

Walter Roscoe Stubbs

ADDRESS TO THE HOUSE OF REPRESENTATIVES FEBRUARY 24, 1909

To the House of Representatives of the State of Kansas:

There is one vast, overshadowing problem that must be solved in the states by the legislatures and in the nation by Congress: that problem is the regulation and control of public-service corporations. This proposition has been the subject of discussion and legislation for years, but so far no scientific, legal, businesslike basis has been established for their control. President Roosevelt, Judge Taft, Governor Hughes, Senator LaFollette, Governor Folk, and all our great leaders, without regard to party, have publicly declared the need of sound and effective laws for this purpose. The Republican party pledges of 1908 in Kansas specifically declared in favor of limitation of the issue of stocks and bonds by public-service corporations and for physical valuation for properties.

My recommendations to the legislature proposed the only feasible and practical plan that I know of which will fulfill our obligations in this regard. Under present conditions the state, through its legislature or Board of Railroad Commissioners, makes orders, and the railroad companies go into the federal court, under a pretense of confiscation of property, and secure exemption from obedience to those orders. The state has no evidence to disprove their charges of confiscation, and the state's officers have continually been humiliated and made to appear ridiculous for lack of information and evidence that is absolutely necessary to justify the state laws and regulations. In the first place, the state must have accurate knowledge of what rates and regulations and orders after they have been made. No board of railroad commissioners or legislature desires to confiscate the property of any corporation in Kansas. On the contrary, it is the state's duty, and necessary to the welfare of Kansas, that the rights and interests of the corporations, as well as of their patrons, customers and the general public, be protected. I have hoped to see this legislature enact laws that would make it possible for the state of Kansas intelligently and effectively to control all public-service corporations in this state on the basis of absolute justice, and before this legislature finally concludes to destroy the public utilities bill I would urge upon its opponents the importance and necessity of suggesting some better method of establishing the physical valuation of these corporate properties and of limiting the issue of stocks and bonds.

If we do not keep our pledges to the people made during political campaigns then it is useless to write platforms or make pledges; if we undertake to fulfill these pledges we must do so in good faith. The issue that has been raised under the pretense of home rule for cities of Kansas is nothing more and nothing more and nothing less than an effort to befog and deceive the people and their representatives. This kind of jugglery is the most skilful method used by professional politicians to defeat sound measures that are in the interest of the public welfare. It is creditable to the minority members of the legislature who frankly state their purpose to kill the public utilities bill. That position is manly and fair; that position can be met in fair fight, and the public can judge who is right.

But we have had on our statute-books for two years a law providing for the physical valuation of railroads; the railroad commissioners have had in the state treasury, subject to their order, \$25,000 for the purpose of making this valuation, but they have been so engrossed with other duties that they have not even started this work. It is preposterous to think that this commission of three members can make a physical valuation of all the public-service corporations in Kansas, and also supervise the issue of stocks and bonds of all these corporations, and still have time to carry forward and prosecute industriously and vigorously the enormous work of looking after the establishment of just and equitable rates, proper train service and the condition of the tracks and road-beds of all the roads in Kansas.

Our Board of Railroad Commissioners consists of three members, who are paid a salary of \$25,000 a year, and they have to contend with scores of railroad attorneys whose salaries are from \$5000 to \$25,000 a year, railroad managers, freight experts and railroad presidents whose salaries are from \$10,000 to \$50,000 or \$75,000 a year. No greater lack of wisdom has ever been manifested by the public than in the withholding of adequate salaries and contingent funds to their public officers who have to represent the public interests as against these great corporations. The people ultimately pay all the salaries of railroad presidents, attorneys, freight experts and traffic managers, and all the high-salaried men and lobbyists who are pitted against the state's officers charged with fighting battles of the people and enforcing the laws of the state. No more ridiculous sight has ever been witnessed in connection with a legislature than to see dozens of high-salaried corporation lobbyists and attorneys hover around the members of this legislature and plead with them not to burden the farmers with the added cost of a public utilities commission, and to hear some of these members repeat over and over, parrot-like, the arguments of the lobbyists to their fellow members. The corporations take toll from the farmers of Kansas to pay a large share of the salaries of these lobbyists in Topeka, who are here trying to defeat this one measure, which has for its purpose a scientific and constitutional foundation upon which the state can enforce its laws in any court in the land.

The lobbyists have shrewdly made most prominent the least important part of these public utilities bills by continually talking about the small, local public utilities in cities, and making no reference to the greatest and most important part of our problem, which is the proper control and regulation of railroads, pipe-lines, express, telegraph, telephone and other public-service corporations of state-wide importance.

It is utterly impossible for the state to prescribe rates and regulations which will stand the test of the courts without knowing all of the facts about the business which it seeks to govern and control.

The state laws give that power to regulate and control state banks, and the state officers know and have the lawful right to know everything about the banks that the bankers know themselves, and because of this very fact the state banks of Kansas are the soundest, the best and the most prosperous in the world.

And this will be true with state supervision of other public service corporations. The state must have the right to all the information concerning the business of a railroad corporation which the officers and attorneys of such corporation have themselves; otherwise the state is hopelessly

handicapped in any attempt to govern these corporations by law. It is squarely before this legislature to grant to the public officers that right and to furnish the funds for its proper exercise.

If this legislature will enact into the public utilities measures the bill now in the hands of the railroad committee requiring all railroads to make an itemized statement, under oath, of the cost of all rails, road-beds, ties, rights of way, cars, engines, terminals and other equipment, the attorney-general's anti-trust bills, the White resolution and bill and the maximum rate law drawn by the railroad commissioners, and appropriate \$25,000 per annum for the physical valuation of properties of public-service corporations, it will make it possible for this administration to do effective, creditable work that will have a far-reaching effect, of inestimable value to our state.

The public utilities measure does not propose to create a new board, but rather to add two members, who shall be chosen with special reference to their fitness for this work, to the present Board of Railroad Commissioners, and give them charge of all public utilities in this state with power to supervise the issue stocks and bonds, ascertain the physical valuation of their properties and have general supervision and control of such corporations.

If you leave us with fifty injunctions pending in the federal court forbidding the attorney-general and the railroad commissioners to put into effect the laws of this state, and provide no remedy or redress, the public must know on whom to place the responsibility.

W. R. STUBBS, Governor.
February 24, 1909.

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