

How Mr. Hughes Dropped the Promising Line of Inquiry

Referring to an article that appeared in The Commoner relating to Charles E. Hughes and the insurance investigation the New York World says that The Commoner is in error in intimating that there was any relation between Mr. Roosevelt's "muck rake" speech and the insurance investigation. The World says the investigation ended December 31, while the "muck rake" speech was not made until April 14, and that "when Mr. Roosevelt delivered his 'muck rake' speech Mr. Hughes had already drafted his great code of insurance reforms and most of the bills had been passed by the legislature."

To that extent, then, The Commoner was in error.

But The Commoner does not feel that it has done Mr. Hughes an injustice in directing attention to some of the conspicuous omissions that characterized the investigation by the Armstrong committee.

For instance, we are reminded by a writer in the New York Journal that the American Bar association's committee on insurance laws reported:

"The most conspicuous exhibition of legislative unwisdom is found in the bills prepared by the Armstrong committee and passed by the New York legislature. The most conspicuous, because it has had the widest advertisement, and BECAUSE OF THE THINGS WHICH THE COMMITTEE MIGHT HAVE DONE BUT FAILED TO DO and its ignorance of the subject confessed."

Full credit has been given by The Commoner to the work Mr. Hughes did as an attorney for the investigating committee. So far as Mr. Hughes went the work was excellent; but he did not do all that he could have done, nor all that he should have done; and the record will establish the claim that "he inserted his probe only deep enough to make the republican party managers wince," and then dropped the most promising line of inquiry that developed during the committee's sessions.

In spite of the fact that great service was done to the public interests by the Armstrong investigating committee and by the work of Mr. Hughes, it is true that there was an air about that committee room, whenever the insurance magnates entered, that was not at all in keeping with the serious charges under investigation.

For instance, when Mr. Ryan, who succeeded Mr. Hyde in control of the Equitable, took the stand the following dialogue took place:

The Chairman: "Mr. Ryan, the committee does not want you to think it is being officious in the matter."

Mr. Ryan: "I know that."

The Chairman: "It thinks you performed a great public service and is only seeking to get you to complete that service."

Mr. Ryan: "I still think that I should not be required to answer."

Mr. Ryan paid \$2,500,000 for control of the Equitable. Honestly, he would have received on that investment only \$3,514 in dividends, but in purchasing the Equitable stock, Mr. Ryan obtained control of the Equitable and in controlling the Equitable secured control of about \$413,000,000 of policyholders' money.

Plainly Mr. Ryan was not actuated by any deep seated concern for the public welfare when he paid \$2,500,000 for stock which, legitimately, returns only \$3,514 in dividends; and, plainly, the Armstrong committee showed a disposition to grovel, when, through its chairman, it expressed the opinion that Mr. Ryan "performed a great public service." And we remember distinctly that the New York World itself said that while the reign of Hyde was "a public scandal" the reign of Ryan is "a public menace."

How does it happen that after all the noise attendant upon the Armstrong committee's labors, the only prosecution was against a \$65 per month clerk who was held on the charge of perjury. If Mr. Hughes' labors were as thorough as they have been credited with being, how does it happen that they did not produce sufficient material to justify the prosecution of some of the more conspicuous rascals?

It was in November or December, 1905, that the New York World told us that Charles E. Hughes received a tip to the effect that during the months of September and October, 1904, eleven corporations doing business in New York subscribed to a fund aggregating \$225,000. According to the World the Equitable contributed \$25,000 of this amount and the arrangements for a number of subscriptions, including

the \$25,000 given by the Equitable, were made by George B. Cortelyou. The World further stated that these contributions were made upon the representation of various persons, including Mr. Cortelyou, chairman of the republican national committee, and Mr. Bliss, treasurer of that committee, to the effect that additional money was needed to insure Mr. Roosevelt's election. In that same article the World said:

"Friends of Platt, Depew and Odell think that THE COMMITTEE HAS BEEN TOO LENIENT WITH THE NATIONAL ADMINISTRATION AND IS PURPOSELY WASTING TIME OVER THE TRIVIAL INSTANCE OF 'GRAFT' IN ALL THE MANAGEMENT OF THE COMPANIES IN ORDER TO SHIELD THE INFLUENTIAL POLITICAL BENEFICIARIES OF COMPULSORY CONTRIBUTIONS. A financier of high standing who admits having assisted in the collection of some of the contributions is authority for the statement that Mr. Cortelyou can throw more light directly upon the contribution made by the Equitable than either Platt, Depew or Odell, and circumstances under which it was made and the manner in which it was paid."

The gentleman from whom the World obtained its information was quoted as saying: "If Mr. Hughes will call Mr. Cortelyou to the stand and will summon Cornelius N. Bliss, he and the public will then learn definitely whether the president based his statement upon accurate information or whether he was misinformed. Men who subscribed to the fund will also learn if the persons who solicited the fund were authorized to do so with the knowledge of the president and whether the man or men who collected the amounts subscribed were empowered to collect them. The committee will soon end its labors, according to the present plans, and the public would like to have this phase of the investigation clearly revealed. Mr. Hughes and the committee have shown up a lot of graft, and the public is thoroughly convinced of the rottenness of things generally in the management of the insurance companies. The political features of the expose will never be complete without a thorough ventilation of the national campaign contributions of 1904. Mr. Cortelyou, Mr. Bliss and perhaps Platt and Odell should be called to the stand again before the investigation is brought to a close. The petty graft can be attended to later. Nothing is more important now than the vindication of the president's positive declaration that the corporations did not contribute to the campaign fund used in promoting his election. Mr. Hughes can bring out the information by calling the men in possession of it. He knows who they are."

It will be observed that the World itself was the first to give publicity to the charge that "the committee has been too lenient with the national administration and is purposely wasting time over the trivial instance of graft in all the management of the companies in order to shield the influential political beneficiaries of compulsory contributions."

Just as the writer in the World said, Cortelyou and Bliss could have told interesting stories but Mr. Hughes did not call them.

It was in March, 1906, that the chairman of the democratic national committee offered to appear before the house committee on elections if Mr. Cortelyou of the republican committee would do the same and testify as to the contributions received in 1904. Referring to this offer the New York World said: "Has not President Roosevelt sufficient influence with Chairman Cortelyou to induce him to accede to this fair proposition. It should be an opportunity dear to the president's heart."

It was just as important that Chairman Cortelyou testify before the Armstrong committee, but Mr. Hughes, the World's candidate for governor, evidently did not "have sufficient influence with Chairman Cortelyou to induce him to accede to this fair proposition."

It will be remembered that Andrew Hamilton, the insurance lobbyist, testified before a New York legislative committee in March, 1906, that in 1896 he paid to C. N. Bliss, of the republican national committee, \$75,000 for that committee. He produced Mr. Bliss' receipt for the same. That is one of the small items which Mr. Hughes did not bring out in his investigations and which would have been produced had Bliss and Cortelyou been summoned.

In the Hughes investigation it developed that

\$148,000 had been contributed to the republican campaign fund by the New York Life, but after Mr. Hughes had finished his work and in March, 1906, the New York World quoted Lou Payn, former insurance commissioner for the state of New York, as saying that \$148,000 would not even cover the amount contributed for the benefit of the republican party in New York state alone.

In the proceedings before Justice Greenbaum, when it was held that these political contributions constituted larceny, Attorney Jerome said to the jury: "If Justice Greenbaum's ruling be sustained, it will be necessary to call as witnesses Cornelius N. Bliss, treasurer of the republican national committee, and George B. Cortelyou, its chairman and postmaster general, and indict a large portion of the officers of every financial institution in the state." At the time Mr. Hughes was conducting his investigation there was no question as to whether these contributions constituted larceny. Indeed, Mr. Hughes was generally complimented because he had uncovered several big steals. But he did not summon Cortelyou or Bliss and although his probe had worked up to a very interesting point, he failed to pursue the inquiry along its logical lines; and it was the opinion of the New York World, as well as the opinion of many other great newspapers, that by putting a check upon the investigation when the finger of duty pointed plainly to the president's cabinet, Mr. Hughes failed to take advantage of a great opportunity for safe-guarding public interests and for bringing to justice conspicuous men who had participated in the misappropriation of trust funds.

Have we not the right to point to the fact that the Mr. Hughes who failed to pursue this line of inquiry—just as the New York World and other newspapers urged him to do—is the same Mr. Hughes who was George B. Cortelyou's candidate for the republican gubernatorial nomination in New York; the same Mr. Hughes, who in the pending campaign, was the enthusiastic support of the money-gamblers and the trust magnates whom he exposed when "he inserted his probe only deep enough to make the republican party managers wince?"

Even in the editorial to which The Commoner is now making answer, the World points with pride to the fact that it was the first to urge Mr. Hughes to call upon Bliss and Cortelyou to testify. But why did not Mr. Hughes accept the World's valuable suggestion?

The World reminds us that it suggested that Hughes call ten witnesses, as follows: Thomas F. Ryan, Grover Cleveland, David B. Hill, Governor Higgins, Mr. Odell, Senator Platt, Senator Depew, Superintendent Hendricks, Mr. Bliss, and Mr. Cortelyou. Then the World says:

"Mr. Hughes proceeded to put Mr. Ryan, Mr. Odell, Mr. Harriman, Senator Platt, Senator Depew and Superintendent Hendricks on the witness stand. Mr. Hill was subpoenaed, but was too ill to appear. A committee of the State Bar association afterwards unanimously acquitted him of unprofessional conduct. Mr. Higgins, as governor of New York, could not be subpoenaed."

But of the ten witnesses suggested by the World there were three whom Mr. Hughes did not call. He did not call Grover Cleveland, Mr. Bliss or Mr. Cortelyou. Why did he not call Mr. Cleveland in order to ascertain some of the facts with respect to the Ryan reorganization of the Equitable—the Ryan reorganization, which in the language of the New York World itself is "a public menace" even as the Hyde regime was "a public scandal."

And after Mr. Hughes had brought out the fact that certain contributions had been made to the republican party by these insurance companies, why didn't he call Mr. Cortelyou, the chairman, and Mr. Bliss, the treasurer of the republican committee, and require them to show all the facts with respect to campaign contributions by insurance companies?

Why did he fail to call to the stand Secretary of State Root? It came out during the investigation that Mr. Root was paid by the insurance company large sums of money for services as attorney. Even the New York World insisted that Mr. Root be called to the witness stand, but Mr. Hughes failed to pursue the advantage he had when Mr. Root seemed a promising witness.

The World says "Mr. Hughes' investigations destroyed Platt politically, Depew politically, Odell politically, and utterly wrecked the old