

SHORT LINES AND RATE MAKING ARE RAIL PROBLEMS

McAdoo's View That Short Lines as Such Should Not Be Taken Over, Arouses Opposition.

RATE SITUATION 'PUZZLES

Regardless of Ultimate Disposition Made of Transportation Lines, Rate Question Bothers.

Washington, Jan. 26.—(U. P.)—WASHINGTON BUREAU OF THE JOURNAL.—Complications galore in the making of rates are envisioned by railroad men if Director General McAdoo's ideas regarding the short-line railroads prevail.

Short lines should not be taken over, he says, unless they form a part of systems which are needed for government use connected with the war, and their earnings should not be guaranteed on any basis. Two classes of railroads would then be found, one class controlled by the government, the other privately controlled.

Rate-making Power in Doubt

For the first class, the director general claims the authority to make rates. This has been distinctly stated by John Barton Payne, who speaks for Mr. McAdoo on the legal questions involved. The claim is disputed by many good lawyers, but McAdoo believes he has it. Admitting that there is no specific grant of rate-making power, Payne asserts that it is derived from the general grant under the war power.

The privately controlled roads will remain under government regulation and under the jurisdiction of the interstate commerce commission. There will then be two rate-making authorities—the director general and the interstate commerce commission. It is assumed that they will continue to work in harmony, but it may be difficult to set up two systems of rates where the controlling ideas are different.

Situation of Short Lines

The short lines and feeders for the big systems released from government control and lacking any guarantee of earnings will be tempted to ask the interstate commerce commission for increased rates which will put them on a better basis. Heretofore the policy has been to hold down their rates, in many cases below a remunerative point, because they were considered merely as limbs of the larger trees, and the commission's regulating rates have looked only toward securing a fair return for the different systems as a whole.

Now, if the limbs are separated from the trunk and placed under private management, while the trunk lines are given a guaranteed return, who will take care of the limbs?

"All Roads or None"

The short-line men declare they will have a rocky road if they are not taken under the government wing. "Take all the roads or none" is their motto. Members of the senate and house committees who have been considering the problem are believed to have been strongly impressed by the plea of the short lines.

Members of the Oregon delegation have received protests from several short lines against being left out of the government plan. Senders of the protests were E. B. Penner, general manager of the Sumpter Valley; Charles T. Early and D. C. Eccles, for the Mount Hood railway, and Guy W. Talbot, for the Walla Walla Valley line.

Shippers' Fears Cited

Clifford Thorne, appearing as a witness against regulation of rates by the director general, said that shippers fear rate-making under government control, because they have no assurance of a hearing for both sides and the tendency is likely to be to grant higher rates if wages are advanced, although a thorough examination might show that other elements would fully balance the wage increase.

He cited the experience in the Adamson case, when the railroads tried to secure an advance of rates without waiting for a hearing. The facts later developed, he said, that while the railroads asked 15 per cent advance in rates because of the Adamson act, that act increased the expense in the Eastern district less than 2 per cent.

Thorne is regarded as a radical in many ways. He has long been a champion of the state commissions and has testified as an expert in many rate cases. Once he was a state commissioner himself. Now he is practicing as a rate attorney in Chicago.

Thorne warned the committee that there will be pressure from all directions for high rates under government control, and he argued that the interstate commerce commission should retain full authority over rates, in order to give expert consideration to all the elements that will arise.

Railroads will have two reasons for

SECRETARY OF STATE TO SEEK GOVERNORSHIP



Ben W. Olcott

boosting rates as high as possible, he said. If government ownership is to follow after the war, they want their earnings as high as possible, because in the event of purchase the controlling element of compensation will surely be the capitalization of net earnings. On the other hand, if the roads are returned to private control, they want rates at the highest level possible, because then it will be easier to hold up rates.

Thorne also foresaw reasons which may influence the director general to increase rates if he has that power. The government will want to avoid any deficit which would have to be made up from the treasury, and if there is any danger of a deficit, the natural impulse of the man in control will be to make rates high enough to prevent it, he said.

Relation to State Commissions

One significant paragraph appears in the recent statement given to the state commissions from the office of the director general. After assuring them that it is not his intention to embarrass state commissions in the performance of their duties of local regulations, but that he desires them to run along as before, Mr. McAdoo suggested that the extension of lines and the increase of capital investment should be discouraged because of the war emergency.

Applications which have come in from commercial bodies and others in the West for spur and connections have been based on the idea that the government might embark upon building new lines. Nothing has been said to justify such an idea. The suggestion to the state commissions is on the reverse side. They are asked to hold down new construction, so that all energies may be devoted to new engines, new cars, direct rolling and the clearing of congestion.

Scope of Regional Directors

The appointment of regional directors is expected to make no great difference in the operation of the railroads in view of the machinery from the outside. It is a method of expediting business by making it unnecessary to come to Washington for instructions concerning a myriad matters.

Local situations will be handled by the regional director, but the broader matters of policy will be settled by the director general. R. H. Atchison, the Western director, has a district which sweeps all the way from the Mississippi river.

Frequent Rains and Warmer Is Prediction

Washington, Jan. 26.—(I. N. S.)—The weather bureau today issued the following forecast for next week:

Region of Great Lakes—Snow and much colder Sunday, cold wave in western lower lake region. Generally fair and continued cold until the middle of the week, after which temperature will rise, with some prospect of snow. Upper Mississippi and lower Missouri valleys—Fair and continued cold weather early days of week, followed by rising temperature after Tuesday. Some prospect of snow Wednesday and Thursday, followed by fair weather at end of week.

Northern Rocky mountain and plateau regions—Slowly rising temperature early days of week with fair weather, followed by snow over northern districts after Tuesday. Generally fair thereafter and somewhat warmer after Tuesday.

Pacific states—Fair over southern and frequent rains over northern districts during week. Somewhat warmer in interior after Monday.

OLCOTT WILL QUIT AS SECRETARY IF MADE GOVERNOR

Will Leave Appointment of His Successor in Hands of Present Chief Executive of State.

WILL NOT "STUMP" STATE

In Declaration Candidate Holds He Still Owes Service to People Who Elected Him.

Salem, Or., Jan. 26.—Ben W. Olcott, secretary of state, today made formal announcement of his candidacy for the Republican nomination for governor.

Mr. Olcott put an end to the speculation as to what he intends to do with his present office, in the event of his election as governor, by declaring that if he is successful in his campaign he will resign the office he now holds and permit the present governor to appoint a successor to fill his unexpired term.

Another feature of his announcement is his statement that he will spend no time campaigning over the state, as he says he cannot do that without neglecting the duties of his office.

"As the proper performance of my duties as secretary of state require my undivided personal attention," he says, "I shall spend no time campaigning over the state. The people of the state are paying me a salary to look after their business, and I cannot properly do this when away from the office."

Favors Business Administration

The secretary's announcement deals almost entirely with the need for a greater application of business principles to state affairs, from top down.

The appointment of commissioners and department chiefs and others on the state's payroll who spend a good share of their time "playing politics" is given a hard jolt by the declaration: "If I am elected governor I will hold my appointees to as high a degree of efficiency in the public service as is exacted from men in the employ of the best managed private businesses. When I make an appointment that person's whole time must be devoted to the duties of his office."

Secretary of State Olcott has served in his present office for seven years. He was first appointed to the office by former Governor West, upon the death of Secretary of State Frank W. Benson, and twice has been elected, after a spirited campaign for the nomination each time. At the 1916 general election he received the largest vote ever cast for a candidate for office in Oregon.

He has lived in Oregon the greater portion of his life, is married and has three children.

The announcement of his candidacy for governor is as follows:

Formal Announcement

I shall be a candidate for the Republican nomination for governor at the primary election to be held Friday, May 17.

If I am elected governor, I shall resign the office of secretary of state

and thus permit the present governor to appoint my successor.

This is a time when patriotism calls for the greatest economy and efficiency in the conduct of state affairs. There is urgent need for the application of business principles to state business. The highest office in the lowest, so those who pay the taxes may get full value for the sums they are contributing to maintain the state government.

To accomplish this will be the exemplification of practical patriotism, and will meet in state government that which is being urged so strongly upon each citizen of the nation, namely, conservation of all our resources so our full strength may be used in carrying to a successful conclusion the war in which we are now engaged. No deed should be left undone that will aid in winning the war. No sacrifice is too great for those who remain at home.

In every political campaign the cry for economy and efficiency has been raised, and I believe the mood of the citizens of this state is now such that they are going to see that the extraneous are eliminated. They are going to insist on business principles being applied to the public business, from the top down.

Stands on Past Work

It is in this connection that I feel I can give the greatest service to the state as its chief executive. As secretary of state I have made business efficiency my first office duty, and have achieved results which I gladly submit to the voters as the basis for my assumption to serve the state in a larger field.

There is no reason why every department of the state government should not be conducted on absolutely efficient lines, and if I am elected governor I shall make it my business to select from men in the employ of the best managed private businesses. When I make an appointment that person's whole time must be devoted to the duties of his office. I shall be controlled by no one and will be guided solely by business principles and common sense.

The state is similar to a large corporation. A private corporation, unless backed by unlimited resources like the state, would not long survive if it did not have at its head a man who fully devoted his time and capabilities in applying business judgment and business economy to its affairs. Neither can the state business run of itself and keep within the bounds of economy and on a plane of efficiency. As governor I would expect to be the business head of the great corporation of the people and would apply my energies to make a success of the business.

Knows State's Affairs

Because a state can flow through the office of secretary of state no office affords such intimate knowledge of state affairs as does it. This office I have held for the last seven years. The knowledge and experience thus gained will be of immense value to a chief executive. Added to this is my familiarity with state institutions and as a member of the board of control.

The people of Oregon have emphatically voiced their sentiment in favor of prohibition, and if I am elected governor I shall consider it my duty to see the power of that office to see that the laws are enforced. And if, while I am governor, the "dry" amendment to the federal constitution, proposed by national prohibition, be submitted to the states for ratification, I shall give it my indorsement and urge its speedy approval by the Oregon legislature. Likewise, should the national woman's suffrage amendment pass congress, as it now appears it will, I shall give it a similar indorsement.

The proper performance of my duties as secretary of state require my undivided personal attention. I shall spend no time campaigning over the state. The people of the state are paying me a salary to look after their business, and I cannot properly do this when away from the office.

BURDICK OF REDMOND WILL RUN AGAIN FOR STATE LEGISLATURE

Republican Says He Wants to Aid in State Road Program and in Securing Rural Credits.

Denton G. Burdick of Redmond, Saturday made formal announcement of his candidacy for the Republican nomination as representative for the Twenty-first legislative district, consisting of Crook, Grant, Jefferson, Klamath and Lake counties.

This district has two representatives jointly, positions filled in the 1917 legislature by Mr. Burdick and Vernon A. Forbes. It is expected that Forbes will also be a candidate for reelection though he has not yet made his announcement to that effect.

Judging from the news coming from that district there will be a bitter fight waged for the two places on the legislative ticket. Many people of Bend, the home of Forbes, as well as of other sections of the district, believe that the legislative record of Forbes, for the past two or three sessions, has been such that he should not be returned to represent the district, and it is expected that one or more candidates will appear to contest the matter with him.

Mr. Burdick is a young man and a lawyer of Redmond, a well known throughout the district. He took a prominent part in the deliberations of the 1917 legislature and served as chairman of the committee on resolutions, also holding places on the game, irrigation and revision of laws committees.

In announcing his candidacy Mr. Burdick said:

"In again seeking the Republican nomination for representative from the Twenty-first representative district, I do so for the purpose of endeavoring strenuously to assist in continuing the work accomplished by the last legislature in commencing an adequate system of state highways, particularly through Eastern and Central Oregon, which roads, particularly the north and south trunk lines and the John Day highway will prove of inestimable value to the farmer. Can an immediate asset as a line of defense in case the nation should require a means of travel for men or supplies, along the Pacific coast."

"It is apparent that the state can assist further in the matter of securing a speedy rural credit system for its farmers and I would like to be able to assist in the passage of further legislation tending towards this end.

"If nominated and elected, I will feel it incumbent upon me to favor legislation which will truly tend to protect labor and the wage earner and to support any cooperative measures that shall be expedient to enable the state to assist the nation in pressing the war to a speedy termination and victory."

Would Make Parks Dry

Washington, Jan. 26.—(I. N. S.)—Representative Randall of California introduced a bill in the house this afternoon to exclude intoxicating liquors from national parks and forest reserves.

Convict Murdered By Fellow Prisoner

Sacramento, Cal., Jan. 26.—(U. P.)—Jose C. Megrete, a convict at Folsom prison, murdered M. Castellano, a fellow prisoner at 8 o'clock this morning, while the convicts were in the main building leaving the diningroom to go to work.

Megrete approached Castellano and stabbed him through the heart. He was immediately disarmed and placed in a cell by Prison Guard Hale.

Megrete is doing a 25-year term from Los Angeles for murder in the second degree.

Castellano had been sent up from Ventura county in October, 1914, for assault to commit robbery and was given a term of four years.

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SUNDAY NOON CONCERT

1. Medley of War Songs
2. Wedding Dance Waltzes
3. POLISH DANCE, by Scharvenka
4. RAYMOND OVERTURE
5. It's a Long Way to Berlin, but We'll Get There. Popular song.

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