

courtesy and because it affords us the opportunity of reinforcing our position by the actual facts. The Boston and Albany Railroad was chartered by the Acts of 1867. It was composed of two roads, the Boston and Worcester Railroad, chartered in 1831, and the Western Railroad, chartered in 1833. The charters of both these component roads provided for the regulation of rates. Thus, the Boston and Worcester charter (Acts of 1831, Chap. 72, Sec. 5) declares "that if at the expiration of ten years from and after the completion of the said road, the net income or receipts from tolls or other profits, taking the ten years aforesaid as a basis of calculation, shall have amounted to more than ten per cent. per annum upon the cost of the road, the Legislature may take measures to alter and reduce the rate of toll and other profits in such manner as to take off the overplus for the next ten years, calculating the amount of transportation upon the road to be the same as the ten preceding years." In 1900 the Boston and Albany Railroad Company was leased to the New York Central and Hudson River Railroad Company, and the Commonwealth of Massachusetts "did not waive or release any rights or privileges which it may now have, but on the contrary hereby expressly reserves and retains such rights, including the right to reduce rates and fares." (Acts of 1900, Ch. 468, Sec. 2.) The Outlook was in error in stating that Massachusetts *had* by statute limited the amount of dividends which the Boston and Albany Railroad might pay its stockholders. But, as our readers will see from the above quotations, the State, both by charter and statute, has asserted its right to regulate tolls and rates, and it was with this right of the State before it that the Boston and Albany Railroad Corporation never paid over ten per cent. dividend on its stock, but expended at least some of its surplus in beautifying its stations and in improving its permanent way, making it for many years one of the model suburban railways of the country. It is true that the public in this instance did not get the benefit of reduced rates from the assertion of its right to regulate rates, but it did get the benefit of improved facilities.

The Outlook is not now contending, nor has it contended in the past, for the reduction of rates or for the hasty passage of a specific rate-regulating bill. Its contention is that the people, through the State and Federal Governments, have a right, both by philosophy and by precedent, to regulate and perhaps even to control the financial as well as the physical administration of the railways of the country.



#### A Question of Prerogative

An instructive clash between the Senate and the lower House took place last week. The House of Representatives had received from the Senate the Agricultural Appropriation Bill with amendments. One of these amendments had nothing whatever to do with the general subject of the bill, or at least the application was remote in character. This amendment in substance declared that the tariff drawback provisions of the Dingley Law should not be construed to affect the schedule as to wheat. The Outlook has already explained the effect of an opposite construction of this provision. The House at once resented the action of the Senate in attaching this amendment to the bill as a direct encroachment on the Constitutional function of the House to originate all measures relating to taxation. The matter was amicably closed by the Senate rescinding its action, although the author of the amendment and Senator Hansbrough, Senator Foraker, and others, protested that the rule that bills to raise revenue must originate in the House did not prohibit the Senate from originating measures *affecting* revenue. In this connection it is interesting to note that the Treasury Department has called upon the Attorney-General for advice in the way of a more accurate definition of the powers of the Secretary of the Treasury in regard to allowing drawbacks. The question is one of enormous commercial importance and will undoubtedly receive further attention.—Another Congressional matter of interest last week was a debate on naval appropriations in the House, in which the arguments on one side were practically those advanced by Mr. Reuter Dahl in an article to be found

elsewhere in this number of *The Outlook*, while the opponents of an increase in the navy urged that such a course would be an objectionable extension of the spirit of militarism, and that it was monstrous for this country to enter into the rivalry of other nations as to which should own the largest navy, especially in view of the fact that, as alleged, war-ships nowadays so soon become antiquated—this was, by the way, on the other hand, the precise argument advanced by the other side as showing the necessity of more and better battle-ships.—The House passed the Mann Bill providing for a government for the Panama Canal Zone by placing the power for that purpose for the present in the hands of the President. This bill abolishes the Canal Commission as now constituted. The Senate has before it a separate canal bill, in many respects like the Mann Bill, but without the provision for the abolishing of the Canal Commission.—The House has passed the Pension Bill; it carries \$138,250,100.—The House of Representatives and the Senate on Friday of last week united in ceremonies attending the acceptance by Congress of a statue of Frances E. Willard, presented by the State of Illinois. Senator Culom and others made appropriate addresses noting Miss Willard's beautiful character and influence. This is the first statue of a woman to be placed in the National Capitol.



#### A Significant Insurance Contest

Public interest throughout the country was last week especially directed to a question of life insurance finance by the announcement that a serious disagreement had arisen in the Board of Directors of the Equitable Life Assurance Society of this city. The Equitable has had an exceedingly interesting history as a financial institution. It was founded by the late Henry B. Hyde, whose father was an employee of the Mutual Life Insurance Company of New York. Mr. Hyde was a genius in finance, and a readable account of his life, privately published and circulated a few years ago by the company which

he founded, narrates under what difficulty and with what patience and extraordinary struggle and self-sacrifice he laid the foundations for the colossal financial institution which now bears the name of the Equitable Life Assurance Society. The capital stock of this corporation is only one hundred thousand dollars, although it does an annual business of nearly eighty millions—receiving a greater gross income than the New York Central Railway. On the death of the founder, Mr. Hyde, a few years ago, Mr. James Alexander, long connected with the company, was elected its President. Mr. Alexander comes of a family intimately associated with the history and prosperity of Princeton University and distinguished in New York for the administrative, professional, and financial ability which many of its representatives have displayed. While Mr. Alexander was made President, the stock control of the company was left by the founder, Mr. Hyde, to his son, James H. Hyde, now Vice-President of the corporation, a young man not quite thirty years of age. Under the terms of his father's will, Mr. Hyde in a few months will come into control of a majority of the capital stock of the company, and can therefore, in accordance with the ordinary laws and procedures of corporations, elect his own Board of Directors—that is to say, men who will support the financial and business policies which he outlines for his company. Mr. Alexander and some of the other officers of the Equitable believe, as we believe, that this is too great and too tempting a power to put into the hands of any one man. The Equitable has several hundred thousand policy-holders, its assets amount to \$413,953,020.74, and it received last year an income from all sources of \$79,076,695.95. Mr. Alexander in a public statement wisely takes the ground that the policy-holders who have by their payments of premium enabled the Equitable to collect this vast aggregation of capital ought to have an influential voice in the election of directors to control these sums of money. He therefore urged the real "mutualization" of the Equitable, the removal of the present Vice-President, Mr. James H.