

CURRENT TOPICS

THE Hearst bill which seeks to extend the powers of the interstate commerce commission is just now attracting considerable attention. The history of a case recently decided by Judge Morrow in the United States circuit court of California is used by Mr. Hearst's newspapers to illustrate the value of the Hearst bill. This case was concerned with the freight rate on sugar from San Francisco to Kearney, Neb. The original petition was filed with the interstate commerce commission in 1890 and this was amended in 1894. The case came to a hearing before the commission in 1895 and the findings were rendered in March, 1900. Now, more than four years later, the findings are reviewed by the circuit court.

COMMENTING upon this decision, Mr. Hearst's newspapers say: "These delays are not due to the courts or the commission, but to the ingenuity of corporation lawyers in finding excuses for postponement. Under the present law the corporations have everything to gain and nothing to lose by delay. If the Hearst bill becomes law this advantage will be taken from the corporations and every delay will prove expensive to them. It is one of the most important objects contemplated by the Hearst bill to expedite decisions in cases dealing with railroad rates."

IN THIS particular case Judge Morrow set aside the ruling of the interstate commerce commission in the matter of a rate charged by the Southern Pacific and Union Pacific railroads for carrying sugar from San Francisco to Kearney, Neb. The railroads charged 77 cents per 100 pounds of sugar in carload lots shipped from San Francisco to Kearney, whereas the rate on such shipments to Omaha, a much greater distance, was 50 cents per 100 pounds. The decision does not specifically pass on the contention that the rate to Kearney is actually unreasonable, as it is held that the decision of the commission under review is that the rate is relatively unreasonable when compared with the rate to Omaha and to Lincoln. The court holds that Omaha, being affected by water competition, the rate is not relatively unreasonable.

IN DELIVERING his decision Judge Morrow said: "Unless the greater charge for the shorter haul is in and of itself unreasonable and the lesser rate, charged for the longer haul is voluntary, the prohibition of the third section of the interstate commerce law does not apply. It is true that in this court it is contended that the rate to Kearney is unreasonable per se, and in support of this contention it is urged in argument that the unreasonableness of the Kearney rate appears from the fact that although the traffic is delivered at Kearney direct, the Kearney rate is made up of the rate for the haul through Kearney and 150 miles beyond to Lincoln, a competitive point, plus the local rate of 27 cents per 100 pounds from Lincoln back to Kearney; that the Kearney rate embraces charges for two hauls aggregating 300 miles not in fact made. The attention of the court is also called to a statement of the average eastbound rate per ton per mile maintained by the Union Pacific Railroad company on Pacific coast business for a number of years, from which it appears that the local rate of 27 cents per 100 pounds from Lincoln to Kearney is in excess of such average rate. But after it has been determined that Omaha is an active competitive point and the rate to that point has been reduced by competition, his argument does not supply the place of a finding by the commission upon evidence before it that the rate of 77 cents per 100 pounds from San Francisco to Kearney is in and of itself unreasonable."

JUDGE MORROW said that he had examined the freight rates on sugar from New York, New Orleans and other eastern points and arrived at the conclusion that competition of rates from the Atlantic seaboard is determined by water competition, and therefore the railroads must meet those rates, whether the shipments come from the Atlantic or Pacific. He concluded: "While there is no finding of fact in this case upon which the order of the commission can be based, the evidence itself is not believed to be sufficient to support the order. The evidence before the court, on the con-

trary, appears to be sufficient to support a finding that the Kearney rate, in and of itself, was and is, reasonable. But in view of what has been said, it will not be necessary to re-view the evidence upon that question and determine that fact. Nor will it be necessary to consider the objection that the order of the commission seeks to fix and establish rates. A legislative power the commission does not possess under the act."

THE report of the board of health for the Philippine islands for the month of July says that the death rate in the city of Manila was 46.39 per thousand. This is the highest recorded since December, 1903. Commenting upon this report, a writer in the Boston Herald says: "Though not as high as the death rate in July, 1902, it is considerably higher than the death rate in July of 1900, 1901 or 1903. On the two earlier years allowance would have to be made for the fact that the health department census gave an estimated population which was in excess of the population discovered by the official census taken in 1903. Compared with the figures for 1903, however, no such allowance need be made. Not once from January, 1903, to July, 1903, inclusive, did the death rate in Manila reach 40 per thousand, while not once in the first seven months of 1904 was it as low as 40. As is usual, the death rate in July was terribly high among young children, no less than 460 of a total of 922 deaths being of children less than 1 year old. Of the adults the largest number of deaths in July were caused by diarrhoea and enteritis, and tuberculosis of the lungs, in each class the figures being the same, 81."

A REPORT recently issued by the United States geological survey shows the value of the mineral products of the United States for the ten calendar years from 1894 to 1903. Referring to this report the Boston Herald says: "In these ten years the grand total of the value of mineral products has advanced from \$527,000,000 to almost \$1,420,000,000. Since 1880 the total value of the mineral products of the United States has increased fourfold, the growth both in actual and relative gain being phenomenal. The figures for Pennsylvania anthracite are particularly interesting. They give the quantity mined in 1903 as 66,613,454 long tons. Roughly speaking, that is almost 6,500,000 tons more than had ever before been mined in a calendar year. The value, however, increased far more rapidly than did the tonnage. The next highest year to 1903 was 1901. The figures for 1903 show a gain of 10½ per cent in the tons mined, while there is a gain of 35 per cent in the value of the product. This may be taken as added proof of the fact that the operators—practically the coal roads—were the ones who obtained the greatest benefit from the settlement of the coal strike."

THE financial affairs of Mrs. Cassie L. Chadwick of Oberlin, Ohio, are just now attracting world-wide attention. Mrs. Chadwick seems to have been a veritable Napoleon of finance in petticoats. She borrowed money from financiers right and left, and the president of the Citizens' National bank at Oberlin has confessed that he and his associates endorsed for Mrs. Chadwick one note for \$250,000 and another for \$500,000. This bank official, C. T. Beckwith, says that Mrs. Chadwick exhibited notes aggregating \$1,125,000, all bearing the name of Andrew Carnegie as surety. Mr. Beckwith, president of the Citizens' National bank, together with his cashier have been arrested by the federal authorities. Mr. Carnegie denies that he ever signed any notes for Mrs. Chadwick and says that he is not even acquainted with the woman.

IN A LETTER addressed to Major J. G. Pangborn, president of the United Exhibitors' association, President Thomas H. Carter of the National World's Fair commission, declares that "most grave and serious corruption have been with the awarding of certain premiums have been filed by the national commission. Mr. Carter says that there were about 2,500 awards and of this number, in about fifty cases charges have been filed backed by affidavits showing corrupt practices. President Francis says that if any serious

charges of fraud can be made it is not too late for the wrong to be remedied.

THE explanation of higher railroad rates given by the officials of the railroads, according to the Chicago Tribune, is that material and wages are increasing and that it costs more to furnish the service. The Tribune adds: "It is said in addition that freight rates are a most difficult thing to determine; and that 'there is no fixed rule or exact science that can be applied to them,' and that only the most experienced traffic managers are able to say whether a certain rate will be remunerative to the company or not. Indeed, it is the common practice of traffic managers when questioned before the interstate commerce commission to state that there is practically no intelligent basis for making rates."

IT IS contended by the same authority that rates must have some relation to the capital stock and refunded debt of the road, that the dividends on stock and the interest on the bonds enter into their computation of what the rates should be in fairness to the railroads. The Tribune then points out: "If, then, freight rates are bound to be influenced by the capitalization of the roads every increase in that capitalization which does not represent actual money added to the road in the way of equipment will eventually be reflected in rates whose justice may well be questioned by the public. In 1900 the Chicago and Alton railroad company was leased by the Chicago and Alton railway company. Note the difference between the words 'railroad' and 'railway,' and bear in mind that they are two separate corporations. The railway company leases the railroad company. The Chicago and Alton railroad company on Dec. 31, 1898, stood as follows:

Main track operated, miles.....	843.54
Total amount of stock.....	\$22,230,600
Total amount of bonds.....	8,650,850
Sundry liabilities.....	3,850,800
Total liabilities.....	\$34,732,250

The Chicago and Alton railway company on June 30, 1900, stood as follows:

Main track operated, miles.....	855.18
Preferred stock paid in.....	\$19,544,000
Common stock paid in.....	15,542,800
Funded debt.....	22,000,000
Sundry liabilities.....	4,088,897
Total liabilities.....	\$65,175,697

DURING 1899, according to the Tribune, the bonds of the Chicago and Alton railroad company were increased \$40,000,000. The Tribune says: "Interest on these bonds was guaranteed by the railway company. Adding this \$40,000,000 guaranteed bond issue to the liabilities of the railway company a grand total of \$105,000,000 is secured. The case then stands:

Capitalization in 1898.....	\$34,732,000
Capitalization in 1900.....	105,000,000

"Other instances of increased capitalization might be given, but they are unnecessary. The case of the Alton is sufficient to prove why freight rates are tending upward instead of downward. In 1900 that railroad was practically the same in mileage and equipment as in 1898. But it was capitalized for three times as much. The rates which might have earned a fair income on stocks and bonds in the former year would not have been so remunerative in the latter year. A curious coincidence in this case is that the year in which the capitalization of the Alton was so heavily increased was the same year in which freight rates began to advance. Railway managers and owners will always contend that they must be allowed a fair rate of interest on their investment. The stocks and bonds will be pointed to as the investment. Fictitious increase of stocks and bonds will result in unfair increase in rates. For this reason the interstate commerce commission should be given greater powers to restrain this inevitable tendency toward unfair rates."

PEOPLE in several sections of Kentucky are suffering from the severe drouth and a reader of the Louisville Courier-Journal makes some interesting comparisons between the drouth of 1904 and the drouth of 1854. This reader says: