

## MUTUAL RELATIONS AND INTERESTS OF THE BELL SYSTEM AND THE REPUBLIC

The suit brought by the United States questioning the purchase of certain telephone properties in the northwest, as well as the pending Interstate Commerce Commission telephone investigation, have caused many inquiries. Without taking up anything going to the merits of these proceedings, it has seemed to us proper to state generally what has been our policy and purpose in the conduct of our business.

We have found, or thought that we had, that our interests were best served when the public interests were best served; and we believe that such success as we have had has been due to our business having been conducted on these lines.

We believe that our company has an interest as vital as that of the public in the proper administration of the problems of electrical intercommunication. The success and prosperity of our company depend upon a solution of these problems which shall be sound from both the standpoint of the company and the public which it serves.

Following our own best judgment, supplemented by the best obtainable advice, we have endeavored to do what would best serve the public interest; wherever possible our plans have been disclosed to the public in advance, and what has been done in carrying them out has been along ordinary business lines, with the implied, and generally, with the expressed approval, authorization or consent of the municipal and state authorities directly interested. Our effort has been not only to obey the law, but to avoid everything which might even have the appearance of an attempt at evasion.

Our business methods and policy, and practically all of the details as to the transaction of our business, are matters of common knowledge and are, and for many years have been, well known to the government. We will willingly furnish the government any additional information which is in our possession or under our control, and will cordially co-operate with it in obtaining such further information as it may require. Every possible assistance will be given by us to the courts in their effort to determine whether our policy is or has been inimical to public interest. We desire that anything wrong be corrected; we will voluntarily rectify any wrong that may be pointed out to us; and, so far as it may be determined that our policy or any act under it is against the public interest, we will promptly conform to such determination.

We believe that if each of our exchanges were made an independent unit and if each connecting line were under a separate control, the effect upon the telephone service of the country would be a condition so intolerable that the public would refuse to submit to it and would immediately require such physical connection and common control of these various units as would amalgamate them into a single system. Physical connection in the case of telephone or telegraph does not mean transfer of messages from one line to the other. It means such a connection as will permit one person to have the actual possession of the particular line of communication from one end of it to the other and this can only be given efficiently by exchange systems and connecting lines under a common control; and that is what the Bell System is.

In this connection, and for general information, we will restate the policy, which controlled the building up of the Bell System, and our belief as to what a telephone system should be, and what are its relations to the public.

We believe in and were the first to advocate state or government control and regulation of public utilities; that this control or regulation should be by permanent quasi-judicial bodies, acting after thorough investigation and governed by the equities of each case; and that this control or regulation, beyond requiring the greatest efficiency and economy, should not interfere with management or operation. We believe that these bodies, if they are to be permanent, effective and of public benefit, should be thoroughly representative; they should be of such character and should so conduct their investigations and deliberations as to command such respect from both the public and the corporations that both the public and the corporations will without question accept their conclusions.

We believe that the public would in this way get all the advantages and avoid all the manifest disadvantages of public ownership.

We believe that centers of business and population exist for the convenience of the public as a whole, and that no such center can prosper without sufficient and efficient means of intercourse with other centers and tributary territories; that such means can only be afforded by prosperous utility and service companies and that fair rates are essential to prosperous companies. We do not believe that any public either desires or can obtain, nor can any service or utility furnish, permanent and efficient service at less than cost, including capital charges. We believe that ultimately the public either directly or indirectly pays the losses involved in the effort to furnish such service at less than its fair cost, either through the loss of the capital involved, the losses incident to poor service or the necessary increase in charges required to pay for duplication of capital.

We believe that the highest commercial value of the telephone service depends on its completeness—the extent and comprehensiveness of the facilities for intercommunication, not only between individuals but between centers of population; that no isolated section can be considered independently of any other section or of the whole; that rates must be so adjusted as to make it possible to obtain the maximum development by making it possible for every one to be connected with any other of the value of the system, thus giving the greatest value to the existing number; that the interdependence of the telephone service and the value of complete and universal

intercommunication justify and require some services partly at the expense of the whole for the benefit of the whole.

We believe that this highest commercial value can only be attained by one system under one common control and that it cannot be given by independent systems unless they are operated under agreements which result in one common control and one common interest, in effect making them a single system.

We believe that rates should be so adjusted as to afford the company sufficient revenue to pay such wages and compensation as will secure the most efficient service; to maintain the very highest and most advanced standards of plant and apparatus; to carry on such scientific and experimental research and inventions as to apparatus and methods as to insure the highest standards, and to carry to reserve and depreciation such amounts as will enable the company at any time to replace old plant and old methods with new plant and new methods as fast as they may be developed and found to be to the advantage of the service. We believe that in addition, such fair charges should be paid upon the investment in plant as will enable the company at any time to obtain money necessary to provide the plant required to meet the continuing demands of the public; and in order that waste and duplication of effort may be avoided and uniformity of purpose and common control be enforced, there should be a centralized general administration in close communication with and having general authority over the whole on matters common to all or matters of general policy.

We believe that any surplus beyond that necessary to equalize dividends on a fair basis should be used by the company for the benefit of the public, and should be inalienable for any other purpose, and should be either invested in revenue-earning plant until necessary to substitute plant which may become inadequate or obsolete, or should be used to make the service cheaper or better.

We believe that under proper governmental control and regulation the profits from promotion or operation allowed to be distributed should not be so large as to warrant or tempt complete duplication of plant and organization, with its duplication of its capital charges and its organization, operating, maintenance and depreciation expenses; and we do not believe that utilities giving at fair rates an efficient and sufficiently comprehensive universal service should be subject to limited competition, not giving such service. Competition which ignores the obligation to furnish a complete and comprehensive service is not competition, is not for the benefit of the public in that it does not reach the whole public interest.

If, therefore, complete duplication, with its dual exchange connection and dual bills for service, is a prerequisite to complete competition, government control and regulation cannot go hand in hand with competition.

We believe that the record of the Bell System will be accepted by the public as fully in accord with these declarations. Consistent adherence to this policy has given the public of the United States the best, most comprehensive and cheapest telephone service in the world and made the Bell standards the standards of all nations.

To remove any possible excuse for misapprehension on account of the many misleading statements which have been circulated as to the alleged unnecessary and overcapitalization and excessive charges of the Bell System, the following statistics are given. Except where stated, the figures are for the Bell System; that is, the American Telephone and Telegraph, and its Associated Companies.

The entire Bell System on June 30, 1913, had outstanding in the hands of the public obligations (i. e., notes, open accounts, bonds and shares) to the value of \$177,000,000.

The book value of the total tangible assets, which is considerably less than their replacement value, amounted to \$260,000,000. Many appraisals of property included in these assets have been made, and most of them under the direction of public authorities. In no case has the value as it stands on the books failed to be sustained, and in most cases it has been very largely exceeded.

The total dividends and interest paid during the year 1912 amount to only 6.1 per cent on the average of its outstanding obligations, and to less than 5 per cent on the average value of its assets.

The actual cash which has been paid into the treasury of the American Telephone and Telegraph Company on account of the capital obligations now outstanding amounts to \$22,000,000 more than the par of such outstanding obligations.

The Associated Companies collected from the public and paid back in taxes over \$10,000,000 during the year 1912.

The steadily increasing necessities of the public not only for additional but for new telephone service can only be met by new construction, involving capital outlay. To meet these demands during the six and one-half years from 1907 to June, 1913, inclusive, the increase in telephone plant was as follows: Toll line wire increased from 1,460,000 miles to 2,242,000 miles; exchange wire increased from 6,000,000 miles to 13,000,000; the number of exchange stations increased from 2,730,000 to 5,200,000; the number of stations of independent companies connected with the Bell System increased from 343,000 to 2,620,000. The number of independent companies connected with the Bell System is about 25,000. The number of employees in the Bell System, not including the employees of connected companies, on December 31, 1912, was 141,000.

During this same period the number of shareholders of the American Telephone and Telegraph company, not including either the associated or connected companies, increased from 17,000 to about 64,000. About 47,000 shareholders hold less than 100 shares each; 4500 shareholders hold from 100 to 1000 shares each; 347 shareholders hold from 1000 to 500 shares each, while there are only 16 shareholders of 5000 shares or over in their own right. A majority of the shareholders are women.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY  
THOS. N. VAILE, President.

## MOTHERS DESIRE GROUP PREMIUMS

### Some Think "Better Babies" Contest Should Give Attention To Double Entries

A number of the ladies of Asheville and this section are now making demands on the Western North Carolina Fair association for "group" prizes in the "Better Babies" contest, which is apparently going to be one of the biggest features of the fair this fall. Most of the mothers are proud to have one baby to enter in the contest, but there are others who can boast of two or more between the age limits of six months and three years, and these are of the opinion that the Fair association, the Womens Home Companion, or whoever else is responsible for the premium list, should take this fact into consideration. It is an entirely new point of view, and it is very evident that something should be done about it.

Until yesterday there had been two "double-header" entries in the contest, and since then there have been two others. These additional double entries are: William, Jr., two years old, and Robert Bruce, nine months old, sons of Mr. and Mrs. William Johnston, Grove Park; and Eugene, Jr., two years old son, and Deborah, seven months old daughter, of Mr. and Mrs. Eugene Carland, 56 Chestnut street.

The contest now boasts 49 entries, 11 since yesterday. The others are: John Bingham, one year old son of Mr. and Mrs. W. St. George Walker, Black Mountain; J. C., Jr., 13 months old son of Mr. and Mrs. J. C. Melton, 80 Starnes avenue; Millie, six months old daughter of Mrs. J. O. Keith, 91 Woodin street; Ernestine Lee, two years old daughter of Mr. and Mrs. J. Ernest Applegate, 177 Ashland avenue; Mabry, two years old son of Mr. and Mrs. E. W. Candler, Candler; Gordon William, Jr., one year old son of Mr. and Mrs. G. W. Doughterty, West Asheville; Ernest, seven months old son of Mr. and Mrs. Gus Stewart, Asheville, route 2; Jack, eight months old son of Mr. and Mrs. J. M. McCanness, 247 Montford avenue.

## CROWD CHEERS AS THAW WINS BATTLE

(Continued from page 1)

not hounded. His hair was brushed neatly, and otherwise he showed evidences of having made a more careful toilet than has been his custom of late in the jail.

A battery of camera men scaled the judge's bench and snapped the prisoner again and again. The old sheriff, Aylmer, greeted Thaw cordially, beamed at him, then began talking.

**Thaw Enjoys Himself.**

Thaw's face was flushed, counsel lounged about the tables, growing impatient for the judge's appearance. A newspaper photograph rapped for order, and when the crowd looked up took a picture.

Thaw appeared to enjoy the attention he was attracting and laughed outright at the antics of the photographers. Now and then he adjusted his gray striped necktie.

The judge entered at 10:20. Everybody rose as he took his seat.

"No. 967 ex parte—case of Harry K. Thaw," read the clerk.

**Court Decides for Thaw.**

The court took papers in the case and began perusing them. W. L. Shurtless, for Thaw, then addressed the court.

"Your lordship," he said, "since this petitioner obtained a writ of habeas corpus he has filed a notice of discontinuance, thereby declaring that no other proceedings be had in this case. This action, I believe, is covered under our code of civil procedure."

Here the lawyer referred to clauses in the code bearing on the case.

"Therefore," he continued, "we stand in the position of having no application for a writ."

Attorney Veret of counsel for New York state interrupted the proceedings to say that New York desired to rescind the abandonment of the writ.

"I do not wish to hear from your side of the case," said the court. "This is an ex-parte proceeding."

As this practically sustained Thaw's lawyers, the crowd in the court room rose to its feet, cheering madly.

While the cheering was at its height the clerk cried out that the case was adjourned until 3 o'clock this afternoon.

## PRESIDENT OUTLINES HIS MEXICO POLICY

(Continued from page 1)

organizing and supporting the new administration."

The president emphatically praised the execution of his mission by Mr. Lind and said he was led to believe the Huerta government rejected the American proposals, "because the authorities at Mexico City had been grossly misinformed and misled" upon the spirit of the American people in the matter, and upon a mistaken belief that the present administration did not speak for the people of the United States. So long as such a misunderstanding continued, the president asserted that this nation "could only wait the time of their awakening to a realization of the real facts."

"The situation," declared the president, "must be given a little more time to work itself out in the new circumstances."

He then outlined the position this government should take. Concluding his address, the president predicted that the "steady pressure of moral force will before many days break the barriers of pride and prejudice down, and we shall triumph as Mexico's friends sooner than we could triumph as her enemies."

**President Gets Oration.**

Senator Cambou's note, which was appended to the president's address as an exhibit, was not read by the president, but was furnished to congress as a printed document.

Mrs. Wilson and her daughters and Secretary Bryan had taken places in the executive gallery. Other members of the cabinet had taken places on the floor. Every head in the chamber had been bowed and the solemnity

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of the occasion was impressive as the house chaplain, the Rev. Harry D. Couden, in his opening prayer said:

"Rule Thou in the hearts of our rulers and sway the minds of these. Thy servants, that as a nation we may move forward to all that is pure and noble until all the peoples of all the world shall recognize the purity of our motives."

Although a deafening volley of applause rang out as the president appeared he plunged into the reading of his message without delay and with a bow of acknowledgement at the greeting.

The president finished reading at 1:21 o'clock. Another great roar of applause broke out. All those in the galleries stood while the president left the chamber and started back to the White House.

The joint session at once dissolved; the house adjourned and the senate fled back to its side of the capitol.

## BASEBALL GAMES POSTPONED

By Associated Press.  
Boston, Aug. 27.—Boston-Pittsburgh game postponed; rain.

## Of Course He Knew.



Farmer—Wanter see me milk their cow?  
City Boy—Au, gwan! You needn't kid me 'cuse I'm from the city. Dey gets milk out of a red wagon. Don't yer think I know?—Pittsburgh Press.

**Shifting Ideals.**  
Most of the dancels that I know  
Or live among  
Desire a Brummel for a beau  
When they are young.

**A man must boast of raven hair  
Inclined to curl  
And be a multimillionaire  
To win a girl.**

**But with the years a girl grows meek  
She drops that mood,  
And twenty-seven plunks a week  
Looks pretty good.**  
—Kansas City Journal.

## Precautions of Old Time Doctors.

It was formerly the practice among physicians to carry a cane having a hollow head, the top of which was gold, pierced with holes like a pepper box. The top contained a small amount of aromatic powder or of snuff, and on entering the house or room where a disease supposed to be infectious prevailed the doctor would strike his cane on the floor to agitate the powder and then apply it to his nose; hence all the old proverbs of physicians represent them with canes to their noses.

## Tasser's Phrases.

Thomas Tasser, a writer of the sixteenth century, said: "It's an ill wind turns no good." "Better late than never." "Look ere you leap" and "The stone that is rolling can gather no moss."

## He Had Room.

"Dear me, Tom, you eat a good deal for a little fellow," remarked Uncle John to his nephew.

"I s'pect I aren't so little inside as I look outside," was Tom's ingenious answer.

## REGRET.

Regret comes into all lives that are worth while. The life without regret is the life without gain. Regret is but the light of fuller wisdom from our past, illuminating our future. It means that we are wiser today than we were yesterday.

bled to participate in the ceremonies attending the opening of the Panama canal. A musicale by a band of Hawaiians, a Spanish cabaret, a storm, a volcano in full eruption, the moving picture actors and dancers, the photograph fiend and finally the opening of the Panama canal, a display that will justify the most blasé of theatergoers. The first ship—the Dreadnaught—passing through the canal, the White Squadron on the Atlantic and Pacific.

The scenery represents a view of the Panama canal from the Atlantic ocean, the various scenes were painted from photographs furnished by the war department of the United States. They are wonderfully accurate and thus doubly interesting. Looking from the Atlantic, across the entrance to the canal can be seen the city of Colon, the Gatun locks, the Gatun dam, Chagres, Culebra, cut, Pedro Mirguel and Miraflores locks, with Panama City in the distance.

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