

HOW TO FIX RATES

Conflicting Views at Economic Convention.

COMMERCE COURT PROPOSED

Commerce Commissioner Prouty Says More Power is Needed—Vice-President Hines Says All Existing Power is Not Used Yet.

PHILADELPHIA, Dec. 27.—The second session of the 14th annual meeting of the American Economic Association, held at the University of Pennsylvania today, was devoted to a discussion of the topic, "Public Regulation of Railroads."

Mr. Prouty's address was as follows: "Five years ago the crying need in railroad operations was discrimination, mainly discrimination between individuals. Today this is not true. The vast consolidations of the last few years, the use of the injunction to prevent departures from the published rates, the lesson which railroad operators themselves have learned that competition in rates is always suicide, since it does not increase business and does reduce revenues, have largely eliminated such competition. Such discrimination appears, but in its place comes the damage attending every monopoly, extortion in the charge imposed. As these combinations have proceeded, the public has been repeatedly assured that there was no danger of any advance in freight rates. Rates have been advanced, and are still advancing."

"The Interstate Commerce Commission has recently concluded an investigation into a general advance of rates on hay and decided that such advance was unjustifiable. No attention has been or will be paid to that decision, since there is no way in which it can be enforced, but the testimony in that case shows that this advance in rates costs the consumer and producer of hay in the territory to which it applies from \$2,000,000 to \$3,000,000 annually. There are now pending before the commission for investigation complaints which demand reductions probably amounting in the aggregate to \$15,000,000 annually, equivalent upon a 4-per-cent basis to almost \$40,000,000 in capitalization. The railroad is the greatest and the most dangerous of all monopolies. If the anthracite coal combine advances the price of that commodity to the consumer \$1 per ton, it leaves upon the poverty of this country, which uses that coal, a tax of \$20,000,000 annually in favor of the wealth which engineered and profits by that combine."

"How shall the public be protected against this kind of extortion? Publicity in the completed form has been tried in vain. To this the Sherman anti-trust law has been applied in its strongest form in vain. It has been suggested that the injured party might sue in court and recover the unreasoned charges from the railway, but the coal dealer, who pays the freight, will not sue, for he recoups himself by increasing the price to his customer, and it would be no remedy to permit that consumer to bring suit and recover from \$1 to \$10. Manifestly no right to get back any portion of an unjust rate already paid can be of the slightest value."

A Commerce Court Needed.

"And the way to prohibit this is perfectly plain. It has been determined by courts without number that the railway is a public servant, subject to public control, and that the public in the exercise of that control may fix the rates. Nearly one-half the states do at the present time, to a greater or less extent, exercise the right with respect to transportation within their borders. The United States is tempted to do this for interstate transportation by passing the act to regulate commerce. The imperfections of that act were not expected when they became manifest because railway competition has so reduced rates as a whole that the need of such action was not felt. Now that competition has passed away, such a measure does become necessary. Let me for a minute call attention to the means, under the direction of the United States Supreme Court, of fixing a rate in the future in a legislative function. It cannot be delegated to the courts, but must be exercised by the Legislature, either directly, which is impracticable, or indirectly through a commission."

"The function of this commission should be to correct, not to make interstate rates. So long as railways are private property they should be allowed to make their own rates in the first instance, the Government interfering only when the rates made are unjust. In the discharge of that function such a commission is not a court. It should sit merely to hear the complainant and the defendant, and decide the issue."

"The real difficulty is, How shall the orders of such a commission be revised and enforced? The railway rate is property in this country. To reduce unjustly the rate or unreasonably hamper the industry would be both wrong and unwise. A commission of the sort indicated would be to a degree a partiality, whose orders ought not to be enforced without opportunity for appeal. It has for some time seemed to me that we must create a special tribunal in the nature of a commerce court, which should be charged with the duty of reviewing and enforcing the orders of a commission, from which appeal upon questions of law and perhaps those of fact should lie to the Supreme Court of the United States. The members of such tribunal would be appointed for life and would therefore possess the conservatism of a court."

From Railroad Standpoint.

Commissioner Prouty was followed by Mr. Hines, who spoke in part as follows: "The agitation by the Interstate Commerce Commission for the rate-making power began when the Supreme Court decided the maximum-rate case. In that case the commission had fixed rates which, if enforced, would have materially reduced rates on practically all southbound business east of the Mississippi River. The Supreme Court showed clearly that Congress had not given the commission this necessarily unlimited and extremely important power, but it pointed out that the commission did have important functions designed to secure both reasonableness and equality of rates. The commission criticized the Supreme Court, denounced the court's statements and has made the erroneous impression that it is now powerless and also that the rate-making power would prevent secret rate cutting."

"The proposed power would necessarily be free from any substantial judicial review, and would be a complete abandonment of the method of regulation provided by Congress which, despite all assertions to the contrary, has never been proved

THINKS GEER RIGHT

Senator Simon Also Thinks Governor Is Wrong.

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But the Opinion is Expressed That the Senatorial Candidate From Astoria Should Have Taken Advantage of the Mays Law.

"The provision of the constitution of Oregon which prohibits the election by the Legislature of one of its members to an office does not apply to the election of United States Senator. The Federal Constitution prescribes the qualifications that a Senator must possess, and the constitution of a state cannot add to or take from those qualifications. The mere fact that a man is a member of the Oregon Legisla-

EUGENE COWLES, THE FAMOUS BASSO



WHO IS NOW IN PORTLAND.

responsible for its industrial and commercial supremacy. Self-interest will undoubtedly prompt them to do everything in their power to maintain that supremacy. Certainly the material welfare of the country has not depended in the past upon rate-making by the commission, and if the actual pay pursued it, remaining but a natural interval behind it.

Dynamics of Wage Question.

The third session of the association was held this afternoon. Professor John B. Clark, of Columbia University, delivered an address on "The Dynamics of the Wage Question." He said: "Wages are always tending toward a standard fixed by the productive power of labor, and this standard rises as the productive power of labor increases. The actual pay of labor also rises, but it lags behind the standard by a certain interval, and the condition is normal if the standard rises at a natural rate of rapidity, and if the actual pay pursues it, remaining but a natural interval behind it."

"The existence of some interval between the pay of labor and the standard toward which it tends is the sole condition of pure business profits. These are forever converting themselves into additions to other incomes and particularly to wages, and this produces the rise that is continually taking place in the pay of laborers, but new profits are derived from new sources and the improvements which create them cause the standard of wages again to rise. Whenever the interval between this standard and the actual earnings of the working class grows larger in consequence of a change which raises the standard toward which wages are tending, labor is benefited; but whenever the interval is enlarged by an influence that turns the pay of labor down, labor is, of course, injured."

"Monopolies have several effects. It may retard the rise of the standard of wages and cause the actual rate to lag behind it by an abnormally long and increasing interval. In this case monopoly is at its worst. Again, monopoly may not check the advance of the standard itself, but may cause the actual rate to remain by an increasing interval behind it. This is a less disastrous than the former one. Monopoly may let the standard rise at a natural rate, and cause actual pay to follow at an interval that is unacceptably long, but fixed. Monopoly may cause the standard to rise with accelerated speed and cause the actual rate of pay to follow at an interval that is long but fixed. This is the best that can be hoped for as the result of the consolidations of capital and of labor, which are the marked feature of modern business."

A discussion which was taken part in by John A. Hobson, of London, England; Thomas M. Carver, president of political economy of Harvard; Simon N. Patten, University of Pennsylvania; and Alvin S. Johnson, of Columbia University, followed the delivery of Professor Clark's address, after which the convention adjourned until Monday.

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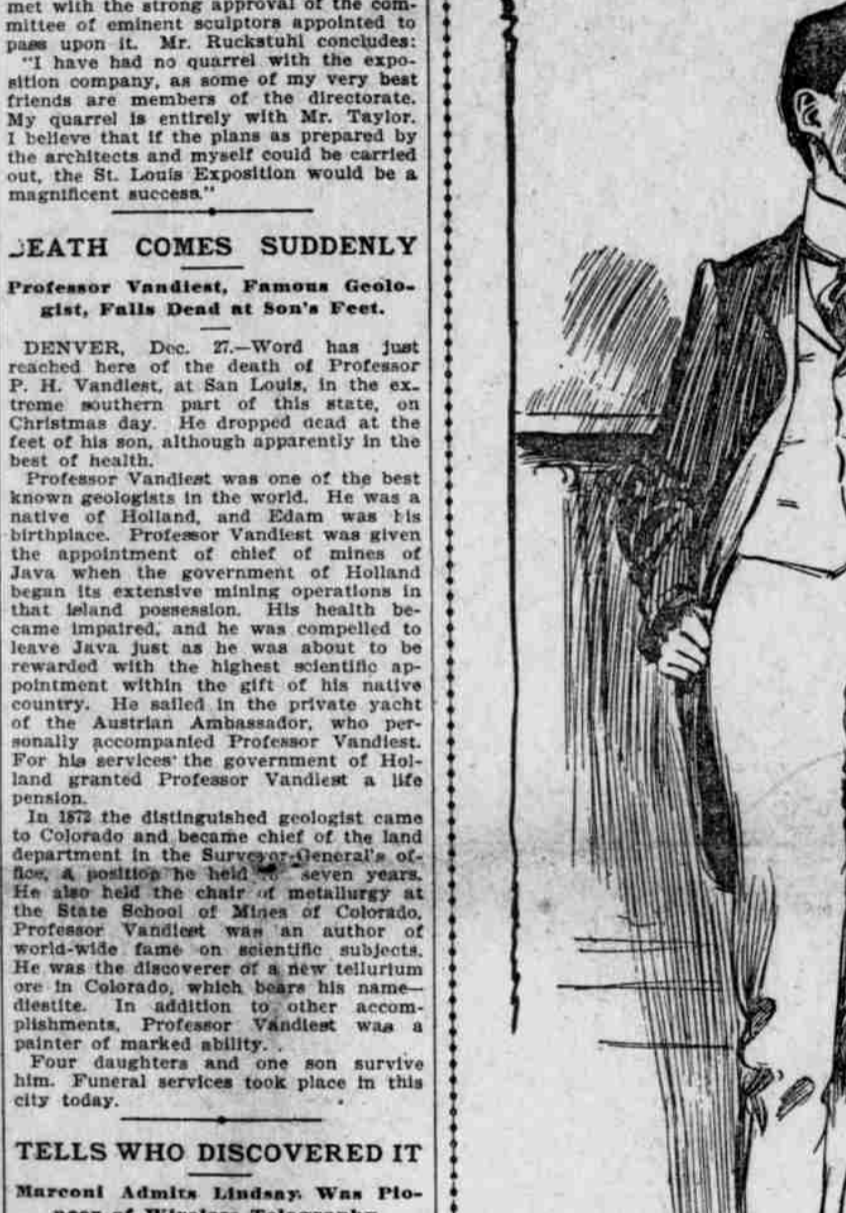
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FAVORS THE FAIR

Commissioner Araki Will Report So to Japan.

FINE EXHIBITS WILL COME, TOO

Recommendation Will Be Made to Imperial Government to Send Japanese Village From St. Louis to Portland.

"I shall make a very favorable report to the Japanese government about the Lewis and Clark Fair. Rest assured of this," said Waichi Araki, envoy of the

JAPAN'S SPECIAL COMMISSIONER TO THE LOUISIANA PURCHASE EXPOSITION.



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Mikado, pulled himself up on the North-Pacific train last night. "Mr. Araki's visit means much to our Fair," said President Corbett, yesterday afternoon. "The first sign of the Fair has been fired," exclaimed Colonel Doach, exulting.

TAKEN IN BY THE TRUST

Another Steel Plant Goes the Way of All Competitors.

NEW YORK, Dec. 27.—William F. Donovan, president of the Troy Steel Production Company, has announced the sale of the Breaker Island plant to the United States Steel Corporation, according to a dispatch from Troy to the Times. Donovan added that while he could not speak with authority, he was confident that the new owners would operate the plant.

Death is Reward of Fidelity.

NEW YORK, Dec. 27.—Faithfulness to her fiancé, Professor Geer, a former instructor in Lehigh University, who died a year ago from consumption, was cost Miss Mabel Mitchell, candidate for the life here. When Professor Geer was taken ill, Miss Mitchell, then a school teacher, nursed him in his home at Newburg, N. Y., and after his death the young woman was stricken with Professor Geer's disease. She resigned her position as an instructor in the Washington School and died Thursday night.

First Step in Colorado Fight. DENVER, Dec. 27.—The Republican fight for control of the Legislature was formally opened today, when contests were filed with the Secretary of State by 18 Republican candidates for the House from Arapahoe County. Contests were also filed by the three defeated Republican candidates for the Senate. The contest papers contain over 1000 typewritten pages.

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BOTH PARTIES FALSE

Senator Morgan's Plain Talk on Trust Issue.

NEW PARTY MUST TACKLE IT

Alabama Veteran Says Neither Republicans Nor Democrats Will Do Anything—He Proposes Tax on Monopoly Corporation.

OREGONIAN NEWS BUREAU, Washington, Dec. 27.—Senator Morgan, of Alabama, says there is no great difference between the leaders of the Democratic and Republican parties on the question of trusts.

"The party out of power cries out against the octopus; the party in power hugs the octopus to its breast," says he. He declares the leaders of both the Republican and Democratic parties are guilty of hypocrisy and deceit, neither party apparently being more desirous than the other of finding and applying a cure. That a cure will be found, however, and that it will be applied effectively, he does not doubt, but before that devoutly-to-be-wished-for consummation he fears the chattering rod will be laid heavily on the American people. Out of this chattering, he thinks, will come an awakening and a political revolution that will sweep out of existence both of the great parties as they are now organized.

Senator Morgan thinks the trust question is the greatest that has ever arisen in our economic development. The Republican party may solve it, the Democratic party may solve it, or its solution may be found by a new party arising on the ruins of the old ones. He says corporate strength in this country is today greater than the strength of Congress or of the President. It is feared by leaders of both political parties a reduction of tariff schedules might afford some relief but would not cure the trust evil.

In his opinion the trusts must be reached through the exercise by Congress of its constitutional power of taxation. The Alabama Senator suggests a graduated tax on capital stock of corporations with a provision inserted that any corporation showing that it is not a monopoly or an unlawful combination in restraint of trade be wholly relieved of this tax, thereby relieving the Government of the burden of proof.

Senator Morgan says while trusts will be discussed in the next campaign, both parties will go on record against them, and the trust question cannot become a real issue. The campaign will be a real one, he thinks, if fought on the tariff question, with a line-up similar to that in 1884.

CONTEST FOR THE BOY.

Uruguayan Legation Tells Why Young Ames Was Deported.

WASHINGTON, Dec. 27.—Dr. Herrera, First Secretary of the Uruguayan Legation, called on Secretary Hay today in regard to the case of young Joseph Preston Ames, who, his aunt, Mrs. Sparhawk, alleges, was deported from the United States with the assistance of the officials of the Uruguayan Legation here.

Dr. Herrera outlined the history of the case briefly to the Secretary as he knew it. According to his statement the boy was brought to the Uruguayan Legation some weeks ago by his maternal cousin, who asked Dr. Herrera to take charge of him, as they did not wish his father's relatives to get possession of the boy. Dr. Herrera did not care to assume the guardianship of a young boy. The case, as represented to him, showed clearly that the boy was a Uruguayan citizen, having been born in that country. His parents, however, declared that the boy's mother, on her deathbed, had requested that her child be reared in Uruguay.

Dr. Herrera, in view of these facts, advised that the boy be made an adoptive citizen of that country, and he was given to that effect before a notary that their action might not be challenged. The boy was taken to New York, and from there sailed for Uruguay. Secretary says there called for Uruguay. Secretary says there called for Uruguay. Secretary says there called for Uruguay.

Mrs. Grant's Will Probated.

WASHINGTON, Dec. 27.—The will of Mrs. Julia Dent Grant was admitted to probate today and letters of administration granted to Brigadier-General Fred Grant. He, as executor, furnished bond in the sum of \$50,000. It developed today that Mrs. Grant neglected to sign the codicil attached to the will. The codicil embraced the bequests of valuable articles of historic interest to the Metropolitan Museum of Art in New York and to the United States Government, being gifts received from various foreign governments during her husband's tour of the world. As the codicil is not signed it has no legal effect, but the executor states that it is the desire of the family to execute the provision of the codicil as fully as possible.

Still Snowing in Ohio.

CLEVELAND, O., Dec. 27.—The heavy snow storm, which began here on Wednesday last, still continues today. Nearly 14 inches of snow have fallen on the level, while the drifts in exposed places are from three to four feet in depth. In street railroads find much difficulty in keeping the cars moving. Trains on most of the steam roads are running behind schedule.

Marines Ordered to Philippines.

WASHINGTON, Dec. 27.—A detachment of 200 marines will be sent to the Philippines to relieve a like number on duty there who have completed their term of duty in the East. A force of 150 under command of Major George Barrett will leave San Francisco February 24, and another force of 150 will sail March 1 under command of Lieutenant-Colonel Russell.

Reed Leaves All to His Widow.

NEW YORK, Dec. 27.—The will of Thomas B. Reed was filed here today. It gives all his estate to his widow, Mrs. Susan P. Reed, and makes her sole executrix, a bequest to his father and mother having lapsed by their death.

Vanderbilt Is Doing Well.

NEW YORK, Dec. 27.—The physicians attending Cornelius Vanderbilt said today that they had every hope of his recovery, unless something unforeseen takes place, no further bulletins will be issued.