

a unit through the national government—

Mr. Bryan. That the what?

The Chairman. That the states, acting as a unit through the national government, have been able to do more in the way of properly regulating the railways of the country than the respective states have been able to do?

Mr. Bryan. I can not agree with you on any evidence that I know of; but I shall be glad to consider any evidence that you have in support of that proposition.

The Chairman. I had the impression that that was self-evident.

Mr. Bryan. That is not my view.

The Chairman. That while some of the states — very few — have reached a very perfect system of regulation and control, that has not been the case with most of them.

Mr. Bryan. I think on that point I might suggest—

The Chairman. And that they have been very slow, in my judgment, in meeting the requirements of the situation.

Mr. Bryan. Not so slow as the federal government. And, besides, where you have a number of states acting separately there is opportunity for the trying of remedies that will enable us to experiment and profit by experiment. A successful experiment tried in one state is apt to be adopted in another; but where you have just the one legislative body acting there is no other body from which it can receive either the impulse that comes from rivalry or the benefits of experience.

The Chairman. You are aware that in the suggestions regarding national incorporation it is not proposed to relieve those corporations from the police laws of the state or from the taxing powers of the state?

Mr. Bryan. Yes.

The Chairman. You are aware of that?

Mr. Bryan. Yes.

The Chairman. And you are aware also that they all involve the most careful control of capitalization of the stock and bond issues?

Mr. Bryan. But I think everything that is good in the proposed measure can be secured entirely independently of the proposed change.

The Chairman. I see.

Mr. Bryan. That is, that you can add, through the federal government, any regulation that is desirable and any that would be included in the plan without the adoption of the plan at all.

The Chairman. That is all, Mr. Bryan.

Mr. Adamson. Mr. Bryan, while you may be aware of Chairman Newland's theory about what ought to be done, how could you possibly be aware of what would be the final outcome of legislation if we should enter on this project?

Mr. Bryan. No one can predict with any certainty in regard to legislation.

Mr. Adamson. The influences which could secure the movement at all might frame the legislation?

Mr. Bryan. My fear is that the temptations that would come with the change would be difficult to resist—that is, the temptation would come to the railroads to exercise an undue influence.

Mr. Adamson. Whatever general advantages may be claimed for large consolidations of these local corporations — might those advantages be largely offset if local interests and convenience were ignored through the management by people far removed from the communities?

Mr. Bryan. Yes. They may not only be overcome, but I think there

is a principle there that we can not ignore, and that is that where you transfer from the locality to some remote place the controlling power, in proportion as it is removed, it is less amenable to local opinion, and that is one of the objections to the consolidation that has gone on under the trust system.

Mr. Adamson. You answered Chairman Newland's question about the ramifications of these great systems going into the vicinity one of another and competing. I will ask you, while you say you have heard no great general complaint, except as to competition, if you have not observed the practice of great and profound courtesy by one railroad combination as to another with regard to invading its territory?

Mr. Bryan. I think there has sometimes been a consideration for each other that could not be entirely explained by the ordinary rules of courtesy.

Mr. Adamson. On the subject of the necessity for this regulation, my railway friends do not conceal that they are embarrassed in two particulars: One is that they have too many restrictions on their operation and too many restrictions on the securing and use of capital. That is their whole complaint. Now, they say, in elaboration, that they have not the power to control either their expenditures or their earnings. I will ask you if under the condition of society where we have relinquished part of our national liberty in consideration of securing other great benefits from society—if that is not true of every person and corporation in this country?

Mr. Bryan. Yes; but in the case of the corporation there is a reason for restriction that does not exist with the individual.

Mr. Adamson. You mean a greater reason?

Mr. Bryan. Yes.

Mr. Adamson. An additional reason?

Mr. Bryan. Yes; because the corporation has no rights except those conferred by law, while the individual has natural rights.

Mr. Adamson. They further state that the government has dealt with them solely with a policy of restriction and punishment. I want first to ask you a few questions to see if I can develop that they are entirely in error about that. You remember the desperate conditions existing when we undertook to regulate the railroads—and you were correct in saying that the states first started it. The government, prodded to it or induced to it by the representatives from the states, finally made an effort; then the railroads resisted it until the supreme court set aside enough of it to emasculate it; and you correctly say that, in spite of and notwithstanding, your position, we succeeded, after 12 or 15 years, in putting some life back into it. I want to ask you what particular thing the government has put upon them — what restrictive thing the government has put upon the operation of railroads that is any more severe than it is on any other business or society? For instance, we established a rule that every rate and practice shall be just and reasonable. Is that any more than is required of other people by the government—that their conduct shall be just and reasonable? Is that an unreasonable rule, for the railroads to complain of?

Mr. Bryan. I do not regard it as a reason for complaint.

Mr. Adamson. Then, we adopted the Elkins law, forbidding discrim-

inations and rebates; we had something in the original law about discriminations. Is there anything wrong in saying to the men who are operating these great corporations that they shall not give one man in one community a preference over another?

Mr. Bryan. My recollection is that it was stated at the time the Elkins law was drawn by the representatives of the railroads that the complaint was that as long as one system granted rebates, the other had to, that it was a disadvantage to the railroad to give rebates, and that the Elkins law really protected the railroads from each other.

Mr. Adamson. Then we have provided, in the interest of public safety, certain requirements and restrictions. Do you think there is anything wrong or harsh in that?

Mr. Bryan. Speaking generally, I am not able to point out any restriction that I regard as unjust.

Mr. Adamson. I shall not enumerate all of these to you, but all of them have been prohibitions against the conduct not of good men but of bad men—wrongs, crimes per se, or malum in se or malum prohibitum. These restrictions are directed to the conduct of the men, and not against the railroads; and how can a good man who wants to do right and administer the affairs of a railroad properly, justly object to these restrictions and prohibitions any more than you can, as a citizen of this country object to the prohibitions against bad men committing lawless acts?

Mr. Bryan. I think your reasoning is sound, Mr. Adamson, and I have long believed that our laws should put the penalty upon the individual and not upon the corporation.

Mr. Adamson. Do you believe that the railroads are correct in their apprehension that the people have a prejudice against them? Do you think that the people love and admire the railroads, and desire that the railroad officials should do right, as other people?

Mr. Bryan. You state it a little stronger than I would.

Mr. Adamson. What is your statement?

Mr. Bryan. When you speak of love for these men.

Mr. Adamson. The railroads.

Mr. Bryan. I mean loving the railroad officials.

Mr. Adamson. No; the railroads, I say, and the good officials.

Mr. Bryan. Yes. I think in an impersonal way they love the railroads, but that they separate some of the railroad officials from the railroad that they love when they attempt to display their affections.

Mr. Adamson. They love the good ones and try to correct the bad ones.

Mr. Bryan. They are interested in legislation that will permit the investment of all the capital necessary, and the earning of all the dividends necessary, and the fact that they have an interest in not doing injustice to the railroads is the protection of the railroad against injustice, if it will only go to the people and fairly lay its case before them; but as long as the railroad keeps an "oil room" and spends its time trying to corrupt the men sent there by the people to regulate the railroad it is apt to raise a suspicion as to the good intent of the railroad.

Mr. Adamson. Then the misconduct and mismanagement of the bad railroad officials has contributed to create the very demagogue of whom they complain?

Mr. Bryan. Yes; but you can not

always tell who are the bad officials and which is the bad railroad until after a thorough investigation.

Mr. Adamson. Mr. Chairman, I will be compelled to go to the house. I move we adjourn.

(The motion was agreed to.)

The Chairman. The committee will take a recess until Saturday at 10 o'clock.

(Whereupon, at 12 o'clock noon, the committee took a recess until Saturday, December 9, 1916, at 10 o'clock a. m.)

DUTCH THANK WILSON

A cablegram from The Hague, dated Dec. 22, says: Cable messages were sent President Wilson today thanking him for "his effort for peace," wishing him success and invoking the Divine blessing upon it, from the Netherlands group of the World Union of Churches, the Netherlands National Women's Council and the Liberal Democratic Union.

POPE PRAISES THE PRESIDENT'S NOTE

A Rome cablegram, dated Dec. 24, says: Pope Benedict, according to report today, in speaking to Cardinal Gasparri, papal secretary of state, regarding President Wilson's note to the belligerents, said: "It is a document showing the honesty, justice and far-sightedness of the American President."

SWEDEN MAY TAKE A HAND

A Paris cablegram, dated Dec. 24, says: A Havre dispatch from Berne says it is believed in certain quarters here that the Swedish government is about to approach the belligerents on the subject of peace in the same way as the Swiss President.

"You said you'd go through fire and water for me." "Show me a combination of the two and I will." —Puck.

Before  
Drinking  
Coffee,  
You  
Should  
Consider  
Whether  
Or Not It Is  
Harmful  
"There's a Reason" for  
**POSTUM**