

J. S. AND THE ROADS NEAR TANGLE ON EXCESS PROFITS

Washington, Nov. 27.—(WASHINGTON BUREAU OF THE JOURNAL)—The next big tussle between the railroads and the government will come in a legal battle over the surrender of earnings in excess of 6 per cent provided for the recapture clause of the transportation act. There are signs of a gathering storm and a battle to the end as soon as the government moves to enforce this provision.

It will be the contention of the railroads that the government has no right to take any part of their earnings to be sequestered in a revolving fund and loaned out to "weak sisters" or used for purchasing equipment for lease by the government. To take excess earnings for use in assisting other railroads by loan is held to be just as much a violation of the constitutional right to enjoyment of property as though the money were handed over as a gift to other railroads.

The government will contend that as a matter of government policy in dealing with property devoted to public utility use the power of regulation extends to the promotion of transportation generally and the use of excess earnings for that purpose in the case of carriers that have been allowed a just and reasonable return by law.

THE YEAR AT HAND
During the first two years of operation of the transportation act this provision did not come seriously to issue, as a few of the carriers made 6 per cent. In 1920, however, the demand for the act was made upon any railroad for its check to cover excess earnings, but the time is near at hand when such action may be expected. A few railroads have voluntarily sent in their checks, in a sum said to aggregate \$25,000, which is manifestly an insignificant scratch of the pen.

The present "just and reasonable return" fixed by the interstate commerce commission is 5 1/2 per cent, from March 1, 1920, it should be borne in mind that this is upon the aggregate value of the carriers as a whole, and rates are assumed to be fixed to bring that result. It is not a guaranteed return, and as a matter of fact, the aggregate return has fallen far short. The greatest earnings so far attained have been around 4 per cent upon the valuation fixed by the commission.

There was a guaranteed return for six months under the transportation act. In the language of the act, "the term guaranty period means six months beginning March 1, 1920." This guaranty period expired September 1, 1920, upon the basis of "just compensation" under the federal control act.

PER CENT FAIR
Under another provision the interstate commission was required to take 7 1/2 per cent as a fair return for two years from March 1, 1920, and thereafter 6 per cent, in its discretion for two years. This resulted in the adoption of 6 per cent as the fair return upon the aggregate value of all railroads for the two-year period, but it was not a guarantee, and few roads actually made 6 per cent at any time during that period.

This two-year period expired March 1, 1922. The interstate commission was then unshackled as to fixing a just and reasonable return, as before stated, by fixing 5 1/2 per cent. The rates fixed are assumed under normal conditions and careful operation to yield that return for the country as a whole.

On the other hand, the 6 per cent excess earnings, or recapture clause, applies to individual railroads. It is manifest that if the level of earnings for all the roads attains 5 1/2 per cent, or anywhere near that sum, the more prosperous lines will be earning perhaps twice as much, while the weaker lines will still be struggling in the dog-days. To "recapture" for the public benefit, a share of the earnings above 6 per cent is the object of the provision which the coming legal battle will center.

REVOLVING FUND
Direct appropriation of this excess by the government was first considered, but was abandoned because of constitutional difficulties. It could be taken, presumably, as a tax, but it would then go into the general treasury. So the plan of creating a revolving fund, to be loaned to weaker roads or applied to the purchase of facilities and equipment was adopted.

Under this plan one half the excess over 6 per cent goes into the "general railroad contingent fund," the revolving fund, "to be recoverable by and paid to the commission." The other half goes to build up a reserve fund for the carrier concerned, which may be drawn upon to pay dividends or interest upon securities in loan years, when its net income falls below 6 per cent, but when that reserve equals 5 per cent of the value of its property, excess income set aside for this purpose may be retained and used "for any lawful purpose."

There appears to be room for argument as to what may happen in the application of excess earnings when the commission, as it has done, fixes the reasonable return at less than 6 per cent. The contention may be made that the excess earnings are shifted to any amount above the reasonable return fixed by the commission. Others assert the law is rigid and permits no diversion until the individual earning reaches 6 per cent. Congress may be asked to make the law more explicit on this point.

MEN WANTED FOR SHOPS AND ROUNDHOUSE
RATES
Machinists70c per hour
Boilermakers
.....70c to 70 1/2c per hour
Machinists allowed time and one-half for time worked in excess of eight hours per day.
Strikes conditions prevail.
APPLS BROS
Coca Building, 109 Fourth Street
Near Washington, Portland

United Artisans
608 Artisans Building
Assets Over \$1,500,000.00
Your Home Society for 27 Years

Amazing Facts Are Revealed by Tomb Of 3300 Years Ago

Luxor, Egypt, Dec. 27.—Part of the contents of the tomb of King Tutankhamen will emerge into the sunlight today for the first time in 3300 years and will be stored pending removal to the Cairo museum.

A number of American archeologists and experts who have been working at Thebes and who have seen the tomb, state that the revolutions accompanying the 14th century, B. C., were more advanced in political power, in art and in civilization generally than either their predecessors or successors.

The Americans are unwilling to compare the signs of the ancient civilization with the present, but are satisfied that the outlook of the ancient Egyptians was as advanced as the Egypt of today so far as concerns morality, justice and esthetic feeling.

It is expected that the inner chamber of the tomb will be opened in February.

The Egyptian antiquities department have unearthed a world's record obelisk at Assouan. It is 133 feet long, measures 14 feet at the base, 8 feet at the top and weighs 1200 tons.

Scientific Body Gives Indorsement To Darwin Theory
(By United News)
Cambridge, Mass., Dec. 27.—Darwin's theory of the descent of man by evolution, which has been subjected to persistent attack since the war, notably by William Jennings Bryan, received the most overwhelming scientific indorsement ever accorded any scientific theory, here Tuesday.

Speaking as the official voice of the most formidable group of scientists in the world, the council of the American Association for the Advancement of Science adopted a resolution indorsing the theory of evolution as one "strongly supported by thoroughly tested evidence" and as "one of the most potent influences for good that have thus far entered into human experience."

Any attempt, such as those recently made in Kentucky and other Western states to prevent the teaching of evolution in state universities or other publicly supported schools, was strongly condemned.

Dumb Waiter Shafts Spread Flames in Lillian Apartments
The dumb waiter shafts in the Lillian apartments, Sixth and Montgomery streets, were responsible for the rapid spreading of fire which badly damaged the building early Tuesday morning, according to Lieutenant Cooper, assistant fire marshal. Cooper estimates the damage at \$15,000 to the building, \$4000 to the furnishings and \$400 to a building next door owned by Otto J. Krumer.

Defective wiring is believed to be the cause of the fire because all telephones and lights were out of commission when the flames were first discovered by Mrs. A. J. West, who operates the apartment house.

Extra fire escapes recently installed prevented a loss of life. Cooper said. All stairways in the building were enclosed in compliance with city ordinances. The building is owned by Mrs. William R. Beardsley.

Multnomah Club to Dedicate Bronze Memorial Tablet
Dedicatory exercises of the bronze memorial tablet honoring the 26 Multnomah club members who gave their lives for the country will be witnessed at the Multnomah club gymnasium Thursday evening at 8:15 o'clock.

A program of instrumental and vocal music has been arranged and a special tableau will be presented by 26 young women in white. As the name of each soldier dead is read the young women will rise in turn and extinguish a candle. A squad of marines will form the honor guard.

The Rev. W. S. Gilbert of Astoria, chaplain of the old Third Oregon, will make the principal address. His topic will be "Let Us Forget." The Rev. A. A. Morrison of Trinity Episcopal church will make the dedicatory address. Wallace McCamant, president of Multnomah club, will preside.

Jane Burns Albert and Dr. Stuart McGuire are soloists selected for the occasion. William H. Boyer will lead the audience in singing patriotic songs and William Robinson Boone will play the organ accompaniment.

Mrs. I. D. Peters Is Critically Ill at Surgical Hospital
Mrs. I. D. Peters, who makes her home at Alexandria Court, is critically ill at the Portland Surgical hospital, where she has been for over two months. Her condition is so grave that her friends are not permitted to see her. Mrs. Peters is widely known in Portland as one of the active members of Trinity Episcopal church. She is the mother of Dr. George Peters and John Peters of this city.

During the early part of Mrs. Peters' illness her mother, Mrs. E. G. Labretoux, was taken seriously ill and died. Mrs. Peters' condition at that time was so serious owing to an operation that she was not told of her mother's death until a week or 10 days later.

Daylight Star Is Merely Venus; No New Star Found
(By Universal Service)
San Jose, Cal., Dec. 27.—Professor W. W. Campbell, director of the Lick observatory at Mount Hamilton, today discredited a report from Abilene, Texas, to the effect that residents of the place had viewed with their naked eyes a new "daylight star." Campbell declared the star was "in all probability the planet Venus," which is often visible to the naked eye in morning hours.

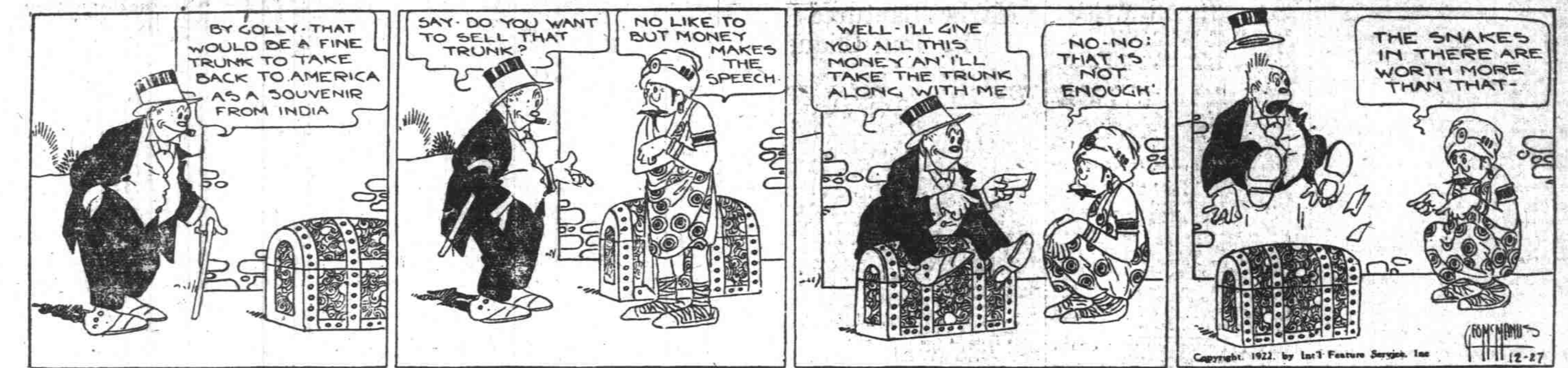
The observatory director announced that the reported discovery of a new star by astronomers at Abilene, Texas, last Saturday, had been denied, having been a false report broadcasted by an amateur astronomer.

THEM DAYS IS GONE FOREVER—"How Dry I'm Not"



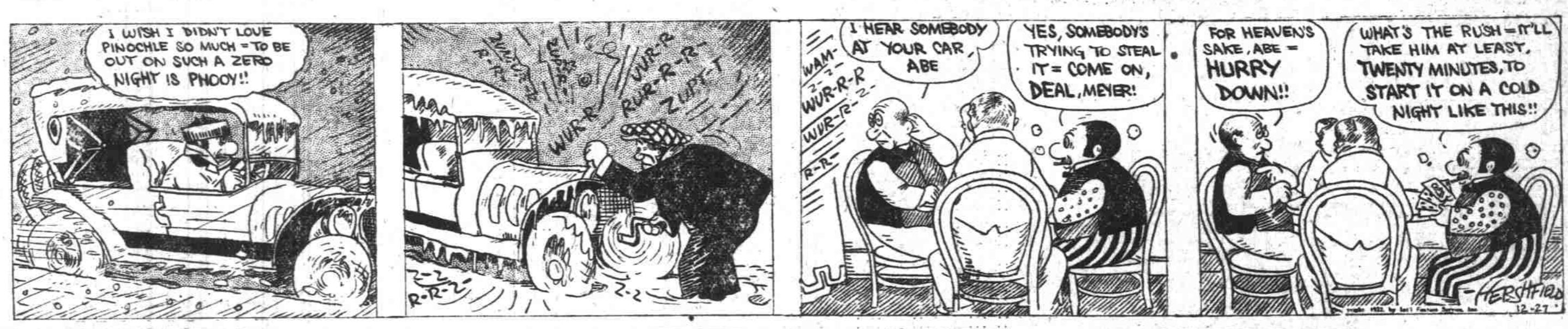
By Al Posen

BRINGING UP FATHER



By George McManus

ABIE THE AGENT



(Copyright, 1922, by International Feature Service, Inc.)

Plenty of Time Ahead

KRAZY KAT



(Copyright, 1922, by International Feature Service, Inc.)

Love Will Find a Way

JERRY ON THE JOB



(Copyright, 1922, by International Feature Service, Inc.)

A Miss Is as Good as a Night in Town

LITTLE JIMMY



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By Swinnerton

United Artisans
608 Artisans Building
Assets Over \$1,500,000.00
Your Home Society for 27 Years