SEATTLE RAILWAY IS WHITE ELEPHANT

$2,000,000 Contributed From General Taxation.

TAXPAYERS ARE UNEASY

Court Sustains Contention of Sellers That Bonds Are First Lien on Revenues of Car System.

PUGET SOUND BUREAU, Seattle, Wash., Jan. 21.—The picture of Seattle's municipal dilemma, broadly painted in effort to own things without paying for them, and to modify, abrogate or perhaps repudiate tiresome contracts, is sharply touched up and some high lights thrown in by the decision Judge E. E. Cushman just rendered in the United States district court. Taxpayers, many of whom aided and abetted in producing the situation that the court seeks to adjust, are given clear view of the somewhat disagreeable truth that the city credit is involved in municipal obligations, regardless of any technical or legal phraseology employed to make it seem otherwise.

Judge Cushman has sustained the contention of the Stone & Webster interests, whose street railway system was taken over by the city, holding that the principal and interest of the bonds accepted in payment constitute the first lien on the gross revenues of the system. In other words, principal and interest of the purchase price must be paid before any street railway revenues can be used for operation, maintenance, replacement, extensions or any of the other purposes connected with street railway ownership.

Bonds First Lien.

"It was so nominated in the bond." Judge Cushman doesn't say it just that way, having plenty of words to use without quoting Shakespeare. But his decision is exactly to that effect. Every one of the $15,000,000 worth of bonds that the Ole Hanson city administration delivered to Stone & Webster carries the provision that it is a lien on the gross earnings of the system prior to all other charges. The contract of sale also provides that the city shall maintain fares on the system at a rate sufficiently high at all times to protect this lien.

If Judge Cushman's decision stands, it means that the city must meet all costs of operation, etc., either out of the margin of railway revenue left after payment of bond interest and principal, or in some other way; and the only other visible way leads directly to general taxation. The decision will be appealed by the city, of course, and final determination may not be reached until the United States supreme court speaks.

City's Credit at Stake.

Meanwhile, a long-cherished theory of municipal politicians and public ownership promoters is gravely imperiled. This is the theory that utility bonds may be issued and sold ad libitum without scratching the surface of general municipal credit. At the present moment, for example, Seattle has not only the $15,000,000 of street railway bonds outstanding, but several additional millions in city light, power and water bonds.

Theoretically, these bonds constitute a lien or mortgage only upon the utility for whose benefit and in whose name they have been issued. But suppose the utility flivvers, and doesn't pay out—then what? Taxpayers are asking this question more solicitously than ever since Judge Cushman's decision, and with all the more solicitude since the city, by the use of utility bonds, is already on its way with development of the distant Skagit power project, with cost estimates running vaguely anywhere from $30,000,000 to $75,000,000. Utility bonds, it must be remembered, are issued whenever the city council feels so disposed. The question of their issuance need never be submitted to popular vote. Nor has any such issue ever been submitted, unless exception be made of the vote taken on whether or not the street railway system should be purchased.

People Not Consulted.

This was at the general election of November, 1918, and followed conclusion of the agreement between the Ole Hanson administration and Stone & Webster representatives. Seattle was then thronged with shipyard workers. The city was actually screaming for better street-car service; the city council persisted in its long-standing refusal to remove any of the restrictions that prevented the private company from improving its service. Sentiment in favor of any sort of a change was overwhelming. No time could have been more propitious for putting such a purchase through. Mayor Hanson was shrewd enough to see this. The proposition to buy the railway system was put in ballot form and carried by a large majority. But it was understood all the while that the vote was merely advisory, of no legal force and effect, and in no sense an admission that council and mayor could not have made the deal without popular sanction. Aside from this one perfunctory performance the people have had never a word to say about the issuance and sale of utility bonds.

$33,000 Due March 1.

That is ancient, or at any rate mediaeval, history. Judge Cushman's decision furnishes the latest modern chapter. The action in which it was rendered was brought by Stone & Webster to compel "specific performance" of the terms of the contract of sale. As yet there has been no actual violation of those terms. The first stipulated payment on the purchase price, amounting to $833,000, is due March 1, 1922. The street railway system has been put on a warrant basis in order to let enough money accumulate to meet this payment. There are 19 more such payments to follow, one each year, with interest all the way up or down the line.

The action to compel specific performance, brought and decided in the federal court, is, in a sense, a counter action to the suit brought in the superior court of the state to enjoin the city from using general tax funds for the support of the railway system. This latter suit, really the starting point of the existing litigious tangle, is generally known as "the suit of the 14 taxpayers." It was instituted in the name of S. B. Asia, a Seattle merchant, and 13 other taxpayers; and the purpose, briefly stated, is to make the street railway system pay its way out of its revenues and let the bondholders take what is lift, if anything there be.

Tax Fund Protection Sought.

When the 14 taxpayers began their suit, Stone & Webster applied to the federal district court to prevent hearing of the suit in the state court. This was denied by Judge Neterer. Thereafter was begun the suit for specific performance; and at the very time that Judge Cushman gave the decision to Stone & Webster, the 14 taxpayers were presenting their testimony before Judge Ronald in the state superior court.

Some of this testimony indicates that the 14 atxpayers are right in at least one respect—that the general tax fund needs immediate protection unless it is to be made the source of supply for all street railway deficiencies. It was shown that the street railway department, in 1919 and 1920, lifted $1,250,000 from the general fund, and approximately $720,000 in 1921.

Nearly $2,000,000 paid from general taxation in the three years of the experiment. Not a penny yet paid on the $15,000,000 purchase price. The street railway department now issuing warrants for all expenses to be stamped "Not paid for lack of funds." A federal court decision calling for specific performance of the terms of the contract of purchase. Fares boosted from 5 cents, first to 6¼, and again to 8 1-3, where they hang while Seattle waits to see what is going to happen next.

HOPES OF AMBITIOUS REVIVE

Bill to Be Introduced Again for Congressional Reapportionment.

PUGET SOUND BUREAU, Seattle, Wash., Jan. 21.—Assurances lately received from Washington, D. C., that a congressional reapportionment bill will again be introduced in the house of representatives, and may be passed by both houses, has revived waning interest in the possibility of another representative in congress for the state of Washington.

When the returns of the 1920 census showed that the increased population of this state justified an increased representation, there was lively discussion among politicians of the opportunity that might thus be opened to some sterling patriot. The possibility never took on sufficiently definite form to create a state-wide stir; and when Congressman Siegel's reapportionment bill was defeated in the special session of last year, the possibility passed out of all reckoning. Representative Albert Johnson, of the 3d Washington district, now sends word that Mr. Siegel is getting busy again. His special session bill was beaten by only four votes, and he is confident of a sufficient rally to carry through a similar measure during the present regular session.

Lack of zeal for congressional reapportionment on the part of the Washington delegation has been the subject of some criticism. With the state clearly entitled to another representative it was felt that the present members might have bestirred themselves a little more energetically, if for no other reason than to show the state that they were doing all they could do. Unkindly, perhaps, it has been said in some quarters that the five present representatives were not particularly eager to have the existing situation disturbed. The allowance of a sixth representative, to be elected at large in 1922, would call for a congressional redistricting of the state by the legislature of 1923; and changes of district boundaries are not always made with reference to the wishes of sitting members.

Someone is always looking for the ulterior motive. If Mr. Siegel, who is chairman of the committee on the census, gets reapportionment before the house again, there are not many who believe that a Washington representative would deliberately vote against increasing the size of the state delegation. And reintroduction of the bill would immediately revive ambitions now latent and restrained.

ORDER GIVEN CONTRACTORS

Skagit Work to Proceed as Bond Conspiracy Charges Are Probed.

PUGET SOUND BUREAU, Seattle, Wash., Jan. 21.—With February 14 set for a special session of the Seattle city council to hear testimony on the charges of conspiracy among bondholders and financial loss to the city in connection with the $3,200,000 award of bonds for work on the Skagit power project, the Seattle board of public works has just entered of record a formal order to R. C. Storrie & Co., the successful bidders, to proceed under the terms of their contract.

The Storrie concern, along with certain bond dealers of Seattle and San Francisco, is involved in the charge of conspiracy made by Edward W. Hesse, of the contracting firm of D. D. De Luca & Co., also of San Francisco. Mr. Hesse's charges were made in a communication to Mayor Caldwell of Seattle, received by the mayor on December 22, but not transmitted to the city council until January 14, on which day the mayor sailed for the orient on a Mystic Shriners' pilgrimage. The substance of the charge is that the city lost $198,000 in the award of the Skagit work to Storrie in which the bonds were figured down to 83, whereas the De Luca concern professes to have been ready to value them at 92.

Under the terms of their issuance the Skagit bonds cannot be legally disposed of at less than par. The only way to circumvent this point is to figure the work up to the par value of the bonds. As this is purely fictional, the Hesse charges really imply that his firm would have delivered 92 cents' worth of work for every dollar's worth of bonds, whereas the Storrie company is to give only 83 cents' worth. This will all be threshed out in the council hearing, if it is held.

The order of the board of public works is simply a formality. The Storrie company has been at work for several weeks with a big crew and is said to have already completed 100 feet of bor on the preliminary Skagit tunnel.

MR. HART NAMES COMMITTEE

Arrangements to Be Made for 'Presidential Banquet Special.'

OLYMPIA, Wash., Jan. 21.—Seven men prominent in the state of Washington have been placed by Governor Hart on the executive committee which will have charge of arrangements for running the "state of Washington presidential banquet special" from Puget sound to Washington, D. C., either in March or April. The trip was decided upon last Thursday at a state-wide conference held in the governor's office and is designed to emphasize the resources and problems of the state for the benefit of congress and the federal departments.

The executive committee will comprise: Governor Hart, ex-officio chairman; Robert S. Boyns, Seattle; R. R. Rogers, Spokane; A. B. Howe, Tacoma; Dr. J. Floyd Tifft, Colfax; Colonel Roland H. Hartley, Everett; J. E. Ferguson, Wenatchee, and L. E. Titus, Centralia. The first meeting of the committee will be held in Seattle Thursday morning, January 26, at 9:30.

The "banquet special" expedition, carrying 125 prominent Washington business and professional men to the capital, is an outgrowth, it has been explained, of the difficulty that has been experienced for years past in getting prompt attention and action from the government and its various branches on matters relating to the state of Washington.

Governor Hart conceived the plan of bringing about closer acquaintanceship and better knowledge of the state and its resources and problems by organizing a party to travel in a body to Washington city and tender a "produced-in-Washington" banquet to President Harding. It has been arranged to take along a special refrigerator car stocked with Washington products for the banquet. The plan has been approved by 40 business leaders of the state and recommendations made that it be carried out under direction of the executive committee. The exact date of the pilgrimage will be determined upon at Thursday's meeting.

POWER COMPANY LOSES

Sunset Shingle Mills Awarded Judgment of $11,499.

OLYMPIA, Wash., Jan. 21.—The supreme court has reversed the decision of the lower court in the case of the Sunset Shingle company, appellant, against the Northwest Electric and Water Works, respondent, and given judgment of $11,449 in favor of appellant.

Complaint was entered by the Sunset Shingle company near Montesano against the Northwest Electric and Water Works for alleged failure to furnish power to operate its shingle mill and steam to operate its dry kilns as provided in a contract of February, 1915. The Grays Harbor county court held that the shingle concern had fulfilled its part of the agreement and that the electric company had breached the contract but denied recovery to the plaintiff on the ground that the document was illegal.

In the findings of the lower court it was stated that the contract prescribed a special rate for power furnished to operate the mill which was in contravention of the law applying to public service corporations. The shingle company in its appeal alleged that the contract provided for a mutual service and was private in character. The respondents maintained that it is a public service corporation furnishing light, heat and power to the city of Montesano.

The supreme court held that the contract was valid.

ROAD PROJECT OPPOSED

Improvement for North Bank of Willapa River Not Wanted.

SOUTH BEND, Wash., Jan. 21.—(Special.) — Considerable opposition has arisen in South Bend to the county's plan to build a road down the north bank of the Willapa rived from Raymond to a settlement across the river fro mSouth Bend, thus giving settlers on the other side of the river an outlet. There is already a paved road down the south side of the river, and it has been suggested that a bringe across the river at South Bend would be a far cheaper way of giving an outlet to families who now cross the river in boats.

The bridge across the south fork of the Willapa river at Raymond is soon to be replaced by a new structure and advocates of the new plan would bring this bridge down to South Bend and span the river at this point.

NEW CANNERY TO OPEN

Seafood and Berries to Be Packed by Aberdeen Plant.

ABERDEEN, Wash., Jan. 21.—(Special.)—A new cannery to pack clams, salmon and other deep-sea foods and also berries will be opened about March 1 in East Aberdeen by the Washington Packing company, whose articles of incorporation were filed yesterday at Montesano. The new company is composed of Hans Nyman, president; J. A. Moller, vice-president, and H. H. Schwark, secretary. A building formerly occupied by the East Aberdeen Packing company will be used.

The new etablishment will employ about 30 men at the cannery and about 100 at the beach during the clam season, and about 50 fishermen during the salmon season.

Centralia's New School Opened.

CENTRALIA, Wash., Jan. 21.—(Special.)—More than 600 Centralia school patrons last night attended a programme at the new Lincoln school, marking the formal opening of the building, recently completed at a cost of about $65,000. The programme was held under the auspices of the parent-teacher association of the school and $150 was realized, which will be used for improving the school grounds. Talks were made by George L. Barner, mayor; Lee Proffitt, chairman of the school board; E. T. Robinson, city superintendent; Miss Z. May Meighen, county superintendent, and Carl Vincent, president of the Lincoln Parent-Teacher association.

Development Workers Named.

ABERDEEN, Wash., Jan. 21.—(Special.)—John J. Carney, president of the Aberdeen chamber of commerce, today named six members of the Grays Harbor county council as follows: W. O. McCaw, agricultural development; P. A. Bertrand, power development; H. M. Delanty, port and commercial development; T. B. Bruener, taxation; A. W. Middleton, reforestation. The Arthuad plan, under which the appointments were made, provides for committees of six from each organization represented to act as a central council for the betterment and development of Grays Harbor county.

Roadway Tentatively Picked.

KELSO, Wash., Jan. 21.—(Special.)—County Engineer Middlebrooks, who was surveying for a highway route on Toutle creek this week, has tentatively selected a route for the highway from Toutle to St. Helen and Spirit lake. It is a combinaion of what are known as the Kid valley and Coal Banks routes. It runs on the south side of the Toutle most of the way, crossing it twice to avoid high bluffs. It is shorte than the Coal Banks route and has a better grade than the proposed Kid valley route. The new road will avoid the climb over Green mountain.

Kelso Defeats Castle Rock.

KELSO, Wash., Jan. 21.—(Special.)—The Kelso Methodist Episcopal basketball team had no trouble defeating the Castle Rock town team here last evening 41 to 20. At the end of the first half the score was: Kelso, 20; Castle Rock, 8. Trantow and Erben were the stars. The line-ups were: Kelso, Erben and Medlock, forwards; Trantow, center; Clifford and Patterson, guards; Castle Rock, Murdock and Breneman, forwards; O'Neil, center; Quick and Hummell, guards.

Ex-Admiral to Visit Grays Harbor.

ABERDEEN, Wash., Jan. 21.—(Special.)—Senor Blanco, ex-admiral in the Mexican navy and secretary of the navy for the southern republic under Huerta, will be a harbor visitor next week, probably Monday, according to advices received here. He will come in the capacity of captain of the steamer Mexico, slated to arrive early in the week for cargo.

Income Tax Expert Scheduled.

RAINIER, Or., Jan. 21.—(Special.)—Deputy Internal Revenue Collector Turner will be at Rainier on February 11 to aid persons in making out their income tax statements. Mr. Turner will be at St. Helens February 10.

Phone your want ads to The Oregonian. Main 7070. Automatic 530-95.

PHONE RATES PROTESTED

WASHINGTON CHARGES ARE TO BE SIFTED THOROUGHLY.

Complete Valuation of Properties Will Be Undertaken to Fix Reasonable Rates.

OLYMPIA, Wash., Jan. 21.—The state department of public works today made formal complaint against telephone rates charged by the Pacific Telephone & Telegraph company, which operates throughout the state, and notice was given that a thorough investigation will be immediately made. The Home Telephone & Telegraph company of Spokane, an allied concern, also was made a defendant in the action.

This action on the part of the public works department is the result of a petition filed several weeks ago by the King county legislative federation and the Women's Civic club of Seattle, requesting a reduction in existing telephone rates. That no effective order could have been made at the time of filing without a thorough valuation and investigation was the opinion of Hance H. Cleland, supervisor of utilities.

In the complaint the department challenges the reasonableness of all the rates, rules and regulations of the two companies. Evidence will be obtained at public hearings, after which the department will enter an order establishing rates and rules as it deems reasonable, it was said.

"The department has a competent though limited number of experienced valuation and rate engineers and accountants who have been instructed to proceed at once with the field work, examining the books and records of the companies, and preparing a detailed report," said Mr. Cleland. "It has been several years since a valuation was made of telephone properties and it will be necessary to bring that valuation down to date."

PLOT TO KILL CHARGED

TWO MEN ACCUSE ANOTHER OF HIRING THEM.

Suspected Safe Robbers Arrested and, in Addition, Confess to Murder Conspiracy.

TACOMA, Wash., Jan. 21.—W. R. Stubbs was accused of conspiracy to kill his wife, Maude Moore Stubbs, recently freed on a murder charge in Tennessee, in a warrant issued today by Prosecutor Selden.

The warrant was issued for Stubbs after two members of an alleged gang of safe robbers confessed that Stubbs had hired them, according to the police, to poison Mrs Stubbs. They said Stubbs offered them $1000 for the job.

The developments revealed for the first time today the robbery of a safe containing $100,000 in securities from the residence of A. J. Littlejohn. The empty safe was found several months ago in the county.

Mr. Littlejohn recently received an anonymous telephone message "regarding the safe." An appointment was made for a further conversation Thursday afternoon. Motorcycle officers speeded to the other end of the telephone and found Stubbs leaving the booth. The arrest of A. F. Johnson, Henry McGovern, George Stanley and C. F. Bilyew at a lodging house followed. Johnson and McGovern made a complete confession, police said, and in addition advanced the information that led to the charge of attempted murder against Stubbs. The men alleged Stubbs was their "fence" in the safe robbery.

The men at first refused to say what has happened to the $100,000 loot, but later they promised to take police to the place where some of the securities are hidden.

Stubbs married Maude Moore, a fugitive from Knoxville, Tenn., after having been convicted of killing Leroy Harth, an automobile man there, in January, 1920. In August Mrs. Stubbs was apprehended here, returned to Knoxville, and on retrial was freed. She immediately returned to Tacoma, but in a few days fled from Stubbs, and swore out a warrant charging him with attacking her and atempting to force her into white slavery. This charge was dismissed on account of lack of evidence and Mrs. Stubbs then filed a suit for divorce, which is still pending. Mrs. Stubbs is now in Seattle.

BUDGET ABOUT BALANCED

Port Expenditures During 1921 $6.16 Less Than Estimate.

RAYMOND, Wash., Jan. 21.—(Special.)—E. E. Colkett, commissioner of finance of the city of Raymond, calls attention to the affairs of the city for the year 1921. When the budget was made up in October, 1920, the expenses for 1921 were estimated to be $48,075, and the expenditures for the year were $48,068.39 or $6.61 less than the estimate. He points to this as close figuring and says it shows that the commission is watching the expenditures very closely.

The tax levy for the year 1922 was reduced 13 mills. This will make a reduction of 14 per cent in Raymond's taxes this year.

Suit for Damages Docketed.

CHEHALIS, Wash., Jan. 21.—The last case to be tried at the January term of the Lewis county superior court is that of W. C. Inglis and wife, Alice Inglis, against the O'Connell Lumber company. The plaintiffs ask for damages to the amount of $16,000, alleging that owing to negligence of defendant both were injured by a collision. It is alleged that the train on which plaintiffs were riding was backed into two cars of logs, causing the train to run away. Mrs. Inglis' head was bruised, an ankle broken and other injuries received. The husband alleges he was seriously hurt.

City Officials Appointed.

CENTRALIA, Wash., Jan. 21.—(Special.)—Mayor Stewart of Toledo has appointed as city clerk George A. Dew, who was formerly publisher of the Toledo Messenger. J. T. Williams was reappointed marshal by Mayor Maury at this week's meeting of the Winlock council. Appointment of council committees for 1922 also was announced.

Clerk Appointed for Toledo.

CHEHALIS, Wash., Jan. 21.—(Special.)—George A. Dew has been named clerk for the town of Toledo. Hull & Murray, Chehalis attorneys, have been chosen to handle the legal matters coming before the Toledo council.

Chehalis Church Gets Rector.

CHEHALIS, Wash., Jan. 21.—(Special.)—Rev. J. F. Pritchard, who for some time past has been rector at Christ church, in the university district, Seattle, has accepted the position as rector of the Church of the Epiphany of Chehalis and will be in charge of the Episcopal work here in the future. Rev. Mr. Pritchard formerly resided at Livingston, Mont.

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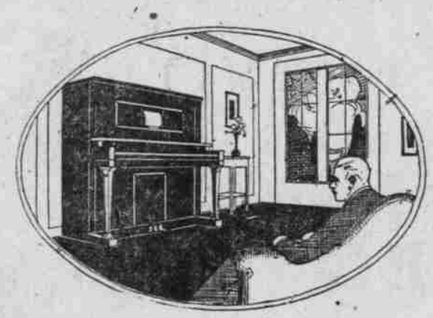

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