage, and they pressed for an ordinance with all their force. The Transportation Committee on its side, stung by the Mayor's reflections on its loyalty, worked harder than ever. Its attorney, Edwin Burritt Smith, one of the most trusted men in the city and one who had been in the traction fight and the fight for an honest Council from the start, was confident that at last an ordinance would be framed which the city would be able to accept. Things looked blue indeed for immediate municipal ownership and the Mayor.

But the Mayor was not without resources. Glad to get away from his contract plan which the radicals would have none of, he suddenly presented an ordinance asking for an issue of \$75,000,000 of Mueller certificates with which to build a road. This brought the radicals trooping back to him but it only drove the Council majority farther away. Indeed, throughout the winter a running skirmish was carried on between the two factions. By spring, however, the Mayor had the vantage point, for the companies had overplayed their game. They had refused to incorporate in the committee ordinance provisions insisted upon by a vigorous and influential section of public opinion; and the ordinance was in consequence subjected to an almost destructive criticism. The "gray wolf" gang also had decided to make a demonstration of its power and by uniting suddenly with the Mayor's forces had passed the ordinance for the issue of \$75,000,000 of Mueller certificates for a municipal street railway. Most important for the Mayor, Judge Grosscup's decision upon the ninety-nine-year act had been overruled.

All of these advantages, however, the Mayor failed as utterly to turn to any constructive result as he had the great advantages at the start. His advisers saw with distress that the whole municipal ownership structure was in danger of crumbling to pieces and the town in desperation accepting anything, so inadequate and so uncomfortable was the service. Mr. Dunne's special traction counsel, Clarence Darrow, quarreled with him and resigned, giving as his reason that nothing could ever be

accomplished under a chief so vacillating.

The most serious feature of the demoralization, however, was a growing public mistrust of the Mayor's ordinance. Under the Mueller law the municipal *operation* of street railroads was made more difficult than municipal *ownership* of street railways to be operated by other agencies than the city itself. A proposition to issue street railway certificates had to be approved by a majority vote upon a referendum while the municipal *operation* of the street railways acquired by means of these certificates must be approved by *three-fifths* of those voting on the question. Mr. Dunne's program was both ownership and operation—in fact, municipal operation was its real object. So imperfectly, however, had the \$75,000,000 ordinance been considered and drafted that it aroused serious criticism and would undoubtedly have been defeated if Mr. Dunne had not given out a carefully prepared interview pledging himself to cure the principal objections. This interview was the work of Walter L. Fisher, then president of the Municipal Voters' League, who wished the ordinance to be used as the basis of a test of the validity of the Mueller law, and feared that its defeat at the polls would leave the companies in a position of too great tactical advantage over the city. His efforts undoubtedly saved the Mayor from utter wreck, for he quieted the most effective opposition, and the \$75,000,000 ordinance squeaked through on the referendum vote by the narrowest of margins. The separate vote on the general proposition of "municipal operation" did much better, *but still fell short of the necessary three-fifths!* If Mr. Dunne got his municipal street railroad he could not operate it municipally. This in a city where previous referendum votes on municipal ownership had favored it by overwhelming majorities. It was chaos.

Enter Walter Fisher

At this juncture one of the Mayor's ablest advisers, Raymond Robins, suggested that he appoint Mr. Fisher—whose standing as a lawyer was well known—as his special traction counsel in place of Mr. Darrow. To those who knew both men it was a surprising suggestion, for two honest men more unlike in temperament, method and point of view it would be impossible to find. Mr. Fisher, however, was admirably equipped to deal with the traction question. He had first come into the struggle in 1897 when he had revolted against Mr. Yerkes's effort to get fifty-year franchises and to make M. B. Madden a United States

senator. Mr. Fisher was active in the movement which prevented the sensational nomination, and immediately after joined in the campaign where the pitiful slaughter of some ninety of the 114 state assemblymen who had voted for the Allen bill took place. Naturally these activities brought him into the Municipal Voters' League, where, in 1901, he as secretary and Charles R. Crane as president became the responsible executive heads of the organization. He had not been long in this position before he had impressed his associates by his unusual political sagacity. His judgment as to what a ward or group of politicians would do was almost unerring. Mr. Kent once said Fisher's specialty was "telling one fellow what the other fellow was going to do."

The Municipal Voters' League was steadily growing in power in these years, and one of the things that the ward politicians soon learned was that if they would escape its censure they must satisfy the secretary who later became its president. Much as they feared him they got on with him. He could talk their language and he never deceived them. In a way they came to depend on him. "Fisher," they said, "is white if he is an up-lifter." One ward convention ended a bitter deadlock for hours over an aldermanic nomination by passing a formal resolution to leave the choice of the candidate to Fisher, and accepted his decision unanimously!

From the beginning of his official connection with the League, Mr. Fisher gave a great deal of time to studying the traction question. He seems to have attacked it without any preconceived notions of how it ought to be settled, but purely as a Chicago problem, all the factors of which must be considered—political as well as legal and financial, human as well as theoretical. He seems never to have shirked the hard intellectual labor which is involved in dealing with things as they are, not as they might be or as we would like them to be, never to have been tempted into the easy and inspiring way which a theory opens:

Now this method is slow and difficult but if a man follows it to the end he must be reckoned with. Certainly Mr. Fisher could be counted on to present his conclusions and to do it with remarkable vigor and lucidity. Indeed, for three or four years before the period we have reached, it is probable that he had been able to argue anybody in Chicago into silence on the traction question—or any other question his friends will tell you in resentful fondness!

His first constructive work in connection

with traction had been in securing enabling legislation. Indeed, it was he who prepared the bill which finally was passed—the Mueller bill. Whatever phase of the question came up he always had something to offer in the way of definite suggestion. Whatever action was necessary he could always be counted on. In the course of these years he contributed a series of addresses and interviews on traction, in which will be found lucidly set forth many notions which at one point or another were of controlling influence and which are not generally connected with his name. Mayor Dunne's contract plan, for example, was suggested in substance many months before he proposed it by Mr. Fisher as a method of taking advantage of the first pretense of a willingness to sell made by the City Railway.

The relentless logic with which he handled the traction question soon made him as much hated by certain defenders of the companies as his political sagacity had made him dreaded by the bosses, and more than once he had been attacked for his activity. Thus in 1903, at the time of the fight over the Mueller bill, the *Inter-Ocean* charged that money was being used by its supporters to buy votes in the Legislature. The editor, G. W. Hinman, called before a special House Committee appointed to investigate the charge, declared that he had based his remarks on "rumors" that Walter Fisher had recently been in conference with lawyers of the Union Traction Company. Mr. Fisher was able easily to clear himself and the Committee was able easily to show that there was nothing in the *Inter-Ocean's* charge of "boodle." Later the *Tribune* attacked Mr. Fisher for his efforts to secure for Chicago legislation which would enable her to regulate the price of gas and electricity and to sell surplus electric power from the city lighting plant. He was "the King Fisher." What did he mean by going to Springfield to direct the activities of the Legislature? He had never been elected to office. He was very useful to help elect proper candidates but he should stay at home and let those who had been elected do the legislating. He was a nuisance. To which Mr. Fisher replied that if he believed the people of Chicago should have the power to regulate gas and electricity, he should exercise his right as a private citizen to impress that need on the Legislature and he asked the editor pertinently: "Does the possession of a printing-press differentiate the members of a privileged class from the ordinary citizen in Illinois?"

At the time that Mr. Robins proposed Mr. Fisher's name to Mayor Dunne as special trac-

tion counsel his position on the question was clear enough. He had come with the majority of the town step by step to the conclusion that probably the only way out of their difficulties was municipal ownership. He had no theoretical predisposition to this solution. It was simply the logic of the facts. If the companies would not play the game according to the rules laid down in the Democratic code, it was the duty of the people to dispossess them, and Mr. Fisher had his program for this emergency.

*Walter Fisher
and Mayor
Dunne Com-
pared*

But how could Mayor Dunne work with such a man? and how could such a man work with Mayor Dunne? The guide of the one was his heart and his imagination, of the other his reason. If you had a captivating theory, the thing was as good as done for the Mayor, but Walter Fisher's intellect had to be convinced. Their aims, too, were different, for while the Mayor's object in the traction struggle was establishing a new order, Mr. Fisher's was to restore the democratic order. And yet different as they were they respected each other—for each in his way was big enough to recognize the honesty of the other and his devotion to the city. Mayor Dunne, too, had especial reason to be grateful to Mr. Fisher, for not only had he saved his ordinance in the way already described, but two of the most satisfactory achievements of his administration up to this point had been obtained through him.

The bill to regulate the price of gas and electricity already referred to was believed to be lost when Mr. Fisher as chairman of a Citizens Committee of One Hundred had gone to Springfield with the Mayor and his friends, and by a piece of clever strategy had turned defeat to victory. The radicals were ready to carry him on their shoulders in their glee. The other service was no less,

for it was Mr. Fisher's strong and clearly presented criticism on the ordinance which the Transportation Committee had worked out with the companies in the winter of 1905 and 1906 which had killed it and made way for the Mayor's own plan. Again the radicals had been ready to carry him on their shoulders.

At all events Mayor Dunne invited Fisher to become his special traction counsel. He asked the advice of his friends. Most of them were startled that he should consider it for a moment. "Of course," one of his law partners told him, "you must realize that any man who thinks he can settle the traction

question is presumptively insane." It is proof enough of the good sporting quality of the man that the difficulties they raised seemed only to whet his appetite for the task. Undoubtedly, however, his final acceptance hinged on the fact that he felt that he could not honorably decline. For several years he had been criticizing the efforts of others. He could hardly shirk the opportunity now to see what he could do.



JUDGE EDWARD F. DUNNE

Mayor of Chicago from April, 1905 to April, 1907. The city has never had a more loyal friend than Judge Dunne. If he had stood by the ordinances settling the traction question which had been framed with his help and approval, he would be Mayor of the city to-day



RAYMOND ROBINS

Whose work is principally for the labor party



CLARENCE S. DARROW

Well known as attorney for labor interests

A GROUP OF

It is doubtful if any city in America has so intelligent and vigorous a set of radicals as Chicago. Among the best known of the leaders are the four above—

The Conference with W. R. Hearst

But he made no mistake of overconfidence. Indeed, he prepared his ground like a farmer for a crop. It is a curious comment on conditions in Chicago that the first person whom the Mayor asked him to consult was not a Chicagoan at all. It was Mr. Hearst of New York. He and the Mayor went to New York, where the three spent hours going over Mr. Fisher's suggestions for a program which Mayor Dunne could advocate and which Mr. Hearst would promise to support. The plan was satisfactory to Mr. Hearst. On their return to Chicago, Mr. Fisher laid it in writing before the various radical advisors of the Mayor. Several conferences were held, and finally they all declared themselves satisfied that it was a safe and wise program to follow. At Mr. Dunne's suggestion it was also submitted to and approved by seven Democratic members—a majority—of the Local Transportation Committee. It was first made public in a letter written by Mr. Fisher and signed by Mayor Dunne, addressed to the chairman of the Transportation Committee, Charles Werno. Frankly admitting that he could accomplish nothing toward improving the intolerable street-car conditions without the cooperation

of the Committee, the Mayor laid his ideas before them. Municipalization of the railways and the improvement of the service while this was being done was their task, he said. The overthrow of the ninety-nine-year claim had practically cleared the streets for the city. The only thing which now stood in their way was lack of money. How could they get it? Only through the Mueller certificates, the validity of which was still undecided. It would take time and the improvement of the service could not be put off. Therefore they must arrange with somebody to advance the money and go on with the work under the city's direction and on the city's terms, it being understood that the company, trustees or licensee who did this had no permanent proprietary interest whatever in the roads,—that the city could take them over by purchase at any time. This point was reiterated. No contract or partnership was to be made with anybody on any other terms. The city aimed at owning its roads as soon as possible—and operating as soon as a three-fifths vote could be secured.

Now what was practical under the circumstances? The roads were now in the hands of the original companies. If these companies would consent to the city's terms and carry out the work they might be allowed to do it. If they would not, the city could form



LOUIS F. POST
The editor of the vigorous "Public"



MARGARET A. HALEY
Head of the Teachers' Federation

CHICAGO RADICALS

all of these were active supporters of Judge Dunne in his policy of Immediate Municipal Ownership and all of them are critics of the present ordinances

a construction company on the line of the "contract plan" and license it to rebuild and operate until she was ready to buy. But there was still another way. The companies occupy the streets, the city has police power over them. She can *compel* them to improve the service until she is ready to buy the roads.

"As between these various methods of obtaining improved service," wrote the Mayor, "there are certain obvious advantages, both to the city and to the companies, in favor of proceeding by amicable agreement with the present companies, always preserving the right of municipalization. The city could probably secure in this way a more immediately complete reconstruction of the system and a greater immediate improvement of service; the price which the city would have to pay for the present property and future improvements would be definitely fixed at the present time, so that it would be known exactly how much money it is necessary to raise for municipal purchase. The work of reconstruction would proceed under plans and specifications prepared by the city and under efficient audit and account. The city would avoid a further period of controversy and strife with the companies. It might obtain a larger percentage of the profits of operation than could be obtained by a system of car licenses or reduction of fares under the police power."

This in outline was the program which Mayor Dunne signed in April, 1906, after having obtained the promise of Mr. Hearst and his advisers to support it. But would the companies consent? They did consent. Evidently they recognized the force of what Mayor Dunne said in the Werno letter, that any attempt on their part to obtain more than the city was ready to grant would only result to their serious disadvantage.

All parties were committed then to a definite program and almost immediately negotiations began—began under duress for all—for if Mr. Dunne and the radicals were working with the conservatives of the Committee because they felt the hand of the public forcing them to some action, the two companies also were acting together only from necessity. The Union Traction Company, indeed, had been forced into negotiation by Mr. Fisher's ultimatum that if an ordinance was passed which one company accepted and the other would not, the accepting company must be given the right and must incur the obligation to extend its system into and over the territory of the non-accepting company as rapidly as the city could acquire possession of its streets. It must also agree to advance to the city the necessary funds for this purpose. In this position the advantage was all with the South Side com-

pany—the City Railway—for it was a solvent concern backed by J. P. Morgan & Co. and under the management of one of the ablest street-car men in the country, T. E. Mitten. It was eager, too, it was believed, to add the West and North systems to its own.

The Union Traction Company, on the other hand, was a pitiful wreck loaded down with the Yerkes inheritance of legal complications and financial liabilities aggregating over \$87,000,000, bled by a receivership which in the last five years had cost it nearly \$2,000,000, its property antiquated, its management discouraged and irritated, its last hope shaken by the overruling of Judge Grosscup's ninety-nine-year decision. For months before this an internal war had been going on among the various security-holders, each trying to snatch from the wreckage as much as he could. That any negotiation was possible was due to Mr. Fisher's decision that the internal affairs must be kept entirely out of the negotiations with the city.

At the start the leaders of the various interested parties on both sides could have had little but suspicion of one another. To even a casual observer it would have been apparent that if anything definite was to come of the negotiations it could be only from a leadership which would hold the various antagonisms steady and would be so reasonable and fair that suspicion and difference of opinion would be overruled. To the thoughtful familiar with the situation it was apparent that still greater qualities must be combined in the leadership. There must be rare legal ability and constructive talent, real statesmanship in short; for what did the program of the Werno letter mean? It meant that if the companies accepted it, they recognized the principle that *public utilities are henceforth out of the field of exploitation*. It meant that if the Chicago public accepted it, they recognized the principle that *capital honestly invested in a public service is entitled to a fair return and to an assurance of the security of its investment*. How was it possible to get around the enormous difficulties that lay in the way of reconciling these two antagonisms—to embody in an ordinance provisions which would properly safeguard each side in every detail? To invent machinery which would convince each that it was workable, safe for them to accept? Could Walter Fisher do it? And most people answered: "Nobody can do it—the legal and financial and political difficulties are insurmountable."

The meetings which began in the early summer continued almost without interruption

until Christmas. Often they were daily and from nine in the morning until late in the night. As a rule, the small and badly ventilated little room in the City Hall devoted to the Committee was packed with reporters, delegations from civic organizations and curious or critical citizens, for this was the people deliberating and every man could have his say. Something of the stress, the excitement and the struggle of the meetings is realized if one goes over merely the chief of the points they had to settle: the price the companies were to be allowed, the amount of new money they were to put into restoring the system, the share of the profits the city should have, the conditions under which the city could take over the roads, the degree of public supervision. Take the matter of the price. Over \$87,000,000 had gone into the Union Traction system, the City Railway Company had cost the J. P. Morgan Company upward of \$36,000,000. This money had gone in on a supposition that the companies would control the roads for fifty years more. That hope was gone. Is it strange that there should have been a long and bitter fight over this valuation, that the roads should have asked the city \$73,000,000 as they did, that the Committee should have refused the figure and that when the experts whom the city employed suggested \$50,000,000* as a generous compensation for both tangible properties and unexpired franchise rights, nothing but the seriousness of the situation made its acceptance possible?

The percentage of the profits the city was to have was almost insolvable. Ten per cent. for construction and five per cent. for brokerage on new money had been decided on as fair payment to the companies for their capital, upon which it was agreed five per cent. interest should be paid. But what were they to have for their pains? There were radicals who did not see why they should have anything. The city had always declared for ten per cent. of gross receipts as its compensation,† and it was only after long calculations and arguments that it was settled that fifty-five per cent. of the net profits for the city and forty-

* This valuation was the result of an appraisal inventory made by Bion J. Arnold, A. B. Du Pont and Mortimer E. Cooley, Dean of the Engineering Department of the University of Michigan, which is probably the most accurate and elaborate appraisal ever made of a street road system—an illuminating illustration of the Chicago methods of reform.

† The city's share of the net receipts is set aside by the ordinances, primarily at least, as a sinking fund for the ultimate purchase of the roads; and the power of the City Council to divert it to other uses is undoubtedly controlled by a determined public sentiment against using what is an indirect tax upon the traveling public for any other purpose than the benefit of the traveling public. The city also has the option to convert its share into an equivalent reduction in the rates of fare.

five per cent. for the company was "fair," a division finally accepted.

Another point which the companies incessantly tried to evade and modify was the recognition of the complete ascendancy of the city. The city must have the right to buy whenever it would, to sell to whomsoever it would. It must regulate the service as it pleased. The Board of Supervising Engineers might do its work, but not take the city's power or responsibility. Moreover, while the contract was binding on the companies it was not on the city—the whole theory of the ordinance, indeed, was that the city was free, the companies bound.

Again and again as the companies felt the bonds fastening on them they revolted. Meetings again and again broke up in confusion and despair—only to form again the next morning, when almost invariably somebody had a new ray of light to shed which cleared the sky. As the days went on and point after point was concluded satisfactorily, pride in the enterprise became general. They were doing what everybody said was impossible—doing what most of them had believed in their hearts was impossible. Respect and liking for one another grew as well. The Mayor might be a "socialist," but his honesty of purpose was too evident to permit of continued disrespect. Mr. Mitten might be "Morgan's man," but even Mr. Dever, the leader of the minority, publicly praised his open game. Mr. John Wilson might represent the City Railway, Mr. W. W. Gurley the Union Traction Company, and Mr. John Harlan Judge Grosscup; but it was obvious they were working honestly to perfect the ordinances and were not blind to the city's interests.

It is no lack of appreciation of what each was contributing to the settlement—and each contributed an essential something—to say that as the days went on one man became preeminent in everybody's esteem, and that was Walter Fisher. There was no longer any doubt of his ability to lead the difficult body. I have heard it said that he dominated by sheer intellect. No doubt his complete mastery of the elements of the problem, his firm conclusions and his readiness and clearness in argument

were large factors in his success. But his skilful strategy, the way at many a critical point he played one company against the other, served him well. Then he convinced everybody as time went on that he was fair—fair to all. It came to a point where Committee and companies constantly asked at knotty points, "What does Fisher think?" and usually they accepted his judgment on the ground that it was "fair." There were not a few of the negotiators on both sides to whom this careful weighing of the interests of both sides was to the end a puzzling mystery. He would decide in favor of a contention of the companies and then certain gentlemen would go away



BION J. ARNOLD

One of the wisest acts of the Chicago City Council was securing the services of Mr. Arnold as its chief engineer. The enforcement of the present ordinances lies now largely in his hands as chief of the Board of Supervising Engineers. Mr. Arnold has been engaged by the Special Public Service Commission investigating traction in New York City, to do for them a service similar to that he rendered the City Council of Chicago

jubilant. "Now, Fisher is all right; he is with us," they would say. At the same time certain implacable enemies of the railways would be in despair lest he had betrayed the city. The next day the tables would be turned. These persons never quite grasped that what the Mayor's counsel was aiming at was simply just and reasonable decisions; never understood that the most fundamental thing about this man was intellectual integrity.

The abler and more experienced particularly of the attorneys did, however, appreciate

his quality. "I did not know much about Fisher when he began," the chief counsel of the Union Traction Company said to the writer, "but as the negotiations went on my respect grew. He drove a hard bargain for the city but he was always fair. He would listen, and if convinced, agree, but he was not easy to convince. He was urged to wipe us from the street, to destroy utterly our values, but he would not consent that it be done. He treated us generously, humanely, but we never could catch him napping. He was always on guard. He never lost a point to us."

It was in December that at last the long negotiations grew to a close. The price was

on six months' notice by paying the purchase price plus whatever new money had gone into them. Or the city could authorize another company to purchase on payment of a twenty per cent. bonus, or a company acting as trustee for the city—"the contract plan"—could purchase without payment of the bonus. At the end of twenty years all rights of the companies to operate cease and the city or *any* licensee of the city can purchase without any bonus. Meanwhile the service and equipment must be maintained at the very highest efficiency. There are sinking funds for maintenance and repairs and for renewals and depreciation, the unexpended portions of which never revert to the companies, but are to be turned over to the city or its licensee in the event of purchase.*

Mayor Dunne was jubilant when he saw the ordinance rounding up. "It looks as if we would be able to give Chicago a belated Christmas present," he said in an interview on December 16. "We have passed all the danger points in these negotiations and nothing short of an earthquake can prevent a settlement. . . . Had I predicted one year ago that we could secure a settlement with the traction companies on a \$50,000,000 basis I would have been laughed at and called a fit subject for a lunatic asylum." The "three strong features" of the ordinance he enumerated as the price, the ability of the city to take over the companies at six months' notice, and the fifty-five per cent. of the net profits.

A few days later the Committee on Transportation was ready to pass the ordinance on to the Council amid almost universal huzzas. It was the beginning of the end and the thousands of half-frozen and buffeted and tired street-car travelers took heart. It certainly looked as if Mayor Dunne was right that nothing but an earthquake could prevent its passage. But the earthquake came.

It was perhaps inevitable that it should come. There is no doubt that many of the radical group had agreed at the start to Mr. Fisher's appointment and his policy, as defined in the Werno letter, only because they confidently expected that policy to demonstrate that the companies would not accept a settlement that really protected public rights. They probably expected that after Mr. Fisher had

*Space will not permit a description of the monumentally elaborate provisions for clearing up the Union Traction legal and financial difficulties, significant as these would be to those who must grapple with the wrecks of the dying system of high finance—the New York City Metropolitan and its fellows for whom the racks of the future wait. It is enough to say that the miracle was wrought and after many stormy seas the Union Traction cargo much diminished was safely transferred to a new corporation—the Chicago Railways Company. Digitized by Google



CHARLES R. CRANE

An impressive feature of the Chicago traction struggle has been the number of men of large affairs who have backed up every progressive step. Mr. Crane is one of the most notable of this class

fixed. The city was to pay \$50,000,000 for the roads—\$29,000,000 to the Union Traction Company, \$21,000,000 to the City Railway. New money to any necessary amount was to be furnished by the companies for rebuilding. When the city wanted subways the companies were to furnish the money. There was to be a Board of Three Supervising Engineers, of whom the trusted Mr. Arnold was to be chairman, to supervise every contract, watch every dollar spent, pronounce on every new rail. There was to be constant publicity and an annual detailed report. The city was to have full supervision, and if for any reason the companies did not discharge satisfactorily the duties the city asked of them—or even if they did—the roads could be taken over by the city

failed to coerce the companies he would become their constructive leader in municipalization. And if the companies had not at last ceased to be "somnambulists"—as Mr. Fisher called them—the radicals would surely have achieved their hope. They did wake up, however. When the radicals realized this they suddenly began bitterly to oppose the ordinances, secured hostile resolutions in the local Federation of Labor, and employed counsel to attack them before the Committee on Local Transportation. They demanded a compulsory referendum; and some of the Council Committee made the serious tactical mistake of opposing even an optional referendum. Now there is nothing more sacred to Chicago than this right. As soon as the people were led to believe that they were not to have a referendum, either optional or compulsory, a strong opposition to the ordinances developed and before anybody realized it a bitter struggle was on.

Mr. Hearst was the first to take advantage of it—if his agents did not actually incite it—and this was to be expected. Mr. Hearst's policy is opposition, not construction. To follow through to the end a piece of legislation which confessedly aims not at the destruction of anything or anybody would be contradictory to his creed. True he had stood by the ordinance up to its adoption by the Committee, i.e. so long as the Committee was fighting the corporations he was with it but the moment a definite understanding was brought about Mr. Hearst turned. And in this he was entirely consistent. Anything that can really be done is not useful to Mr. Hearst. For the system is bad and must be destroyed from the ground up. Patching up treaties and arrangements with it is only deferring the revolution. So Mr. Hearst abandoned the ordinance as soon as he saw it was going through; so did Margaret Haley, head of the Teachers' Federation, whose suspicion of the companies was so intense that she could not believe they would sign an agreement in which they had not inserted loopholes for cheating the city; so did the labor organizations who wanted the city to insist on an eight-hour day, a wage scale and a compulsory arbitration binding on the companies but not upon the employees. Once started, the opposition grew fast and furious. The chorus of applause ringing at the end of December had become before the end of January a chorus of objections, jeers and innuendo. The city was paying too much. It was a perpetual franchise, for enough money could never be raised by the city to buy the renovated property. The net profits would be

"nit profits." Nobody would ever know what the companies did with their receipts. The city would be swindled by sub-contractors. In short, it was a loud prophecy that all of the old Yerkes evils were to be repeated.

All of the soberer radical elements of the town were soon in the movement, it being with many of them no doubt as with Raymond Robins, who abandoned the ordinances only when it became in his judgment a question between them and the progressive party and who felt that the party was his more imperative duty.

In this sudden storm poor Mayor Dunne tossed like a wind-swept boat. If there had



EDWIN BURRITT SMITH

The Chicago traction war had its martyrs and Mr. Smith is by many counted among them. He gave the very last of his strength to the ordinance of 1905-06, dying soon after it was dropped.

been no political issue involved he might have weathered the blow, but he meant to be a candidate for reelection in April, and it was his party and his newspaper which had forsaken him. He saw—or was advised—that he could never be supported on a constructive platform; he must have a point of opposition. He seized the referendum as his issue, and started the police to secure signatures to a petition. But the Council saw its blunder, and passed a resolution submitting to the voters a petition of its own, to be printed and distributed by the city officials; and when (through the efforts of Mr. Dunne and his supporters) more than the requisite number of signatures had been obtained to this petition the traction ordinances were amended



MILTON J. FOREMAN

In framing Chicago's advanced traction program and in finally embodying it into an ordinance, Mr. Foreman has been an active force. For eight years he has served steadily as a member or as chairman of the Council committees handling transportation

to provide that they should not take effect unless approved by a majority vote at the ensuing municipal election. At the same time the companies gave out a written statement that they would not accept an ordinance which had not been approved in a referendum.

It was necessary to get a new opposition program and the Mayor made one out of objections to the ordinances, all (or nearly all) of which had been threshed out in the Committee. This platform he put out with the announcement of his candidacy for reelection. It was a warning to the Council that unless they accepted these points as amendments they might expect a veto from Mayor Dunne.

But these points, as any one can see who cares to go into the merits of the controversy, were either inconsistent with the theory of the ordinances or they were reversals of compromise agreements made with the Mayor's knowledge and consent. Mr. Fisher, called on to explain, was entirely frank. "We would have liked to have seen some of them" (Mayor Dunne's demands) "incorporated in the ordinances," he said, "if they could be obtained, but these are settlement ordinances and there are always two sides to a settlement." And with patience again and again he showed how completely the ordinances fulfilled the program of the Werno letter. "I wish there were no 'Werno letter'!" exclaimed the counsel of the radicals. But it

was no time for reason. The stampede was on and each had to choose his place. The Council chose its by passing the ordinances on February 4 by a vote of 56 to 13. Mr. Fisher chose his by offering his resignation to Mr. Dunne; he was going down the middle of the road, he said. And the Mayor chose his by vetoing the ordinances.

Seven days later the Council passed the ordinances over the veto by a vote of 57 to 12. It now rested with the people whether the settlement should be approved or not.

The referendum vote was to be taken on April 2, 1906, and for the next six weeks Chicago was filled with such a traction din as she had not heard since the campaign against the Allen bill. The newspapers, the clubs, the barrooms, the streets rang from morning until night with arguments. If ever any undertaking was stripped to its bones and expounded to the people it was these ordinances. If any man did not understand all that could be said for and against them, it was because he closed his ears. The debate over them was the more impressive because of the preparedness of the people. They understood both what they were and were not getting, and the people approved the ordinances by a majority of 33,086. At the same time the people defeated Mayor Dunne by only 12,923. His abandonment of his own work was his downfall.

And so Chicago's twelve years' traction war ended in a treaty of peace, which, like every treaty signed since the world began, meant victory and laurels for some, defeat and bitterness for others. But too much has been gained for even those who have been most grievously disappointed—the radical supporters of immediate municipal ownership—to waste their time and energies in regret. Their most serious criticism resolves itself on consideration I think. It is that the amount paid for the property, \$50,000,000, together with the new money put into rehabilitation each year, makes purchase by the city forever out of the question. The sum will be too great. Thus the first object the Werno letter laid down—municipalization as soon as possible—is defeated. The critics forget that if the city could have obtained the money to purchase outright in 1909—and there never was a time when Mayor Dunne could show any satisfactory financial backing for his plans of purchase—it undoubtedly would have paid the \$50,000,000—Mayor Johnson's company paid more relatively for the Cleveland roads, though of course he gets more if he succeeds—and it would have been forced to pay as much for new money as it now pays (the

companies. With the property increasing in value as a stable investment as it has since the settlement, it is unthinkable that Chicago cannot raise money to *any* amount to purchase when she has established her legal ability to do so, and that she cannot find a way to do that is unthinkable. Let the critics concern themselves with *that* problem now and with seeing that the ordinances are strictly enforced.*

Already the gains of the "settlement" are obvious and impressive. Some of them were hinted at in the opening of these articles: the substantial sum actually paid over to the city out of the first year's profits—over one and one-half million dollars—the improving service, the full publicity, the increased value of stocks. But these are by no means all. One of the most hopeful is the growing pride and interest of the public, the companies and the employees in the improved service. It is shown in the receipts in one way. They have substantially increased. That is, under the old régime it was a virtue for people and employees to cheat the companies; now it is a sin, for now the city shares in the profits! On the South Side Mr. Mitten is cleverly cultivating this growing feeling by keeping posted such screeds as the following:

IMPROVING THE SERVICE

The Cooperation of Passengers will enable
the Company to Perfect

THE BEST STREET RAILWAY SYSTEM IN THE WORLD

THE CITY GETS 55%

Again and again I heard passengers explaining to inquiring visitors the meaning of this fifty-five per cent. In the same way you hear criticism of service which is contrary to the law. I heard even ordinary shop-girls pointing out the use of trailers which the ordinance forbids, and saying "ag'in' the law."

Significant as the terms and the results so

*It is now clear that the radical program never could have been carried out without a constitutional amendment in Illinois. The special certificate plan, inserted in the Mueller law by Mr. Fisher, was the only possible hope of avoiding the constitutional limit of municipal indebtedness. Mr. Fisher always held up the possibility of this plan being defeated in the courts as a reason for a settlement with the companies while its validity was assumed and before the favorable decision he had obtained in the lower court could be reversed or modified upon appeal. He always insisted that the vital point was to reserve the right of municipal purchase when the city might wish to exercise it hereafter; that public regulation would always be ineffective without this reservation, and that municipal ownership would be impossible until the legal and financial ability of the city had been definitely established. The wisdom of this position has been conclusively established by the adverse decision on the validity of the Mueller certificates which the Supreme Court of Illinois has rendered since the election. Although the trustee or "contract" plan (which was Mr. Fisher's real alternative) is still available, there can be no doubt that the city gained enormously in settling with the companies before this decision was announced.



THOMAS E. MITTEN

Head of the Chicago City Railway. The new type of street railway man who considers that his problem is threefold: earning dividends, serving the traveling public and taking care of his employees. On this last point Mr. Mitten's work is most significant

far of the settlement are to a country interested in the control of corporations, and especially public utility corporations, there is a more important side to this traction war. It is the principles established by it:

1. *Public utilities must be removed from the field of exploitation.*
2. *Private capital invested in a public utility is entitled to a fair return and assurance of security.*
3. *If public regulation cannot be made effective under provisions as fair to capital and as carefully matured in technical detail as the Chicago ordinances, then public ownership and operation is the only possible alternative.*

The Chicago traction question is not "settled." It remains to be "settled." The significant thing in Chicago is that there the way is open to settle it.

The entire experience from whatever angle we view it is rich in lessons and suggestions. To everyone, however, who is a believer in or simply an observer of democratic government, the impressive fact is the Chicago people, the way they grappled with every hard group of facts, hesitated at no new theory, rose to every ideal, patiently waited until each hindrance was removed. Looking from the window of a towering Chicago office building one day last summer a shrewd and able lawyer said to me half laughingly: "You can't throw a brick from this window without hitting a savior

of the traction situation." There was more truth in the remark than he realized, for the real "savior of the traction situation" was the crowd swarming in the streets below. The greatest tribute one can pay to the men who led in this fight, from Hamline to Fisher, is that they all—in the Council, in the Municipal Voters' League, in the Municipal Ownership League, in the labor organizations—saw this and bowed to it. They felt that it was supremely worth while to make things clear to the people, that they could safely leave decision to the people. Take Mr. Fisher's work. From the beginning of his connection with the problem he never shirked any pains to put his conclusions into language so clear and logical that the common man could not fail to understand him. Even his bitter critics pay tribute to his vigorous and convincing expression, but they sometimes add begrudgingly, "He is only an intellectual machine. He has no ideal," which only shows the critic has not yet come to understand the source of all great intellectual achievement, that it is born *only* in enthusiasm for the truth, in devotion to ideals. With his faith in the people, Mr. Fisher com-

bined a virtue rare in men of his intellectual type, amazing patience with those who differed from him. Throughout the long summer and fall and winter of 1906-07 he had spent frequently from twelve to eighteen hours a day in work on the ordinances. In this time he had listened to every man, answered every man, given to every man his due, and then in the end he saw the work in danger of wreck. But he kept his grip and smile. If discouraged, no one knew it. He meant to go down the middle of the road and he did it. Even the Mayor was touched. "I have an epitaph for your tombstone, Fisher," he said one day. "It is: 'And he was a patient man.'"

The whole story, indeed, brings one back to the earlier days of the republic before the self-seeking political middleman stood between the people and their representatives and revives the faith that sometimes grows dim in the best of us that we are still a people who have the power to grow up leaders who are willing to think things out, a people who can at once keep our eyes on the vision and our feet on the ground, who need only to be shown, to be trusted to act.