BELIEVED EAR PEACE IN TRANSIT FIGHT

Indications of Compromise After Mayor and Stotesbury Confer

BALLARD SEEMS HOPEFUL

Broad Street Subway Termed Military Necessity

EX-TRANSIT DIRECTOR TAY-LOR says:

Last week I forwarded to Admiral W. S. Benson, chief of naval opera-tions, a printed copy of my letter to the citizens of Philadelphia pub-lished April 16, 1917, and called his attention to a portion thereof re-

attention to a portion thereof re-lating to the Philadelphia Navy Yard, which read as follows: The Philadelphia Navy Yard must be promptly serbed by the high-speed system; this has become

a military necessity; any man who fails to recognize this fact lacks either perception or patriotism." In reply thereto, I received from him the following letter, and since receiving it I have obtained his consent to its publication.

"Navy Department, Washington, "April 18, 1917.

"Dear Mr. Taylor: "Please accept my thanks for your letter of the 16th inst., enclosing a letter which was published in the Philadelphia papers of that date regarding adequate transit facilities for the navy yard and that vicinity. You have stated the fact clearly and in my opinion convincingly, and I hope you will succeed in getting some favorable action.

"There is plenty of work at this time in all fields of endeavor for

public-spirited citizens and it is a pleasure to know that your efforts are directed toward efficiency in this

particular line.

"Very sincerely yours.

"W. S. BENSON,

"Admiral, U. S. Navy.

"Chief of Naval Operations."

Indications that city of class and th Philadelphia Rapid Transit Company have reached an agreement on the transit situation followed a two-hour conference today in Mayor Smith's office,

Ellis Ames Ballard, chief of counsel for the Philadelphia Rapid Transit Company. said as he left the room this afternoon: "It looks good when men at the top get

together to talk the matter over frankly." E. T. Stotesbury, when he came out smiled significantly and said

"You will have to see the Mayor. It was agreed by the congerees that Mayor Smith should make all announcements of what was accomplished. When the Mayor talks, it probably will be known whether the transit lease muddle will soon e cleared finally.

At the conference were, the Mayor, Transit Director Twining and Finance Com-mittee Chairman Gaffney, representing the city, and Mr. Stotenbury, chairman of the P. R. T. directorate: Mr. Ballard and A. L. Dunn, consulting engineer, for the corpora-

The two-hour consultation ended this afternoon. Before its conclusion Mr. Gaffney and Director Twining came out. Mr. Gaff-

do all of the talking.

Mr. Stotesbury and Mr. Drum remained ten minutes after the other had left the

orts have been persistent in financial and political circles for some days that a compromise offer is to be tendered by the Transit Company partly as a result of the opposition developed to the lease in its resent form and partly because the company would be willing to make liberal con-cessions to defeat the four transit measures now pending in the Legislature at Har-

risburg.

It has been said also that the negotiations for a compromise have proceeded so far that a definite proposition will be aubmitted to Councils on Thursday with the full knowledge and approval of the Mayor. The defeat of the bills in the Legislature is known to be the big issue with the company list at this time, and the offer of a compromise lease, the supporters of these bills believe, will only be made conditional upon assurance that the measures will be killed. npany just at this time, and the offer of

conference today, it was expected. would clear up the situation to some degree and would either confirm or disprove the and would either confirm or disprove the rumors of a speedy settlement on a compromise basis. Interest in the conference was further heightened by two statements from ex-fransit Director A. Merritt Taylor.

The first, made public yesterday, is a reply to the five objections to the present form of the lease as given by Colonel Shel-

don Potter, one of the city's representatives on the Transit Company directorate. The second is a velled challenge to Transit Director Twining to prove that he is lacking in neither patriotism or perception in de-siring to delay the construction of the South Broad street subway to League Island.

In answering the five objections of Colo-nel Potter, Mr. Taylor smashes down three of them, as falling to prove that the city will be benefited by the proposed remedies; is that one is simply a m'sunderstanding the phraseology of the lease which will remedied, and asserts that the final ob-

tion is based upon a faulty premise. The first objection of Mr. Potter was that a company had so carefully protected it-if from making extensions that it would on impossible for the city ever to require to build any feeding surface lines for the int of the territory adjacent to

ch-apsed lines.

The provision in the lease regarding sursextensions were not inserted, Mr. Tay-says, by the Transit Company, but was on almost in its present form from the fit of the lease submitted to Councils the Mayor on October 10, 1916. The mains of this part of the lease, Mr. yor declares, does place the city in a miston to require the transit company to be surface extensions, provided the Publication of the provided the Publication of the provided the provided

The second objection of Colonel Potter was that the company has reserved the right to finance the equipment of the lines on loans bearing 6 per cent interest and 1 per cent sinking fund charges, payable out of earnings, although the city could borrow and sink in its loan at a total of 5 per cent.

In answer to this. Mr. Taylor offers three points: First, the company, since it shares in the ultimate profit of the undertaking in the ratio of one to ten, will be anxious to keep down fixed charges and, therefore, will borrow the money for equipment at as low a figure as possible; second, as the equipment would require renewals from time to time, the city if financing it would be required to issue bonds totaling many times the actual value of the equipment in service whereas under company financing the equipment bonds become a direct lien against the equipment whereas under company financing the equipment bonds become a direct lien against the equipment purchased; third, the city at the prespit time does not possess the nec-essary borrowing camerity to finance the equipment without curtailing the construc-

on program. The third objection of Colonel Potter was at the lease as now worded might require the city to pay twice for the equipment upon the expiration of the contract. That such an intention was ever held by those who framed the lease is denied by Mr. Taylor, and he declared that "all parties in interest will agree to so amend the wording of the lease as to clarify and confirm this fact."

The fourth objection of Colonel Potter was that the company produced no grod reason for reserving the right to charge any rate for exchange tickets or to restore exchange tickets when once abolished. In replying to this, Mr. Taylor asserts positively that the right is not reserved to the company to reasons the reschange tickets.

In discussing the provision that the com-

In discussing the provision that the com-pany may increase the fare if found neces-sary to meet all charges at the end of any six-month period. Mr. Taylor says in part; "What the present proposed lease does assure to the company is that the rate of fare shall always be sufficient to pay the a per cent on the company's stock.

The company is now making more than The company is now making more than \$2.700,000 a year, it only requires \$1.500,000 a year to pay 5 per cent on the stock.

The company will be making about double the profit required is sent dividend when the first high-speed line opens; and, before any penny transfer, say, between high-speed lines and surface lines, would be imposed for the protection of the company under the terms of the present proposed lease, that profit would have to be cut in balf, and the carnings of the municipal system would have to fail to a point where they would yield not one penny of return on the city's investment. ch is inconceivable

The provision in the present ease, with relation to fares, which firmly





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they may be placed at the lowest possible
interest rate, with the resultant saving to
the city.

"This factor removes the possibility of
"This factor removes the possibility of
the city's manufacturing preside.

a temporary default in the payment of the to the city's manufacturing prestige YACHT CLUBS' LEAGUE TO AID IN NATIONAL CRISIS

Yachtsmen of Pennsylvania and New Jersey whose organizations are included in the Racing Association of South Jersey Yacht Clubs will meet in the Adelphia tonight. They will formulate plans for participation in any activity the Government may assign to them and arrange to turn

over to the Government certain of the club properties for naval purposes.

Receiver of Taxes W. Freeland Kendrick will preside at the meeting, which will be held in the Gold Room. Speakers will be Joseph S. MacLaughlin, Director of Sup-plies; E. J. Catteli, city statistician; Wil-liam W. Roper, United States appraiser here, and George Wentworth Carr. Clubs included in the association mem-

bership are the Cape May Yacht Club, Holly Beach Yacht Club, Ocean City Motorboat Club, Ocean City Yacht Club, Sea Isle City Yacht Club, Chelsea Yacht Club, Atlantic City Yacht Club, Stone Harbor Yacht Club, Corinthian Yacht Club of Cape May and Avalon Yacht and Motor Club. Avalon Yacht and Motor Club.

The yachtsmen already have expressed their willingness to turn over for Government use their clubhouses, their boats and to give their services if necessary.

