New-York Tribune.

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THE BUSINESS OUTLOOK.

VANDERLIP TO BANKERS.

Prophecy of Good Times and Warning Against Recklessness.

St. Louis, Oct. 18.—Frank A. Vanderlip, vice-president of the National City Bank of New-York, and formerly Assistant Secretary of the Treasury, addressed the Illinois Bankers' Association here to-day. His speech derived added significance from the fact that he was understood to be expressing the views of the powerful financial interests represented by the National City Bank. He took a conservatively optimistic view of the situation. No change in the administration of the government was expected, he said; the country was on a sound financial basis, its wealth and commerce were growing rapidly, and crops were abundant. On the other hand, business was not in an entirely satisfactory condition. The chief danger, in Mr. Vanderlip's opinion, lay in a revival of wild and reckless speculation. Against this he warned his hearers, and he hinted that if a speculative boom should go too far, the great banking interests would find a way to check it. He summed up his remarks as follows:

I believe that the conditions are again favorable to a return of prosperity. I believe it is time for optimism. So long as we remember in humbleness our mistakes and hold close to a proper conservatism, the course of financial events seems likely to follow only one general direction, and that is toward improvement, toward expanding business and toward better times.

Mr. Vanderlip's speech to-day was in marked contrast with the one he delivered on October 31, 1902, at Wilmington, N. C., which attracted wide attention, and in which he expressed decidedly pessimistic views of the business outlook. The Wilmington address was almost coincident with the end of the great bull market which had prevailed for the preceding four years.

MR. VANDERLIP'S ADDRESS.

After a few introductory words of compliment to the Illinois bankers Mr. Vanderlip spoke as follows:

It has seemed to me specially fitting—considering our surroundings here—to attempt to review, in the briefest manner, a few of the figures illustrative of our material progress and to try to draw some deductions from them.

In order to get a setting for our comparisons let us for a moment glance back at conditions during the last ten years. We will remember that we were, ten years ago, just emerging from the depression of the panic year of 1893, and that we were facing a great political and economic conflict over the silver issues. The whole world was filled with distrust in regard to the future of our standard of value, and the chilling shadow of that distrust was falling heavily on our commerce and finances.

Then came the definite verdict of the people, declaring for a sound currency, and following that began an unexampled era of prosperity such as no other country, in any age, has ever known. The expansion went beyond all the experiences of men of affairs. We had learned lessons of economy, of careful management and of cheap production in the depression which followed the panic of 1893, and now we suddenly waked to the fact that we had obtained a grasp on the markets of the world. Our exports of manufactures ran up from $183,000,000 to $433,000,000 in half a dozen years, and this increase of $250,000,000 in the annual average of our exports of manufactured products made Europe stand aghast at what was denominated the American commercial invasion. Our general foreign trade balance assumed such totals as to cause economists seriously to consider what was to happen to the rest of the industrial world if this march of progress went on. In half a dozen years we piled up against other countries a trade balance in our favor of more than $2,600,000,000, a trade balance far larger than the net trade balance had been from the beginning of our government down to the time when this remarkable expansion started.

MISTAKES OF THE PAST.

And then we made mistakes. We were in the midst of a prosperity so great that it went beyond the experience of the most experienced. With the flood tide of this prosperity covering all of the old landmarks, it was small wonder that there were blunders made in steering the craft of business. We ran into excesses, extravagances and miscalculations. Capital made mistakes of overcapitalization; labor made mistakes of arbitrary and unwise demands; everybody made mistakes of extravagance. Producers made errors in estimating the demand and made miscalculations in the multiplication of their productive capacity. Those errors of estimate were almost unavoidable. There was a surplus demand above our productive capacity, and that demand went knocking at the door of first one factory, then another and another, producing the impression on the mind of each individual manufacturer that the demand legitimately pressing upon him warranted him in doubling his plant, and when every one started to double his productive capacity, capacity soon ran ahead of demand.

The railroads were caught in much the same situation. They made huge engagements for expenditures, which they felt were necessary in order to handle the traffic that was pressing on them. For the time being far too great a portion of liquid capital was absorbed into fixed forms of investment. Directly and indirectly, bank credits which were payable on demand were in a dangerous proportion converted into new manufacturing plants and into new railroad tracks, equipment and terminals. Bank reserves fell until they were a danger signal, pointing with certainty to the need for more conservative administration. Banks applied the financial brakes of higher and higher interest rates. Stock market values, unduly inflated by the spirit of optimism which was all-pervading, began to melt.

Just two years ago this turn came. The decline which followed cut $1,000,000,000 off the value of securities in a few months. The vast readjustment which such a change in values made necessary was accomplished, however, without panic, without great failures, and with few of those disasters which usually are the features of such a period. The way the country met the situation stands to-day as the most striking monument we have yet reared to our increasing wealth and financial strength.

CYCLES OF EXPANSION AND DEPRESSION

We have grown used to cycles in business; to regular periods of expansion followed by years of depression. These cycles have been of varying length, but, generally speaking, a decade would measure the time from one upturn to the next. Men of experience, therefore, expected that the depression which started two years ago would have to run something like the usual course, and would last at least for three or four years before we had again learned lessons of economy and had settled down to a solid basis upon which to rear a new structure of prosperity. I have said that the experience of the most experienced had been set at naught by the rising tide that had marked the last great wave. Experience proved a poor guide in measuring the upturn; will it likewise be at fault in measuring the period of depression? Is the depression to be of shorter duration than in former business cycles? Have we already reached, after two years of downgrade, a level from which we can again start up to new heights of business expansion?

I cannot answer these questions, but I want to present a few statistics that I believe have some bearing upon them.

What I have now to say has absolutely no application to the immediate course of the stock market. Whether stocks will be higher or lower to-morrow, next week or next month, I do not know, nor am I particularly concerned. The fluctuations which mark the little surface waves are not matters of much moment. It has seemed to me, however, that it will be interesting, in view of the present condition of business affairs, and appropriate, considering the place which has been chosen for this meeting, to make some comparison of business statistics to-day with conditions of ten years ago, and to note what our position will be ten years hence, if the ma-

(Continued on Sixteenth Page.

GO TO THE WORLD'S FAIR.
Now is the time, and the Pennsylvania Railroad's St. Louis Limited is the train. Perfect appointments; no extra fare to St. Louis.—Advt.

WHITEWASH FOR HERRICK

HE WIELDS THE BRUSH.

Denies Many Charges, Even Those in "The Albany Argus" Case.

Smarting under the unrefuted charge that he dragged the ermine of the bench in politics while a justice of the Supreme Court, and probably conscious that the voters would inflict fitting punishment on November 8, D. Cady Herrick, Democratic candidate for Governor, last night at the Reform Club, where a reception was given in his honor, undertook to administer to himself a coat of whitewash.

The Tribune's arraignment of Mr. Herrick on October 2, when the plain narrative of his life and political adventures was set forth in cold type, after verification by the record, has put Mr. Herrick on the defensive. Each succeeding day of the campaign has pressed home with greater force upon him and his friends the belief that he is a beaten man. The coldness of his reception in Madison Square Garden on Monday night drove home the truth with added emphasis.

Apparently the pressure became intolerable. Mr. Herrick in a labored statement at the Reform Club last night set up, as legal practitioners sometimes call it, a general denial.

"I never countenanced or abetted an election fraud," said the candidate.

"I have never," he said again, "conducted a single political campaign since the one at which I was elected a justice of the Supreme Court."

Mr. Herrick does not deny the substance of the affidavit of William McMurtrie Speer, who swore that Judge Herrick invited him to his house at night for the purpose, as alleged, of convincing Speer, the publisher of "The Albany Argus," of the propriety of supporting the Herrick faction in the Albany Mayoralty fight in the spring of 1893.

Mr. Speer made affidavit to the transaction, with the conversation that took place between him and Mr. Herrick. This affidavit, with Mr. Herrick's card, on which was written a message inviting Speer to call on Mr. Herrick at his house, should be on file in their proper and legal resting place in the archives of the Supreme Court, in the county courthouse at Albany. They have been removed. No trace of them is obtainable.

When it became known last night that Mr. Herrick had set up a general denial of the things charged against him in the last ten years Mr. Herrick's friends were seized with consternation. They had hoped that he would say nothing. They realized that the scandalous squabbles in Albany between the Hill and Herrick political factions had left an indelible impression on the minds of the voters throughout the State, and they admitted last night that Mr. Herrick's attempt to provide a clean bill of health for the Democratic candidate for Governor would revive the entire history of the blackest period in Albany politics.

Mr. Herrick was introduced last night by John G. Agar, president of the Reform Club.

MR. HERRICK'S DEFENCE.

Mr. Herrick said:

To talk tariff reform to you is like bringing coals to Newcastle. With the other issues of the canvass you are perfectly familiar, but I do desire to say a few words to you personal to myself.

I have been a member of this club almost since its formation. To many of the older members I am well known; to many of its more recent members I am not.

There are several charges brought against me in this campaign. I believe I have answered all of them excepting two, and they are in relation to my alleged participation in politics while occupying a judicial position.

Those who believe that I have been an intriguing, wire pulling, scrambling, fighting politician while on the bench, are fully justified in not voting for me for the high office to which I have been nominated.

What I am about to say is neither an apology nor a defence, simply a plain statements of facts, known to many of the men present—perhaps unknown to many others.

Some of you who are here present are perhaps responsible for my taking the part I did in politics in the early years of my service upon the bench. You will recollect that I was from time to time in consultation with you about political affairs. I believe you will say that there was nothing unbecoming in a judge in those conferences and consultations.

I do not believe that when a man becomes either a clergyman or a judge he also becomes a politically emasculated man or forfeits any of his rights or duties as an American citizen.

I fully agree that he should not bring his politics into the pulpit or upon the bench; but to say that he cannot otherwise talk politics or advise about public matters is to hold that our American political system is so low and degraded that respectable men cannot engage in it, and if we have arrived at that state it is time that we change our form of government.

I have never been a delegate to any political convention since I was elected judge. I have never attended any Democratic convention since I was elected a judge, but one, the national convention at Chicago in 1892, when I was solicited to attend by letters and telegrams from four of the most eminent Democrats of the State of New-York, two now dead. Their character and standing forbid the thought that they were asking me to participate in anything unbecoming the judicial office.

My participation there was simply an advisory one. I never entered the door of the convention.

I have never served upon any political committee since my nomination for the office of judge. I was at that time a member of the Democratic State Committee. My successor was not elected, I think, for two years. In the mean time my seat in that committee was occupied by a proxy, never by me.

I have never conducted a single political campaign since the one at which I was elected a justice of the Supreme Court. My pecuniary contributions have been made after election, with instruction to devote such contribution to the payment of the room rent of the Democratic committee.

I have never presided at any political meeting or made a political speech since my selection as judge.

This I have done: I have advised and consulted with former friends as to their political action. Sometimes that advice has been taken; sometimes it has not, but never about any matter which might become the subject of litigation and be brought before the court.

I presume that if these consultations had been with gentlemen like yourselves or with men prominent in the affairs of the State and nation, no criticism would have been made, but they were with, and the advice was given to, those who in former years stood by me in hand to hand fights; when I was opposing both the Republican party and the State organization and the State administration of my own party. I felt I owed a duty to them to give them such aid and assistance as I could in settling differences and in smoothing over quarrels between them.

This has been my offence, no more. If it constitutes improper action upon my part I cannot help it. It has been done.

REPLIES TO CHARGE OF ADJOURNING.

Growing out of this charge of participation in politics the story has been published that in the spring of the year 1893 I adjourned a term of the court in Ulster County for the purpose of participating in a municipal election. I never heard of it before my nomination.

In the spring and early summer of that year two terms of court were held in Ulster County. The court records show that the first one held in April was held by Alton B. Parker, who both opened the court and adjourned it after a session held by him lasting between two and three weeks.

The June term of the court, the court records show, was held by Justice Edwards, who opened the court, held it for the usual length of time and adjourned.

I was the General Term judge at that time and not a trial justice. I had been assigned to hold a term of the court in Ulster County. The then Mr. Justice Parker was at the time of my assignment, a member of the Second Division of the Court of Appeals. In the mean time that division was dissolved, and he resumed his position as a trial justice and held the term of the court in question.

A variation of this charge is that I adjourned the court for the purpose of aiding in the Maynard election. Judge Maynard, you will recall, ran in the fall, and not in the spring of the year for election. The records of the court show that I was not present at a term of the Supreme Court in Ulster County in the fall of the year 1893.

The only participation I had in that election was that of any other voter, to vote. I did not conduct the canvass.

In the fall of the year I sat with my associates in General Term at Saratoga Springs.

No court ever held by me was ever adjourned or any case postponed or judicial duties neglected on account of any participation in politics.

I never countenanced or abetted an election fraud, but have frustrated and stopped them. I never bought a man's vote in my life.

There is another matter to which I desire to refer. It has been charged in the newspapers, in substance, that in a litigation pending in our courts, commonly known as "The Argus" case, I sent for one of the parties while the case was pending before me, and, in substance, informed him that if he would act with my friends, the decision rendered by me would be in his favor.

That charge is utterly false and unfounded. I did have a conversation with one of the parties to the litigation before the litigation commenced and before, as far as I know, there was any thought of litigation. An examination of the published affidavit shows that the conversation took place on March 29, I think, and while negotiations for the purchase of stock were going on. This was some time prior to the election of officers of "The Argus" company, which was the subject matter of the litigation. Some weeks after that conversation the election was had, and thereafter the litigation commenced.

The case was not tried before me upon the merits, but before Judge Parker; but after it was decided an application was made to me for a stay of proceedings pending appeal, a very common application and one very commonly granted. Word came to me that if I heard the application my reputation as a judge would be ruined by the press of the State. A coward has no place upon the bench. I heard the application. I granted the stay of proceedings, but upon conditions that expedited and finally brought about an early and final determination of the whole matter.

No conversation was ever had by me with either of the parties to the litigation or either of the attorneys to the litigation concerning it after the litigation commenced, except what was had in open court.

All this was fully set forth in an opinion written by me at the time of granting the application.

And, in conclusion, let me say that for many, many years it has been the rule of my life not to do anything that I was afraid or ashamed to have the whole world see and know. Of course, I have made errors and mistakes. I presume I will continue to do so, but there is nothing which I have done that I am afraid or ashamed to have the whole world know, provided the truth, the whole truth and nothing but the truth concerning it is told. Whatever I have done has been done not secretly or clandestinely, but openly and boldly.

JAPANESE CHARGING A RUSSIAN BATTERY.

UNDER THE WHITEWASH

Accusations Against Herrick in a Sworn Affidavit.

Public discussion of Justice Herrick's judicial behavior was started in 1893 by the case of "The Albany Argus," a Democratic newspaper owned by Senator Murphy, the estate of ex-Governor Flower and the Manning interests. William McMurtrie Speer was ousted from the place of editor with the aid of the police, who were the agents of the Herrick machine, because he had been accused of being lukewarm to the machine. The question of the posession of "The Argus" was argued before Justice Alton B. Parker, who decided in favor of Mr. Speer.

Then Justice Herrick granted a stay to the Manning interests. William N. Cohen, as counsel for Mr. Speer, objected to arguing the motion for a stay before Justice Herrick, saying that Justice Herrick had discussed the policy of "The Argus" with Mr. Speer. Then Mr. Speer made an affidavit, telling of the conversations he had had with Justice Herrick about "The Argus." This affidavit disappeared from the files of the Supreme Court in Albany, together with a card of Justice Herrick which had been sent to Mr. Speer asking for an interview.

Extracts from the affidavit of William McMurtrie Speer, in "The Argus" case, which disappeared from the file of the Supreme Court in Albany:

I am one of the directors of the above named petitioner, the "Argus" company, and the treasurer of the said company. **While I was negotiating for the purchase of the Worthington**

Continued on third page.

$2.50 TO PHILADELPHIA AND RETURN $2.50 via Pennsylvania Railroad account of Columbia-Pennsylvania Football Game, Saturday, October 22nd. Special train leaves West 23rd Street, 10:55 a. m., returning at close of game.—Advt.

CLERGY PRAISE U. S. RULE

AGREE POLICY IS WISE.

Bishops Commend American Administration in Philippines.

[FROM THE TRIBUNE BUREAU.]

Washington, Oct. 18.—Evidence of unimpeachable character and from sources prone to disagree on many subjects, attesting the justice, the wisdom and the progressiveness of American administration of Philippine affairs, continues to appear. The Rev. Dr. Arthur Judson Brown, secretary of the Board of Foreign Missions of the Presbyterian Church, in his recent work, "The New Era in the Philippines," pays a remarkable tribute to the American government in its relations with the islands. He says:

As American citizens we may cherish a pardonable pride that during this emergency of our country as an Asiatic power our national policy has been shaped by such men as President McKinley, President Roosevelt, Secretary of State Hay, Secretary of War Root and Governor Taft. No other Americans since Washington have had to grapple with more stupendous problems. Our history furnishes no precedents to guide, the new peoples no intelligence to help. Order, liberty and justice had to be created out of chaos, bondage and oppression.

Amid these extraordinarily difficult conditions these men have shown a boldness of initiative, a wisdom of execution, a fertility of resource and a breadth of mind and heart which place them among our greatest statesmen. Theirs has been the prescience to know

When to take
Occasion by the hand, and make
The bounds of freedom wider yet.

There should be no politics in our support of their policy, no sectarianism in our prayer that the God of nations may continue to guide aright those upon whom such solemn responsibilities now rest.

The Right Rev. Dr. Charles H. Brent, Protestant Episcopal Bishop of the Philippines, has expressed his views, gleaned from personal contact with Philippine conditions, in an article in "The Churchman" for October 1, in which he says:

To-day the one force that makes for peace and unity (in the Philippines) is the American hand. If the natives appear restless and discontented under the existing regime it is largely due to the fact that a handful of intriguers and demagogues in the archipelago and kindly, though I venture to think mistaken, theorists in America have disturbed the equanimity of an excitable race, the majority of whom would have accepted American leadership, not only with contentment, but with gladness, after the natural suspicion that our conduct would be a repetition of Spanish latter day tyranny and misrule had been allayed. . . . The leading opponents of the present policy have never set foot in the islands, and are incompetent to deal with the facts in the case. Those of us who are convinced that we are pursuing the one course honorable to ourselves and just to the Filipino are not unmindful of our national heritage or of the principles of liberty.

Dr. Warren, Methodist Bishop of Colorado, who was recently in Washington, said, referring to the Philippines:

We should, not only for the benefit of the Filipinos and not only for the benefit of Americans, but for the benefit of all Christian nations, for the benefit of mankind, regard it as of the utmost importance that the work begun in the Philippines should go on. The flag should continue to float over the Philippines.

The high regard which the fairness and justice of the present administration of the Philippines have compelled from the hierarchy of the Roman Catholic Church has been related in these dispatches on several occasions. In yesterday's dispatches the opinion of Archbishop Harty, of Manila, was quoted, to the effect that he hoped for the election of President Roosevelt that the excellent work being done might not be interrupted, together with his prophecy that "under divine guidance the beneficent rule of America is destined ultimately to place the Christian Malay race on a moral and political plane that as yet has never been attained by an Oriental people."

Bishop Fowler, at the recent Methodist missionary convention, in Philadelphia, expressed views that entirely coincided with those quoted, and the Rev. G. F. Pentecost, special foreign commissioner of the Presbyterian Church, recently declared that America was in the East because "God and humanity needed her there."

The prominent churchmen here quoted prove how erroneous and unfounded are the various campaign allegations that the United States is destroying the liberty of a foreign people and acting the part of the tyrant and the oppressor.

ELOPES WITH ONE; WEDS ANOTHER.

Girl Rescued from Police by Future Husband —First Lover Arrested.

[BY TELEGRAPH TO THE TRIBUNE.]

Pittsburg, Oct. 18.—Emil Pars and Margaret Haltinger, who had been schoolmates in the old country, were married in Braddock to-night at the home of Mrs. Andrew Wargo. About a week ago Margaret eloped with a married man from her home in Passaic, N. J., and they came to Braddock, where Desider Demetsky, the man, was arrested and sent to New-Jersey. The girl mourned in the police station until she attracted the attention of Pars, who is a well-to-do young contractor. Pars soon found that he and Margaret had been schoolmates, and he took her out of the hands of the police.

WEINSEIMER IS GUILTY.

THE JURY OUT SIX HOURS.

Convict the Former Labor Leader Alliance of Extortion.

Smilingly expecting acquittal, Philip Weinseimer, ex-president of the Building Trades Alliance, and charged with extortion, heard a verdict of "Guilty, as charged in the indictment!" returned by the jury just before midnight last night. The jury had been out six hours. Weinseimer was then remanded to the Tombs until October 28, when sentence will be pronounced. His counsel announced at once that an appeal would be taken, on the ground that the verdict was contrary to the weight of evidence. Weinseimer has been on trial, charged with the extortion by threats of $2,700 from George J. Essig, to call off a strike on the Chatsworth apartment house, at Seventy-second-st. and Riverside Drive.

The jury went out shortly before 6 o'clock. Two hours were spent in dining. The longer the jury stayed out the more confident did Weinseimer's attorneys grow. Assistant District Attorney Rand, who conducted the prosecution, was accordingly depressed. Either acquittal or disagreement was fully expected by the defence, when at 11:49 the jury filed back into the courtroom.

Weinseimer had been in court for nearly two hours, sitting in the back of the room. Mrs. Weinseimer was absent. As the foreman prepared to give the verdict Weinseimer stood close to the rail with half a smile on his face. When the verdict, "Guilty," was pronounced he trembled and staggered against the rail. Grasping the rail, he steadied himself with considerable effort, and relapsed into stolidity after a quick glance at counsel and jury. His pedigree was then taken.

Only one ballot was taken by the jury previous to dinner, and up to 11 o'clock only one other ballot was taken. It is said that the majority was for conviction on each ballot, standing 9 to 3. On the last ballot all were for conviction.

Yesterday morning, when his trial opened again, Weinseimer took the stand for cross-examination by Assistant District Attorney Rand.

The prisoner was then taken in hand by his counsel, Mr. Raines, for redirect examination.

"Have you at one time had more than $7,000 in the bank?" asked Mr. Raines. The objection of Mr. Rand was sustained.

"Was there a place deeded to you by your mother-in-law to a $3,000 mortgage?"

"Yes, sir."

In summing up for the defence Mr. Raines said in part:

There has been perjury here. Essig has shifted in his testimony and has contradicted himself time and again. I insist that he is a tool in the hands of powerful interests, and it was the opportunity of his life to show his friendship for the Employers' Association. Mr. Essig is a well prepared tool, given to hysterical, heroic stunts.

Mr. Rand, for the prosecution, said in part:

Emphasis has been placed here on the fact that the complaint against Weinseimer was not made to the District Attorney's office till July, while the $1,000 was paid to the defendant in December. The defence pretends to see in this delay the seeds of the great conspiracy they charge. What are the facts? The facts are that the Johnson-Kahn company had millions of dollars tied up in the Chatsworth apartment house, and it was merely a matter of business with them to delay action in this matter until the building had reached completion. It was simply and solely a matter of business, and was in no way incriminating or suggestive of any conspiracy.

Judge Newburger began his charge to the jury at 5 o'clock. In beginning he read the section of the Penal Code and statutes relating to extortion, as charged in the indictment. Then he declared:

The mere form of a threat is immaterial, and no precise words are needed to convey the idea of threat. To determine whether the defendant was inspired by fear, it is not necessary that any covert act should be committed. It is not necessary that any hand be raised or any violent word uttered. A threat may be conveyed by innuendo and suggestion. All the circumstances surrounding the alleged extortion must be taken into consideration, to show that the demand was a threat. The question is whether the defendant conveyed the idea that he could and would, as president of the plumbers' union, do harm to the defendant by preventing the completion of the contract. If the action and conduct of the defendant were such as to inspire the complainant with a sense of danger to his business interests, there was intimidation in the sense of the law. If the complainant consented to pay over money in consequence of such threats, your verdict should be guilty.

Mr. Rand also conducted the various cases brought against "Sam" Parks, Parks's first trial was for assault. He was convicted of assault in the third degree on August 6, 1903, having struck another delegate of the Housesmiths and Bridgemen's Union. His trial for extortion from Josephus Plenty began on August 13, and he was convicted on August 26, being sentenced to not less than two years and six months nor more than three years and six months. He was released from prison under heavy bail, pending a new trial. While out he led the Labor Day parade, and attended the convention of the International Association of Bridge and Structural Iron Workers in Kansas City. There he was made much of.

He then returned to this city, where he was deserted by most of his friends, and went on trial the second time for extortion, the Tiffany Studios being the complainant in this case. In all, six indictments were found against Parks for extortion, one for assault and one for perjury growing out of his testimony in the Plenty case. Parks died in Sing Sing Prison from consumption.

LOREE MAY GO TO MEXICO.

Rumor That Rock Island's Ex-Head Will Manage National Roads.

[BY TELEGRAPH TO THE TRIBUNE.]

Austin, Tex., Oct. 18.—Advices from Mexico state that it is reported there that L. F. Loree, who recently retired from the presidency of the Rock Island as a result of official friction, is to become the active manager and head of the merger railroad system of Mexico.

This system includes the National Railroad of Mexico, the Interoceanic Railway of Mexico, the Mexican International Railroad and the Vera Cruz and Pacific Railroad. The fiscal representatives of the Mexican government in its ownership of the roads are Speyer & Co., and it is said in the letter received here to-day that there is little doubt that the firm will see that he is well taken care of.

Another incentive which leads Mr. Loree to consider the Mexican proposition favorably is that he may be again in a position to vindicate himself of the charge that has been made that he does not know how to operate Western railroads successfully. The Mexican lines are strictly Western, so far as methods of operation are concerned. At present only the National Railroad of Mexico, the Interoceanic and the International are included in the merger system, but it is purposed to take in the Vera Cruz and Pacific and the National Tehuantepec about the first of the coming year, if satisfactory arrangements can be made with the lessees of the last named road.

INTEREST AND DIVIDEND.
Every housewife ought to be interested in the famous CRYSTAL DOMINO SUGAR, for sweetening tea or coffee. Its purity and convenience yield a dividend of satisfaction to all. 5 lb. sealed boxes only. Grocers everywhere.—Advt.

A BEATEN ARMY RALLIES

RUSSIANS GAIN GROUND.

Japanese Left Reported Cut Off—Lone Tree Hill Held.

The Russian and Japanese armies are still engaged in the desperate conflict south of Moukden. Little advantage seems to have been gained by either side, though there are reports that the Japanese left has been driven in. Bad weather, a dispatch from the battlefield said, caused the fighting yesterday to slacken.

General Kuropatkin, according to a dispatch from Moukden, has gained ground southward, resuming the offensive against the three Japanese armies. The telegrams were not official, though it was said in St. Petersburg that the Emperor had received confirmation of the news. Official advices from Tokio bring the situation up to Monday night, when the Japanese commander reported that Russian attacks all along the line had been repulsed.

Field Marshal Oyama confirmed the reported loss of artillery on Sunday. A detachment under General Yamada was cut off and forced to abandon nine field pieces and five mountain guns. The commanders of both armies reported that troops were massing on both centre positions along the Shakhe River. The roads are said to be impassable.

STILL LOCKED IN BATTLE

Desperate Fighting Goes on Despite Heavy Rains.

Moukden, Oct. 18 (Night).—It is reported that the Russian army is advancing. Rain is hindering everything. The fords and roads are impassable. There are no bridges. Supplies of all sorts are delayed.

Cossacks brought in captured guns and Japanese wounded on October 17. Russian soldiers surrounded the prisoners and gave them bread and water, and in other ways tried to relieve their wants.

News has just been received that the Japanese left flank has been driven back with heavy loss, and its retreat cut off. A Russian regiment is now being hurried to the scene in the hope of completing the rout.

The Russians are retaining the ground gained at the Shakhe River. Several Maxims have been captured. The firing ceased for a time after dark to-day.

An officer who has just returnd from General Mistchenko's division reports that a fierce fight has taken place at Laitkhezi, fifteen miles southeast of Shakhe, a fort to which General Mistchenko retired in order to preserve communication between the Russian centre and eastern flank. The Japanese made a determined effort to cut the line of communication at this point, and attacked under cover of a terrific cannonade. Out of one company of a Russian rifle brigade only fifty men were left. Two companies that had expended their ammunition prior to the last Japanese attack lay in the trenches until the Japanese were within a few paces. Then the Russians hurled a volley of stones, charged and broke the attacking line, compelling the Japanese to flee.

There was fighting to-day on both sides of the Great Mandarin road.

General Kuropatkin is indefatigable, personally directing the forward operations. Nothing seems to affect him.

It rained during the night, but the roar of the artillery did not cease for a moment. The day broke cold and with a cutting wind.

Lone Tree Hill, won by the Russians after a desperate struggle, was the object of a gallant, but unsuccessful attempt at recapture by the Japanese. In spite of the awful slaughter with which they had been driven from the hill, the Japanese returned to the charge last night, recognizing that the hill was the key to the position on the southwest front. Nine regiments crept up through the night and delivered a furious assault at dawn, but the hill had been bought too dearly by the Russians to relinquish it, and the Japanese were driven back with terrible slaughter.

Another report from General Mistchenko's Cossacks says that a detachment under command of Adjutant Gavrilloff was engaged in a hot fight yesterday toward the southeast. A Cossack horse battery silenced the Japanese guns and drove back several infantry battalions, but was unable to capture the guns, which the Japanese succeeded in carrying off.

Shakhe station, or what is left of it, has been recaptured by the Russians, who will soon reopen it for railway traffic with Moukden.

The fighting in the early part of yesterday was chiefly confined to the Russian centre at Shakhe River, and was mostly carried on by the artillery, the Japanese using big guns and high explosive shells.

In the nine days of continuous fighting the losses were never less than 2,000 a day. The hospitals are hardly able to handle the wounded. Nevertheless, they have performed wonders.

It is reported that the Japanese made a furious attempt to take a wooded hill near Da Pass last night. The firing began at 11 o'clock and continued with rifle and cannon through the night. This action probably was a part of an attempt by the Japanese, who were already in possession of small hills in the plain, to rush the centre along the foothills at the Shakhe River.

The Chinese have deserted all the villages and the troops are using the woodwork of their houses for fuel. The country south is desolated.

The World's Fair is in full blast—the greatest Exposition the world has ever seen, and the way to reach it is by the West Shore or New York Central. Ask ticket agents.—Advt.