

Report of Commissioner of Corporations

The report of the commissioner of corporations follows herewith:

Methods Already Used.
For the last seven years, with a staff of specially trained men, the bureau has collected complete information about certain selected corporations or industries; has stated plainly the meaning thereof, and published it in reports. To make this effective, it had to be brought forcibly home to the public. Therefore, the foremost thing in each report has been a brief summary of about five printed pages, which gives the important facts and conclusions. Framed particularly for the public press, these summaries have had very wide circulation. The facts of certain great businesses have thus been laid clearly before the great body of citizens. This is "efficient publicity."

Results.
This publicity has given surprising results for the limited number of industries and corporations which the bureau could cover with its small appropriation. The following review of these results is the best argument for corporate publicity:
Abolition of railway discriminations.—In 1906 the bureau published a report describing a great system of railway discriminations enjoyed by the Standard Oil Company. During the investigation or within six months thereafter, the railroads concerned canceled every rate which the report condemned as illegal, as well as many others criticized as inequitable. The more important of these oil rates thus canceled included transportation between the following points: Whiting, Ind. (where a great refinery of the Standard is located), to East St. Louis, Ill., the marketing gateway for the southwest; Whiting to Evansville, Ind.; and southern points; Whiting to Grand Junction, Tenn., and southern points; Whiting to points in Michigan, northern Indiana, Ohio and Illinois; Olean, N. Y., a Standard refining point, to Rochester and points in Vermont; Springfield, Mo., to points in Oklahoma; St. Louis to points in Louisiana. Several prorating arrangements on oil between eastern and western railroads were established or restored; and various Whiting tariffs, hitherto unfiled, were filed at the interstate commerce commission. There was also a general reform in petroleum rates in California. Further reports published in 1907 described the Standard Oil Com-

pany, its investment, earnings, and profits. Many independent oil concerns testified that all these publications caused a substantial improvement in the conduct of the petroleum business. In 1909 congress practically repealed the retaliatory duty which had prevented imports of petroleum from the most important foreign producing fields, and these reports were also largely used in connection with that action.

Cotton exchanges.—In 1908 and 1909 the bureau published three reports on the cotton exchanges. The New Orleans cotton exchange at once entered into co-operation with the bureau and voluntarily adopted certain important improvements in methods. A report of the American Cotton Manufacturers' Association, adopted in May, 1908, states:
Your committee would express their hearty commendation and approval of the recent report * * * of the bureau of corporations with reference to the question of cotton exchanges.

Tobacco industry.—In 1909 the bureau issued a report on the tobacco combination (the American Tobacco Company). The beneficial results were at once apparent. The tobacco combination promptly abandoned the use of the secret subsidiary concerns exposed by this report and formerly employed against independents. Many independent manufacturers stated that this work had caused the cessation of various objectionable methods of competition, some even saying that but for the work of the bureau they might have been forced out of business.

In 1909 the bureau prepared a report on prices of tobacco, which was largely used by congress in connection with a material increase in the internal revenue tax on tobacco products.
Water powers.—In 1909 a preliminary report on water powers was published. It showed the strong tendency toward concentrated control of great water powers, and attracted wide public attention to the subject. A special committee of the Michigan legislature, appointed to investigate water powers in that state, asked and received the co-operation of the bureau in its work.

Taxation of corporations.—Two reports on the taxation of corporations in the New England and Middle Atlantic states were published in 1909 and 1910. They have been largely used by public officials. A committee of the Rhode Island legislature, in its report, quotes with approval from one of the bureau's reports, and recommends legislation in accordance therewith. This private use was also very large. The International Tax Association, in September, 1910, adopted the following resolution:
Resolved, That this conference commends the recent compilation by the United States bureau of corporations of state laws relating to corporate taxation, and urges the early publication of similar compilations of the laws of other states and ter-

ritories relating to the same subject."
Waterways.—The bureau published, in 1909 and 1910, three reports on transportation by water in the United States. They set forth existing waterway conditions, with criticisms and suggestions thereon. In the present active interest in waterways, these reports have been very generally used. The report on terminals appears, from widespread editorial comment, to have brought forcibly to public attention the vital importance, too long overlooked, of waterway terminals. This work of the bureau, recently presented before the Atlantic Association, emphasized especially the importance of local co-operation in providing terminals. The association adopted the following resolution:
"We urge strongly * * * the acquisition by the public authorities of water-frontage, * * * the equipment of each port with modern mechanical appliances for movement of freight and * * * the creation generally of terminal facilities * * *."
This report was also used advantageously by the city of Cincinnati in a pending suit, opposing the obstruction of city water front by railroad interests.

Such have been their radical results of "efficient publicity," even within the narrow range which the bureau has been able to cover. It can be extended to all important corporate business. Oppressive methods of competition have been reduced over wide areas; greater equality of opportunity is being afforded; corporate interests have become accustomed to a publicity which they would have regarded as revolutionary a decade ago. Many of them, in fact, co-operating by voluntarily furnishing much of the information obtained by the bureau. The public has been enlightened on many fundamental points of finance and business which otherwise come to the ordinary citizen only in fragmentary and confused form; the president and congress have been given reliable facts bearing on economic questions of public concern. Finally, the effectiveness of simple publicity and the resulting public condemnation of business abuses has been proved.

In the case of the railway discriminations cited above, mere publicity accomplished an abolition of an evil system in its entirety within six months, although criminal prosecution of certain participants therein has, after four years, succeeded only in two cases out of four. The substantial improvement effected in the New Orleans Cotton Exchange, by such publicity and co-operation, could probably have been accomplished in no other way, under existing legislation.

Extension of System.
This seven years' experience has built up a working system, effective as far as it goes, but as yet incomplete in scope. The one step remaining to be taken is to create by statute a system which shall apply these effective methods to all important corporate businesses, and give a recognized and permanent standing to the proven principles.

In outline this system should be one where (1) all important interstate industrial corporations shall regularly make reports to a federal office; (2) where that office shall have the further right to verify such reports

and get additional facts; (3) where business transactions of public interest shall be made public, safeguarding at the same time, as the bureau always has, all properly private business secrets; (4) where there shall be a permanent opportunity for co-operation and adjustment between the government and business interests; and (5) whereby those corporations that deal fairly and openly shall receive positive recognition of that fact and correspondingly acquire public confidence. The system must be a national one. Our great businesses have become national in scope; they have no relation whatsoever to state lines.

This system will greatly extend the same kind of corporate reform which has already resulted from the work of the bureau; the same kind of public enlightenment; it will tend toward the removal of unfounded prejudice, toward uniformity in corporate accounting, and the establishment of industrial securities on a basis of open administration; it will give a central agency of financial and economic information, and a practical meeting place for business interests with the government.

It will do this without any drastic change in business conditions, or disclosure of purely private affairs; with comparatively small cost; with an effectiveness of business reform that no penal legislation can approach. It will put a premium on business efficiency, business honesty, and commercial service to the public, to the benefit of that increasing class of modern business men who are endeavoring to deal openly and fairly, and who regard their commercial power as at least in part a public trust.

The total appropriations for the bureau for the fiscal year ended June 30, 1910, were \$254,120. The number of employees on June 30, was 119.
On July 12 and 19, 1909, the bureau published Parts I and II, respectively, of a report on transportation by water in the United States. Part I dealt chiefly with the physical characteristics of our waterways and the floating equipment thereon. Part II dealt with water-borne traffic. Conclusions as to causes of general conditions and suggestions for improving them, were set forth, based on the facts shown.

On December 6, 1909, the bureau published Parts IV and V, the final parts, of its Report on Cotton Exchanges; Part IV dealing with the effect of future contracts on prices of cotton; Part V, with the influence of producers' organizations on prices of cotton. Part IV in particular was a statement of the actual effect upon cotton growers and the cotton trade of certain conditions on the cotton exchanges which had been described and criticized in the previous parts of this report.

On June 6, 1910, the bureau published Part II of its report on taxation of corporations. This part dealt with the states systems of corporate taxation in the states of New York, New Jersey, Pennsylvania, Delaware and Maryland, and in the District of Columbia. It followed the same method of presentation used in Part I of the said report, issued during the preceding fiscal year, and dealing with the New England States.

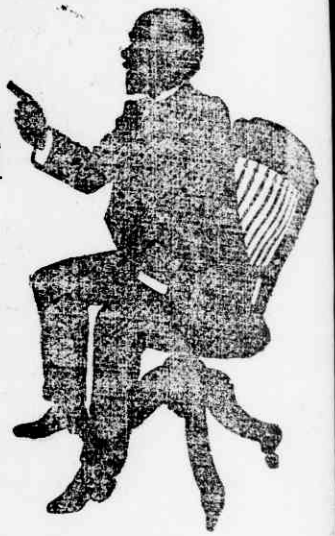
At the end of the fiscal year there were still pending, as work on hand, investigations into the steel, tobacco and lumber industries, transporta-

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Very respectfully,
HERBERT K. SMITH,
Commissioner of Corporations,
To HON. CHARLES NAGEL,
Secretary of Commerce and Labor.

Speech Of Gov. Comer of Alabama

By Associated Press.
Montgomery, Ala., Jan. 16.—Governor Braxton Bragg Comer, in relinquishing the office of chief executive of the state of Alabama to Emmet O'Neal took a parting shot at corporate interests. He said:

"Both in congress and before the federal courts at Washington there is now going on a gigantic struggle to wrench from the vitals of the government and the people the grasp of the strongest combination of allied interests ever formed and against which every party platform, whether republican or democratic, gives the fullest condemnation. Never before in the his-

tory of the nation has there been such an insurrection and revolution against their selfish, insatiable rule. The states, from the extreme east to the extreme west whether republican or democrat, are aroused as never before. Maine, New Hampshire, New York, New Jersey, Ohio, Wisconsin, Minnesota, Michigan, Illinois, Iowa, Kansas, Oklahoma, Oregon, Washington and California, all under democratic principles, have put on the defense of the people and declared that the rule and government of the special interests should cease, and the people must have protection."

On introducing his successor, Governor Comer said he relinquished the reins of office with the prayer that O'Neal would make the very best governor Alabama had ever had.

At the time that Governor Comer introduced the incoming executive to the people, the capital grounds were crowded as they never had been before occupied, and when he concluded his speech by presenting Mr. O'Neal the cheers were deafening. Marching clubs from all parts of Alabama were present while the military formed a cordon around the entire capitol grounds.

It is conceded by those who have seen Alabama's governor inaugurated

in the last 20 years that Emmet O'Neal was inducted into office with greater acclamation than was any governor in the history of the state.

MILLIONAIRE SHOT HIMSELF

St. Louis, Jan. 14.—After passing a night of insomnia in pacing the floor, Henry Clarkson Scott, a millionaire, went into his room on the second floor of his home, No. 64 Vandeventer Place, at 10 o'clock this morning, locked the door, sat upon a chair and shot himself behind the left ear with a revolver. He was dead when his chauffeur, at Mrs. Scott's direction, broke down the door with an axe.

According to his brother-in-law Dr. G. S. Drake, Scott had suffered for six months from acute attacks of melancholia, one phase of which was a morbid dread of appendicitis.

Many a fellow is a kleptomaniac when it comes to stealing kisses.

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