

BALLINGER TELLS OF HAVING TART'S BACKING

Secretary of Interior Makes Report of Department and Evades Harsh Criticism of Enemies—Administration With Him.

Washington, Nov. 23.—Secretary Ballinger's report was made public this morning. The secretary says that President Taft has given him full support to his policies. Subjoined are the essential parts of the report:

The annual report to the president of the department of the interior, was made public today, and extracts from it are given below:

This report covers a portion of the time under the administration of my predecessor, Mr. Garfield, who, by his earnest and disinterested services, contributed greatly to the advancement of the department in organization and efficiency of administration.

Retirement Fund for Government Employees.

No policy within the reach of the executive can humanely solve the difficulties involved in the discharge of superannuated clerks. The department of the interior is laboring under a great disadvantage in trying to introduce modern business methods and to keep pace with the increasing volume of work, because of its inability to retain the services of its experienced and efficient members of the clerical and laboring forces after they have become incapacitated by age or other causes. Incapacitated efforts have been made to secure congressional aid to retire them upon a basis that will recognize their long service and protect them against want. An involuntary retirement and sustaining statute, by which all persons arriving at a prescribed age, or for other reasons, should be required to stand an examination before a competent board as to physical and mental ability, with a fund created by national appropriation in the first instance, and maintained by some equitable system of contribution from salaries, would seem to me to be advisable.

Public Lands.

The proper use and disposition of the public lands have been questioned involving no little legislative as well as administrative difficulty from the beginning of their history. They were, during the earliest administrations, treated as a national asset for the liquidation of the public debt and as a source of reward for our soldiers and sailors. Not until the discovery of gold on the Pacific slope did the policy change for one of exploitation, by which our citizens were encouraged to develop the mineral and agricultural resources of the public domain on conditions of receiving limited areas at a nominal cost. For similar reasons, the discovery of oil on the Pacific slope did the policy change for one of exploitation, by which our citizens were encouraged to develop the mineral and agricultural resources of the public domain on conditions of receiving limited areas at a nominal cost.

The railway grants generally were limited to non-mineral lands, except such as contained coal and iron, which latter minerals were taken to be essential for railway construction and operation. New states were, when admitted, liberally endowed with public lands for school and other purposes; so that, out of a public domain in 1860 of 1,055,311,588 acres (Alaska then not belonging to the United States), we now have only about 731,554,081 acres, confined largely to the mountain ranges and the arid and semi-arid plains, except lands within some of the Indian reservations and the 38,035,978 acres of undisposed of land in Alaska.

All of the principal land statutes enacted over 25 years ago; the homestead act, the preemption and the timber culture act, the coal land, and the mining acts for the aid of the industries of the country, were among the earlier acts of this nature.

The liberal and rapid disposition of the public lands under these statutes and the lax methods of administration which for a long time prevailed naturally provoked the feeling that the public domain was legitimate prey for the unscrupulous and that it was no crime to violate or circumvent the land laws. It is to be regretted that we, as a nation, were so tardy to realize the importance of preventing so large a measure of our natural resources passing into the hands of land pirates and speculators, with no view to development looking to the national welfare. It may be safely said that millions of acres of timber and other lands have been unlawfully obtained, and it is true that actions to recover such lands have in most instances long since been barred by the statute of limitations. The principal awakening to our wasteful course came under my predecessor's administration. The bold and vigorous prosecution of land frauds,

through Secretaries Hitchcock and Garfield, have restored a salutary respect for the law, and the public mind has rapidly grasped the importance of safeguarding the further disposition of our natural resources in the public lands in the interest of the public good as against private greed. Notwithstanding this, it is necessary to continue our efforts through all available sources, the securing of information of violations of the public land laws and to follow such violations with rigid prosecutions.

In this present policy of conserving the natural resources of the public domain, the best thought of the day is not that development shall be by national agencies; but that wise utilization shall be secured through private enterprise under national supervision and control. Therefore, if material progress is to be made in securing the best use of our remaining public lands, congress must be called upon to enact remedial legislation.

Classification of Public Lands.

In order that intelligent administration shall be applied in the disposition of the public lands, it is essential that they be classified into various clearly defined divisions according to their principal value or use. They have generally been classified in legislation as agricultural, mining, and timber lands, and it is only in recent years that the interior department, through the geological survey, has undertaken to make this classification in the field in the aid of the administration of these public lands. The general authority given in the organization of this bureau, specific legislative authority should be given the department to classify and segregate our public lands into well defined divisions according to their greatest apparent use, with the continuing power of reclassification to meet the changing conditions and the increased knowledge of their character which may necessitate the transfer of lands from time to time from one class to the other. Full legal effect should be given such classification when made so as to prevent entries, under laws applicable to one class, of land belonging to another class, except after application for and review of the classification by the interior department in administering the public domain.

It may seem at the outset that this would be a radical departure, to the extent of suspending the disposition of public lands pending the decision of the department, as a matter of fact, a large portion of the undisposed of public lands has already been classified by the department, but such classification has not the authoritative basis or effect to accomplish the result above outlined.

As to minerals, other than those hereinafter specified, because of the manner of their occurrence, doubtless no effective classification can be made in advance of discovery, and they should for that reason be treated as an exception in classification and dealt with accordingly. As regards new legislation, the present coal land laws respecting the states and territories, as well as the act fully meeting existing as well as future conditions. The inducements for much of the crime and fraud, both constructive and actual, committed under the present system can be prevented by separating the right to mine from the title to the soil. The surface would thereby be open to entry under other laws according to its character and subject to the right to extract the coal. The object to be attained by such legislation is to conserve the coal deposits as a public utility and to prevent monopoly or extortion in their disposition. This may be accomplished either through a leasing system, by which the title would remain in the government, under proper regulation and supervision by the secretary of the interior, or through the sale of the deposits, and in either case with restrictions on their mining and use which would control the minimum output and conserve the deposits as a public utility. I believe the most advantageous method will be found in a measure authorizing the lease or sale of the coal deposits in the lands, subject to forfeiture for failure to exercise the rights granted, under such reasonable regulations as may be imposed. An exploration period of at least one year upon a permit basis, at a nominal charge, would insure to the government the necessary preliminary knowledge upon which to make the lease or purchase of the coal deposits and venture the necessary investment for operation. The maximum unit authorized for this use could safely be fixed from three to five sections, provided no greater surface rights be granted than will give proper facilities to reach and extract the coal deposits.

Coal Deposits.

In case of failure of the lessee or owner to open and operate the coal deposits under reasonable limitations and to maintain an output reasonably suited to the deposits, and in case of combinations as to price or limitation of output, title should be forfeited by proceedings in court for that purpose. Mine supervision would doubtless be necessary to enforce the conditions and limitations under the grant.

The above suggestions with reference to the disposition of coal deposits are equally applicable to the oil and gas fields in the public domain, and similar legislation as to lands containing the same is hereby recommended. Indeed, the very nature of these two important mineral resources requires that their disposition be in terms of quantity of the product extracted rather than of acreage.

Pending the enactment of new legislation affecting coal lands, all known coal areas were withdrawn from entry for agricultural and appraisalment through the geological survey. April 16, 1909, I changed to a practical and scientific basis the system of classification and valuation for disposal of coal lands under existing laws.

For the purposes of classification and valuation, the coal deposits are divided into four classes: (1) those of great value and thickness, and depth of the coal beds. The prices of the lands are determined on the basis of an estimated tonnage and range from one-half cent to 3 cents per estimated ton, in accordance with the quality, thickness, and situation of the coal. Provision is also made for taking into consideration in making the valuation any special conditions enhancing the value of the land for coal-mining purposes; also, for a review of the classification of valuation upon the future application and showing to the department.

The classification and appraisalment of the coal lands in the states and territories other than Alaska, proceed upon the authority of the act of March 1, 1875, which fixes the minimum price only for lands and leaves to the secretary of the interior their appraisalment and the determination of their maximum value. In view of the fact that the law of Alaska directs the deposit of the coal lands in that territory at the flat rate of \$10 per acre, no such classification or appraisalment is warranted by existing law.

Congress has, by the act of February 19, 1909, substantially adopted the recommendations made by me as commander of the general land office, in the enactment of a statute known as the "dry-farming" or "enlarged homestead" act authorizing the classification and entry of semi-arid lands. The department has, through the geological survey, under this act classified 112,097,643 acres.

I have also recently withdrawn temporarily, for the purpose of submitting the subject to congress for new legislation, large areas of oil lands in Wyoming, California, Utah and Oregon.

I desire to call attention to the importance of asking congress to authorize the executive to reserve certain areas of these lands for the purpose of affording a supply of fuel oil for the navy, and to make such regulations as may be necessary for the preservation and extraction of such deposits. No legislation exists for entry of oil and gas lands other than the general mining laws of the United States, which are not adaptable to the situation of lands containing mineral oils and gas.

Under the previous administration there were temporarily withdrawn, pending action by congress, 4,702,531 acres of land in the states of Wyoming, Idaho and Utah, as containing phosphate deposits. These lands are being re-examined by the geological survey at my direction with a view to eliminating all tracts not containing such deposits. The area of the original withdrawal has now been reduced to 4,171,480 acres by the elimination of nonphosphate lands, and I am advised by the classifying officers that additional areas will be eliminated as a result of their examination. The lands containing phosphate are not adaptable to agriculture, and should not be allowed to be disposed of as either placer or lode mineral claims, but the deposits should be leased or sold in limited areas and on conditions preventing monopoly and insuring domestic use.

Timber and Stone Lands.

The so-called timber and stone acts of June 3, 1878, and August 4, 1902, should be repealed, and a law enacted providing for the disposition of all the remaining timber upon the public lands separately from the soil, and the disposition of the land after the timber is removed, under appropriate agricultural or mineral laws.

Unsurveyed Railroad Lands in National Forests.—The approximate aggregate of lands subject to adjustment of the railroad-granted lands in national forests, within the primary limits, which are unsurveyed is 6,057,400 acres.

These lands can not be surveyed out of the present or general appropriations by congress for the survey of public lands, as the survey of these lands would require the expenditure of additional legislation would not give the department authority to reimburse itself out of the lands in case of failure of the private owners to make repayment on demand. There is no incentive for the government to survey these lands, inasmuch as until surveyed they are not subject to state or other local taxation. This is undoubtedly the main reason for the failure of the railroad companies to expediently perfect title. It is also apparent from this state of facts that the small timber landowner, whose lands are generally surveyed, is placed at a disadvantage, as he has to contribute a larger share of taxation than he would if all such lands were taxed. Estimating the value of these lands at \$10 per acre (a conservative average value on timber lands), they are worth \$60,574,000, and a tax of one-half of one per cent annually would amount to the sum of \$300,000 annually, which should be collectible for the support of state and local government. This is the annual donation given to timber landowners by the act of the present system. The department is interested in having these lands surveyed for another reason, namely, in order that it may speedily complete the adjustment of these lands.

I therefore recommend that congress be asked to make an appropriation sufficient to survey these lands, impose a lien upon them for the reimbursement of the cost thereof and give authority to complete a prompt reimbursement.

Power Sites.

In anticipation of new legislation by congress to prevent the acquisition of power sites on the public domain by private individuals, and to give the view of monopolizing or adversely controlling them against the public interest, there have been temporarily withdrawn from all forms of entry approximately 600,355 acres, covering all locations known to have power possibilities on unappropriated lands outside of national forests. Without such withdrawals these sites would be enterable under existing laws, and their sale would weaken the general government powerless to impose any limitations as to their use.

If the federal government desires to exercise control or supervision over water power development on the public domain, it can only do so by limitations imposed upon the disposal of power and reservoir sites upon the public lands, the waters of the streams being subject to state jurisdiction in their appropriation and beneficial use. I would, therefore, advise that the congress be asked to enact a measure that will authorize the classification of all lands capable of being used for water power development, and to direct their disposal through this department, under substantially the following conditions:

1. That the title to such lands be reserved in the federal government, and only an easement granted for the purpose of developing and transmitting electrical power for private and public use, and for the storage of waters for power, irrigation, and other uses.

2. That such easement be granted for a limited period, with a maximum of at least 20 years, and the option of renewal for stated periods upon agreed terms.

3. That entry shall be accompanied by plans and specifications covering the works sought to be installed, and covering the maximum horsepower capable of development at such site, also, that a substantial entry fee be paid to show good faith, and that a transfer to the United States of the necessary water rights to permit of the estimated power development be made.

4. That the construction period allowed for the development of at least 25 per cent of such power shall not extend beyond four years, or such further time as may be granted by the secretary of the interior upon a proper showing.

5. That a moderate charge shall be made on the capital invested, or upon the gross earnings of the project for the first 10 years of operation, adjusted at each subsequent 10-year period, and equitably determined by appraisalment.

6. That the rights and easements shall be forfeitable for failure to make development within the limitations imposed or upon entry into any contract or combination to charge a fixed rate beyond a reasonable profit on the entry into any agreement or combination to limit the supply of electrical current, or failure to operate the plant, and.

7. That all books and accounts shall always be subject to the inspection of the department. Unreasonable or narrow restrictions beyond the necessity of public protection against monopoly, or extortion in charges, will, of course, defeat development and serve no useful purpose. The statute should, therefore, while giving full public protection against the abuses of the privileges extended, so far as consistent, encourage investment in such projects, and it must always be borne in mind that excessive charges for the franchise will fall upon the consumer. Legislation of this character proceeds upon the theory that congress can insure successful development of such projects by contractual conditions. It is in the sale or use permitted of government lands so long as such limitations do not conflict with the powers properly exercised by the state wherein they may be situated.

General Land Office.

The total cash receipts from the sales of the public lands, including the sales of oil lands, were \$2,225,227.78. In addition thereto there were received from the sales of Indian lands \$3,681,951.08; reclamation water right charges \$159,490.93; amounts recovered for depredations on public lands, sales of property and copies of records, \$170,845.85, making the total cash receipts from all sources in connection with the public lands \$12,218,415.59—the largest amount received during any fiscal year, except the year 1908.

Reclamation Service.

The act approved June 17, 1902, known as the reclamation act, clothes the secretary of the interior with a broad discretion in the construction of irrigation works and the disbursement of the reclamation fund into which fund had been paid, up to and including June 30, 1908, the total sum of \$50,861,543.27, and the net investments from which in reclamation works on June 30, 1909, amounted to the sum of \$45,757,213.66. Upon this basis, and estimated receipts which will become available before December 31, 1901, \$5,523,050 have been allotted for reclamation purposes to December 31, 1910.

The discretion imposed by the act also carries with it commensurate responsibilities and obligations, which my predecessors have carried out with the utmost fidelity to the public good. Some of the most important elements of conservation of the natural resources of the public domain lie within the purview of this statute; the dormant power of stream and flood being conserved for the transformation of the desert into vast tillable areas.

The records of the time of these payments, as 11 years (which the law properly gives), without interest, in 10 annual installments, ought to permit any prudent man to meet his payments, unless the cost of construction is a greater burden than the lands will naturally sustain.

In view of the importance of a speedy completion of existing projects and their proper extension, and of the necessity in 1912 of an adjustment between the states by which the major portion of the funds arising from the sale of public lands within each state and territory shall have been expended so far as practicable within such state or territory, and in view of the importance of making a beneficial use of waters already appropriated or capable of appropriation to which rights may be lost for non-use, I believe an urgent appeal should be made to congress to authorize the issuance of certificates of indebtedness, or of bonds against the reclamation fund, to an aggregate of not exceeding \$10,000,000, or so much thereof as may be needed. These certificates or bonds should be sold by the treasury of the United States from time to time as may be required by the secretary of the interior, and the proceeds placed to the credit of the fund. They should be redeemable on call within a period of not exceeding ten years after issuance. The proceeds should be devoted to the completion of feasible existing projects and the construction of any feasible extensions thereof, and so much thereof as may be needed should be devoted to the construction of new projects in the states and territories in which the expenditures have not met the requirements of section 9 of the act of June 17, 1902. This is a reaffirmance of my recommendation to

you from the field August 2, 1909. Among other amendments, an amendment to permit the assignment of homestead entries, within projects, after entrymen have completed five years residence and cultivation and made proof thereof, is recommended.

Indian Affairs.

An investigation of the field service of the Indian bureau in the early spring satisfied me that it required a thorough reorganization, and steps have been energetically taken to effect this need. In no other public service is it so important to have reliable and faithful field agents and a systematic method of inspection and report as in the Indian service. The Indian may suffer the impositions and know of the misconduct of his agent without a murmur, where the white man under similar provocation would loudly voice his rights. This diversity of temperament has, in a measure, its foundation in the fact that the Indian's appeals have been too frequently ignored by field agents, especially where the Indian's interest conflicts with the white man's interest. I have no doubt that this unfortunate condition has had a demoralizing effect upon some of the officers of the service. I do not want it understood that the service has no agents or superintendents in the field who are of the high type and character that such a service demands. On the contrary, the faithful and efficient agents in the existing organization of the department in dispensing with the services of such officers as fast as they can be weeded out.

Indian Schools.

My personal visitation to some of the non-reservation Indian schools convinces me that certain of them should be abolished. It is my purpose to abandon at the end of this school year such

(Continued on Page Five.)

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