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first admissions of no more than 828 males and 951 females, or a total of 1,779¹ instead of the actual number of 2,682, and would thus represent 37 per cent instead of 48 per cent of the insane admissions to hospitals and asylums. A fair comparison between native and foreign-born would therefore show that the 30 per cent² of the population represented by the foreign-born contributed 37 per cent of the insane patients coming from the age and sex groups in which insanity appears.

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WASHINGTON NOTES

PROGRESS OF BANKING REFORM

Further developments in the working-out of the program of complete banking reform have occurred during the past month, through the appointment of a special committee of the House Banking and Currency Committee under instructions to begin an investigation of the rural credit question with a view to reporting a bill on that subject at some time during the coming session of Congress—assuming that the general banking reform measure is by that time disposed of. In addition to this extension of the work of the committee, there is to be undertaken a further revision of the administrative features of the national bank act. That measure is to be revised in a number of particulars which were not considered sufficiently germane to the general subject of banking reform to warrant their being dealt with in the original banking reform measure now pending in the Senate. It has been decided to undertake hearings on both of these subjects at a comparatively early date, and to urge the measures forward as rapidly as conditions in the two Houses will permit. In regard to the banking reform measure itself, the event of the month has been the closing of hearings before the Senate Banking Committee, and the definite reporting of a bill on November 22 (H.R. 7837, Senate Report 133, Parts 1 and 2) as a result of the labors of that body. The hearings (Senate Banking and Currency Committee Hearings, September–November, 1913) have not added materially to the information already available, but have been chiefly

¹ This does not include a sum for foreign-born of unascertained age, of which the actual figures for 1911–12 gave 17 for the foreign-born and 15 for the native population.

² The census figures are for 1910 while the figures for insanity are for 1912. The percentage of foreign-born in New York is probably increasing 0.4 of 1 per cent a year. Accordingly the percentage should be $30.2 + 0.8$, or 31.

interesting because of the development of various plans for the creation of a single central bank to be either publicly or privately owned. A notable aspect of the discussion has been the presentation of a scheme backed by important banking interests for a single publicly-owned institution, which should hold the reserves of the country and should issue notes based on commercial paper. This scheme has not thus far succeeded in making much headway but enough has been done to assure its presentation and discussion before the Senate, in connection with the general banking debate expected to be carried on in that body during the winter session just opened. It has become certain that whatever the Senate may do, however, there will be comparatively little prospect of securing very great or material concessions from the present form of the bill in the Conference Committee between the two Houses. President Wilson's support of the House plan has been made definite during the past month, and it may be predicted as positively as anything in the legislative field can be that either a measure framed upon the lines of the House plan will be adopted or else that there will be no legislation. That a desperate effort is being made to bring about a condition in which opposing bills will neutralize or kill one another through the opposing action of the two Houses is now evident and much of the debate in the Senate will be promoted by those who have that end in view. Certain important changes in the bill will, however, be accepted by the Conference Committee, that being now practically unquestionable. Among these will be the change in the redemption provision that has been desired, making the new notes redeemable in gold on demand of the holder, instead of in lawful money; permissive subscriptions to stock in federal reserve banks will also constitute a feature of revision. The number of reserve banks, fixed at twelve in the House bill, will probably be cut to ten, while it is expected that there will be included other changes designed to compel banks to come into the new system more speedily than they would under the terms of the House measure, or else to state definitely their intention of leaving the system. It seems to be further assured that the section providing for the creation of savings departments in national banks will be eliminated. This section (Section 27) never had very strong support in the House of Representatives and has been a constant cause of criticism ever since it was first drafted. Minor alterations in the mode of organizing the reserve banks are also expected to be made, and it is probable that slight changes in the composition of the proposed federal reserve board will likewise be introduced.

THE NEW INDUSTRIAL RELATIONS COMMISSION

An important economic undertaking has been set on foot by the federal government in consequence of the act of Congress authorizing the creation of an industrial commission, passed on August 23, 1912 (Public Act No. 300). This commission has just now been organized and has begun definite work. A long series of duties was assigned it in the Congressional enactment relating to the subject, but the specific thing it is expected to accomplish is the investigation of methods resorted to by organizations of employers and associations of employees, respectively, for the furtherance of their own ends as against one another. The carrying-out of this function will, it is thought, involve the commission in very considerable difficulties, owing to the fact that, to perform its work in this regard on an impartial basis, it would be obliged to develop a good many circumstances, and to expose a good many methods, of industrial warfare which both parties to the recent controversies between capital and labor are exceedingly desirous not to have authoritatively brought to public attention. The prospect that the commission will conduct its work along the line thus indicated has already produced some anxiety among both labor organizations and associations of employers, but it is the contention of those in charge that conscientious performance of the task thus assigned will result in rectifying a good many conditions which are now open to severe criticism. The act creating the commission includes among other duties the following enumeration of functions which the commission will have to make at least a feint at performing:

That the Commission shall inquire into the general condition of labor in the principal industries of the United States including agriculture, and especially in those which are carried on in corporate forms; into existing relations between employers and employees; into the effect of industrial conditions on public welfare and into the rights and powers of the community to deal therewith; into the conditions of sanitation and safety of employees and the provisions for protecting the life, limb, and health of the employees; into the growth of associations of employers and of wage-earners and the effect of such associations upon the relations between employers and employees; into the extent and results of methods of collective bargaining; into any methods which have been tried in any state or in foreign countries for maintaining mutually satisfactory relations between employees and employers; into methods for avoiding or adjusting labor disputes through peaceful and conciliatory mediation and negotiations; into the scope, methods, and resources of existing bureaus of labor and into possible ways of increasing their usefulness; into the question of smuggling or other illegal entry of Asiatics into the United States or its

insular possessions, and of the methods by which such Asiatics have gained and are gaining such admission, and shall report to Congress as speedily as possible with such recommendation as said commission may think proper to prevent such smuggling and illegal entry. The commission shall seek to discover the underlying causes of dissatisfaction in the industrial situation and report its conclusions thereon.

AN IMPORTANT ARBITRATION AWARD

A far-reaching decision, likely to affect in a significant way the future of arbitration between the railroads and their employees, was made public on Monday, November 10, by the committee of arbitration to which had been assigned the task of adjudging the dispute which arose some months ago between the eastern railroads (operating in "official classification territory") and the trainmen in their employ. The trainmen, following the example already set in the summer of 1912 by the engineers on the same roads, and by the firemen similarly employed in the spring of 1913, demanded an aggregate increase of pay estimated to be equal to about 20 or 21 per cent of the pay at present given by the roads and probably equivalent to about \$18,000,000. In reaching its present conclusion, the board finally cut the requested allowance to about \$6,000,000, an advance, roughly speaking, of 7 per cent upon the wages now received by trainmen on these roads.

The course of the argument has been of very large economic interest. Request was made for the advance indicated upon five main grounds: (1) the alleged necessity of "standardizing" rates of wages between the West and the East, raising eastern wages to the same level as those of the West for similar occupation; (2) the increasing cost of living said to have more than absorbed all recent advances of pay; (3) the asserted increase in the risk, labor, and responsibility connected with the employment; (4) the supposed increase in the "productiveness" of a train crew, and (5) the asserted fact that the profits made by a railroad in recent years have increased in a greater proportion than have wages. In reviewing these assertions or arguments the board has laid down standards which will be of influence as precedents, no doubt, in future wage adjustments. First of all, it refuses to be controlled by the standardization argument on the ground that what is paid by other railroads is not necessarily decisive as to what should be paid by those that are parties to the present controversy. Secondly, it finds that there has been a considerable increase in cost of living since the wage adjustment which occurred in 1910. As to the statement that trainmen today incur a greater risk than in the past, it flatly announces that "all the statistics

available indicate that the risk to trainmen in later years is decreasing rather than increasing." The board further finds that the labor required in handling trains today is not greater now than in 1910 at the time of the last wage adjustment. A small concession to the claims of the trainmen is made in the admission that "there has been a certain increase in responsibility," although the board reaches the further conclusion "that it is impossible to state quantitatively how great this increase of responsibility is as compared with the responsibility conductors and trainmen had to bear in 1910." As to the argument so often repeated in recent wage controversies that the trainmen have increased the productivity of the carriers, it was plainly stated that no advance in productivity can properly be assigned to train crews but that such advance as has taken place comes from an increase in the number of engines. With reference to the final claims that the profits of railroads had increased faster than wages paid to them, the board simply rejects the data filed with it on the ground that it "finds itself unable to relate the facts in this class of exhibits to the question of wages in such a way as to found thereupon specific increases in rates of pay." In other words, there was a complete failure on the part of both sides in the controversy to prove that any definite relationship existed between the rate of increase of profits and that of wages, or that there had been either disproportion or relationship between them. From this review it is evident that the points regarded by the board as sustaining the contentions of the employees are increase in cost of living and possible or conjectural claim to a share in advancing profits. On the strength of these considerations the award of about \$6,000,000 is granted to the trainmen. From this award, concurred in as it was by the arbitrators for the laborers and those for the public, the railroad arbitrators dissent, on the ground that whereas there has been some increase in cost of living it is not sufficient to warrant the proposed advance, while on practically all other points the labor argument was defeated. They show that this \$6,000,000 combined with the \$4,000,000 recently added to the expenses of the roads by state legislation requiring the employment of extra crews or "full crews" makes a total additional burden upon the roads of \$10,000,000 which comes at a time when the roads are not well situated to meet an increase in their expenses, and when such money as they have at their disposal is needed for the introduction of safety devices and the improvement of traveling conditions as demanded by the public. It is a notable fact that all three of the recent railroad arbitrations between the eastern carriers and their

employees have now turned out in greater or less degree favorable to the contentions of the employees so that it would seem as if the roads in consenting to an arbitration practically conceded some advance at least in wages. In fact the claim that such an assumption tacitly underlies the arbitration idea was baldly put forward by certain of the labor representatives in the course of the argument before the board which has handed down this decision.

A DEMAND FOR ADVANCED RATES

A fresh effort on the part of the railroads to secure an advance in rates that will suffice to offset the constantly increasing charges which they are obliged to bear in the shape of higher wages, larger cost of capital, and increasing expense of materials, has now gained for them a reluctant hearing before the Interstate Commerce Commission, proceedings before that body having been after some delay opened on November 24. The request of the railroads is for a 5 per cent increase in eastern territory over their present general scale of freight charges. Within the past thirty days there have been great efforts to induce organizations of shippers to consent to the proposed advance on the ground that it is actually needed by the roads in order to maintain their efficiency and that without it they cannot continue to furnish satisfactory service and at the same time provide for fixed charges, betterments, and reasonable dividends. Some shippers' organizations have apparently committed themselves, at least in part, to the view that the railroads are entitled to a moderate increase, and that such increase, if "actually needed" by them, should be accorded by the Commission. It is already evident that the argument will turn very largely upon the financial position of the railroads, and in this connection the reduced earnings that are coming to the roads as a result of crop shortage in certain parts of the country, and from other unfavorable circumstances, are worthy of note. They will tend to make the immediate income showing of the railways considerably less satisfactory than it would otherwise be, and will to that extent furnish a basis for the 5 per cent increase in rates demanded by the carriers. It is expected that the financial data prepared and filed by the railroads in 1910 will be greatly added to, and elaborate work has already been done toward further analysis of recent incomes and expenditures on the different lines.

SOME PARCELS POST RESULTS

An important situation has grown up as a result of the new parcels post law which has now been in actual operation for about a year. In

consequence of the failure to raise the basis for compensation allowed to the railroads, at the time the parcels post law was enacted, the Post-Office Department has succeeded in making the system exceedingly profitable, the surplus arising from its operation for the first year being estimated at some \$30,000,000. Although the railroads have applied for a due advance in the rate of their compensation, this application has been deferred until a report can be secured from a special congressional committee now engaged in investigating the mail pay question. There is no prospect of a report from this committee before the coming spring, and when that report is turned in, it is problematical how soon congressional action designed to carry it out in good faith will follow. Meanwhile the Interstate Commerce Commission has ordered into operation a new system of express charges, deferring, however, the date when these charges become effective until February 1, 1914. Express companies estimate that the result of the new system of charges will be to cut their gross revenue by about 12 to 15 per cent, resulting of course in a corresponding ultimate decrease of net revenue. The government is thus by its own action placed in the position of competing with the express companies upon a basis established by itself, it having fixed the parcels post rate and at the same time refused to pay the railroads for the work done by them in transporting the package freight, while its competitors, the express companies, are forced to operate at the lower rates of charge set forth in the recent order of the Interstate Commerce Commission. As shown by reports of the express companies, the effect of the parcels post in cutting into their business has already been very considerable so that they can hardly expect to increase the volume or density of their traffic, and therewith their receipts, by putting into operation the low rates which the Commission has directed them to establish. They are, in fact, cut off from any very great expansion of their transactions at the same time that their income from those phases of the business still left to them is materially curtailed. Simultaneous with the development of this peculiar state of affairs, comes the announcement that efforts will be made still further to reduce parcels post rates, and thereby to obtain a yet larger share of the package trade even before the discussion now pending with the railroads regarding the rate of pay properly to be assigned them for their carriage of the mails on the new footing has been disposed of in any way whatever. An increase in the volume of parcels post operations, followed by a due payment to the railroads for the work they are doing, might result in making the government's operations wholly unprofitable, and might thus

add to the postal deficit in proportion to the loss caused by reduction of charges and increase in railroad payments. The damage inflicted upon the express companies would be equally as great, even if the government were to incur a deficit in the process of competing with them.

ANTI-TRUST DEVELOPMENTS

Further development of the anti-trust program which is now being shaped by the Wilson administration shows that the program will be extended to include legislation designed to control the issues of stocks and bonds, and that such proposed legislation will probably follow the lines laid down in the New Jersey anti-trust measures adopted in 1913. The main ideas that have been thus worked out are those requiring stock to be "full paid," that is to say, requiring that it shall not be issued without the receipt by the corporation placing it on the market of a full equivalent, dollar for dollar, in cash or correctly valued property; that there shall be entire publicity for the operations of corporations, particularly with reference to their issues of securities; and that there shall be very rigid restrictions upon the extent to which they may purchase and hold the stocks and bonds issued by other corporations engaged in the same or parallel lines of business. Needless to say, these standards for the issues of stocks and bonds are not now, and never have been, observed in the remotest degree by corporations operating in interstate trade. Such requirements will therefore call for almost a revolution in methods of corporation financing. Under the Taft administration, in 1910, a program of somewhat similar sort, applying, however, to railways only, was placed before Congress, but no attention was paid to it. Later, President Taft appointed a securities commission headed by President Hadley of Yale University, which made entirely different recommendations, suggesting "publicity" as being the chief, if not the only, remedy required for existing corporate evils. Even this, however, could not be secured from Congress. The proposed program is, therefore, very much larger than anything of a financial nature that has been urged within recent years as a means of restriction upon the transactions of interstate corporations. Meanwhile, anticipating the formal introduction of administration bills embodying the official program, the Progressive Republicans in the House of Representatives have offered their own scheme of legislation, presenting it in three distinct measures, introduced by Mr. Murdock of Kansas (H.R. 9299, 9300, and 9301, 63d Cong., 1st sess.).