MR. ROOT OUTLINES COURSE AS SENATOR

DEFINES LINES OF STATE AND FEDERAL POWER.

Senator-elect Would Maintain Prestige of States—Against Direct Election of Senators.

[By Telegraph to The Tribune.]

Albany, Jan. 28.—In a speech to the houses of the Legislature in joint session this noon Elihu Root, United States Senator-elect, declared himself opposed to the direct election of United States Senators and the initiative and referendum, or anything else which would tend to belittle or weaken the powers of legislatures. While he made no reference to direct primary nominations, and did not touch on the political situation save to say that he wanted to get into touch with current affairs here, become personally acquainted with the leaders of opinion and political action and advise with them, the trend of his utterances was such that oldtime reactionary leaders chose to consider it an indication of difference from Governor Hughes on those subjects.

Incidentally Mr. Root expressed his strong approval of the parcels post system, and in doing so gave what one Senator termed a "valedictory of somewhat unwelcome flavor" to Senator Platt.

The speech of the Senator-elect was a strong setting forth of his views on a centralized federal government, along the lines of his memorable address before the Pennsylvania Society, coupled with a showing of the danger of the breaking down of the federal machinery from overstrain if too great centralization of power resulted, and the decadence of the state governments if the federal power took too much on itself. From this he developed the thought that rigid observance of the limitations set by law upon them was demanded of all public officers. The powers and dignity of legislatures must be maintained, he declared.

"I am opposed to the direct election of Senators as I am opposed to the initiative and referendum," said the speaker, "because these things are based on the idea that the people cannot elect legislatures whom they trust. They proceed on the idea of abandoning the attempt to elect trustworthy and competent state legislatures, but if you abandon that attempt, if you begin to legislate or to amend constitutions upon that theory, what becomes of all the other powers of the state legislatures in maintaining the system of local self-government under the Constitution? We must come down for successful government to the due performance of citizens' duties at the polls, and there is no reason to believe the citizens would perform their duty in the direct election of Senators or in voting upon the initiative or the referendum any better than they perform it in the election of members of the senates and assemblies of their states."

SPEECH AROUSES COMMENT.

Mr. Root's speech aroused much comment here. It was taken by most politicians as an indication that he was willing to become a real state "leader" of opinion and political action—a post to which most of the anti-Hughes leaders have been assigning him in the fervent hope that he would take the job of displacing, wiping out and annihilating not only the Governor politically, but his political ideas and methods. As a matter of fact, some of the cooler headed and more farsighted men here declare that Mr. Root never can descend to be a "state leader" in the sense of handling small affairs in state politics, as some state leaders have done, and that if he actually were to show a disposition to take hold of state political affairs to the degree which some of the anti-Hughes men are talking about, they would be the first ones to protest. Mr. Root, they argue, is in his broad, general ideas too big and progressive for the comfort of the anti-Hughes leaders of smaller stamp.

Senator-elect Root spoke in the Assembly chamber from the Speaker's desk. Every gallery was full to its utmost capacity, and the floor of the Assembly chamber was thronged with spectators and attachés in the various state departments. When Senator John Raines and Mr. Frisbie, minority leader of the Assembly, escorted the Senator-elect to the desk there was loud applause.

Mr. Root looked tired. He was visibly overcome with emotion for a moment or two; indeed, his voice trembled so he could scarcely speak as he began to thank the Legislature for the honor it had conferred on him. As he went on, though, his voice cleared, and when he got into his stride frequent bursts of applause interrupted him.

MR. ROOT'S SPEECH.

Mr. Root spoke as follows:

Mr. President, Mr. Speaker, Gentlemen of the Senate and of the Assembly: I have to thank you most sincerely for the very great honor which you have conferred upon me and for the great opportunity that you have set before me to represent in the Senate of the United States the state of my birth and of my life. I shall do my best to justify your selection, with not too much confidence in the result, because I do not think that as a rule lawyers who have been many years at the bar and whose habits have become fixed make very good legislators, when they are not caught young. (Laughter and applause.) And I have a rather uncomfortable sense that it will be quite impossible for me to live up to the many kindly and delightful things that have been said about me by my friends in the State of New York during the last few months.

I have come to Albany in the hope of meeting the men who are leaders of opinion and of political action in the State of New York and who are, as they ought to be, in the two houses which legislate for the state. It is my strong desire to get into touch with you as the representatives of the people in the State Legislature. I have been for the greater part of the last ten years in Washington, engrossed in the affairs of the national government, which have lain outside even the limits of the United States, and I feel that I am a little out of touch with the current affairs of the state. I would like to get back into that same knowledge and familiarity with them that I had ten years ago, when I was here within the state all the time. And I would be glad to establish such a personal relation of acquaintance with every member of the Senate and the Assembly that if you have anything to say to me as your Senator in Congress you will feel at liberty to do so and that if I have anything to say to you I shall feel at liberty to say it. (Applause.) I mean this not merely with regard to the filling of offices (laughter), although ever Senator of the United States is charged with the duty to represent his state in regard to appointments to federal office from that state and in that state. He is a sort of appointing power, and it is his duty to see that, so far as the exercise of his office in vote and in advice is concerned, the citizens of his state have the benefit of their character and reputation in their own communities, so that if a man has lived a good and useful and active life, is respected by his neighbors, is esteemed by them worthy of honor and capable of performing useful public service, this may be made known to the President in Washington through the voice of his representative in the Senate of the United States.

But I mean more than that. Our government is becoming complicated in a very high degree. Difficult questions are continually presented which affect the interests of every state, and the wide and immense and varied interests of the State of New York are particularly liable to be affected by a great variety of measures which come before the national Congress. I would be glad to have you express your opinions upon all measures which appear to you to affect the interests of the state. I shall be glad to be at liberty to consult you freely, as occasion offers, upon the practical operation of measures pending before the national Congress on the interests of the state. If you think it will be beneficial to the State of New York, for example, as I now think it would be, to have a parcels post provision included in our postal laws (applause), so that the thirty-nine thousand rural free delivery carriers, instead of driving around the country with empty buggies, as they do now, shall earn enough to pay their salary by carrying small packages to the people they serve—if you think that would be beneficial to the interests of the State of New York, I would be glad to have you say so, and if you think I am wrong in that I would be glad to have you say so.

STATES NO LONGER ISOLATED.

There is more to be considered, however, than the mere interests of the State of New York in the relation which exists between you and your Senators in Congress. The different states of the Union are no longer isolated communities. They are welded together, interwoven in their interests, business and social, and the action of every one is felt upon every other, and the interests of every one are bound up in the prosperity and welfare of every other. And with the great and complicated problems which are pressing upon our national government, it is becoming every year more apparent that the people of no state can live to themselves alone, and that they have set before them as the highest of duties the obligation to do their share, to contribute their share, to the carrying on of the national government, the solving of the great national problems for the maintenance and furtherance of that common interest which is vital to the people of every state but confined by the limits of no state. And upon these great questions I ask your help in the performance of those duties which you have imposed upon me.

The intimate connection between the people of every locality and of every other, largely brought about by the increase of communication, the passing to and fro of the trains upon our great railroads, the telegraph and the telephone, the extension of business which knows no state lines, and the substitution of great national centres of business for the old state centres of business, the development of commercial and manufacturing and social life along national lines, have forced upon the national government the performance of a great variety of duties which formerly were performed by the states within the limits of their comparatively isolated communities.

By the exercise of the powers granted in the interstate commerce clause of the Constitution the national government is extending its power over the operation of our railroads, our steamship lines, our telegraph and our express companies by the exercise of the taxing power; it is regulating the action of the people all over the country, as, for instance, in the oleomargarine act; by the exercise still again of commerce power it is controlling the adulteration of food and deceptive practices in the sale of food, as in the pure food law. The activities of the general government are continually widening step by step, covering ground formerly occupied by state action.

That is not a matter of what we wish or what we do not wish; it is not a matter of political programme or platform; it is plain fact, to be seen by any one, and a fact to be considered. There is one advantage, a great advantage, which has come from it, is coming from it—that is that we are acquiring effective control over the great developments of business activity in our country to a degree which could not be possible by state action in many directions; that we have growing a strong, virile, competent and effective national government; that we have built up a great national power, respected and honored throughout the world; that America is a name for pride and satisfaction; that from all external attack this powerful national government protects, and effectively protects, our homes, our families and our lives.

LIMIT OF CAPACITY NEAR.

But there are two dangers coming with this same development. One is the danger that the national government will break down in its effective machinery through the burden which threatens to be cast upon it. This country is too large, its people are too numerous and its interests are too varied and its activity too great for one central government at Washington to carry the burden of governing all of the country in its local concerns, doing justice to the rights of the individual in every section, because that justice can be done only through intelligent information and consideration. And the means of business that is now pressing upon the legislative and executive and judicial branches of our government in Washington seem to have come about to the limit of their capacity for the transaction of governmental business.

The other danger is the danger of breaking down the local self-government of the states. After all, the thing that we have government for is ultimately the preservation of our homes and our individual liberty. And we ought to be at liberty to regulate the affairs of our homes in accordance with our own ideas. The tendency of vesting all powers in the central government at Washington is to produce the decadence of the power of the states. Now, do not misunderstand me. I am a convinced and uncompromising nationalist of the school of Alexander Hamilton (Applause). I believe in the exercise of the executive, the legislative and the judicial powers of the national government to the full limit of the constitutional grants as those grants were construed by John Marshall, and would be construed by him to-day (Applause). But I believe that the founders of the Republic builded more wisely than they knew when they set the limits between the exercise of that national power and the exercise of the local powers by the states. And, while I believe in the exercise of the national power throughout the province of the constitutional grants of national power, I believe also in the preservation of state power within the limits of its constitutional authority.

Further than that, I believe that the essential quality of free government is to be found in the observance by all public officers of the limitations set by law upon their powers. Once admit the right of public officers to disregard limitations upon their powers and you are launched on the course by which good men grow to be benevolent despots, with the inevitable corollary that bad men have the opportunity to become tyrannical dictators.

Evidently, if the powers of the state are to be preserved and their authority is to be continued, then states must exercise their powers. The only way to maintain the powers of government is to govern. Let me say that the men who make the most noise about state rights are very apt to be the men who are the most willing and the most desirous to have the national government step in and usurp the functions of a state when there is an appropriation carried with the usurpation. The men who are found opposing the authority of the treaty provisions of the United States made under the express grant of power in the Constitution are apt to be the very men who are anxious to have the government come into their states and spend no end of money in doing things that the states ought to do themselves in the exercise of their own powers. But the invitation of the national government to assume this and that duty within the limits of a state is an invitation to set up national power to the ultimate exclusion of state power.

AGAINST DIRECT NOMINATION OF SENATORS

Because I believe in maintaining the two grants of power of the Constitution—maintaining the national power to its full limit and still preserving the state power—I am opposed to everything that tends to belittle, to discredit or to weaken the authority of the legislatures of the states. You cannot take power away from privileged public bodies without having the character of those bodies deteriorate. For this reason I am opposed to the direct election of Senators, as I am opposed to the initiative and referendum, because these things are based upon the idea that the people cannot elect legislatures whom they trust. They proceed upon the idea of abandoning the attempt to elect trustworthy and competent state legislatures, but if you abandon that attempt—if you begin to legislate or to amend constitutions upon that theory, what becomes of all the other powers of the state legislatures in maintaining the system of local self-government under the Constitution?

If the people of any state are not satisfied to trust their Legislature to discharge the constitutional duty of electing Senators, let them cure their own faults and elect legislatures that they can trust. Ultimately in the last analysis we must come down for successful government to the due performance of the citizen's duty at the polls, and there is no reason to believe that the citizens would perform their duty in the direct election of Senators or in voting down the initiative or the referendum any better than they perform it in the election of members of the senates and the assemblies of the states. I am opposed to all steps that proceed upon the theory that the people of our states are to abandon the duty of making their state legislatures able and honored bodies competent to perform the great duties of legislation for these great commonwealths. (Applause.)

Let me say another word which directly bears upon the relations between the performance of your duties and the performance of duties in the body to which you have sent me. The intimate relations between the people who live on one side and the other of different state lines and the increasing interdependence of people upon each other in wide communities that are not determined by state lines have created a situation where, in the exercise of a great many of the powers that are reserved in the Constitution of the states, regard ought to be had not merely to the direct interests of the people within the limits of the state but also to the claims of the neighborhood, the comity that should exist between different communities, the necessity for adjustment of relative rights and interests. In other words, there is occasion to consider the relations of different states or different communities in different states in the exercise of your powers as well as in the exercise of national powers.

NEW YORK HARBOR POLLUTION.

Take for example the question about the pollution of the harbor of New York, with New York on one side and New Jersey on the other. It is not a subject I have studied, but it is a subject, which I observe, is up for consideration. I believe suit has been brought by the Attorney General of the United States regarding it. The states of New York and New Jersey ought to agree upon a reasonable and just solution of the subject without any lawsuit from the Attorney General of the United States. There are coming up continually questions in which the legislation of one state will vitally affect the interests of another. Upon those questions it ought not to be necessary for people to press the national government to come in and usurp the functions of the state in order to have uniformity of treatment of the subject. The states themselves ought to concur, consult, exercise consideration and good neighborhood toward each other in the performance of state functions in matters which affect each other. The Constitution contemplates such situations, for it provides that states may make agreements with each other by the consent of Congress. It is not necessary that Congress shall come in to stretch and strain its authority under the Constitution, but just in so far as the states neglect to perform their duties in such matters, just so far they invite the pressure upon Congress to lead it to attempt to remedy evils by stretching the national authority.

We have much to learn. We have much to do. The growing complications of life, the new problems continually presenting themselves, are taxing the best thought of the most experienced public servants; the problems of the future, the solution of which is still unsolved. There are other problems certain to arise that we have not yet discerned. All these are making it more and more vital to the interests of every home in every state that the public servants of the state and the nation shall co-operate in the performance of the functions of government with a spirit of good citizenship, of patriotism and of loyalty to the Constitution under which we live. To that co-operation, jointly with you, I pledge myself for the next six years, if I live so long. I thank you for your kind attention.

After he had finished his address Mr. Root held an informal reception for the legislators in the Speaker's room. Later he was the guest of Speaker Wadsworth at luncheon. Mr. Root was unable to meet Governor Hughes because of the latter's absence in Washington.

To-night Mr. Root was entertained at dinner at the Fort Orange Club by the judges of the Court of Appeals.

JOY WORK

And the Other Kind.

Did you ever stand on a prominent corner at an early morning hour and watch the throngs of people on their way to work? Noting the number who were forcing themselves along because it meant their daily bread, and the others cheerfully and eagerly pursuing their way because of love of their work.

It is a fact that one's food has much to do with it. As an example:

If an engine has poor oil, or a boiler is fired with poor coal, a bad result is certain, isn't it?

Treating your stomach right is the keystone that sustains the arch of health's temple and you will find "Grape-Nuts" as a daily food is the most nourishing and beneficial you can use.

We have thousands of testimonials, real genuine little heart throbs, from people who simply tried Grape-Nuts out of curiosity—as a last resort—with the result that prompted the testimonial.

If you have never tried Grape-Nuts it's worth while to give it a fair, impartial trial. Remember there are millions eating Grape-Nuts every day—they know, and we know if you will use Grape-Nuts every morning your work is more likely to be joy-work, because you can keep well, and with the brain well nourished work is a joy. Read "The Road to Wellville," in every package—"There's a Reason."

HAFFEN PAYROLL ERRED?

Witnesses Say They Noted Discrepancies in Street Work Schedule.

Henry S. Opdyke, an engineer, testified yesterday at the hearing on the charges against Borough President Haffen, and admitted under cross-examination that he had been originally engaged in the case by persons dissatisfied with the work in upper Broadway. Regarding his previous testimony that $160,000 of the preliminary estimate of $171,000 had been paid, although the contract required that 30 per cent of the amount be withheld, Mr. Opdyke said he did not know that the excess had been paid by a special agreement between the contractor and the city.

The witness had also testified previously that the original plans furnished by the Department of Highways for sidewalks in upper Broadway called for a width of 19 feet, but that the walks had been narrowed to five feet in some places and two feet in others. The witness was not aware, he said, that the walks had been narrowed to five feet by a resolution of the Board of Aldermen. The witness closed his testimony by saying that he had never been employed to "make a report adverse to the Broadway contract." He also said that he was regularly employed as engineer by John Jacob Astor, William K. Vanderbilt, Robert Goelet and others.

P. J. Fitzpatrick, an inspector in the office of the Commissioners of Accounts, testified that he watched the work of a gang of ten men on a Bronx highway on September 13, 1907, and that he estimated their aggregate labor as amounting to 2,540 minutes, but that the bureau of highways payrolls showed that the men had been paid for 4,800 minutes' work on that day. He gave similar testimony regarding other gangs and their work on various dates. William H. Keese, another inspector in the office of the Commissioners of Accounts, gave similar testimony. The hearing was adjourned until this morning.

RECOGNITION WITHHELD.

America's Demands on Belgium in Congo Free State Matter.

Boston, Jan. 28.—That the United States government is withholding recognition of the transfer of the sovereignty of the Congo Free State to Belgium pending fuller information as to the intentions of the Belgian government is shown by the correspondence between Secretary Root and Baron Moncheur, the Belgian Minister to this country, which was made public to-night by officials of the Congo Reform Association. Permission to publish these letters was received from the present Secretary of State, Robert Bacon, to-day.

Baron Moncheur, on November 4, sent Secretary Root a note informing him of the acquisition of the Congo Free State by Belgium and stating that the Belgian government would "promptly issue exequaturs to consular officers of the governments which request it." Secretary Root sent a long reply on January 11, in which he expressed five principal demands as follows:

1. A specific assurance from Belgium that she will respect the Brussels act of 1890, of which the United States is a full signatory, and especially Article 2, as quoted, providing for the humane treatment of the natives.
2. The abolition of the labor tax.
3. The restoration to the natives of land formerly held by them according to native communal customs.
4. The institution of the freedom of trade guaranteed by the treaty of 1891 between the United States and the Congo.
5. An agreement to submit to arbitration economic and commercial questions which shall prove especially difficult of settlement otherwise.

John Daniels, corresponding secretary of the Congo Reform Association, said to-night:

"The position taken by Mr. Root is essentially identical with that taken by Sir Edward Grey. Face to face with the demands of the United States and Great Britain, Belgium must either accede to them or force such action that an international conference may be the result."

STATE ART COMMISSION.

American Chapter of Architects Propose Legislation at Dinner.

To establish a state commision of fine arts, similar to the national council started by President Roosevelt, was the project launched at a dinner of the New York Chapter of the American Institute of Architects at the University Club last night. Senator J. Mayhew Wainwright, the principal speaker, outlined the proposed plan as it will be brought before the Legislature. Among the architects present were these members of the National Fine Arts Council: Cass Gilbert, C. Grant Lafarge, W. A. Boring, George B. Post, Arnold W. Brunner, Frank D. Millet, Edward H. Blashfield and Herbert Adams.

Arnold W. Brunner, president of the chapter, introduced Senator Wainwright, who spoke of the growth of appreciation of artistic architecture, as shown in the work done by the various municipal art societies and the smaller improvement societies all over the country. He referred particularly to the various projects in the city of New York, and disposed of them briefly by saying:

Regarding Madison Square Garden—let us keep it; the new courthouse—let us locate it; the new charter—let us amend it; Fifth avenue—let us widen it; the City Hall—let us restore it; and the city plan—let us adopt it.

He commended President Roosevelt's recommendation of a National Art Council and hoped to see the same embodied in legislation. But with all of this activity in city and nation, the apathy of the state was most marked by contrast. He said:

We seek expert advice on practically all matters that come within the state's activity, whether it be in medical, chemical, legal or engineering subjects and, in fact, upon all matters where expert advice is needed except on the subject of art, where the most expert advice is absolutely requisite. While the state is fortunate in having so able an officer in State Architect Ware, it is unfortunately true nevertheless, that he is not encouraged by the Legislature.

Senator Wainwright criticised the building of the State Normal School, in the designing of which the Commissioner of Education had more to say than the State Architect, according to the speaker. He said:

New York will not be the first to have a State Art Commission, for both Utah and Minnesota, strange to say, have such. I recommend that veto power be given to the commission over designs that do not come up to the proper artistic standard, in the beginning. I believe that this movement will not only receive sympathetic treatment from the Legislature, but from the chief executive as well.

Other speakers were William R. Willcox, chairman of the Public Service Commission; Robert W. De Forest, president of the New York Art Commission; Frank D. Millet, Richard Watson Gilder and Frank Crowninshield.

BILL FOR ADDITIONAL REGENT PASSED.

Albany, Jan. 28.—The Assembly to-day passed Senator Raines's bill adding another member to the State Board of Regents.

WALLIS PAPERS PUBLIC

LEADERS SEE INSULT.

Many New Senators Vote with Anti-Hughes Men on Question.

[By Telegraph to The Tribune.]

Albany, Jan. 28.—Under guise of resenting an "insult to the Senate" in the letter of Frederick A. Wallis to Governor Hughes, which said that there was "political opposition" to his confirmation, Senators Grady, Raines and Allds to-day led a fight which resulted in the making public of all the documents in the Insurance Department relating to his case. Two rollcalls were necessary to defeat the opposition to this procedure, which was led by Senators Hinman and Cobb, stanch Hughes men.

The result showed two things—first, that behind the surface fight is a determined spirit to take a fling at the Governor by adding whatever humiliation could be added to Mr. Wallis's position; second, apparently, that a goodly proportion of the new Senaters were "safe" men, from the anti-Hughes point of view, since most of them followed the bipartisan leadership of Raines, Allds and Grady.

Apparently the decision had been reached to discipline Mr. Wallis, and thus by implication the Governor, who withdrew his nominee's name over night. No hint of it was given until Senator Grady arose to ask if the Senate clerk had received the material requested by resolution from the acting Superintendent of Insurance. The material was at the desk and Senator Grady next moved that it be read. Senator Hinman moved that it be referred to the Insurance Committee, saying that Mr. Wallis's name was not before the Senate and that there was no use in ventilating publicly whatever charges might have been lodged against him.

Senator Grady thereupon became very indignant, declaring that Mr. Wallis had insulted the Senate. His information, he said, came from no political source, and if Mr. Wallis believed opposition in the Senate to his confirmation was political he should have the material from the Insurance Department read to clear away that opinion. Senator Raines also considered the statement in Mr. Wallis's letter a reflection on the Senate. Political considerations had not entered into the case at any stage, he said. The Governor had nothing to conceal in the matter; his attitude had been perfectly clear and free from censure. But since Mr. Wallis had taken this particular attitude the incident could not be dropped.

GRADY TWITS HINMAN.

"Senator Hinman is in an especially charitable mood to-day," cried Senator Grady. "Having had one cheek slapped, he is willing to turn the other. But I'll guarantee that if he will get Mr. Wallis to ask for an investigation there will be more entertaining developments than this correspondence contains."

At this point the debate was suspended to permit the Senate to listen to Mr. Root. When it was resumed Senator Grady declared that the disposition Senator Hinman sought to have made of the documents would make them as public as to have them read in open Senate.

Senator Cobb, taking a fling at Senator Allds for his conduct in the Cook affair, declared he should hate to believe that matters "in the hands of the Finance Committee, for instance," should immediately be made public and spread before the world.

"This is a question whether we shall resolve ourselves into an insurance investigating committee," said he, "and go into the Home Life Insurance Company's affairs and this man's personal record for the whole purpose, as expressed here, of resenting an insult. Now, I am very tender on the subject of insults, but I confess I didn't know I had been insulted until I was told so just now. Of course, if it comes to a situation where Senator Grady thinks we should stand by him because he has been insulted, that's another matter. But what advantage can this Senate obtain by pursuing this man—if it is pursuit—after his name has been withdrawn from public consideration?"

On the roll call the result was 11 to 24 for Senator Hinman's motion. It was the first line-up this session. Those for the motion to refer to committee were: Agnew, Allen, Alt, Cobb, Cordts, Hinman, O'Neil, Rose, Schlosser, Travis and Wainwright. Those against were: Allds, Caffrey, Davis, Emerson, Frawley, Gardner, Gledhill, Grady, Grattan, Hamilton, Heacock, Hewitt, Hill, Holden, Hubbs, Kissel, Mackenzie, Meade, Platt, Raines, Ramsperger, Stillwell, Wagner and Witter—7 Democrats and 17 Republicans.

Senator Hinman immediately moved to have the whole affair laid on the table. That motion was defeated, 15 to 20, Senators Allds, Davis, Hamilton and Hill changing their attitude on that question. Senator Grady immediately asked to have the document printed and referred to the Insurance Committee—thus giving it full publicity.

THE DOCUMENTS IN THE CASE.

The documents concerning Mr. Wallis, which were given out for publication after the session of the Senate, do not show that Governor Hughes's appointee was guilty of any very glaring misdeeds. The most serious seems to be the issuing of advertising circulars containing statements that were said to be misleading. A letter from Robert H. Fuller, secretary to the Governor, transmitted to Superintendent Kelsey a complaint because of these circulars. It was complained that certain advertising matter of the Home Life Insurance Company bore statements in direct violation of the insurance laws.

Mr. Kelsey acknowledged this matter and called the attention of the Home Life Insurance Company to it. He received in reply a letter from President George E. Ide of the Home company, declaring that the matter referred to was prepared without his knowledge or consent. He says that the circular was issued by Mr. Wallis, and that he wrote "prohibiting the giving of any such brokerage as he offered in his card." He says that at the same time he sent a circular to all the agents of the company on the subject, and that he recalled that portion of the advertising "as being absolutely misleading and improper, and repeated my instructions to Mr. Wallis that all circulars emanating from his office should be submitted to me for approval before their issuance."

REFERENCE TO ATTORNEY GENERAL.

Exhibit B of the correspondence transmitted by Deputy Appleton refers almost exclusively to various criticisms of certain actions of the Home Life Company made by examiners of the Insurance Department which were the subject of considerable correspondence. On some of these points the Home Life requested a reference to the Attorney General, which was apparently made. The main question in dispute would appear from a letter sent by Mr. Kelsey to the president of the Home Life to be "the matter of the criticisms by our examiners of the manner in which the Home Life Insurance Company invests its funds in mortgages made by individuals upon real estate owned by the latter." On January 11 of last year it appears that the Home Life wrote to the department asking for a ruling as to whether a general agent of that company having a contract by which the company agreed to pay him certain first and renewal commissions, who sends an application for a policy on his own life is entitled to a commission. The name of the general agent is not stated.

The last document, marked Exhibit C, relates to the extension of the activities of an agency supervisor located in New York in New England territory. It includes a letter from President Ide to Superintendent Kelsey, in which it is stated "we have had for many years great difficulty in securing a proper amount of business from the New England territory and it has been suggested that that territory could be best developed by the appointment of a salaried agency supervisor who should devote his energy to the development of that territory and have no commission interest whatever in the business under his supervision." Mr. Ide incloses a letter from an attorney in which the latter advises that the plan is legal under Section 97 of the insurance law. Mr. Kelsey replied, quoting the insurance law, and concludes as follows: "I am of the opinion that in view of the foregoing provision you cannot legally make the suggested appointment."

President Ide writes again, asking if it was permissible to make two different kinds of contracts with the same man for different territories. To this Mr. Kelsey replies: "It is very clear to my mind that it was the intention of the Legislature in enacting the amendment to section 97 to specifically prohibit the very thing which you desire to do." Further, "I make no criticism upon the good faith of the application which you make, and I have nothing before me which would impeach its apparent good faith." Another letter to Mr. Kelsey, which is unsigned, says, "Referring to the correspondence had by you with President Ide of the Home Life Insurance Company relating to the proposed contract which I desire to make with that company as supervisor for New England, permit me to say: I have reorganized my agency business in this city and admitted other parties to an interest therein. The company will transfer my present contract to this firm for the continuation of the New York agency business, and the firm is known as 'Wallis & Co., general managers for greater New York.' The company will enter into a contract with me individually for the supervision of its New England business, in which contract the firm of Wallis & Co. will have no interest."

The writer—presumably Mr. Wallis—asks if the Superintendent of Insurance will approve the arrangement. The last letter, dated December 7, 1907, is from Mr. Kelsey to Mr. Wallis, in which the superintendent says: "As I now understand the facts, I will make no objection to the proposed contracts, and am of the opinion that the details as proposed are not in conflict with the insurance law."

The Mutual Benefit Life Insurance Company,

of NEWARK, NEW JERSEY.

1845. FREDERICK FRELINGHUYSEN, President. 1909.

TRANSACTIONS OF 1908.

INCOME		DISBURSEMENTS	
Premiums	$17,344,898 50	Death Claims*	$5,828,498 21
Interest and Rents	5,416,523 34	Endowments*	1,899,245 28
Profit and Loss (Balance)	47 55	Annuities	173,600 42
		Surrendered Policies*	2,511,723 00
	$22,761,469 39	Dividends	2,407,243 44
Supplementary Policy Claims*	1,172,010 47	Total Paid Policyholders	$12,820,310 35
		Taxes, Fees and Licenses	411,356 10
		Insurance Expenses (excluding Taxes)	2,466,252 46
		Investment Expenses (excluding Taxes)	233,105 92
		Premiums on Bonds Purchased	81,613 85
		Book Value Old Home Office Building replaced by new structure	174,000 00
		Supplementary Policy Claims	172,952 35
Total	$23,933,479 86	Total	$16,359,591 03

Excess of Income over Disbursements added to Policyholders' Fund $7,573,888.83

ASSETS		LIABILITIES	
Cash on Hand and in Banks	$1,321,076 71	Reserve Fund	$109,082,613 00
Loans on Collateral	2,552,400 00	Other Liabilities	2,462,333 70
Bonds, Par Value	33,578,840 71	Reserve for Suspended Mortality†	1,483,268 00
Real Estate Mortgages	54,240,785 55	Dividends payable in 1909	2,603,721 02
Real Estate	3,688,053 54	Unapportioned Surplus (Par Values)	4,744,126 37
Loans on Policies	21,320,105 70		$120,376,062 09
Interest due and accrued and other assets	3,674,799 88		
Total Assets	$120,376,062 09	Surplus Market Values	5,628,151 17

*Including commuted value of Supplementary Policy claims not heretofore included in Income or Disbursements.

†This item has hitherto been included in the General Surplus.

INSURANCE ACCOUNT

(Commuted Values.)

Issued and Revived in 1908	25,169	Policies, Insuring	$62,005,312 00
In force December 31, 1908	202,793	" "	474,289,658 00
Increase in insurance in force during year	11,161	" "	28,577,708 00

Paid to and Invested for Policyholders in 1908 in excess of Premiums Paid by Policyholders, $2,265,922.04.

Ratio Expenses and Taxes to Total Income: 1905, 15.4%; 1906, 14.8%; 1907, 14.1%; 1908, 13.7%.

The expenses incurred in obtaining the new insurance of the year amounted to only 80 per cent. of the amount allowed by the new insurance law of the State of New York.

The Total Insurance Expenses of the Company for 1908 amounted to only 75 per cent. of the amount allowed by the new insurance law of the State of New York.

Net Rate of Interest Earned on Invested Assets (Par Values): 1905, 4.61%; 1906, 4.65%; 1907, 4.69%; 1908, 4.70%.

A full report of the year's business will be mailed upon request to the Home Office or to any agent.

DIRECTORS

Amzi Dodd,	Fred'k M. Shepard,	Edward L. Dobbins,	John R. Hardin,
Edward H. Wright,	Fred'k Frelinghuysen,	J. William Clark,	Thomas W. Cauldwell,
Marcus L. Ward,	Albert B. Carlton,	John O. H. Pitney,	Peter Campbell.

L. A. CERF, Metropolitan Manager,

137 Broadway, New York City,

189 Montague St., Brooklyn.

POWERS PEACEMAKERS.

Seek to Placate Turkey and Bulgaria—Overtures from the Porte.

Paris, Jan. 28.—An official note issued here to-day sets forth that the powers of Europe are earnestly continuing their efforts to prevent an outbreak of hostilities between Turkey and Bulgaria, an outcome threatened by the recent mobilizations of troops by both countries. It is understood that these efforts have taken the form of assuring Bulgaria that Turkey is peacefully inclined, and telling Turkey that, Bulgaria's resources being limited, Turkey's financial demands should be as moderate as possible.

London, Jan. 28.—The Balkan situation is again causing some anxiety at the European capitals. According to a Sofia dispatch Great Britain has advised Turkey to accept an indemnity of $20,000,000, and Bulgaria is inclined to pay this sum provided Turkey abandons her claim for rectification of the frontier. Negotiations between Austria-Hungary and Turkey are still dragging, owing to the fact that the Turkish government has not yet succeeded in putting an end to the Austrian boycott.

Sofia, Bulgaria, Jan. 28.—Acting under instructions from Constantinople, the Turkish agent here has presented a note to Premier Malinoff, assuring him that Turkey has no aggressive intentions against Bulgaria, but that at the same time she is desirous of obtaining a rectification of the existing frontier. Turkey suggests that a delegate be sent to Constantinople immediately to resume negotiations, in which case Turkey would reduce her demands for monetary compensation on account of the Bulgarian declaration of independence last October. Premier Malinoff informed the Turkish agent that Bulgaria would decline to resume negotiations if the question of rectification was raised.

MIGRATION OF JAPANESE.

From, Not Into, United States, Says Secretary Straus.

Washington, Jan. 28.—Secretary Straus to-day forwarded a letter to Senator Flint, of California, in which he discussed the statistics of the Department of Commerce and Labor covering the immigration of Japanese to the United States and the emigration of Japanese from this country. The letter is in part as follows:

You will observe that the entire number (Japanese) admitted was 12,413 for the calendar year 1907, while the entire number admitted was but 4,477 for the calendar year 1908. You will also bear in mind that the executive order of the President was issued on March 14, 1907, but it took a considerable time to prepare the regulations provided for by that order and to put those regulations into effect, and for the Department of State, both here and through our Ambassador to Japan, to arrive at a definite understanding with the Japanese government.

I desire furthermore to direct your attention to the fact that the entire immigration for the year beginning with November 1, 1907, and ending with October 31, 1908, was 6,017, while the departures for the same period were 5,832, leaving an increase of immigration for that year of 185.

It is further to be observed that, beginning with the month of June, 1908, to October, 1908, the emigration of Japanese from the United States exceeded the immigration to the United States by 1,542, showing distinctly that the trend of the migration of Japanese is from the United States, which is further shown by the marked decrease of immigration during the months referred to of 1908, as compared with the same months of 1907.

Finally, I wish to call your attention to the fact, which the statements above referred to indicate, that the arrangement which has been called the "gentlemen's agreement" we have with Japan, in my judgment, is working more effectively than would result from any restriction laws, because of the effective embargo Japan has placed upon the departure of her subjects from Japan.

TOWNSMEN AID PRISONER.

Pennsylvania Residents Try to Clear Young Man Accused by Reardon.

A large percentage of the population of Mahanoy Plane, Penn., appeared before Judge Rosalsky in the Court of General Sessions yesterday to help clear Thomas McAtee, of that town, of the charge of attempted burglary last December in the home of Edward J. Reardon, a former staff detective in the employ of District Attorney Jerome, at No. 146 Waverly Place. The friends of McAtee from Mahanoy Plane who appeared yesterday included his fiancée, Miss Katherine McLaughlin, a school teacher; Father Hogan, pastor of the Church of the Holy Rosary, and four young women friends of Miss McLaughlin. Father Curry, of St. James's Church; Father Evers, of St. Andrew's Church, and other priests accompanied Father Hogan.

Reardon testified that he had found McAtee fumbling at the door of his apartment on the fourth floor of the Waverly Place house, and that McAtee had explained that he had made a mistake. A scuffle followed in the vestibule, during which, Reardon said, he was struck by a third party.

Reardon said he found a bunch of skeleton keys and an iron bar on the floor near the door of his apartment. There were also marks of a jimmy on the door frame, he said. The witness said he found $15, but no weapons or tools, on McAtee's person. Thomas J. Brazier corroborated Reardon's testimony.

McAtee, denying the charge, said that Reardon arrested him as he was passing through Waverly Place, a stranger in the city, and looking for the Mills Hotel. Reardon lost his place in the District Attorney's office when Commissioner Bingham took his badge away from him, following several clashes between the detective and the police.

TO STUDY LACK OF JOBS.

Bill Creating Board Introduced—Regents Increased by One.

[By Telegraph to The Tribune.]

Albany, January 28.—Assemblyman Bates, of New York, to-day introduced a bill creating a commission of nine members to be appointed by the Governor, to investigate the cause and effect of unemployment, and recommend remedies in its report to the Legislature of 1910. The bill appropriates $20,000.

A bill by Assemblyman Surpless requires street surface railroads in Kings and Queens counties to inclose the front platforms of their cars on at least one side, in addition to the front, as required at present.

Assemblyman Hackett introduced a bill requiring all subways and elevated and surface railroads in New York city to provide every passenger with a transfer good on every road in the city. A fine of $500 is provided for violation.

A bill of C. F. Murphy creates a permanent retirement and pension fund for stationary and marine steam engineers, janitors, firemen, stokers and other such employes of the city of New York. The fund is to include money paid in by those entitled to its benefits, money from the sale of useless material from the departments affected and 1 per cent of the city's excise receipts. The pensions are to be granted after twenty-five years' service, and in the case of disability after ten years' service.

The Assembly to-day passed without discussion the bill of Senator Raines increasing the number of state regents from ten to eleven. The bill will enable the Board of Regents to retain on its membership Eugene A. Philbin.

In order to prevent a water famine in the villages in Nassau County, just outside of the city line of New York City, Assemblyman Miller, of Nassau, to-day introduced a bill to permit any town or village in the county to take from any pipes or streams of the city of New York located in Nassau County a supply of water for its inhabitants. The same rate is to be charged as to persons in the city. Application, under certain regulations provided in the bill, must be made to certain city officials before the tapping of the city's water supply can be made.

MAY DEEPEN UPPER HUDSON.

Albany, Jan. 28.—F. C. Stevens, State Superintendent of Public Works, announced to-day that he had received a telegraphic dispatch from Vice-President-elect Sherman, saying that the River and Harbor Committee of the House had taken up the question of an appropriation for deepening the Hudson River from Hudson to Waterford, and that the committee is expected to act favorably on the project.

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