

The Herald

D. E. STITT, Editor.

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Monmouth, Oregon.

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How to Bring Back Prosperity.

Joseph Beifield, proprietor of the Hotel Sherman of Chicago, who claims to be a disinterested observer, analyzes the present financial depression as a business man as being due, in a large degree to the fact that the railroads are hard up through over-regulation and that the way to restore prosperity is to grant the increase in rates asked. There is undoubtedly merit in this plea, which reads as follows:

"What then is the concrete basic cause of the present business depression?"

"The private citizen answers off-hand that it's the war. But the distress dates back long before we heard the rumblings of Mars. Europe has simply added hardships to a business burden already heavy. Further, we are told that on the whole the big war is to be of great commercial advantage to the United States.

"The wholesaler guesses that the tariff is responsible. But this is a debatable question in theory and in practice as applies to the present case—because the new tariff was not in operation long enough to have a determining influence one way or another. We must go still further back.

"The merchant being in direct contact with the people and their purchasing power, has his finger on the pulse of business life. He is able to diagnose the trouble and point out one specific cause that overshadows all other complications." And his explanation follows:

"The railroads are hard up. Therefore they do not spend the money they should. The lack of new capital prevents their making many needed improvements. Between this and reduced current expenditures the effect permeates all down the line from manufacturer to jobber, to retailer, and finally to the workingman.

"The plight of the railroads should not be judged by a few conspicuous cases of flagrant abuses. True, the pirates of finance have worked havoc with certain railroads. In doing so they have brought distrust and misconception on the whole structure of railway organization and management. The result has been a lot of governmental regulation—some wise and some decidedly unwise. No discrimination is shown between honestly conducted railroads and the other kind.

"In addition to federal supervision the states individually have taken a hand in regulating the railroads. Likewise the states have soaked the railroads good and plenty for taxes—the idea being that the more a state gets out of the railroad the less it will have to pay in direct taxation.

"All this activity of the different governing bodies has added great expense to the railroads. Wage increases have gone on apace. But the revenue has been steadily cut by reductions in rates. The railroads have passed the margin of safety between income and outgo.

"The number of employes is reduced wherever possible. Buying of supplies is curtailed. Improvements are tabooed. Dividends are cut. Thousands of small investors suffer reduced incomes. Thirty railroads are now in receiver's hands. Others are passing dividends, while some pay dividends out of surplus that should go for extensions.

"The rich feel the effect as well as the poor. Passing of dividends and default of interest reduce incomes for the well-to-do. That brings curtailment of expenses, often rigid economy. Servants are laid off. Purchases at shops and stores are cut down. Bills are allowed to run. Building and business investments are refused. All this helps to cause dull business.

"To settle for all time the exact status of railroad capitalization in this country, the government is now undertaking a comprehensive work of determining the physical valuation of all the property.

"Capitalization has a bearing on rates. But we don't want to wait until the physical valuation of railroads is completed some five years hence. We want prosperity now.

"When we bear in mind that the railroads are owned by the plain people of the United States, a different attitude can be assumed to this great industry. There are about one and a half million individual holders of railroad stocks and bonds, with an overwhelming proportion of them our own countrymen. One million more own stock in corporations depending on the railroads. For the most part they are folks in ordinary circumstances.

"Nearly two million are employed by the railroads. About one million more work for industries directly dependent upon the railroads for business.

"Since the average family consists of five persons, some fourteen million people look to the railroads for their daily bread. Railroad prosperity then vitally affects one out of every seven of the country's total population.

"Selling transportation is like any other business. Success requires a fair profit. Without a profit the railroad fails. When outgo exceeds income the road wipes out its profit and runs at a loss. To prevent this, rigid economies must be enforced. That is the situation today. Cutting down expenses means laying off more men employed by the supply firms.

"Vast improvements are needed. Extensions should be added to develop important sections rich in their resources. Steady increase in traffic requires more locomotives, rolling stock, trackage, terminal facilities and other equipments. All of which requires a large outlay of additional capital.

"Where to get that capital is now a problem that defies solu-

tion. Net earnings are steadily going down. They are already so small that dividend rates are now below the market value of money in other fields. Railroad credit is therefore undermined. Great projects for extension and betterment are postponed. The multitude of workers are denied this chance of employment. Material concerns are paralyzed until normal progress in railroad building is resumed.

"This country is fundamentally sound, for we have the wonderful crops and these are bringing good prices. The nation is at peace. Foreign trade opportunities are opening up. The financial system has passed through the combined war and legislative crises in fine shape. No national disaster has occurred—and our natural resources are unimpaired.

"The weakness of the business situation must therefore be of an industrial nature.

"The American railway system is the great business generating dynamo of our commercial machinery. It supplies current that revolves many other industries. Speed up the railroads to normal capacity and you speed up all those industries directly or indirectly dependent.

"We can rely on the railroads working with the interstate commerce commission to properly equalize the advance so as not to injure either localities, commodities or individuals. The day of unfair, wilful discrimination is past. From some angles the rate increases theoretically may or may not be justified. But from the practical standpoint it is not only advisable, but imperative.

"So let us support the rate increase in a broad spirit of fair play and intelligent co-operation for the common good.

"If it is true that our legislation is deficient, by all means let congress change the laws at once. These should not only allow, but compel action necessary to the welfare of the people."—Medford Mail Tribune.

Dr. Laura Colby Price.

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NOTICE OF FINAL SETTLEMENT

Notice is hereby given that the undersigned administrator of the estate of Senith M. Fuller, deceased, has filed his final account in the County Court of the State of Oregon for Polk County, and that Saturday, January 30th, 1915, at 10 A. M. thereof, at the Court room of the said County Court in the City of Dallas, Oregon, has been appointed by said Court as the time and place for the hearing of objections to the said final account and the settlement thereof.

JOHN FULLER,

Administrator of the estate of

Senith M. Fuller, deceased.

B. F. SWOPE, Attorney. 1715

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