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LOWER VALLEY

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OUR AIM: TO PUBLISH A NEWSPAPER.

FREIGHT CHARGES THE ISSUE

Interstate Commerce Commission Puts Probe Machinery at Work.

Chicago, Feb. 22.—There is a difference of 35 cents a hundred weight to lumber shippers of the middle west between hauling a carload of lumber from Los Angeles to Missouri river points and hauling the same car, refilled with lumber, from the Missouri river to Los Angeles.

This difference was considered yesterday by Interstate Commerce Commissioner Prouty in the complaint of the national hardwood manufacturers' association against all the Pacific coast and middle west railroads.

G. W. Lee, general freight agent of the Southern Pacific and C. G. Burnham, assistant to the first president of the Chicago, Burlington & Quincy, were the chief witnesses for the railroads. Both maintained that there is no necessity for a lower western rate because the coast competition is inconsequential and that the low eastbound traffic is much heavier while the westbound shipments of other commodities than lumber eliminate empty car movements westward. The hearing will be continued next week.

Commissioners Prouty and Harlan yesterday heard testimony in the complaint of sixteen creameries of Nebraska and Kansas against fourteen railroads and five express companies, charging illegal combination to raise freight rates. In August, 1907, the rates on shipments of creamery products were raised on the railroads and express companies claim added cost of labor and operating expense necessitated the increase.

SENATOR CARTER SEES NEED

Of Early Establishment of Postal Savings Banks by Government. Gives Views.

About 130 years ago certain philanthropists commenced an agitation in England and on the continent favoring the establishment of banking institutions to induce and to aid the laboring people and the poor generally to save their earnings. The first savings banks were established at Hamburg in 1778, in Odenburg in 1786, at London in 1798, and in the United States at Philadelphia in 1816.

All the early savings banks were organized without paid-up capital, and were governed and maintained through motives of benevolence and without expectation of profit to the managers. They were essentially mutual concerns projected and conducted by philanthropic men without pay and for the sole use and benefit of the depositors. Such institutions, known as the "old savings banks," still exist across the water and in modified form to a certain extent in this country.

In due course savings banks with paid up cash capital entered the field for profit on the capital invested, and this class of institutions spread with great freedom, particularly in the United States. While the old type, conducted from motives of benevolence, was devoted exclusively to the interests of the depositors, the new type divided the directors' allegiance between stockholders and depositors, with primary interest in the profits of the former. Clearly the good of the depositors was not promoted by the advent of the joint stock company.

In 1817 the parliament of Great Britain first gave attention to savings banks, and from that time to the present more or less intelligent and effective legislative control has been exercised over these institutions in the various jurisdictions.

Experience has amply demonstrated the usefulness of the savings bank from every point of view, but unhappily it has also disclosed the incapacity of both the old or mutual system and the joint stock company to meet the public demand for safe, convenient, and adequate facilities. In 1860 out of a total of 638 savings banks in England 350 were open only one day in the week, and then only for a brief time; and many of the populous towns and countries were without any facilities at all. On the thirtieth of June, 1907, we had in the United States, as shown by the report of the comptroller of the currency, approximately 1,415 savings banks, nearly one-half the number being in New York and New England, while many states, numerous large towns, and all the rural districts and isolated communities generally were shown to be wholly devoid of savings bank accommodations.

In the New England states, where the savings banks are comparatively numerous, it will be observed that there is one savings bank account to two of the population, whereas in the middle western and southern states, where banks are limited in number, the average is about one account to 157 of the population. With one savings institution to every 6,000 of the population the present supply would be fairly good if the distribution of the banks were uniform; but, profit being the chief incentive of those who promote and conduct the business, it naturally follows that only advantageous locations are selected, to the exclusion from privileges and benefits of the millions of equally deserving persons residing in less favored localities.

Then, again, while in the main management has been safe and prudent, failures more or less disastrous have occurred with sufficient frequency to restrain the confidence of the masses to such an extent that suspicion has deterred millions of the most worthy objects of concern from reaping the benefits intended to inure to them as a consequence of the steady cultivation of habits of economy and thrift.

Thus it appears that lack of confidence and lack of facilities have combined to limit to specially advantageous localities and to a comparatively small percentage of the population the beneficent service of these institutions. Enlightened men in all civilized countries concur in the belief that the good of society and the stability of government are most effectively promoted by encouraging habits of economy and a saving disposition amongst the masses of the people.

Recognizing this principle and taking note of the savings banks then existing as a useful but obviously inadequate agency for the service of the people in all parts of the country, the British government led the way in 1861 by dedicating the widespread machinery of the postoffice department to the service of the public for the conduct of personal savings banks.

Other countries following the lead of England in rapid succession, the postals savings system has been established and is now in successful operation in France, Austria, Italy, Belgium, Holland, the Netherlands, Sweden, Japan, Canada, New South Wales, Cape Colony, and New Zealand. The results have been highly satisfactory in every case, and no evidence of a backward step appears in any direction. The faith and credit of the government inspire the needed confidence, and the postoffice supplies the savings bank office to every community.

In Germany municipal savings banks supply the place of the postal system, but the highly efficient municipal governments supposed to obtain in that country are not commonly found elsewhere. Students of finance freely admit that the postal savings bank system contributes very materially to the financial stability of the country by collecting and making available an aggregation of small sums, which in the absence of the system would be hoarded or scattered so as to be of little or no value in a broad financial sense, whereas the savings enrich the people and increase the power of the nation.

The proposal to establish a postal savings bank system in this country is not new. In 1873 Postmaster-General Creswell earnestly urged legislation on the subject, and from that time to this the heads of the department have with almost unvarying regularity favored postal savings banks. Congress has taken up the matter for consideration from time to time; and now, on the recommendation of the present postmaster-general, the sixtieth congress is called upon to act.

The bill introduced by me in the senate December 5, 1907 (S. 1,234), is more elaborate, and in my opinion better suited to the purpose in view, than any bill at any time offered by the postoffice department. The bill is not an original production, but rather an appropriation of the best provisions for postal savings banks I could discover in the vast volume of existing and proposed legislation.

The bill establishes a system of postal savings banks under the supervision of the postmaster-general and the secretary of the treasury, and provides that every postoffice authorized to issue money orders, and such other offices as the postmaster-general may designate, shall be postal savings bank offices to receive deposits and disburse the same according to the act.

All persons, including married women and minors, may deposit and open an account at any of such offices. If the parent or guardian of a minor files an objection in writing, such minor cannot open an account. Husbands may make deposits payable to their wives, and parents may accumulate a fund for a growing child payable at a specified date or when the child becomes of age.

An account cannot be opened with a deposit of less than $1 but 10 cents or multiples therefore may be deposited to the credit of an account whenopened. No one is permitted to deposit more than $200 during one calendar month.

To enable persons to save and deposit amounts less than 10 cents, special cards may be purchased at any deposit office for 1 cent, on which 1-cent "postal savings stamps" may be placed until the stamps and the cost of the card amount to $1, when the card can be presented for cancellation and a regular deposit account opened. Thereafter deposits of 10 cents can be accumulated and made by the card and stamp system.

The offices must be kept open during the usual business hours every day (Sundays and legal holidays excepted) and as late as nine o'clock on at least two evenings in each week.

When an account is opened, the postmaster must deliver a postal savings bank book to the depositor, which shall bear the name of the person for whom the deposit is made.

Due provisions are made for the identification of depositors, entry and certification of deposits, reports to the postmaster-general and acknowledgment by him of the deposit directly to the depositor.

Interest is to be paid at the rate of 2 percent a year, and is to be computed on each deposit from and after the first day of the calendar month next following the date when the deposit is made. Interest is not computed on fractions of a dollar, and is not paid on deposits in excess of $500 in any one year by one person; nor shall interest ever be allowed on any amount to the credit of one person in excess of $1,000 exclusive of accumulated interest.

Each depositor shall forward his deposit book in an envelope free of postage once in each year to the postmaster-general for examination and credit of interest due.

Deposits are payable on demand by check of the postmaster-general drawn on the United States treasury or by warrant on a postal savings bank office.

Applications for payment must be made as provided by law and the rules and regulations.

All deposits are exempt from seizure or detention under any legal process against the depositor, and postmasters may not disclose the name of a depositor nor the amount deposited, except to designated offices of the department.

Interest Payments.

Any depositor having standing to his credit for three months $10 or more may on application to the postmaster-general have United States postal savings bank bonds issued to him in lieu of the deposit, which shall be turned into the treasury in payment for the bonds. Such bonds will draw interest at the rate of 2 4-10 percent a year, the interest payable the thirtieth of June of each year, the principal of the bonds payable on or before twenty years at the option of the government and upon demand of the holder after six months' notice. Not more than $1,000 face value of such bonds shall be issued to any depositor in any one year. The secretary of the treasury is required to issue these bonds on the conditions specified.

All moneys received under the act shall be forwarded to the post-master general, who shall deposit the same in the treasury or a sub-treasury of the United States to the credit of the "post-office savings bank account," or the postmaster-general, with the approval of the secretary of the treasury, may designate United States depositories conveniently located to receive and disburse postal savings funds.

The secretary of the treasury is authorized to invest surplus savings bank funds in United States bonds, as far as possible to do so with profit to the fund, and further to invest in state bonds or to deposit in banks within the states where such postal deposits are made upon security and under such rules as he may prescribe, at a rate of interest that will yield a profit to the postal savings bank fund; or, when the government is in need of the money, he may turn it into the general fund of the treasury, in which case, of course, the government would be the borrower from the fund.

The bill covers many details relating to the administration of the law, the security of the funds at all stages, and the punishment of persons guilty of violating its provisions; but the substance of the measure as affecting the public will be found in the foregoing brief outline, which I have endeavored, with some degree of success, I hope, to make reasonably clear.

The Scope.

On January 1, 1908, 41,000 money-order offices were available as postal savings bank offices, but the postmaster-general is allowed to limit the number in the beginning to postoffices of the first, second and third classes, numbering at present 6,314. The magnitude of the business in view may in some measure be realized by reference to the postal savings accounts in Great Britain, where, as shown by the last report, depositors number 10,332,784, total deposits aggregate $779,982,230, and the average amount to the credit of each depositor is $72.46.

Bankers generally object to postal savings banks, and urge that the system savors of paternalism, that the government should keep out of the banking business, that deposits would be concentrated and hoarded at Washington and that private enterprise can furnish all the savings banks necessary.

In answer it may be said that the postal service is paternal, that the bill does not put the government into commercial banking, but only places the existing machinery of the postoffice department at the service of people of small means to enable them to save their earnings without danger of loss; that deposits would not be concentrated at Washington, but on the contrary would be largely deposited as needed in the localities where received; and, finally that more than ninety years' experience has shown that private enterprise does not furnish all the savings banks necessary.

Washington, D. C.