

to substitute for this confidence in skilled judgment a trust in the wisdom of majorities. This is the voice of the people as a whole, for the Reichstag members are elected by universal suffrage. They wait for the voice of the various federated governments, particularly for that of Prussia, and most particularly for that of the Prussian King and German Emperor.



THE HOUSE BILL ON INTER-STATE COMMERCE

Greatly changed by amendments, the Inter-State Commerce Bill was passed by the House of Representatives on Tuesday of last week. The vote was 200 to 126. As The Outlook reported last week, the changes were brought about largely by Insurgent Republicans and Democrats; but the passage of the bill was secured by Insurgent and Regular Republicans. In other words, the party responsible for the passage of the bill has not altogether determined its character. As it now stands the bill is in the same form in which it was adopted by the Committee of the Whole. The sections which allowed rate agreements between railways with the approval of the Inter-State Commerce Commission, and the acquirement by one railway of the rest of the stock of a competing road in which it already owns a majority of the stock, were stricken from the bill. The provisions creating the Commerce Court, making railways responsible for correctly quoting rates to shippers, and extending the power of the Inter-State Commerce Commission by enabling it to make investigations on its own initiative and to regulate the issues of railway securities, have been retained, though they have been somewhat modified from the original form. New provisions have been added. These bring telephone and telegraph companies under the regulation of the Inter-State Commerce Commission, provide for the physical valuation of railways, and prohibit a railway from charging more for a short haul than for a long haul over the same line. This bill, it will be seen, has thus been changed in many respects since it left the hands of the Attorney-General. It has been changed in the Senate also; but there it is still in the process of construction. Starting out in the two houses in

identical form as an Administration measure, it has left the House of Representatives in one form and will leave the Senate in another. Then the Senate bill and the House bill will have to be merged in some fashion in conference. Such an essential feature of the bill as the authorization of the Inter-State Commerce Commission to investigate rates without complaint, and to suspend new rates for four months pending investigation, is alone a great advance in rate legislation. We regret that authorization to control rate agreements and mergers is apparently not to be granted to the Commission; but that will be granted some day. On the other hand, we regard the addition of the long-and-short-haul clause, made by the House, to be a distinct contribution. What the outcome will be no one can now tell. It is certain, however, that the country has been led to expect from Congress this year a progressive and effective Inter-State Commerce Law.



WATER POWER: NATIONAL VERSUS STATE CONTROL

Two measures now before Congress strike at the policy of Conservation in a vital spot. As The Outlook has said before, the men who will control the water power of the United States will control American industry. The supplies of coal and other fuels can be exhausted; the water power need never be exhausted, for it is continuously renewed. The question who shall control that source of power is a tremendously important one. Two weeks ago we expressed our strong condemnation of the Smoot bill, which proposes to hand over to the States the lands on the public domain which contain water power sites. This bill has been brought prominently before the public by President Taft in his speech at Passaic last week. He said of it: "This bill is a most important one. It probably needs amendment, but the principle of the bill may work out to a satisfactory solution." The President is right; the bill is an important one. But it is important to the special interests who are anxious to get the water power of the country into their hands. The history of the swamp and overflowed lands, millions of acres of which were turned over to the

States a generation ago and have since gravitated into the possession of a few big interests, points the warning. But in his other statements we believe the President to be wrong. The bill needs, not amendment, but extinction; for the principle of the bill can never work out to a satisfactory solution. President Taft gives three reasons why the bill is a good one—two positive, the third negative. First, it would be useful to have the control and ownership of the water in the streams, and the control and ownership of the lands essential to the establishment of water power plants, united in one sovereign. The State now has the former; the Nation, in the cases affected by the bill, has the latter. Second, the authorities of the State, presumably more familiar with local conditions, could fix the details on the ground in accordance with local necessity. Third, the rights of the people are safeguarded by the provision that if the State does not enforce conditions providing for reasonable rates and against monopoly, the United States may regain possession of the land through the courts. To these propositions we would reply: First, it would be useful to have the control of the land and the water in one sovereign, but since that one sovereign cannot be the Nation (for the States cannot be expected to give up their control of the water), it would be much better to leave the control divided as it is now. If the Nation allows the ownership of the land to pass into other hands, it cannot regain it; if the Nation retains the ownership, it can develop a consistent, uniform, and wise policy for the development of the water power. The land now belongs to the whole American people, and there is no reason why it should be given over to a part of the people. Second, familiarity with local conditions and sensitiveness to local necessities too often operate to the neglecting of broad National conditions and the necessities of the whole people. Third, provisions that control which has once been given up shall be reasserted, if certain conditions are not complied with, are notoriously difficult of enforcement. It is highly improbable that control once given up by the Nation could be, to any large extent, regained, even under the provisions of the Smoot bill. The conservation of those

natural resources which still remain in the ownership of the Nation is one of the most important duties of the Federal Government as trustee for the American people. The way to secure that conservation is not by attempting to shift that duty to the States, but by adopting a broad and wise policy in which the public interest shall be paramount.



WATER POWER: PUBLIC VERSUS PRIVATE INTERESTS

The other measure repugnant to the principles of Conservation is a bill which has been reported favorably by the Senate Committee on Commerce authorizing the construction of a dam across the James River in Missouri for the creation of electric power. The bill, which was introduced by Senator Stone, is identical with a bill passed by Congress year before last and vetoed by President Roosevelt. The bill was vetoed by him because it "gives to the grantee a valuable privilege, which by its very nature is monopolistic, and does not contain the conditions essential to protect the public interest." Mr. Roosevelt's action was in accord with a definite policy which he had deliberately adopted and had expressed several times. In a special Message to Congress in February, 1908, he wrote: "Through lack of foresight we have formed the habit of granting without compensation extremely valuable rights, amounting to monopolies, on navigable streams and on the public domain. . . . No rights involving water power should be granted to any corporation in perpetuity, but only for a length of time sufficient to allow them to conduct their business profitably. A reasonable charge should, of course, be made for valuable rights and privileges which they obtain from the National Government." And in a letter to the Senate Committee on Commerce, in March, 1908, he said: "I have decided to sign no bills hereafter which do not provide specifically for the right to fix and make a charge, and for a definite limitation in time of the rights conferred." The James River Dam Bill did not then, and does not now, contain any provision whatever for these purposes. Therefore, as it ought to have been and was vetoed then, it ought not to pass Congress now, or, if it does pass Congress, it ought