IOWA AND RAILROAD MERGERS; WHY RAILROADS ARE IN POLITICS

TRUE AND COMPLETE HISTORY OF THE EFFORT TO JERSEYIZE IOWA FOR THE CORPORATIONS.

Democratic Assertions shown to be Without Foundation—One Great Reason Why the Corporations are Interested—Leaves From the Record.

The history of the effort which was made some years ago by the representatives of the Wall street speculators and promoters to secure legislation in Iowa, under which they could consummate their plans for the consolidation of American railroads, is an essential part of the story of the present campaign in Iowa.

Upon the opening of the twenty-ninth general assembly of Iowa in January, 1902, Governor Cummins was inaugurated, and in his inaugural address he tried to make it very plain that his policy would be that of the square deal for all people. Among other things, he said:

Corporations have, and ought to have, many privileges, but among them is not the privilege to sit in political conventions or occupy seats in legislative chambers. Corporations, as such, should be vigorously excluded in every form from participation in political affairs. Here at least the rich and the poor, as individuals, should meet upon a plane of absolute equality.

Then turning to one of the features of legislative assemblies with which Iowa has been too much infested, he said:

The corporation lobbyist has, I regret to say, become one of the features of legislative assemblies; he has become a stench in the nostrils of a decent community, and he ought to be driven with the lash of scorn, pursued by the penalties of the law from the presence of every official and from the precincts of every legislative body in the country.

The Lobby at Work.

This was fair warning to the corporation lobbyists, but they were even then preparing to secure concessions from the Iowa legislature through introduction of two bills intended to be for the especial benefit of speculative railroad corporations, which bills were backed solely by the unscrupulous corporation lobby. The first of these bills to be introduced was known as the Hubbard bill, and the other as the Molesberry bill. For some reason the Molesberry bill was taken up and passed first in the senate, then quickly rushed through the house and sent to Governor Cummins. There had not been a word said in the legislature in opposition to either one of these bills, nor anything made public to indicate that these bills were of special significance, but the trained legal mind of Governor Cummins bore down upon the Molesberry bill lying upon his table awaiting his signature, and he saw that behind this bill was a purpose, which, if made known to members of the legislature, would render it unsatisfactory to a great majority of the Iowa legislators. Governor Cummins therefore vetoed the bill, and as soon as his veto had been made public, the legislators almost with unanimity joined in denunciation of the men who had induced them by fraud and grossest deception to pass such a nefarious measure.

Changed Hubbard Bill.

In the meantime, the first bill introduced, the Hubbard bill, was pending before a senate committee. Its author had not realized that this bill, too, was a part of the programme of the railroad lobby, to make the most remarkable change in Iowa laws relating to railroads ever known. This bill was taken to Governor Cummins by interested persons, who asked the governor if he would consent to its becoming a law of Iowa. Governor Cummins indicated that he would never approve such a bill, but he did state that if the bill was modified in certain important particulars he would permit it to become a law. A few days later in the senate there was added to this bill a clause which absolutely destroyed its character in relation to railroad mergers and rendered it harmless. In this form the bill passed the legislature and was signed by the governor.

The two bills were in fact two important parts of the programme of the railroad lobby at that time. In brief, the Molesberry bill provided that any railroad incorporated under Iowa laws might issue bonds to any desired amount without reference to the amount of capital stock outstanding. The Iowa law now prohibits the issuance of bonds in excess of two-thirds the capital stock unless the total issue of bonds be less than $16,000 per mile. The Molesberry bill removed this limitation, so that an Iowa railroad corporation might borrow any sum of money for any purpose whatever without restraint of law. The Hubbard bill as introduced provided that an Iowa railroad corporation might buy or control any railroad in any other state of the union.

Two Bills for One Purpose.

If these two bills had become a part of the Iowa law, the famous Northern Securities merger which the federal courts condemned and which President Roosevelt outlawed would have soon made its domicile in Iowa. It will be recalled that the Northern Securities company was organized under New Jersey laws and acquired the Great Northern and Northern Pacific railroads, and that about this time the same financiers acquired control of the Burlington road. It was found impossible under the laws as they existed for the Northern Securities company to effect a complete merger of the two Northern railroads and the Burlington. If the Molesberry and Hubbard bills as they were introduced had become the Iowa law, it would then have been possible for the merger to have been effected, under the Burlington Railway company, which had but recently been organized in Iowa as a holding company. The Molesberry bill might have accomplished this purpose alone, but the Hubbard bill without the Molesberry bill also, was of no consequence. The two together would have brought the ideal conditions desired by the speculators, who were promoting the most gigantic and most infamous railroad merger ever planned in this country.

Reasons for the Veto.

In his veto of the Molesberry bill in March, 1902, Governor Cummins reviewed at some length the history of Iowa legislation respecting the formation of railroad corporations, pointed out the fact that while the Molesberry bill purported to be a measure to permit railroad companies to effect betterment of their systems it in fact did nothing of the sort. Among other things, he said:

In view of these conditions, which are well known, and are a part of the history of the state, I cannot resist the belief that the real application of the proposed amendment would not enable the two or three railway companies to which it would apply to improve their properties for their own profit and for the advantage of the people, but that its only substantial effect would be to overcome real or imaginary difficulties growing out of the purchase of the stock of the Chicago, Burlington & Quincy Railway company by the Great Northern and Northern Pacific Railroad company.

Prior to October last, the Chicago, Burlington & Quincy Railway company owned and operated a vast system of railway lines, a part of which was in the state of Iowa. The company itself was organized under the laws of the state of Illinois, and under such laws it had built up one of the largest as well as one of the best railway systems in the United States. It had, in large measure, constructed a double track from Chicago to the Missouri river. For many years it had been in the enjoyment of all the privileges which a foreign corporation exercises in our state, and in so far as the mere operation of its lines of railway is concerned, it is difficult to perceive any reason that would lead its managers to abandon the old corporation and organize a new one in our state. Nevertheless, it did so, and on the 16th day of October, 1901, there was filed in the recorder's office of Des Moines county articles of incorporation of the Chicago, Burlington & Quincy railway, with an authorized capital stock of $100,000, and the right to begin business when $10,000 of the capital stock had been subscribed. It took to itself practically all the powers which can be acquired by a railway corporation in this state, and especially the power to purchase and become the owner of the system of railway lines which had theretofore been owned and operated by the Chicago, Burlington & Quincy Railroad company.

Motive for the merger.

It is not difficult, if inquiry be made, to find a motive for the organization of this company. The old company which had been so prosperous could not, either by reason of the laws of Illinois or by reason of what had occurred in the purchase of its stocks by the two Minnesota companies, create a volume of indebtedness which those who are interested wished to create. It was therefore necessary to add another corporation, and Iowa was chosen for its domicile. It is a matter of common knowledge that the new company, with an insignificant amount of capital stock actually taken, had leased the entire system of the old company. It must be true that it is without substantial asses save the lease, and with the rental attached to the lease, its value, if anything, is purely speculative. In this situation it seeks to incur indebtedness without limit. It is one thing to grant to railway companies the right to borrow the money needed to aid in the construction and equipment of their lines of railway; it is quite another thing to authorize a class of railway companies to incur unlimited obligations without respect to the amount of their stock or the worth of their property. I cannot bring myself to believe that this species of special legislation is consistent with public welfare, or necessary to the legitimate development of railway property; on the contrary, it is my firm belief that corporate power to issue stocks, and to incur indebtedness, needs regulation rather than expansion.

The Hubbard bill as amended was passed and became a part of the law of Iowa. That law provides:

That any railroad corporation organized under the laws of Iowa and owning and operating a railroad therein, may lease, purchase or otherwise acquire, own, control or operate any connecting extension of this said railroad, not parallel or competing therewith, in any other state or territory of the United States, and to that end may purchase and control the stock, bonds or securities of any such extension if not contrary to the laws of such other state or territory.

Destroyed Effect of Bill.

The Molesberry bill was intended to permit the issuing of bonds to an unlimited amount by the Iowa railroad corporation. The Hubbard bill was intended to permit the use of the money realized upon these bonds in the purchase of railroads elsewhere than in Iowa. The phrase which was put into the Hubbard bill at the suggestion of Governor Cummins was "NOT PARALLEL OR COMPETING THEREWITH," which phrase was not in the bill as prepared by the railroad lobby, and when that clause went into the bill in the senate the railroad lobby ceased to take further interest in the measure. That clause completely destroyed the secret purpose for which the bill had been introduced. There has never been a doubt in the mind of any one familiar with the fact that Senator Hubbard did not fully appreciate the importance or character of this bill when he introduced it in the legislature, and as soon as he discovered that it was a dangerous measure he joined heartily with the governor in rendering it harmless. The bill has sometimes been referred to as a merger bill, but the fact that no merger has ever been attempted or accomplished under the law indicates that in the form that it was finally passed it had no force with relation to mergers. As the federal courts had just declared that the two railroads which it was planned to merge are in fact "parallel and competing," the bill with that added clause was of no use.

No Mergers Under Iowa Law.

It has been represented by the democrats and their allies in this campaign in Iowa this year that as a matter of fact under the Iowa law, as amended by the Hubbard bill, there have been railroad mergers effected; that, in short, it was under this bill that the Rock Island railroad increased its capital stock and organized a new company and purchased certain railroad properties in Texas and Oklahoma. The statement is absolutely false. The Rock Island did increase its capital stock and form a new company in Iowa, under the Iowa laws, and paid into the state fees aggregating about $25,000 for this privilege, but such action was not taken under the Hubbard bill. The filings were under the old law and might have been made ten years ago as well as four years ago. There was nothing in the old law to prevent a company from making an increase in capital stock and there was never at any time any limit on the size of a corporation under the Iowa law. The Rock Island railroad would have saved itself about $22,000 if it had organized its new company a year before it did. This is the only difference between the new and the old law. As a matter of fact the Rock Island company has never been engaged in the merger business but has purchased in distant states lines with which to make extensions. It is a matter of profit to Iowa and of advantage to the state to have these companies organized under Iowa law and with the restriction that the lines acquired are "not parallel or competing" there is no real objection to such extensions.

Why Was Porter Silent?

Mr. Porter in his various speeches in the state has stated that if Governor Cummins deserves credit for the veto of the Molsberry bill, he, Porter, also deserves credit because he voted against the Molsberry bill in the first place. The fact is that only five or six senators voted against the bill and Mr. Porter does deserve credit for having voted against it, but he would have deserved more credit if he had been able to and would have pointed out upon the floor of the senate, the essential evil of the bill, for if he had done that, the bill never would have got beyond the senate. It only required that Governor Cummins point out the wickedness of the bill for almost every senator to be against it.

Mr. Porter also takes credit to himself for having voted against the Hubbard bill. He has been quoted as saying "that Governor Cummins signed this bill without a protest," and is intimating that it was the Hubbard bill and not the Molsberry bill that the railroads desired. Mr. Porter knows that Governor Cummins did protest against the Hubbard bill as it was introduced and that the Hubbard bill was completely emasculatetd before it was put to a final vote in the senate and he knows perfectly well that the railroads lost interest in the Hubbard bill as soon as the changes were made in it.

Cummins Relates an Incident.

In an address in which he referred to the veto of the Molsberry bill, Governor Cummins has said:

I was first inaugurated in January, 1902. Inside of a month a law passed the general assembly which was calculated to stain the fair name of the commonwealth of Iowa. It was known as the Molsberry bill. It was intended to New Jerseyize Iowa, and to transfer the shame of that state to our own. I believed it was intended to make Iowa the home of the railroad trust. It permitted railroads to issue unlimited evidences of debt and the railway men asked me to sign the bill.

I knew then that I was at the parting of the ways, and that I must choose whether I should take the easy path, cheered by their assistance, or the thorny path accompanied by my conscience alone.

A personal friend in the employ of a railroad, whose position I had been instrumental in securing for him, called on me at my home and said the bill meant a great deal for his railroad. I said it was a vicious measure. He said he had been friendly to me and wanted me to sign it. I said:

"Do you think I ought to sign this bill to help the railway company, though I know it is a vicious and harmful measure?"

"That is just what I mean," he said bluntly.

I said: "This is a large room, but it is not big enough to hold us both, and by the Eternal I am going to remain."

Never since then has there been a day that the railroads have not pursued me with every genius they could employ, and the railroads are always in politics.

FARMERS AND THEIR FRIEND

Secretary James Wilson: The farmers of Iowa owe to Governor Cummins a day in harness. When they appointed a committee of their numbers—'Father' Clarkson, Wallace, Coffin, Given, and others—to defend them against the barbed wire monopoly, Mr Cummins was retained as their advocate. They won the fight, and have to thank their attorney for much of it.

NOT WANTED.

Governor Cummins: "In what I shall have to say, there shall be neither hope nor expectation of bringing to the support of the republican party what is ordinarily known as corporate influence."

WHERE IOWA GAINS.

For many years the state of Iowa paid Des Moines banks interest on advance payments of drafts and warrants while the state had large sums lying idle in the same banks. Now the state gets interest on all its deposits in these banks. he gain is shown as follows:

Interest paid Iowa by Des Moines banks under Cummins	$ 45,877.09
Interest paid by state to banks under previous system	57,786.57
Net gain to state	$103.663.66

In addition there has been turned into the state treasury bank examination fees under the administration of Auditor Carroll amounting to $30,000.00.

STAND BY THE PEOPLE'S FRIEND.

Governor Larrabee: In my opinion, it is the duty of every one of us, who desire to have the state governed by the people, instead of by the corporations, to give Governor Cummins our hearty support regardless of party affiliations. Unless we stand by a public officer who is faithful in the performance of his official duties, how can we expect a public officer to stand by our interests in the future?

A COMPARISON.

Increase in assessment of real estate in Iowa in five years	12.5%
Increase in assessment of railway property in Iowa in five years	32.0%

THE COMMON MAN A NATION'S STRENGTH

Congressman Cousins On the Future of Our Nation and the Policies That Make It Great.

In a recent speech opening the campaign Congressman Robert G. Cousins said:

If any body should ask me tonight what is the crux and the crown of the whole financial, social and economic situation in the United States today, I should tell him in a very few words what I believe to be the truth. For almost a decade our government policy has been favorable—most favorable—for all American entetrprises, in every pursuit involving labor and capital. Labor has fared unprecedently well, and capital has fared unusually well in whatever line it has been invested.

But all laws in all times have been subverted by evil doers, and the larger the volume of business and of industry the greater the opportunities both for good and evil transactions. And so it happens that during the past few years certain unconscionable cormorants have conspired to satisfy their greed and evil purposes. But never in our history have so many of them been brought to account. The conscience of a nation has put in operation laws that were already on the statute books and the congress just adjourned has enacted more potent and far reaching laws, as testified by President Roosevelt, than any congress in our history.

In my judgment the sordid greed for gold in this American nation will not thwart the nobler ideals of its worthy people. The middle class—the average man—John Jones and William Smith—will save this nation even as it was established by that same kind of men. It will not be given over either to the cormorants or to populists or socialists. It will not be forsaken to either extreme element. It will be ruled by intelligence. It will not be surrendered to greed nor sacrificed to ignorance and anarchy.

After all the talk and tirade about existing evils, the condition of the country is better than it has even been. The average citizen today enjoys better returns for his toil and greater comforts than ever before. The administrations of President McKinley and of his successor, President Roosevelt, have witnessed the greatest improvements and accomplishments that the nation has ever experienced. Concomitant with the tremendous commercial and industrial achievements which we have already discussed, vast good has been wrought in other lines.

The laws that have been made restricting evil combinations in our country have proved successful in the main under the decisions of our courts and while some evils still exist, as always have and doubtless always will the sum of human progress is encouraging and to every mind except the pessimist, the future augurs well. The men and women who have faced the dangers and hardships of the early settlers' life, who cultivate the soil, who produce the things that people eat, who labor all the day and do chores half the night, who during the years gone by have waited through the weary weeks for mail, now have their morning dailies by the rural routes. These toilers of the country enjoy new privileges and comforts and prosperity which they so well deserve. I am not surprised that men who have learned the relative advantages of political systems by actual trial consider seriously and doubtfully propositions of reckless change, especially at a time when all are doing exceptionally well. Most men and women of our world are confined to the practical and serious side of life, and it is not strange that those who have saved and sacrificed repeatedly to disastrous theories, and who have fought the battles of our progress, should demand at least a reasonable trial of successful policies while they afford comfortable indulgences on the happy side of life. Therefore, I speak for present republican policies. Surely I could have no other motive than your immediate good and the nation's welfare. If in years to come republican policies should be overturned and something should happen to jar the Utopian expectations of experimental folly now and hitherto proclaiming novel nostrums, please have the kindness to remember that I invited you, if indeed I have not warned you and implored you to enjoy your own well earned and nobly instituted system of success while it is securely yours and while it is affording comfort and security and luxury.

I have dwelt thus at length on national issues for the reason that we are now virtually at the beginning of an important national campaign. So far as state issues are concerned, it can hardly be said that any of importance now exist, and indeed if these be any at all, our distinguished governor will treat them ably and exhaustively. Upon the platform recently adopted by the republican state convention which is probably the best that could have been agreed upon under the circumstances, there is little room for doubt that the whole ticket nominated by that convention will easily be elected, as will also your county ticket.

But to accomplish that you must go to the polls. Whatever is worth achieving is worth preserving. Go to the polls and save what you have achieved, and remember, under the new plan of voting, you must put a cross in the square before the name of every candidate you wish to vote for.

A DEMOCRATIC VIEW OF DEMOCRATIC MANAGERS

Leading Democratic Newspaper On the Record of Those Who Essay To Control Iowa Affairs.

In the Dubuque Telegraph-Herald, the leading and most consistent democratic daily paper of Iowa, edited by Louis Murphy, the quarrel in the democratic party as to who shall represent Iowa democracy on the national committee was discussed at length and the paper said:

This newspaper purposes to discuss, for the information of the members of the democratic national committee, the record of Mr. W. W. Marsh of Waterloo, who is asking the committee to elect him instead of Mr. Cato Sells of Vinton to the Walsh succession.

It has been charged against Mr. Marsh that he bolted the ticket in 1896, that he was hostile to effective rate legislation and that he is not in sympathy with the progressive tendencies of the party.

What proof is there to sustain these charges?

The truth of the first charge Mr. Marsh admits. It therefore stands in the record unchallenged, and not palliated by a single circumstance, that he refused to submit his will to the party's will, and that he allied himself with the opposition to defeat the candidates of the party and the principles for which it stood.

It is for the members of the national committee to say if in their opinion it would be fair to the 200,000 Iowa democrats who remained loyal in 1906 to foist upon them as their leader and their representative in the national councils of the party an individual who in 1896 refused to consort with them and went over to the enemy.

The attention of the members of the committee is directed to the published (pamphlet) proceedings of the interstate commerce law conventions in Chicago. One of these conventions was "regular" and the other "rump." The regular convention as the committee doubtless know, was in sympathy with effective legislation; the "rump" convention was organized by the railroads solely to embarrass legislation, and to cause it to appear that the country was not in favor of regulation. On page 138 of the pamphlet, in the list of delegates present at the "rump" or railroads' convention, is the name of W. W. Marsh, representing the Waterloo Manufacturers' association.

The names of several other Waterloo gentlemen appear in the same list, two of them democrats and conspicuous supporters of Mr. Marsh—Messrs. J. T. Sullivan and F. J. Fowler, both acknowledged bolters in 1896. There appears also the name of C. W. Miller of Waverly, chairman of the democratic state committee, the leader of the Marsh campaign.

It may not be amiss to say for the benefit of the members of the national committee that the railroads picked up every shipper who had in the past, or hoped to in the future, receive favors at their hands, and every politician courting railroad support, and shipped him into Chicago as a delegate to the "rump" convention.

Mr. Marsh's presence at the "rump" convention in opposition to rate regulation is a criterion of his other conduct. He is not and never has been in sympathy with the progressive tendency of the party. Never, from 1896, until early in 1906 did he count himself with those who have been in the past and now are in sympathy with Mr. Bryan. His change to Bryan came after an interview with National Chairman Taggart, and he gives it out now with assurance of its truth, that Mr. Taggart is the guardian of his interests. We can not think that Mr. Taggart has taken care to learn the other side of the Iowa situation, that he understands Mr. Marsh's relations to those who have constituted the real democracy of Iowa—the 200,000 who kept the faith in 1896 and who have kept up the fight in the interests of democratic democracy. On every alignment in every state convention held in this state since Mr. Marsh's return to the party fold, he has been active against the progressives, against those who were for Bryan until the last state convention, when nobody was against Bryan and no one against conservative radicalism.

IOWA A GROWING STATE; KEEPING PACE WITH THE TIMES

ANALYSIS OF THE QUESTION OF STATE EXPENDITURES AND APPROPRIATIONS.

Wherein Iowa Has Been the Gainer by Reason of Liberal Treatment of State Institutions—Iowa Policies Are Good For All Time.

The expenditures of the United States government under the administration of President Roosevelt have increased many fold. The nation is expanding. It is rich. Its greatness is recognized. A Republican congress and a Republican president but do that which is necessary in keeping pace with the times.

The expenditures of every state of the union have been increasing, just as there is increase in the expendtiures of every county and every city. In like manner the expenses of every prosperous business man, or merchant, or farmer, are on the increase.

The state of Iowa is a bigger and a better state today than it ever was before. It cares for the thousands of dependents and unfortunates better than ever before. It does more for the veterans of the war in their old age and weakness than it ever did before. It is doing more for agriculture, for manufactures, for all industries, than ever before. Above all else it is doing better for educaion than any other state of the union of equal size.

Some criticism has been made of the fact that the state of Iowa is thus expanding in every direction. The expenditures have been denounced by the democratic canadidate for governor as extravagance and wastefulness. In doing so some figures are given which purport to show how greatly have the actual expenses of the state increased.

These statistics are incorrect, and the conclusions which it is expected the people will draw from them are wholly false.

In the first place the figures which he gives take no account of the fact that the biennial fiscal periods do not correspond to the calendar periods or those which relate to different administrations.

But Mr. Porter undertakes to lead his hearers to believe that Gov. Cummins is wholly responsible for the millions which are being spent under appropriations of the legislatures. Every intelligent person knows that this is not true. The expenditures which a governor may directly control are few indeed.

But even granting that Governor Cummins personally is responsible for the increased expenditures of the state, or that the executive council has full control, which it has not, the statement and argument of Mr. Porter are absolutely dishonest in that he gives only one side of the ledger and does not explain wherein the increase shown is, in many respects, apparent and not real.

For instance, the books of the state show that in the year just ended—July 1, 1906—the cost to the state of examinations of banks, insurance companies and loan and trust companies in the office of the state auditor was $19,722.02. These same books show that previous to five years ago there was no expenditure out of the state's funds for this purpose. Wherein is the difference? The examinations were made previously and they were paid for. But in other years the examiners got the fees and put them in their pockets and the state's books showed nothing in regard to the same. It was under this old system that insurance examinations were made which netted small fortunes to the examiners and brought scandal upon the state. Under the Cummins administration every cent received for fees of every sort goes into the state treasury and the examiners are given salaries. Hence the appearance on the ledger of new accounts.

But Porter shows only the expense side and conceals the column which shows receipts from the same source. If he gave both sides of the ledger he would show a profit to the state by the change. By showing only one side he makes it appear as an added expense to the state.

The same condition of affairs exists as regards the oil inspection service. Formerly this was an expense to the state; now it is a profit. Yet the figures Porter gives shows it now to be an expense. And so it is with many other departments.

The books of the state of Iowa are open so that every person may know just wherein this increase has has been. Here are some items which go to make up the increase:

Ten years ago the three state educational institutions were receiving an annual allowance for support and all expenses of $87,681.88; now it is $527,802.83.

In the past five yars there has been expended in permanent improvements on the three educational institutions a total of $670,278.

In the past five years there has been expended for new buildings at the uncompleted insane hospital at Cherokee, $650,495.

In the same period there was expended for permenent improvements at the other state insane hospitals, $426,586.

Ten years ago the home for the soldiers at Marshalltown cost the state $131,430 in two years. Last year the same institution, more a great hospital than merely a resting place for the veterans, cost the state $150,610. More than $120,000 has been spent on the home in permanent improvements in the past few years.

The main building of the school for the deaf at Council Bluffs burned, since which time the state has spent in replacing the same $230,716.

One of the buildings at Glenwood burned and others were torn to pieces by storms. The state has put $139,866 into permanent improvements there.

Aside from the great work being done for the soldiers at Marshalltown the state has expended in the past three years $132,495.46 on monuments on the southern battlefields.

An item of expense to the state under the administration which did not come to any other was that of completion of the state capitol including repair after the great fire. This cost the state $460,671.

Another item of extraordinary expense coming under the present administration was that of the state historical building, for which more than $172,900 has been paid.

The state contributed for the building of the magnificent live stock pavilion and the building for agriculture, horticulture and dairying departments at the state fair $84,000.

The cost to the state of paying the salaries of the district and supreme judges of the state is annually more than $219,000.

A good deal has been said about the alleged extravagance of the departments directly under control of the governor. Here are the facts: The expense of the governor's office is, in fact, to some extent, under his direct control, and also the expense under the custodian of public buildings, who is appointed by the governor. For the period ended July 1, 1897, the expense of these two departments was $86,709.43. For the period ended July 1, 1905, the expense of these same departments was $84,140.73. Wherein is the extravagance?

THE STATE AUDITOR ON STATE EXPENSES

Mr. Carroll Tells the Facts About Expenditures and Defends the Record of the Republican Party.

State Auditor B. F. Carroll:

The impression seems to prevail that the executive council is responsible for the amount of money raised and expended for state purposes. The council simply carries into effect the express will of the legislature.

The duty of the council is to see that expenditures have been authorized and are made in compliance with law. It should be borne in mind, however, that a large per cent of the state's funds are not under control of the council either directly or indirectly.

The expenditures for the fiscal year ending June 30, 1906, were in round numbers $3,856,000. More than 68 per cent of this entire amount, or $2,629,000, was expended for the benefit of the state institutions, no part of which even requires the approval of the council. Of the last amount named about $1,890,000 went to institutions under the board of control and $739,000 to the three educational institutions. The remaining $1,037,000 was expended as follows: For the general assembly, $132,000; for the maintenance of the various departments of the state, $610,000; for the state militia, $70,000; for miscellaneous appropriations, such as capitol improvements, historical building, monuments on southern battlefields, etc., $209,000, leaving about $100,000 for the purchase of supplies, fuel, furniture and fixtures, postage, express, etc.

The item of $610,000 designated as maintenance for the various departments, includes all of the salaries and expenses of all officers and employes of the state, all of the expenses connected with the various departments and also includes the salaries of the district judges of the state. There has been a considerable increase in this item during the last few years by reason of the increase in salaries of the district judges, which in the aggregate amounts to $53,000 per year, being $1,000 each and for the further reason that the bank examiners, insurance examiners, building and loan examiners, oil inspectors, pharmacy commission, board of health, board of dental examiners, board of medical examiners and veterinary medical examiners formerly collected and retained fees for their services and expended and no account was kept of the same by the state except as to fees in excess of the amounts that were allowed to be retained and were turned into the state treasury. Now all such fees are collected and turned into the state treasury and the examiners, commissions and boards are paid by warrants drawn upon the treasury in the same manner as all other officers and employes of the state. I think no one will question the wisdom exercised by the legislature in the enactment of the law providing for the change in system, but by reason of the change there is an increase in the amount of money expended under the above item, which increase for the last fiscal year amounted to nearly $75,000.

The increase, however, is more than offset by the amount of fees turned into the treasury, which for the last year was in round numbers $122,000, so that, as a matter of fact, the state realized a profit of $47,000 from these sources.

Deducting the items of increase in the salaries of the judges and the amount paid to the examiners, boards, et al., under the changed provisions of the law from the item of cost of maintenance of the various departments of state, and notwithstanding the vast increase in the state's business it shows a net increase expenditure for the last year over that of five years ago of less than 5 per cent, which is much more than offset by the profit to the state as above shown.

That there has been an increase in the expenses of the state in general need not be denied, but that the purposes for which the expenses have been incurred are generally commendable, I think will be conceded. Very much of the increase has been for the maintenance and support of our educational, penal and charitable or eleemosynary institutions. The legislature may have been liberal in the appropriations for these purposes but no one, I think, who is familiar with the circumstances, will say that it has been too liberal. He who objects should make his objection specific and say which institution should not have received its aid. Iowa's pride is the richness of her soil, her magnificent state institutions and the character of her citizenship. Nature gave us the soil, we build our own character, but our state institutions will flourish or fall according to our liberality in providing for them.

NEAR TO THEIR HEARTS.

Governor Cummins: "The principle that the government of the United States and the government of the state shall be conducted by its men, and not by its corporations, is nearer to the hearts of the people than any article of partisan faith."

ACT WISELY AS TO THE TARIFF

Senator Beveridge: "There has got to be some tariff changes. We are protectionists, we republicans, and not we republicans alone but practically the whole American people. Protection of American industry has become an American principle. No free trader could destroy it if he would. Our expenses are so immense that the revenue drawn from our tariff could not possible be reduced without bankrupting the treasury. And that tariff, absolutely necessary to the working of the government, ought to be so adjusted as to protect American labor and encourage American industry. But no tariff schedule is immortal. When conditions change the tariff schedule that was adjusted to that condition ought also to change. Genreal revision is foolish and impossible. Even a bad tariff when stable is better than a general change; and our present tariff is not a bad tariff. It is the best adjustment of tariff schedules ever devised. But SOME OF THOSE SCHEDULES SHOULD BE REVISED AND THEY SHOULD BE CHANGED IN THE HIGH TIDE OF OUR PROSPERITY WHEN BUSINESS CAN EASILY ADJUST ITSELF TO THE CHANGE and not in some period of approaching financial depression when the slightest change would disturb all business. Those changes should be made by the party that made the law and by friends of the protective principle and not by the party that resisted the law and are enemies of the protective principle."

SETTLE IT NOW.

Governor Larrabee: "Other questions should be subordinated to this until it is settled whether we are to have a government of the people, by the people and for the people, or a government of the corporations, by the corporations and for the corporations."

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