

MUTUAL RELATIONS AND INTERESTS OF THE BELL SYSTEM AND THE PUBLIC

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 because our business has 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 inter-communication. 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 the 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 put 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 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 efforts 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—on 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 everyone to be connected who will add to the value of the system, thus giving the greatest value to the greatest 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, that 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 government 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 interested.

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 par value of \$776,000,000.

The book value of the total tangible assets, which is considerably less than their replacement value, amounted to \$960,000,000. 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 amounted to only 8.1 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 54,000. About 47,000 shareholders hold less than 100 shares each; 6,500 shareholders hold from 100 to 1,000 shares each; 347 shareholders hold from 1,000 to 5,000 shares each while there are only 16 shareholders of 5,000 shares or over in their own right. A majority of the shareholders are women.

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To Stop Scaling of Psoriasis

This Troublesome Skin Disease Promptly Checked by a very Simple Attention.



Classed with eczema, psoriasis has been considered one of the most obstinate of skin diseases. A lady in Lexington, Ky., says that before she began using S. S. S. the disease broke out at frequent intervals where she thought it cured. But by getting her blood under control by the influence of S. S. S., psoriasis entirely disappeared and there was never again the slightest sign of it. Like nearly all skin diseases, psoriasis is primarily due to impaired blood.

The skin is but a network of fine blood vessels. And it is a perfectly natural consequence that any influence in the blood that is a condition of ill health makes its first appearance in the skin. There is one ingredient in S. S. S. which peculiarly stimulates cellular or glandular activity to select from the blood or from this fine network of blood vessels in the skin, those elements which it requires for regeneration.

Thus pimples, acne, eczema, lupus, or any other blood condition that attacks the skin or seeks an outlet through the skin, is met with the antidotal effect of S. S. S.

This is why skin troubles vanish so readily and why they do not return. You can get S. S. S. in any drug store, but insist upon having it. Take no chance by permitting anyone to recommend a substitute. And if your blood condition is such that you would like to consult a specialist freely, address the Medical Dept., The Swift Specific Company, 162 Swift Bldg., Atlanta, Ga.

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PORTLAND OREGON

Home Seekers Attention

If you want a farm, I have it. If city property, my listings comprise every section of the city.

ADMINISTRATOR'S SALE.

The administrator of the estate of the late Andy Anderson has placed his 80 acre farm 1 1/2 miles Southwest of town; 25 acres in cultivation more can be, nice young orchard, berries, 9 acres in meadow, large flowing spring, barn, chicken house; fenced; considerable wood on the tract. This place must be sold, come in and examine the terms and conditions.

160 ACRES NORTH SUMMERVILLE.

16 acres in cultivation, 50 acres more can easily be cleared; the land has been slashed for over six years; much more can be placed under cultivation; house, barn, chicken house, cellar, spring. Price \$2,750.00 and reasonable terms will be considered.

FARM NEAR ELGIN.

172 1/2 acres two miles north of Elgin. About 60 acres under cultivation; all but 30 can be cultivated. House, large barn and out buildings. Creek runs through place. The price includes 5 milch cows, two heifers, two calves, three horses, wagon, harness, plows, one-half of crop of 20 acres of oats, and 20 acres of hay crop and one-third of 12 acres of potatoes. Price \$8,000.00. Terms, \$2,000 cash, balance \$600 per annum. Here is an opportunity to step into a good thing, the owner made a mistake, he never had any business with it, he is not a farmer and he wants to dispose of it. It will bear investigation.

80 ACRES ON SANDRIDGE.

Choice tract between Alicel and Elgin at \$100 per acre. No better land in the county in this vicinity.

ONE OF THE VERY BEST.

Large 280 acre farm in Cove, one of the very best improved farms in the county, water rights. 10 acres in cherries that netted \$1,300 this year. An all around dairy, stock and grain farm. The price is \$23,000.00 with terms; to see this farm is an incentive to become the owner. It has always been a money maker and made a fortune for the owner.

80 ACRES IN LADD CANYON.

Nearly all in alfalfa; good improvements. Choice location, ready market for everything produced. Two milk wagons call daily for either fresh milk, cream; close to Hot Lake and several saw mills. A desirable home.

20 ACRES NEAR CITY.

Here is a snap for some live wire, well improved; 7 acres in orchard mostly cherries; \$800 of truck will be marketed from this farm this season, much of it is now growing. Call and let me show what the place is doing, not what it has done.

The price is \$4,500.00 and it is worth it. You will say so too if you are in the market for this size place.

IF YOU WANT FARMS

I have a large list of farms in various parts of the country that are priced right and if interested call and I will be pleased to give you minute details and conduct you over them. You cannot afford to purchase until you look over my list.

CITY PROPERTY.

La Grande is some town, a real live one; a purchaser can always let go if he desires a change. This is demonstrated every day. I have sold 14 homes since July 1st, and have several customers who are just waiting to find something that just exactly suits them.

I have several homes in South La Grande that are close to Fourth street that has just been paved and will increase values in that section of the city. South La Grande is one of the most pleasant residence sections of our city in which to live. Prices are very low compared to what they will be two years hence. Remember this last statement.

VERY EASY TERMS.

I have property in every section of the city that I can offer as low as \$100 down and small monthly payments on the balance. There are many who are paying \$25 and more each month for rent that should investigate my listings.

Geo. H. Currey
He Who Sells

108 ELM STREET REAL ESTATE La Grande Oregon