

SMITH-MITTEN LEASE, CONDEMNED AT COUNCILMANIC HEARING ON TRANSIT CONTRACT

FIVE-CENT FARE VITAL IN N. Y. Free Transfer Likewise Imperatively Demanded in Transit System

NO TAX ON CAR RIDERS

NEW YORK, Sept. 6. If you come to this city, which is completing the expenditure of nearly half a billion dollars on rapid transit lines, to find out what experience has taught in the way of financing such enterprises, you will find complete agreement on one general proposition, however widely the experts may disagree on incidental propositions.

It is agreed that a five-cent fare with free transfers must be preserved at all hazards and that whatever deficits there may be in the operation of the rapid transit lines must be met by some other way than a tax upon the riders.

Opinion differs on the ideal method of avoiding the deficit or of avoiding it, however. It has been worked out, however, that the plan which is regarded as wise under all the circumstances is to levy a five-cent fare with free transfers, and to meet the deficit by a tax on the property of the city.

But every new line that is being built, according to Mr. Harkness, is considered as a business proposition, and it stands on its own merits. It must show evidence that it will pay within a reasonable time without regard to the increase in the value of property following its building.

It is proper, however, for the city to bank on an increase in population and on an increase in the demand for transportation. The population of New York doubles every thirty years, and the traveling population doubles every twelve years. It is on this increase in the number of users of the new transit lines that the city is depending to produce the money needed to pay the interest on the transit bonds.

When I went over to Brooklyn to find out what the situation was there, I found Lewis W. Pound, president of the borough, most emphatic in his insistence on a uniform five-cent fare, no matter how large the deficit in operating expenses might be.

"What is troubling us here," said he, "is just how to raise the deficit in the first few years. It is my personal opinion that it would be better to issue short-term bonds and pay the deficit over a longer period of years than it is likely to be occupied by its accumulation. We expect to break even in ten or twelve years at the outside, but we may do better."

"But we object to any increase in the rate of fare. We must carry the people for five cents and find a way out of the other manner. I don't believe in assessing the property benefited, as real estate has to carry too much of a burden already. It is proposed over here, but it will not do."

"The City Club of New York several years ago showed that as a result of the building of the first rapid transit subway in New York, the property owners in the portions of upper Manhattan and the Bronx which were most directly affected were within seven years increased \$80,000,000 above the normal increase for that period. The City Club of New York, however, figured through the districts where this rise in values took place was about \$12,000,000, while the cost of the entire subway from the Battery to the Grand Central station was \$17,500,000."

"Was it quite fair that property in distant parts of the city, entirely unaffected by the great project, should bear the same proportion of the burden as that which was so conspicuously advantaged? It is true that this improvement is entirely self-supporting, interest and amortization charges being met from the rental paid by the operating company; but the local benefit was so clearly established that the rapid transit law was so amended as to permit the assessment of any part of the cost of future subways. Many new subways are now being planned, and some are being built, but it is doubtful if any of them will be self-supporting for the route furnishing the most profitable traffic. Having been followed by the line first built, the property owners along the present operating line have secured their benefit without the tax, those along the proposed line are not enthusiastic, and the people are for them, and there seems little prospect that the right to assess will be availed of."

"Since I wrote this paper certain property owners in Brooklyn petitioned for the building of rapid transit lines for the purpose of assessment on the property benefited. I worked out a plan and mapped assessment holders of large sections of undeveloped property were perfectly willing to pay the assessments involved, and nothing came of the plan. Yet it seems to me that the persons in the lower end of the borough of Richmond, for instance, who will not be benefited at all by a rapid transit line in Corona, in the borough of Queens, should be compelled to pay at the same rate for building the second as is paid by the property owners in Corona, the value of whose property has been greatly increased by the new line."

"TRANSIT A 'SOCIAL INSTITUTION'" "Why do you know there are persons who insist that all rapid transit lines are social institutions, that it is the duty of the city for the general good of the people at large to carry them about in the street cars for nothing? They say that it makes for civilization by distributing population. In fact, they carry working people at a low rate of fare for the special purpose of getting them out of the congested cities into the country."

In discussing the effect of the increase in value of real estate following the opening of new territory by a rapid transit line, Mr. Lewis said that the effect upon the revenues of the city produced by an increase in real estate value was not wholly offset by the consequent increase in the general charges, as the cost of all street openings and sewers was met by a special assessment and that the water mains were laid for out of the water revenues. In this way the city takes part of the unearned increment for itself and uses it in turning open fields into inhabitable streets equipped with city conveniences.

Public Service Commissioner Charles S. Hervey, who is the financial expert of the commission, told me that the commission took little account of the increase in the value of real estate following an improvement in transportation. "For," he said, "the effect of such increases is usually counteracted by the increase in the cost of government following the improvement."

TRANSIT GRAB LEASE CONDEMNED AT HEARING

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of these committees. I cannot emphasize too much that we invite help."

WEST PHILADELPHIA OPPOSES Opposition to the Smith lease, on the grounds advanced by Mr. Taylor, was expressed by the first speaker, John N. McHarvey, of the Allied Business Men's Association of West Philadelphia.

"The people of West Philadelphia are opposed to the lease for several reasons," he said. "First, West Philadelphia, with its more than 100,000 residents, is not protected for its immediate or future needs, because the P. R. T. is a corporation operating as a leasing company. Second, we oppose the board of three engineers. The department is the place to handle transit questions. Under the method of selecting the board the P. R. T. would dominate transit as it does today. Third, we should so slow. Experts disagree on ourselves will be bound by the findings of Mr. Taylor."

"We are not after general criticism," he said. "We want particular objections. We want to know what you are proposing. Serious charges have been made and answered by the Department of Transit," replied Mr. McHarvey. "Until they are answered we have nothing to say other than that our expert is fully capable of defending our interests."

"I want to say that one of the statements made by your former speaker is correct," he said. "The P. R. T. is an operating and leasing company. If the question of the Fifty-third street line came up, following the adoption of this lease, the board would be the place to handle transit questions. I want to say that the board would have the power to order the construction of additions and extensions against the transit proposal."

"I had not intended making any remarks today," he said. "But I am prompted to do so by the statement of Mr. Sheatz. The responsibility for drafting the lease rests with me. I want to say that one of the greatest difficulties that I have had was to find a lawyer without corporation influence to advise me. I am glad to have you as my sponsor for this lease. It is a duty that belongs to me and I will face it."

"Nine-tenths of the criticisms of the proposed lease are based on the assumption that under its terms the Public Service Commission, in fixing the rate of fare, will have to fix the rate high enough to pay a 4 per cent dividend, cumulative, to the transit company. This is absolutely false. The intent of those who drafted the proposed lease was:

"First, to leave the determination of the rates of fare entirely to the Public Service Commission, where it belongs, without any requirement that they should fix rates sufficient to pay any particular rate of dividend or any dividend at all.

"Second, that when any question of readjustment of rates comes before the commission the city will be left free to oppose, if it then so desires, any rate of fare which will give the company's stockholders a dividend of more than 4 per cent.

"The question of vital importance to the citizens of Philadelphia is whether a lease producing these results should or should not be adopted. I believe that the people are correctly worded to carry out the intent of the authors, but I desire to assure the former director, or any one else who has been opposing the lease because he thinks it is based on a misstatement of the results of the provisions of the proposed lease.

"Reckless and confused public statements alleging that the lease provides things which it does not provide will never get us anywhere. It is not fair to the people that a discussion of a matter of this importance should be carried on in this manner. In order that we may clarify the points at issue, I suggest that the former director be asked to submit at the next meeting a series of inquiries, each one of which will ask a definite question—does or does not the proposed lease provide for and (b) whether the former director will make a verbal reply and afterwards, in order that the general public may be clearly informed, make a written reply. By this method the former director will probably discover that the authors of the lease had no intent to produce the results in regard to which he so violently complains.

"Should it appear that there is reasonable doubt concerning the exact meaning of the provisions, as previously stated, the authors themselves will be the first to submit amendments.

"On the other hand, if in regard to any one of the inquiries we reply that the former Director regards as an obnoxious result was intended, we shall have at least arrived at a clear-cut issue, which may be debated before this committee. It is not fair to the people that the former Director Taylor, who has led the fight against the Smith-Mitten lease, was present. Mayor Smith also was present, as were the several Councilmen and several Representatives of the Philadelphia Rapid Transit Company.

A fairly large crowd had filtered into Room 418, City Hall, when the meeting was called to order by Chairman Gaffney, of Council's Finance Committee.

"GAFFNEY ASKS QUIZING" "We propose to give everybody and every organization an opportunity to express themselves on the provisions of the proposed lease," he said. "We want every Philadelphia citizen thoroughly to discuss and examine the provisions, and I want that the committee will sit until the snow flies if necessary to reach some right understanding. We welcome suggestions. The committee has no quarrel with any one who wishes to get a lease satisfactory to the people of Philadelphia.

LA FOLLETTE'S TAX PLAN FAILS IN SENATE

Amendment Increasing Income Rates Rejected by Vote of 19 to 55

WASHINGTON, Sept. 7. Without a record vote the Senate late today adopted the Finance Committee's income tax section of the war revenue bill. The committee plan will raise \$840,000,000 revenue from incomes additional to the sums raised under existing income tax laws. Senator Tamm's amendment to increase exemptions from \$1000 for single men to \$2000 and from \$2000 for married men to \$3000 was defeated.

WASHINGTON, Sept. 7. The Senate today again defeated those seeking to place a heavy tax on wealth by rejecting 19 to 55 Senator La Follette's amendment increasing income tax rates so as to raise \$643,000,000 more than the Finance Committee's plan.

La Follette's amendment provided for a 50 per cent surtax upon incomes of \$1,000,000 or more, but its largest increases were upon incomes between \$20,000 and \$300,000.

By a vote of 26 to 51 the Senate then rejected the Hollis amendment adding \$50,000,000 to the income tax levy proposed by the Finance Committee. The Hollis amendment would have increased rates on incomes between \$25,000 and \$250,000.

Stratford Fire Causes \$15,000 Loss STRATFORD, N. J., Sept. 7. — Fire of unknown origin was discovered on the large dairy farm of Edward Hunt, destroying four barns and much valuable machinery, causing a loss of \$15,000. Twelve horses, six cows and fifty hogs were rescued. For a time the dwelling house was in danger and fire companies from Camden, Marlboro and Hightstown assisted in preventing a further spread of the flames. They were hampered by a lack of water.

Huntington Wilson Sued for Divorce RENO, Nev., Sept. 7.—A divorce suit against Huntington Wilson, former Assistant Secretary of State under Roosevelt, is on file here today. Mrs. Lucille Wilson's complaint says she has lived "a miserable and wretched life" with her husband, who characterizes him as "cruel and domineering."

Delaware State Fair Ends Today WILMINGTON, Sept. 7.—The Delaware State fair will pass into history tonight after one of the most successful years since it was established. Despite rain the attendance yesterday, "Big Thursday," it was announced today, was close to 30,000. It was a decidedly cosmopolitan crowd, made up of politicians and society folk from all parts of this State and from Pennsylvania.

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THE ITALIAN DAILE FRONT MARRICK NOW 215 & 815

REDBOX WIN THIRD STRAIGHT OVER MACKS

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Meyer too late to prevent Hooper from scoring. Lewis singled to center, sending Hoblitzel to third and Lewis taking second on the throw. Walker popped to Palmer. Gardner fouled to Palmer. One run, two hits, no errors.

Jamieson singled to center. McNally threw out Gardner. Johnson tied to center. Hooper to third and McNally to second. No runs, one hit, no errors.

SECOND INNING Witt made a fine stop and throw when he got Scott at first. Agnew lined to Bodie. Grover threw out Foster. No runs, no hits, no errors.

THIRD INNING Hooper dropped a single in right. McNally sacrificed. Johnson to McNally. Hooper tied stealing. Meyer to Palmer. Hoblitzel singled to right. Hoblitzel stole. Two hits, no errors.

FOURTH INNING Walker fanned. Witt threw out Gardner. Scott grounded to McNally, unassisted. No runs, no errors.

FIFTH INNING Johnson threw out Agnew. Foster singled to right. Hooper tied to Bodie. McNally to Johnson. No runs, one hit, no errors.

SIXTH INNING Hoblitzel singled to left. McNally fumbled. Bodie took second. Johnson to Bodie. Grover scored. Two runs, two hits, no errors.

SEVENTH INNING Foster singled to right. Hooper sacrificed. Johnson to McNally. Witt threw out McNally. Grover threw out Hoblitzel. No runs, one hit, no errors.

EIGHTH INNING Lewis fied to Palmer. Walker tripled to right center. Gardner fouled to Palmer. Scott singled to left, scoring Taylor. Agnew singled to left, scoring Scott. Hooper fied to center. Walker scoring. Agnew fied to Meyer. Two runs, two hits, no errors.

NINTH INNING Anderson now pitching for Athletics. Witt threw out Hoblitzel. Lewis fanned. Walker tied to Bodie. No runs, no hits, no errors.

Bodie hit the left-field bleacher wall for two bases. Struhl fied to Lewis. Gardner threw out McNally. Bodie held at second. A wild pitch sent Bodie to third. Witt walked. Palmer fanned. No runs, one hit, no errors.

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TAYLOR WARNS CITY OF NEW MENACES IN SMITH-MITTEN PACT

Prior to the first public hearing on the Smith-Mitten transit lease grab this afternoon, ex-Director of Transit A. Merritt Taylor today issued a warning to the people that ratification of the lease would be ruinous to Philadelphia. He points out what he characterizes as four additional defects brought out in his latest analysis.

"Further careful analysis of the Smith lease," reads Mr. Taylor's statement, "leads me to deliberately make these additional charges with relation thereto:

1. That thereunder, the full interest charge on all of the city's bonds issued for transit development remains a continuing charge against the unified system after those bonds have been paid off in full, as provided in Article XXII, Item No. 9, and that the full amount thereof must continue to be paid out of carfare annually to sinking fund commission, to be used as provided for in Article XXV, paragraph 2, for the purchase of the property, leaseholds and franchises of the P. R. T. Company.

2. That thereunder, the supposed equal division between the city and the company of any net profits or residue of gross earnings, specified in Item No. 11, in fact prevents the city from collecting any such profits, does not go directly to the city, but goes to the sinking fund commission hereinafter referred to, for the sole purpose of purchasing the property of the P. R. T. Company. This fact is clearly stated in Item No. 11.

3. That thereunder, there should be no accumulation of funds in Items Nos. 9 and 11, above referred to, until after Item No. 8—which is company's cumulative dividend—has been paid in full; for the payments to items which are numbered 1 to 11, both inclusive, as per terms of Article XXII, Section 2, "shall be cumulative in the order named, and in case in any year the gross revenue shall not be sufficient to make said payments (and any balances unpaid for former years), the deficits in the said payments shall be made good from gross revenue of succeeding years for each item before any payment is made therefrom for any item subsequently specified in Paragraph No. 1 hereof."

"The company's 6 per cent cumulative dividend would become an obligation ahead of the city's interest in its own system, the statement continues; the company would retain its current assets and the unified system thus would be shorn of its surplus and working capital, now amounting to more than \$4,300,000.

"The fourth charge is as follows: 4. That thereunder, the city would build and surrender to the P. R. T. Company and its entire high-speed system, including its existing surface system throughout the city; for, under the terms of Articles XX and XXII, the city, to recapture its own high-speed lines, is required at the same time, to buy the property and franchises of the P. R. T. Company, and thereby assume all the indebtedness outstanding against the same. In an appeal to the street-car passengers of the city the statement reads: 'You must either rise up and defeat the Smith lease, or you will be forced to continue to pay the eight-cent ticket charge and whatever amount is being sold at \$2 a share, not only pay the P. R. T.'s guaranteed dividend and the interest on the city's transit debt, but to pay the stockholders of the P. R. T. Company \$10 a share for their stock, which is now selling at \$2 a share, or \$20,000,000 on the amount now outstanding, and to repay to the city the total cost of its high-speed lines, estimated by Director Twining to be \$90,000,000.'"

NEW YORK, Sept. 7. A cablegram from Paris today says that the resignation of the Ribot Ministry was decided upon unanimously after a Cabinet meeting this morning. President Poincare asked the Premier and his colleagues to withhold their resignations until the presidents of the Senate and Chamber of Deputies have returned to Paris to discuss the situation.

Thompson Asks \$1,350,000 for Libel CHICAGO, Sept. 7.—Mayor Thompson this afternoon brought in the Circuit Court new suits for libel against Chicago newspapers and individuals, totaling \$1,350,000. The suits were as follows: Chicago Tribune, \$500,000; Chicago Daily News and Victor, \$200,000; Lincoln, publisher, \$250,000; Jacob M. Dickinson, former Secretary of War, \$200,000; H. H. Merrick, president of the local chapter of the National Security League, \$200,000; Arnold Joerns, secretary of the same organization, \$200,000.

Whitman Loses Fight for Perkins ALBANY, N. Y., Sept. 7.—George W. Perkins' nomination for chairman of the New York State Food Commission was defeated this afternoon by a vote of 25 to 18.

Montana Mine Employes Won't Strike BUTTE, Mont., Sept. 7.—A strike vote of the machinists and blacksmiths of mines failed last night, lacking sufficient majority.

Infants—Mothers Thousands testify Horlick's The Original Malted Milk Upbuilds and sustains the body No Cooking or Milk required Used for 1/2 of a Century Substitutes Cost YOU Same Price.

Queen of the AIR RACADIA CHESTNUT Below 15TH and Market. SEATS NOW 5:45, 7:45, 9:45 P. M.

REGENT MARKET Below 15TH and Market. SEATS NOW 8:15, 10:15, 12:15 P. M.

VICTORIA MARKET Above 11TH and Market. SEATS NOW 8:15, 10:15, 12:15 P. M.

ALL NEXT WEEK EVELYN NESBIT AND HER RUSSEL THAW in "REDEMPTION"—No Advance in Prices

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