

Railroads Placed Beyond Power of States by Hughes's Decisions

(Basil M. Manly, noted economic and political expert, in the Detroit Times.)

Charles E. Hughes' decision as supreme court justice and acts as New York governor entitle him to the railroads' support for president.

As governor he vetoed the two-cent fare and full-crew bills.

As justice he has concurred in decisions that:

(1)—State and nation can exercise no control over railroads except in the narrow field of transportation.

(2)—Private shippers can not recover damages when their businesses are ruined by illegal rebates.

(3)—Congress and the federal courts can wipe out state railway laws and commissions that compel rate reductions.

(4)—Railroads in determining "reasonable rates" can include in their valuation land given by the people to them.

The first decision referred to was in the case of the Great Northern railroad vs. Minnesota; the second

that of the Pennsylvania railroad vs. the International Coal Co.

Hughes' greatest service to the railroads was performed, however, when he wrote the decision in the Minnesota rate case. The people apparently got the decision, but the corporation got the law.

This case came from the lower federal courts, where Judge Sanborn handed down a decision that was denounced by resolution in the governors' conference, at Lake Mohonk, where a special committee of governors was created to notify the supreme court that if the Sanborn decision was sustained, it would be resisted by the states.

With this ominous threat of organized resistance, the case came to Hughes, who had been selected to write the decision.

Justice Hughes gave every appearance of reversing the Sanborn decision, while in reality he sustained Judge Sanborn on every point of law for which the railroads were seriously contending. He ruled that the main principles upon which the Sanborn decision was based were right, but that in the Minnesota cases the principle had been too narrowly applied.

Thus it was ruled that the Sanborn decision was right in holding the courts could annul rates fixed by the state, if they were unreasonably low, but that in the particular cases before the court the rates were confiscatory in only one out of three roads affected.

Even in the case of the road for which the rates were held confiscatory, the net earnings were \$742,000 yielding 3.5 per cent on the enormously inflated valuation allowed by Judge Sanborn.

In fixing the basis of valuation used in determining whether or not the rates were reasonable, Judge Sanborn had held that in valuing the railroad's real estate, a large part of which had been given to the road by the federal government or bought for a song 40 years ago, the road was entitled not only to put it in for what it would cost to acquire the land today in the heart of cities and thickly populated districts, but also multiply that value by two on account of the special purpose for which it was to be used.

As a result, the total valuation of the roads allowed by Judge Sanborn was 56 per cent greater than their total capitalization, which included millions of dollars of watered stock!

This was too raw for Hughes, so he held that while the railroad was entitled to charge up the theoretical cost of acquiring its right-of-way at present—although it may not have cost one-hundredth of that amount—the corporation was not entitled to any fancy multiplication stunts.

But the real service of Hughes lay in the doctrine he handed down in this case that "the paramount authority of congress enables it to intervene at its discretion for the complete and effective government of that which has been entrusted to its care (interstate commerce), and for that purpose and to that extent, in response to a conviction of national need, congress may displace local laws by substituting laws of its own."

In plain language, congress or the federal courts can wipe out the whole body of state railroad laws and regulations on the basis it is in response to national need.

This doctrine forms the basis of the republican party's platform promise to wipe out state railroad commissions.

Why do the railroads want to

wipe out the state commissions and center all authority in the interstate commerce commission?

The state commissions from the beginning have attempted to lower freight and passenger rates. Their efforts have been largely annulled by the courts in such decisions as those handed down by Hughes in the North Dakota coal and West Virginia two-cent fare case; but such litigation is expensive and keeps the people stirred up.

The interstate commerce commission, on the other hand, has saved the roads hundreds of millions by abolishing free passes and rebates, and in the past two years has permitted the roads to increase rates about \$50,000,000 a year!

JAMES B. ANGELL AND GROWTH OF STATE UNIVERSITIES

The recent death of Dr. James B. Angell reminds the New York Nation that of the group of four university presidents who in the '70's and '80's of the last century held places of undisputed leadership, two still remain among us—President White, of Cornell, in his eighty-fourth year, and President Elliot, of Harvard, in his eighty-fifth. The death of President Gilman, of John Hopkins, at the age of seventy-seven, made the first break in that notable group. President Angell, of the University of Michigan, was older than either of the others, and at the time of his death had reached the age of eighty-seven.

The dates of birth of these four educational leaders were all comprised in a space of five years—from 1829 to 1834—and they all reached places of great influence in American university life at about the same period. When Dr. Angell assumed the presidency at Ann Arbor, Dr. Elliot had been for two years the incumbent of the corresponding office at the oldest and greatest of American universities, while Dr. White had been serving for four years as the first president of Cornell, and Dr. Gilman was to undertake four years later the pioneering work at Johns Hopkins.

As the Nation points out, it was during the twenty years following the close of the Civil war that "our colleges emerged from what may be called the colonial type, and our universities became institutions of the character to which that name is applied in Europe." During this period the college curriculum became liberalized, university faculties were developed in "non-professional" studies, and at the same time the standards were raised in schools of medicine and of law. In each of these directions the influence of this quartette of university presidents was marked. The Nation writer contrasts the influence of these men with that of such a representative college president of an earlier generation as Mark Hopkins, of Williams, who was above all a teacher and whose impress on Williams men was that which came directly from his own intellect, character and spirit. The work of the modern university president relates in the main to organization, development, and method. Yet the writer concludes that the source of strength and of influence is still to be found primarily in personality.

Dr. Angell's name will always be associated with the development of the state universities. In this group of institutions the University of Michigan long held a unique position. It was the first of the state universities to win recognition from eastern institutions, and a position of primacy in its class it long retained. President Angell did much to further the development of the university and to extend its influence. He served as president for thirty-eight years, retiring from active service at

the age of eighty, and his contribution to the cause of higher education in America was universally recognized.

Before he began his work as a university administrator, Dr. Angell had served an apprenticeship in journalism as editor of the Providence Journal throughout the Civil war, and still earlier he had held a professorship of modern languages and literature at Brown university. —American Review of Reviews.

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By the UNITED STATES GOVERNMENT

There will be offered for sale at public auction at certain railroad points in Eastern Oklahoma, from October 4th, 1916 to October 31, 1916, inclusive, approximately 908,000 acres in Eastern Oklahoma belonging to the Choctaw and Chickasaw Nations of Indians, including therein approximately 823,500 acres of tribal timber lands with standing pine and hardwood timber thereon; 500 acres of other unalloyed lands, and 84,000 acres of the surface of the segregated coal and asphalt lands. The timber lands and the surface of the segregated coal and asphalt lands will be offered for sale for not less than the appraised value. Land and timber will be sold together. The entire estate in the tribal timber lands and other unalloyed lands will be sold, except, however, that of the segregated coal and asphalt land area only the surface will be sold, the coal and asphalt therein or thereunder being reserved except where the descriptive circular specifically states that the coal and asphalt will be sold with the surface. No person will be permitted to purchase more than 100 acres classified as agricultural land, nor more than 640 acres classified as grazing land. No limitation is placed on the acreage of timber land which may be purchased by one person. Residence on land not required. Bids may be submitted in person, or by agent with power of attorney, or by mail. Terms of sale of surface of segregated coal and asphalt lands, 25 per cent cash at time of sale, 25 per cent within one year and balance within two years from date of sale. Terms of sale of the tribal timber lands and other unalloyed lands, 25 per cent cash at time of sale, and balance in three equal annual installments of 25 per cent each, payable in one, two, and three years respectively from date of sale; the purchasers of any of the above mentioned lands to pay 5 per cent interest per annum on all deferred payments. Bids by mail must be accompanied by certified checks or bank drafts for 25 per cent of amount of bids. Where houses or other valuable improvements are located on the timber lands or on the surface of the segregated coal and asphalt lands, the same will be sold with the timber land or with the surface of the segregated coal and asphalt land as the case may be, at not less than the combined appraised value; said improvements to be paid for in full at time of sale. The right to reject any and all bids is reserved.

Detailed information including descriptive lists or circulars concerning the lands and in regard to the dates, places, conditions and terms of sale may be obtained from the Superintendent for the Five Civilized Tribes, Muskogee, Oklahoma. Maps and plats may also be obtained from said Superintendent at a cost of from 25c to 50c each. CATO SELLS, Commissioner of Indian Affairs.

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CLAIM NO. 81

Arthur O. Sides of Prosser, Nebraska, became a policyholder in THE MIDWEST LIFE in 1915. He was employed at the grain elevator at Prosser, and in the threshing season had charge of the engine used in driving the separator. The policy he held was a twenty-payment one with a provision that in case of death "solely from external, violent, and accidental means within ninety days after receiving such injury," the company will pay the beneficiary double the face of the policy.

As Mr. Sides' death was caused by burns accidentally received by reason of some mishap to his engine, his widow, Sophia J. Sides, as beneficiary, was paid \$2,000. The amount of premium paid by Sides to the Company was only \$27.44.

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