President Taft's Message to the Congress On Railroads and Trusts

than one year from the date of their issue), without the previous or simultaneous payment to such corporation of not less than the par value of such bonds, or other obliney, shall be taken in payment to such property, services or other thing as ascerfained by the commission; and that such act shall also contain provisions to prevent the use by the improvident or improper lanus of notes maturing at a period not manner as to commit the commission to the approval of a larger amount of stock bonds in order to retire such notes than or bonds in order to should legitimately have been required.

Approval of Stock Issues.

of the fair value of the property which is nopoly and violate the act. the subject of such reorganization.

"I believe these suggested modifications in and amendments to the interstate com- idescribed. merce act would make it a complete and effective measure for securing reasonableness of rates and fairness of practices in volume of capital which, concentrated under the operation of interstate ratiroad lines, Without undue preference to any individual tices which have given rise in the past to so much public inconvenience and loss.

Whenever it may be desired.

Safety Appliances on Cars.

"In addition to the foregoing amendgiven the power, after a hearing, to determine upon the uniform construction of hose appliances-such as sill steps, ladders, roof handholds, running boards and handbrakes on freight cars engaged in interstate commerce—used by the trainmen n the operation of trains, the defects and lack of uniformity in which are apt to produce accidents and injuries to railway

Suits Under Linbility Act.

company's simploy to sue on an ordinary claim, and process in such suits should be sufficiently served if upon the station few of the absolute control of the prices. sufficiently served it upon the station low of the absolute control of the prices against harmful, vexatious and agent of the company upon whom service of all manufactured products is authorized to be made to bind the company in ordinary actions arising under the tarte laws. Bills for both the foregoing 1890 and prosecutions were soon begun unpurpones have been considered by the house der it. of representatives and have been passed and are now before the interstate commerce committee of the senate. I carnestly Wige that they be eracted into law.

Changes in Anti-Trust Law.

There has been a marked tendency in business in this country for forty years hat past toward combination of capital and plant in manufacture, saic and transportation. The moving causes have been "First, it has rendered possible great

teonomies. "Second, by a union of former compet

tors, it has reduced the probability of exceasive competition; and,

"Third, if the combination has been extensive enough, and certain methods in the treatment of competitors and customer have been adopted, the combiners have secured a monopoly and complete control of prices or rates.

"A combination successful in achieving complete control over a particular line of manufacture has frequently been called 's trust.' I presume that the derivation of word is to be explained by the fact that the usual method of carrying out the plan of the combination has been to put the capital and plants of various individu- scatters and its approaction until new ties, als, firms or corporations engaged in the on in to embrace every phase of that raw same business under the control of trus-

Bigness Not a Crime.

"The increase in the capital of a business for the purpose of reducing the cest of production and effecting economy in the management has become as essential in modern progress as the change from the hand tool to the machine. When, therefore, we come to construe the object of congress in adopting the so-called 'Sherman anti-trust' act tion every contract combination in the apparen to an restraints and does not in form of a trust or otherwise or conspiracy in restraint of interstate or foreign trade | secentime was is a reasonable restraint of made subject to indictment and restraint by injunction; and whereby in the second section every monopoly, or attempt to monopolize, and every combination or conspirwith other persons to monopolize any part of interstate trade or commerce, is infer that the evil aimed at was not the mere bigness of the enterprise, but it was

nopolize it in whole or in part. Test is Trade Restraint.

Monopoly destroys competition utterly and the restraint of the full and free operation of competition has a tendency to resivaln commerce and trade. A combinarestrain trade are apparent from the circomstances, or are expressly declared to ..ental and beneficial covenants in restraint merce and business are not only unlawful, he the object of the combination. A mere of trade held at common law to be realocidental restraint of trade and competition is not within the inhibition of the act. but it is where the combination or conspiracy or contract is inevitably and distatute is violated.

"The second section of the act is a sup-

demned in the second section.

Legal and Illegal Methods. "It is possible for the owners of a business of manufacturing and selling useful gations, or, if issued at less than their of the anti-trust law and yet to secure to partions, or, if issued at less than the payment of the reasonable market value of such bonds or obligations as ascertained by the interestate Commerce commission; and that large capital and many plants. If they use in reference to various subjects matter. the property, services, or other thing than no other inducement than the constant quired price of such stock, bond or other quality to attract custom and their busi- control of two competing interstate railobligation, except at the fair value of such less is a profitable one, they violate no roads, to joint traffic arrangements berestrain them in the prices at which they exceeding twelve months from date, in such restrain them in the prices at which they attempt by The value of a statute which is rendered by the commission to sell their products. But if they attempt by a use of their preponderating capital and more and more certain in its meaning by

by a sale of their goods temporarily at a series of decisions of the supreme court unduly low prices to drive out of business furnishes a strong reason for leaving the their competitors, or if they attempt, by act as it is to accomplish its useful pur exclusive contracts with their patrons and pose even though, if it were being newly This act should also provide for the ap- threats of non-dealing except upon such enacted, useful suggestions as to change provai by the Interstate Commerce commis- contracts or by other methods of a similar of phrase might be made. aton of the amount of stock and bonds to character, to use the largeness of their issued by any railroad company subject resources and the extent of their output is this act upon any reorganization, pur- compared with the total output as a means spant to judicial saie or other legal pro- of compelling custom and frightening off ceedings, in order to prevent the issue of of competition, then they disclose a purpose stocks and bends to an amount in excess to restrain trade and to establish a mo-

"The object of the anti-trust law was to suppress the abuses of business of the kind

No Attack on Large Capital. "It was not to interfere with a great

one organization, reduced the cost of production and made its profit thereby, and of class over any others; and would pre- took no advantage of its size by methods sent the recurrence of many of the prac- akin to duress to stiffe competition with it. "I wish to make this distinction as em-

o much public inconvenience and loss.

phatic as possible, because I conceive that nothing could happen more destructive to has drafted a bill to carry out these the property of this country than the loss of stockholders, but of millions of wages recommendations, which will be furnished of that great economy in production which apon request to the appropriate committee has been and will be effected in all manufacturing lines by the employment of large capital under one management. I do not dry up the now flowing sources of capital mean to say that there is not a limit be- from its places of hoarding and produce a ments of the interstate commerce law, the youd which the economy of management Interstate Commerce commission should be by the enlargement of plant ceases; and cause suffering and strained circumstances where this happens and combination continues beyond this point, the very fact of the guilty few. shows intent to monopolize and not to

"The original purpose of many combintions of capital in this country was not confined to the legitimate and proper, ohjest of reducing the cost of production. On the contrary, the history of most trader will show at times a feverish desire to unite trainmen. The wonderful reforms effected by purchase, combination or otherwise all in the number of switchmen and trainmen the plants in the country engaged in the injured by coupling accidents, due to the manufacture of a particular kind of goods. enforced introduction of safety couplers. The idea was rife that thereby a monopoly a a demonstration of what can be done could be effected and control of prices if railroads are compelled to adopt proper brought about which would insure the profit of those engaged in the combination. The path of commerce is strewn with failures "The question has arisen in the opera-tion of the interstate commerce employer's liability act as to whether suit can be become transfer the employer company in brought against the employer company in sued in the purchase and in the conduct any place other than that of its home of the business after the aggregation was office. The right to bring the suit under complete. There-were enough, however, of eign countries the products of useful manuthis act should be as easy of enforcement such successful combinations to arouse the facture and such limitations as will secure as the right of a private person not in the fears of good, patriotic men as to the re-

Sugar Trust Decision.

"The anti-trust statute was passed in in the case of the United States against knight, known as the 'Sugar trust case because of the narrow scope of the preadings, the combination sought to be enjoined was need not to be included within averment did not go beyond the mere actining of sugar, and did not include that crus, case was not happy, in that it gave other companies and comounations secame annual method of making profit by co tousning an absolute control and monoply n a particular line of manufacture a ource of infinitity against prosecutions a the federal jurisdiction, and where that garlsqueiton as barred in respect to a busi-Ass which is necessarily commensurate with the poundaries of the country no nace presecution is able to supply the seeded machinery for adequate restrain-¿ punisnment.

"Furnwing the Sugar trust decision, how ver, there have come a bow but certain course of Judicia, disposition cases in covering a conseruction or the anti-truct anich can placemany be presented to the American passic and to the government of action, they snow that the anti-trusact has a wide scope and applies to many omeniacions in accusi operacion, rendering mem uniawith and subject to indictinent

"dicasophote" Restraint Not in Law. and supreme court in soverar of the quecisions has decimed to read into the statute me were 'universamme' priore rearain. 1890, whereby in the first sec- of trace on the ground that the starting John to leave to the court the discretion t commerce is condemned as unlawful and truce. The expression restraint of trac-

tomes from the common new, and in comand any there were cortain covenants in - principal collinates which were said a to covenious in partial restraint of trace, and we've need to be emotioned botales denounced as illegal and made subject to surplied to the performance similar punishment or restraint, we must of many or principal contracts. And under the general infiguage used by the auprente court in several cases it would the aggregation of capital and plants with send that even such incidental covenanta the aggregation of table intent to restrain at restraint of interstate trade were within of the men who have used the methods the inhibition of the statute and must be out I have thought and said that it might so well to amend the statutes of the state to exclude such covenants from its connemnation. A crose examination of the sater decisions of the court, however, shows the economy of management by which in giraln commerce and trade. A combined quite clearly in cases presenting the exact our domestic trade the cost of production as partirerships or corporations or other question that such incidental restraints of has been materially lessened and in comwise, of course climinates the competition trace are need not to be within the law petition with foreign manufacturers our posed, second, by those who doubt the concentration of concentration of dental ending of that competition is not to anal to be within the statute the effect be regarded as accessarily a direct restraint the trade of the restraint must be diof trade, unless of such an embracing via and not merely incidental or indirect character that the intention and effect to line necessity, therefore, for an amendment

Trivial Cases Excluded.

melliness takes not exist.

"In some of the opinions of the federal rectly a substantial restraint of competition, and so a restraint of trade, that the ing the effect, if sound, to weaken the by congress of a general law providing for force of the statute by including within the formation of corporations to engage in it absurdly unimportant combinations and trade and commerce among the states and plement of the first. A direct restraint of arrangements and suggesting, therefore, with foreign nations, protecting them from it is not the intention of the government act likely to be excessive. Only the largest trade, such as is condemned in the first the wisdom of changing its language by undue interference by the states and regusection, if successful and used to suppress limiting its application to serious combicompetition, is one of the common at pations with intent to strain competition, recurrence, under pational auspices, of monopolising the commerce of the country federal supervision and control that must

ions of the supreme court, however, makes the changes unnecessary, for they exclude from the operation of the act contracts affecting interstate trade in but a small articles of merchandlar go to conduct their and incidental way and apply the statute only to the real evil aimed at by congress. "The statute has been on the statute low price of their product and its good It has applied it to the union under one law. If their actual competitors are small tween several interstate rallroads, to priin comparison with the total capital in- vate manufacturers engaged in a plain atvested the prospect of new investments of tempt to control prices and suppress comcapital by others in such a profitable bust- petition in a part of the country, includnoss is sufficiently near and potential to ing a dozen states, and to many other combinations affecting interstate trade

Duty of Investigation

"It is the duty and the purpose of the executive to direct an investigation by the Department of Justice through the grand jury or otherwise, into the history, organ ization and purposes of all the industrial companies with respect to which there i any reasonable ground for suspicion that they have been organized for a purpose and are conducting business on a plan which is in violation of the anti-trust law The work is a heavy one, but it is not beyond the power of the Department of Justice, if sufficient funds are furnished, to carry on the investigations and to pay the counsel engaged in the work. But such an investigation and possible prosecution of corporations whose prosperity or destruction affects the comfort not only carners, employes and associated tradesmen must necessarily tend to disturb the confidence of the business community, to halt in our present prosperity that will among the innocent many for the faults

Plea for Federal Charters. The question which I wish, in this message, to bring clearly to the consideration and discussion of congress is whether, to avoid such a possible business danger, something cannot be done by which these business combinations may be offered a means, without great financial disturbance, of changing the character, organization and extent of their business into one within the lines of the law under federal control and supervision, securing compliance with

the anti-trust statute. "Generally in the industrial combinations called 'trusts' the principal business is the sale of goods in many states and in foreign markets; in other words, the interstate and foreign business far exceed the business done in any one state. This fact will justify the federal government in granting a federal charter to such a combinasary invasion by the states, it shall subject it to reasonable taxation and control by the states, with respect to its purely local

Cannot Recognize "Good" Trusts.

"Many people conducting great businesses have cherished a hope and a belief that in some way or other a line may be drawn she profilement of the act, because the between 'good trusts' and 'bad trusts,' and that it is possible by amendment to the quisition or manufacturing plants for the anti-trust law to make a distinction under avery or sugar across state boundaries in not abuse the power by taking two great amount equal only to the cash paid in on stantially and directly restraining interods, by the use of illegal rebates and plain federal authority, after a full and complete transfer to the protection of the federal cheating, and by various acts utterly in disclosure of all the facts pertaining to the government of the state corporations now violation of business honesty and morality, value of such property and the interest violating the Sherman act. But it is not and urge the establishment of some legal therein of the persons to whom it is praof separation by which 'criminal posed to issue stock in payment of such ernment to prevent reasonable concentratrusts) of this kind can be punished, and property. It should subject the real and tion of capital which is necessary to the the law, to cares on their business.

"Now the public and especially the busi- states within which it may be situated ness public ought to rid themselves of the upon other similar property located therein. idea that such a distinction is practicable and it should require such corporations to or can be introduced into the statute. Cer- file full and complete reports of their 'p facturers in many markets. It should be tainly under the present anti-trust law no erations with the Department of Comsuch distinction exists. It has been pro- merce and Labor at regular intervals. posed, however, that the word 'reasonable' should be made a part of the statute and then it should be left to the court to say holding stock in other corporations, except what is a reasonable restraint of trade, for special reasons, upon approval by he what is a reasonable suppression of com- proper federal authority, thus avoiding the petition, what is a reasonable monopoly. venture to think that this is to put into holding company with subordinate corporthe hand of the the court a power im- ations in different states, which has been possible to exercise on any consistent principle which will insure the uniformity of the great trusts and monopolies. decision essential to just judgment. It is to thrust upon the courts_a burden that they have no precedents to enable them disaster.

Methods Formerly Legal.

"In considering violations of the antievidence of business, of sagacity and different states. виссевя. may well facilitate e change by them in the method of doing business and enable them to bring it back into the zone of lawfulness without losing to the country foreign trade has been greatly increased.

"Through all our consideration of this grave question, however, we must insist that the suppression of competition, the controlling of prices, and the monopoly but contrary to the public good, and that they must be restrained and punished until anded.

Law for Federal Corporations.

"I therefore recommend the enactment

1,000 Men's Suits and 850 Men's Overcoatsthat sold regularly to \$18.50; at Half each..... Forget Try Hayden's First 12 Pays

In Our Entire Stock

\$37.50, blues, blacks, fancies,

for dress or business wear, all

go Saturday at one price

Come Early

"Corporations organized under this set

should be prohibited from acquiring and

creation under national auspices of the

permitting industrial abones.

gaged in interstate business.

constitutionality of such federal incorpora-

tion, and even if it is valid, object to it

worst of the offenders against the anti-

trust statutes and who will therefore pro-

pose instead of it a system of compulsory

licenses for all federal corporations en-

Answer to Objectors.

Suits worth from \$20 up to

which good combinations may be permitted those abuses which have arisen under sta e that where it appears that the acquisition certainly be imposed to accomplish the purof a unrect and manual restraint upon to organize, suppress competition, control. Such a law should provide for the stude and commerce in the same and do it all legally if only they do issue of such corporations to an extent of creating a monopoly or of subtoreign trade, 'the result of the Sugar profit out of the business. They point with the stock be issued for state commerce it is not the intention of fenders will not accept the federal incorforce to certain notorious trusts as having property, then at a fair valuation, ascer- the government to permit this monopoly porations, is easily answered. The decrees grown into power through criminal meth- tained under approval and supervision of to exist under federal incorporation or to of injunction recently adopted in prosecu- at the root, meanwhile murmuring ferthorough and sweeping that the corporations affected by them have but three beand should not be, the policy of the gov! fore them. they, on the other hand, be permitted under personal property only of each corporation economic development of manufacture. into their component parts in the different derelict. He storms upon the porch and to the same taxation as is imposed by the trade and commerce. This country has shown a power of economical production selves of capital and effecting organizathat has astonished the world, and has tions and to the country of concentrated enabled us to compete with foreign manuthe care of the government to permit such concentration of capital, while keeping open continue their business in violation of the lice or a telegram, you open. the avenues of individual enterprise and federal statute and thus incur the penalthe opportunity for a man or corporation ties of contempt and bring on an inevitable the ten below wind breaks off your teeth. with reasonable capital to engage in bust-If we would maintain our present

> such an effective agency in the creation of lines of the law, Necessity for National Control.

business supremacy we should give to in-

Constitutionality of Act. "If the prohibition of the anti-trust set "Second-There are those who doubt the against combinations in restraint of trade constitutionality of such federal incorporacarry, and to give them a power is to be effectively enforced, it is essential tion. The regulation of interstate and approching the arbitrary, the use of which that the national government shall provide foreign commerce is certainly conferred in might involve our whole judicial system in for the creation of national corporations the fullest measure upon congress, and if to carry on a legitimate business through- for the purpose of securing in the most out the United States. The conflicting laws thorough manner that kind of regulation of the different states of the union with congress shall insist that it may provide trust law, we sught, of course, not to respect to foreign corporations make it and authorize certain agencies to carry or that that law makes unlawful difficult, if not impossible, for one corpor- that commerce, it would seem to be within methods of carrying on business which ation to comply with their requirements to its power. This has been distinctly affirmed before its passage was regarded as as to carry on business in a number of with respect to railroad companies doing gress. "To the suggestion that this proposal of bridges. The power of incorporation ha nounced in this act, not because of their federal incorporation for industrial comintrinsic morality, but because of their tederal incorporated to furnish them a the supreme court in this regard. Why gerous results toward which they tended, refuge in which to continue industrial then, with respect to any other form of Some of the Daily Visitors Whose the concentration of industrial power in abuses under federal protection, it should interstate commerce like the sale of goods their bands, leading to oppression and indoes not repent the Sherman anti-trust law commerce, may the same power not b and is not to be framed so as to permit asserted. Indeed, it is the very fact that condemned by the statute for the purpose the daing of the wrongs which it is the they carry on interstate commerce that condemned by the statute for the purpose of that law to prevent, but only makes these great industrial concerns subpurpose of that law to grand advance of ject to federal presecution and control the highest industrial efficiency without How far as incidental to the carrying on of that commerce it may be within the power Such a national incorporation law will of the federal government to authorize the be opposed, first, by those who believe that manufacture of goods, is perhaps open to trusts should be completely broken up and discussion, though a recent decision of the their property destroyed. It will be op- supreme court would seem to answer that

Concentration of Power. "Even those who are willing to concede non, and even it it is valid, together that the supreme court may sustain such he opposed, third, by those who will insist federal incorporation are inclined to oppose that a mere voluntary incorporation like it on the ground of its tendency to the enthis will not attract to its acceptance the largement of the federal power at the exsufficient answer to this argument to say that no other method can be suggested which offers federal protection on the one hand and close federal supervision on the other hand of these great organizations. that are in fact federal because they are as "Let us consider these objections in their wide as the country, are entirely unlimited order. The government is now trying to in their business by state lines. Nor is the dissolve some of these combinations and centralization of federal power under this

"The third objection that the worst oftions under the anti-trust law are so vently: "Why, are you here now?"

Three Courses Open. "First they must resolve themselves states, with a consequent loss to them-

energy and enterprise, or, some secret trust they must attempt to is working. Wondering whether its the pocriminal prosecution of the individuals Be civil. Say: named in the decree and their associates; or

nize and to concentrate their legitimate "A federal compulsory license law, Good morning."-Kansas City Star. capital in a federal corporation and to urged as a substitute for a federal incorcarry on their large business within the poration law, is unnecessary except to reach that kind of corporation which, by Cough Remedy to your children. It is pervirtue of the considerations already ad- fectly safe. vanced, will take advantage voluntarily of an incorporation law, while the other state corporations doing an interstate of the life attorney.

ness do not need the supervision or the life attorney him ill," replied the witness regulation of a federal license and would | "Never knew him ill," replied the witness regulation of a federal license and would | "Did you ever see the prisoner at the state corporations doing an interstate busionly be unnecessarily burdened thereby.

The attorney general, at my suggestion, as drafted a federal incorporation bill, mbodying the views I have attempted to set forth, and it will be at the disposition of the appropriate committees of the con-"WILLIAM H. TAFT, "The White House, January 7, 1916."

NATURALLY DROP Remarks.

Speaking of pests, there's the visitor who alls on you at the office, stands around your desk, making conversation on unimportant topic, while you walt, with your hand on the telephone, for him to go, and nsks: "Are you busy?" The proper answer is:

"Oh no! I am not busy. They just have me here because I am ornamental and have such an engaging personality. I draw a salary for entertaining acquaintances at the office.

Also the friendly soul who approaches ou when you are reading and engages you n conversation. "Maybe I am Interrupting ou?" he suggests, noticing that you are using one finger for a book mark, while you keep up an indifferent pretense of interest. And if you are as polite as you should be you respond:

"Certainly not. I am just holding the place for a friend who has been called out of town for a few days."

One might also note the long-necked per on who sits behind you on the car, cran ing his neck to see your paper. When he finally obstructs your view of the news, you look a little peevish, and he says:

"Do you read the Bazoo?" "Oh no," you answer, with much cen-

ENS FOR JUST ONE DAY HAYDEN STORE STORE STORE STORE FUR Lined Goals Excepted Your Unrestricted Choice of

MAN'S SUIT OR OVERCOAT In Our Entire Stock

> Auto Coats, Dress Coats, Rain Coats, Top Coats that sold from \$20 to \$40-no better garments ever produced.

choice fabrics, styles & patterns All are highest class fabrics and tailoring, all are garments bought for our regular fall and winter trade and which we guarantee in every respect.

All Our Youth's Suits

1,500 Boys' Suits-In all sizes from 6 to 16 years, and worth up to \$6.50on sale in one lot -

Don't miss this sale Saturday, the greatest real clothing bargain event of the season. Not a garment offered but is of absolutely dependable quality and strictly up-to-date styles and colorings.

Come Early

he vulgar gaze of the strop hangers You may also recall the "I-used-to-knowou-when" friend.

Taking your delicate hand in his wresiler grip, he tries to wrench your arm off

It hurts, but be police. Say: "Oh, no. This is my uncle here now. I am at present in Singapore."

But sweeter far than each, than most than all of these is the past midnight rings you out of bed at 2:15 a. m. You break your knees shivering, stub your joint oes on eleven chairs, and finally reach the door, where you note with some satis-"Second-In defiance of law and under faction that the illuminated door number

"Is this 4499?" he says, innocently, while "Dear, no, but I can't blame you for "Third-They must reorganize and accept the mistake, seeing that my number

dustrial conferns an opportunity to recog- in good faith the federal charter I suggest, 2215. Won't you come in and get cold

Don't be afraid to give Chamberlain's

Under Examination.

"Do you know the prisoner well?" asked Took many a drink with me," was the reply.

"How long have you known this man?"

"From two feet up to five feet ten."

"Stand down!" yelled the lawyer in di "Can't do it." said he. "Th sit down

Officer, remove that man. And he did.-Pittsburg Chronic



ducto Acts natural

Best for Men. ren-Voung To get it's be always b

FIG SYRU DRUGGISTS

ects.

muine,

SOLD BY ALL LEADIN one size only, regular price 50° per bottle