

38 ROADS ASK FIVE PER CENT RATE RISE

Middle West and Intermountain Bodies Fight Plea for Increase.

B. & O. ARGUMENT FIRST

Interstate Commerce Commission Is Appealed To by Carriers, Who Set Forth That Depression and War Prompt Cry for Help.

WASHINGTON, Oct. 19.—Urging that business depression and the war in Europe had caused a shrinkage of more than \$75,000,000 in their annual net revenues, representatives of 38 Eastern railroads operating over 59,000 miles of transportation lines, appeared today before the Interstate Commerce Commission, asking that they be granted at least a 5 per cent increase in freight rates.

Daniel E. Willard, president of the Baltimore & Ohio Railroad, and also head of the conference of presidents of the lines involved, was the principal witness. He was supported by a mass of statistics presented by Vice-President Shriver, of the same line, acting for all the roads. Further evidence will be submitted tomorrow.

Plea for Rise Fought. In opposition to the plea of the carriers, Clifford Thorne, appeared for the public service corporations of several Middle Western and intermountain states and also for shippers or organizations in the region affected. Mr. Thorne declared his purpose and the desire of the shippers was that the public's side of the question should be fully brought out. He did not expect to call many witnesses.

Louis Brandeis, counsel for the Commission, vigorously assailed Mr. Willard's position. In cross-examination, particularly calling attention to the fact that the Baltimore & Ohio Railroad had adhered this year to its policy of declaring a per cent dividend despite a net deficit of more than \$3,000,000 in its net revenues.

Only One Road Argues. The affairs of this system were the only ones given detailed attention today as officials of the other lines were not present. Mr. Brandeis implied in his questions, however, that a similar policy had been followed by all the lines.

Mr. Willard said the dividend had been maintained at 6 per cent this year at his recommendation. He declared he believed it had been justified by the fact that the road had \$22,000,000 in surplus.

"I am not prepared to say, however," the witness added, "what I would recommend in future in view of present conditions."

Big Issue Due in June. He had recommended the continuance of the 6 per cent dividend, he said, because it was necessary to maintain the control of the line. A recent note issue of \$35,000,000 by the Baltimore & Ohio in markets at a par, bringing 4 1/2 per cent interest and a commission of one-half of 1 per cent was paid, making the total cost to the company of 1 per cent.

Mr. Brandeis took exception to the statement of the Baltimore & Ohio surplus. He insisted that \$22,000,000 of the \$35,000,000 was represented in the line's investment in properties at the Cincinnati, Hamilton & Dayton Railroad, now in the hands of a receiver. Mr. Willard admitted this, but declared the purchase of the road was not at issue in the present hearing.

"Whatever our necessities," he said, "they are not due to the Cincinnati, Hamilton and Dayton."

"Yet you have \$35,000,000 in notes to pay next year," said Mr. Brandeis, "and you have advanced \$22,000,000 to the Cincinnati, Hamilton and Dayton."

Risk Put on Stockholders. Reverting to the possibility that interest rates would be great advanced when these notes fell due, Mr. Brandeis asked:

"If it is true that you may have to pay 7 or 8 per cent, isn't that a risk that should be taken by the stockholders through a reduction of dividends rather than be met by an advance in rates? You defend here today a reduction of practically every railroad expense except dividends."

"Nothing we do in the way of decreasing expenses of maintenance and equipment is permitted to encroach on safety of operation," Mr. Willard replied.

Business Loss Asserted. Mr. Brandeis declares the statement of the railroads had disclosed so far nothing originating since the Commission's recent ruling rejecting the Eastern lines' privileges plea for a 5 per cent advance in rates. In reopening the case, the Commission specifically limited it to subjects arising since that time. Mr. Brandeis said that decision had forecast a falling off in revenue of \$100,000 for the period embraced, and the companies' statement of \$75,000,000 shrinkage only served to confirm that estimate.

The commission also forecast improvement in business conditions, said Mr. Willard, "whereas there actually has been retrogression."

Expenses Cut Down. The expenditures on maintenance of way and equipment, Mr. Willard said, had been greatly reduced because of the financial outlook. He added that thousands of cars in had order were being held by his line without repairs because they could not now afford it, although the demand for the cars had decreased.

"The general manager has received instructions not to expend more than 1 per cent of the gross earnings for maintenance," he added.

In response to further questions by Mr. Brandeis, Mr. Willard said the railroads had followed the suggestions of the Commission in making some increases in passenger rates, both on mileage books and straight fares.

\$120,000 Gain in Sight. To the Baltimore & Ohio he thought it likely the increase would aggregate in time \$120,000 annually on the mileage books, but it was impossible to say how much might be realized from advances on other fares.

The roads also had faced the suggestion of the Commission as to the elimination of certain free services, but it probably would take many months fairly to work them out.

"Do you know of any companies—"

railroad or other corporations—that have been able to market the securities at any rate higher than the Baltimore & Ohio?" inquired Mr. Thorne.

Labor Cost Greater. "Personally, I do not," replied Mr. Willard. "We sold our securities at a fairly reasonable rate."

"Can you mention any increase in labor cost since 1912?" pursued Mr. Thorne.

"Yes," said Mr. Willard, "we advanced our laborers engaged on maintenance work in the aggregate between \$500,000 and \$700,000 a year."

In response to questions Mr. Willard said he did not share the commissioner's view that coal rates ought not to be reduced.

"We need additional revenue," he said, "and the best and fairest way would be to advance all rates, including those on coal."

He added that he knew of nothing specific that had arisen since the conclusion of the previous advance rate case that would increase the cost of transporting coal that did not apply to the transportation of all freight.

Credit and Money Needed. "Are these increases asked for to establish credit or to obtain money to meet obligations?" asked Commissioner Brandeis.

"Both in a measure," said Mr. Willard. "The B. & O. is well worth its outstanding obligations and much more, by our returns have been small. We have put \$30,000,000 into the property in the last two or three years, \$35,000,000 in short-term notes. Conservatively, it will require \$15,000,000 a year for many years."

Questioning Mr. Shriver Mr. Brandeis drew out a statement that the ratio of operating expenses per mile had decreased in 1914 from the 1913 figure.

Supplies Cost Less. In that connection Mr. Thorne began a cross-examination tending to show that the cost of railway supplies, with the exception of fuel, was lower this year than in preceding years.

Counsel for the commission questioned Mr. Shriver from a chart, showing the gross revenue for operations of the Baltimore & Ohio Railroad. The difference between 1914 and 1913 shown was approximately \$200,000 in a total of \$8,000,000. Mr. Shriver accepted the figures as accurate, but insisted they did not properly represent the situation.

ROOSEVELT ATTACK BITTER

Colonel Raps Old Party Candidates as He Boasts Progressives.

CHICAGO, Oct. 19.—Colonel Theodore Roosevelt, bitterly attacked United States Senator Sherman, Republican candidate for re-election, and Roger C. Sullivan, the Democratic candidate for the United States Senate, in a speech here tonight, ending a four-day visit to Illinois in favor of the candidacy of Raymond Robins and other Progressives.

The old-party candidates, he declared, were the type of bipartisan machine politicians, and the light in Illinois as in New York, he said, was not one of party principle, but of simple civic honesty.

The Illinois Progressives, with his approval, Colonel Roosevelt said, had declined offers to enter a deal with Sherman for a junction with Republicanism. In addition, he said, he had which Mr. Sherman and a Progressive candidate would have been chosen to the United States Senate in 1913, when finally Mr. Sherman and Colonel James Hamilton Lewis were elected.

Colonel Roosevelt's speech tonight was the climax of a busy day, in which he rushed by automobile at noon to Gary, Ind., to speak to the steelworkers there in favor of A. J. Beveridge, ex-United States Senator, now Progressive candidate for the Senate from Indiana.

\$38,000 RAISED FOR LINE

Money Subscribed in 10 Minutes at Lewiston for Railroad Work.

LEWISTON, Idaho, Oct. 19.—(Special.)—Thirty-eight thousand dollars was raised in 10 minutes here today for carrying on work on the Nez Perce & Idaho Railroad.

When the railroad committee of the Lewiston Commercial Club and a similar committee from Nez Perce met with representatives of the Nez Perce & Idaho Railroad Company at luncheon at the Hollinger Hotel today, Z. A. Johnson, president of the new road, said that it would be necessary to raise \$110,000 in order for him to complete his line to Waha. A stock subscription list was started, headed by John P. Johnson, of Lewiston, who subscribed \$10,000, the second subscription was for \$25,000, which was made by the Nez Perce committee, of which C. W. Felt was chairman. An additional \$10,000 was pledged within the next several minutes.

The committees will canvass the city tomorrow and the members believe they will have little or no difficulty in raising the \$110,000.

BRYAN STUMPING KANSAS

Plea Is Made for Election of Democratic Congressman.

COLUMBUS, Kan., Oct. 19.—William J. Bryan, Secretary of State, opened a two days' tour in behalf of the Democrats of Kansas here today. He planned to give 15 speeches before leaving the state at Wichita, Kan., tomorrow night. Tonight the secretary was to have gone to Joplin and address Democrats of the Fifteenth Missouri Congressional District.

Mr. Bryan in his speech here commended the financial and administrative policy of the Administration of President Wilson and made a plea for the voters to support the President by electing a Congressman, who will uphold the policies he advocates.

The Secretary lauded the Administration currency and tariff laws and the President's foreign policy and laid special emphasis on the "watchful waiting" policy in dealing with Mexico. He also paid a tribute to womanhood when he drew a word picture of the desolation and devastation of the European war, the burdens of which, he declared, are borne by widows and orphans.

CHARTER CHANGES VOTED

Five Tillamook Amendments Passed at Special Election.

TILLAMOOK, Or., Oct. 19.—(Special.)—A special city election was held today on five amendments all proposed by the Council to the city charter. Although there are 800 voters in the city only 200 went to the polls.

The first amendment provided that two-thirds of the property owners on a street may prevent street improvements and provide for an estimate of the cost when improvements are made. The second deals with assessments for opening and changing streets. The third specifies the procedure to be followed when bonds are issued, and the fourth amendments calls for 15 days' notice before calling an election. The last amendment provides for the issuance of \$7000, to take up outstanding warrants. All the amendments, with the exception of the last, were carried by an overwhelming majority. It was fought by the saloon interests, but was carried by a majority of 37 votes.

STATE TREASURER OF IDAHO REMOVED

Official Is Succeeded Temporarily by Commissioner, Who Audits Accounts.

GOVERNOR STOPS CHECKS

Action Follows Complaint Made Before Republican Committee That Man in Charge of Coin Used Dummies in Loan Deals.

INSANE MAN ADMITS KILLING TACOMA BARBER

Prisoner, Day After Crime, Had Sold Newspapers Showing Headlines About His Own Crimes.

MURDER IS CONFESSED

TACOMA, Wash., Oct. 19.—Confessing a murder that for three months has baffled the police, resulting in close questioning of several innocent persons, including the victim's wife, H. Lamont Inlay told the officers today that he killed Claude Mead the night of July 22, Mead, a barber, was walking with his wife and carrying his child when he was shot.

Inlay says he mistook Mead for a man against whom he was trying to protect a girl. He said he felt called on to defend the young woman. The next morning after the murder he sold papers on the street, shouting the headlines about the crime.

Inlay gave himself up last night, saying he feared he would injure someone else and the police were at first doubtful of his story. Later it was learned that he had been twice in an asylum, escaping both times. He will be charged with murder, but under a complaint which permits of his being sent to the insane ward of the penitentiary. Inlay is 37 years old.

ROAD PARTY BOOSTS SHOW

Company Officials on Tour in Interest of Land Products Events.

Six officials, publicity men and agents of the Portland Engine & Eastern, Oregon Electric and Portland Railway, Light & Power companies left yesterday on a tour of the cities along the lines of the three companies for the purpose of creating greater interest in the Manufacturers and Land Products Show. They will attend the meeting in Seattle are gone a week. In the party were J. E. Werlein, W. M. Colvig, Mark Wood-

These charges were to the effect that State Treasurer Allen had used "dummy" entries to obtain loans from the public school funds. The state committee put Treasurer Allen on the carpet and demanded that he make good the loan and interest for \$8000 or resign, and in the event he failed to do either the committee would report the matter to the legislature.

In this loan was Fred M. Coleman, ex-Deputy State Treasurer, who resigned some time ago and went to Portland to go into business.

Other changes were made that Treasurer Allen took inferior security on state moneys lent to state banks, the bank specified in the State Bank of Nampa, which failed some months ago. The further charge will be made that Treasurer Allen borrowed money from state banks, with which he had placed state money on his own note. The instance cited in this charge also is the Bank of Nampa.

Surety Company Probes. These charges were placed before the National Surety Company, Treasurer Allen's bonds. They sent representatives here to make an investigation. They arrived Sunday and started on an audit, having secured permission from Governor Haines to do so. This short investigation led to a conference and the Governor's decision to place Mr. Ramstedt, in charge of the treasurer's office, to check on the investigation and assist in it.

Governor Haines left last night for St. Anthony and was asked by telegraph tonight to return to Boise. This telegram, it is said, was based on a partial disclosure of the audit. State Treasurer Allen resigned to Boise Sunday. While his department virtually is out of his hands, he is in attendance at the audit.

He refused to make a statement, except to say that an audit is in progress and that Tax Commissioner Ramstedt is in charge. Allen is a candidate for re-election having been nominated at the primaries.

Governor Holds Resignation. State Treasurer Allen placed his resignation in the hands of Governor Haines, according to an announcement made today by the Governor.

"For some time the Treasurer has been the target of political attacks bearing on subjects separate and apart from his office," said the Governor. "This, as seems apparent, caused the surety bonding companies to send experts here to audit the Treasurer's books. In view of the whole situation, Mr. Allen handed me his resignation, that the inquiry might proceed with a free hand."

"I have not accepted the resignation and will not do so until the audit is completed. If anything wrong develops I shall act vigorously. Nothing can be known, however, until the work on the books is completed."

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PROGRESSIVES TAKE CREDIT

Lewiston Men Say Campaign Charges Oust Treasurer.

LEWISTON, Idaho, Oct. 19.—(Special.)—Every bank and trust company in this city today received a message from Governor Haines instructing them not to honor any drafts or checks issued by State Treasurer Allen. There has been no intimation that the Governor was not in full sympathy with the State Treasurer.

The Progressives here are highly elated over the news of the Governor's action and attribute it to the charges which they have brought against Allen. Clarence Van Deusen has been campaigning the state in the interest of the Progressives and it is said that it is directly because of the action of Mr. Allen that the present action was taken.

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To the Ladies of Portland

MRS. KATE B. VAUGHN

The Lecturer in The

Oregonian's Free School of Home Economics, Uses

Royal Baking Powder Exclusively

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