CHARGE PADDING ROAD SECURITIES

$240,000,000, OR 40 PER CENT OF CAPITALIZATION SOFT "WATER".

Special to The News

CHICAGO, Ill., July 22.—The following discussion of the conditions affecting the earning powers of railroads, has been given out here by the headquarters of the engineers and firemen who are threatening to strike for more favorable working conditions, to sustain their contention that they are not paid a just wage by the railroads for which they work.

During the fifteen years, 1885-1910, the Atchison, Topeka and Santa Fe Railway issued excessive capitalization amounting approximately to $240,000,00. This "water" injected in to the securities of the company was 40 per cent of the total outstanding capitalization. At least 60 per cent of the stocks and bonds issued for reorganization purposes in 1895 did not represent a dollar added to the earning capacity of the property. The annual dividend charge upon watered stock alone at the present time absorbs $9,164,627 of the operating revenues of the company. This amount is considerably more than double the total amount paid each year by the Santa Fe in wages to its firemen and engineers, or, in other words, had the company not been burdened with excessive stock issues it could increase the wages to its firemen and engineers 750 per cent and be in the same financial condition as it is today. From 1895 to 1913, the total dividend disbursements by this railroad upon excessive stock issues were in round numbers $103,000,000. This enormous amount of operating revenue should have been available for increased wage payments to employes, or lower rates to shippers. It is evident that the profiles of the company arising from the increased productive efficiency of its employes and from other causes have been absorbed by excessive capital issues. Were it not for the financial management which has brought about this and similar situations, engineers and firemen who are now requesting a more equitable participation in the output of their labor on Western railroads, would not be confronted with the unwarranted and indefensible claim that operating revenues have been eaten up by an advance in labor costs.

The forezoing statements are based upon data relative to the Santa Fe now on file at the United States Interstate Commerce Commission. Briefly stated, the most significant facts relative to the financial management of the company since its reorganization in 1895 have been as follows:

1. Since the Atchison, Topeka and Santa Fe Railway Company took over the property of the Atchison, Topeka and Santa Fe Railway Company on January 1, 1896, it has issued (up to 1911) stocks and bonds to the par value of $654,711,962.71.

2. For reorganization purposes, securities were issued with a market value of $554,541,789. The securities were exchanged for securities with a market value, based on contemporaneous market quotations, of only $149,902,484.82, or 59.14 per cent of the par value of the securities issued for these. The par value of the securities issued at the time of the reorganization, therefore, exceeded the market value of the securities obtained by the enormous sum of $213,628,576. In other words, approximately 60 per cent of the securities issued for reorganization purposes was water.

3. Prefered stock, general mortgage bonds to the par value of $15,562,600 were issued in exchange for the securities of the Western Division of the Atlantic and Pacific Railroad Company. The cash value of this property was only $4,594,600, or 26.42 per cent of the Atchison securities issued for it. The acquisition of this property, therefore, represented the issuance of practically $12,000,000 of fictitious Atchison capitalization. If the transaction be considered from another angle, it is seen that the securities issued for the Western Division of the Atlantic and Pacific Railroad had a market value, based on contemporaneous quotations, of $9,157,222, or were worth in the open market approximately twice as much as the cash value of the property for which they were exchanged.

4. In 1898 $19,103,000 general mortgage 4 per cent gold bonds of 1953 were issued in exchange for guaranteed fund notes of a par and market value of $8,000,000. These bonds were, therefore, issued for securities equivalent in cash to 83.77 per cent of their par value. Contemporaneously with such issues, these bonds were sold in the open market at from 101.06 to 109.05 per cent of their par value, and were sold to bankers at from 93.382 to 98.7574 per cent of their par value. Assuming, conservatively, that they were worth par in the market, the excess issue was $1,498,000. Interest on this amount is $59,920 annually, or a total of $7,259,520 from the operating revenues of the company will have to be dissipated during the life of these bonds.

5. Altogether, since the organization of the present company, it appears that securities of a total par value of $446,671,480, have been issued for considerations other than cash. The company has reported that it has received for these securities, property of a cash value of $445,122,480. The cash value of this property, however, based on contemporaneous quotations of sales on the New York Stock Exchange, was not in excess of $219,534,194.82. This amount is only 49.1 per cent of the total par value of the securities issued by the Santa Fe acquired, or in other words, 50.9 per cent of the capital was fictitious and represented no tangible assets. Interest upon this amount at 5 per cent per annum is $8,541,444, or practically double the total amount paid annually for locomotive engineers and firemen on the Atchison, Topeka and Santa Fe Railway.

6. At the time of the reorganization of the Santa Fe, common stock to the par value of $101,955,400 was issued. The market value of this stock was only 15.73 per cent of par. There was, at the beginning of the new company, no basis on which its securities could be valued other than the cash value of the property for which they were issued. The total market value of all the new securities during the first few months in which they were bought and sold was in fact, approximately the gross amount which the old securities exchanged therefor were worth in the market. Conceding that the true value of the new issues corresponded, therefore, to their market value at this time, about 84.27 per cent, or about $86,000,000 of the common stock issued was "water."

The dividend records on the common stock has been as follows:

1897—2 1-2 per cent
1902-1907—4 per cent
1908—4 1-2 per cent
1907—6 per cent
1909—2 per cent
1909—2 1-2 per cent
1910-1912—6 per cent

Up to June 30, 1913, thirty-two cash dividends had been paid on the fictitious common stock aggregating a total disbursement of more than $48,000,000. In other words, this enormous amount would have been available from operating revenues during the period 1907-1913 for increased wage payments to locomotive firemen and other labor, for additions and betterments, or for the reduction of passenger and freight charges, had the road been properly capitalized at the time of its organization. The annual dividend at 6 per cent upon the watered common stock of the Atchison, Topeka and Santa Fe Railway amounts to $9,160,000. This is $790,000 in excess of the total yearly compensation of locomotive engineers and firemen on the Santa Fe System.

7. When the Atchison was reorganized, $104,994,920 of preferred stock was also issued. Up to June 30, 1913, the company had paid twenty-nine cash dividends upon this stock as follows:

1898—2 1-2 per cent
1906—4 per cent
1904-1913—5 per cent.

Applying the method of valuation adopted in the preceding section, $79,812,946 of this preferred stock was "water." The dividend payments upon same have reached the enormous total of $54,871,292. The annual dividend requirement upon the fictitious preferred stock, mounting to $79,812,946, at 5 per cent per annum, is $3,990,647. In other words, were it not for the absorption of operating revenue by the improper dividend payments upon the preferred stock more than 89 per cent of the amount which is now paid to locomotive engineers and firemen would be available from such revenue for increased wage payments and for other legitimate purposes.

8. If both classes of stock are considered together, it is evident that, as the result of the reorganization of 1895, the Atchison stock issues were inflated, without adding anything to the value of the property or to its earning capacity, in the amount of $166,896,184. Dividends are now paid on this watered stock to the amount of $9,147,627 annually. This amount is considerably more than double the total annual payments by the Atchison to its locomotive engineers and firemen.

THEY CAN BE TRUSTED TO ELIMINATE SUBSTITUTION.

There is no law on the Statute Books to reach the dealer who offers you a substitute. There should be because he is just as dishonest as the grafter who gives short weight or short measure.

You would stop dealing with a grocer who put sand in sugar. Well, the dealer who tries to palm off a "Just as Good" or "Orphan Brand" when you ask for a well known article is the same type of dealer—the type you cannot with safety afford to patronize.

He knows when he offers you his inferior substitute, he is asking you take something you know nothing in the place of something you know is reliable. What is the reason? There is greater profit in the sale of inferior articles.

Be wise! Be a law unto yourself. Shun the dealer who offers you a different make article than the one you ask for.

Say: "No, I belong to the 'Get What You Ask For' League." Remember, always insist, "I want so and so."

"Get What You Ask For"

National Anti-Substitution League, Philadelphia

WHEN THE PEOPLE KNOW THE TRUTH—

Amusements

At The Mission.

The Sheriff of Bunco (Two Reel Drama) K. B.
Title not received (Comedy) Keystone
Title not received

Loyalty of Men.

The unbought loyalty of men is the chief defense of nations.—Burke.

TOO LATE TO CLASSIFY

LOCUST TREES—Grown in the Panhandle on non-irrigated land, any size from one to five years old. Priced below the market. Address Kid McCoy, McLean, Texas. 225-1p

FOR SALE—7 horse power twin Indian motocycle cheap, for cash or on monthly terms. See A. M. Hughes, rear First National Bank. 225-3p

FOR SALE—Furniture, good condition, cheap. 809 S. Lincoln. 225-3p

FOR RENT—Two nicely furnished light housekeeping rooms with gas, call at 507 West Seventh street. 225-3tc

"Dr. Wolcott will return to Amarillo Monday, July 27. New offices. Glasses Fitted. Catarrh Treated." 225-1t

WANTED—Second hand furniture. Phone 540. 225-6t

LESS WHITAKER

Hants Support of All Voters in Race For Assessor.

Among the various candidates for county officers there is non more active presenting his claims than is Less Whitaker, who is making the race for County Tax Assessor. Less is making the race on his own merits and not on the demerits of his opponents.

Mr. Whitaker has for seven years and eight months been working as machinist at the Denver Round House at Shops and there is not a more popular man among his daily associates than is Less. The men with whom he has toiled are active supporters of his and they are making things warm for the opposition.

He is secretary of the local machinist union and has been honored with various union positions during his many years of membership in union organizations.

Mr. Whitaker has a family and has during his eight years residence in Amarillo, been an honored citizen of the East side, and for references he refers you to any of his neighbors as well as to men with whom he has been associated as a workingman. He has been identified with the various movements that have been agitated for the betterment of civic righteousness, and has been looked to as a leader among his fellows, and is a sober upright industrious gentleman, well qualified to fill the office to which he aspires.

Mr. Whitaker and his friends are endeavoring to see the entire voting population in his behalf and he expresses thanks to his many friends who are advocating his candidacy before the people. If he does not see you before election he desires that you make a thorough inquiry and be governed accordingly and assures the people if elected he will give to the office his entire time and serve with the same efficiency that has [illegible] his past vocations.

(Advertisement.)

Income Tax Hits New Champion.

LONDON, July 22.—Freddie Welsh has learned since his recent defeat of Willie Ritchie, that the life of a champion pugilist is not altogether a bed of roses. Since he acquired the title he has received a demand for over $1500 income tax, the assessment being based on the assumption that his income has received a big boost since he became champion. As Welsh expects to have to pay a similar tax in the United States where he has farm interests and where he expects to make his future home he is beginning to wonder how much he will have left after he is through paying his taxes.

Atlanta Battle Anniversary.

ATLANTA, Ga., July 22.—Under the auspices of the United Confederate Veterans and other organizations the semi-centennial of the historic battle of Atlanta was observed today. It was on this date fifty years ago that the Confederates under Gen. Sherman's army made their first sortie from Atlanta, attacking the left wing of Gen. Sherman's army at Decatur. Gen. McPherson of the Federal army and Gen. W. H. T. Walker of the Confederate army were killed in the engagement. The Confederates, though successful at first, were finally repulsed.

New Trotting Record.

CLEVELAND, O., July 22.—Ethawah 2:11 today trotted a mile in 2:04, establishing a world's record for a four year old of either sex.

The old record was 2:05 1-5 made in 1893 at Directum.

Aeschylus at Syracuse.

For four days in April dramas of the Athenian tragic poet Aeschylus were performed in the old Greek theater at Syracuse, in eastern Sicily. Aeschylus has long been popular in Syracuse. Twenty-five centuries ago Athenian prisoners taken in the great defeat before that city, and sold as slaves after the custom of the time, earned their freedom by reciting the verses of their great poet. Perhaps some of the men thus set at liberty organized a company and acted "Prometheus Bound" or "The Persians" in the same theater where the same plays will be presented next spring. The poet who is held in favor for 2500 years in one place cannot complain of public fickleness.

Spread of Gipsy Moth by Wind.

Experiments conducted by the United States Bureau of Entomology prove that the newly-hatched caterpillars of the gipsy moth may be blown, under favorable conditions, a distance of six miles or more. Thus the wind is an important factor in the spread of this destructive pest.

Mere Child's Play.

"What's all that cheering in the street?" "Don't bother, dear. It's only baby jumping off the roof with a parachute."

Try Daily News Want Ads.

VOTER MUST KNOW ABOUT CANDIDATE

(Continued from Page One.

voter directs him to mark it. The election judge can make no suggestion to the voter, but the voter must make the suggestions to the election judge. The voter must have fully informed himself, as stated before upon all questions involved in the election. In other words, the vote cast must not be the vote of the election judge.

"It therefore follows that the election judge would not have the authority to tell the person offering to vote what would be the effect of his ballot if he voter a certain way upon a certain proposition, but simply follow the instructions of the voter. If the voter does not understand the issues involved in the campaign nor what the candidates stand for his defect is intellectual and not physical and can not be supplied by the election judge."

Outdone by a Circus.

"Adam had all kinds of animals," said the little girl. "Yes," replied her small brother thoughtfully. "But he didn't have any clowns or trapeze performers."

You're Bilious and Costive!

Sick Headache, Bad Breath, Sour stomach, Furred Tongue and Indigestion, Mean Liver and Bowels clogged. Clean up tonight. Get a 25c. bottle of Dr. King's New Life Pills today and empty the stomach and bowels of fermenting gassy foods and waste. A full bowel movement gives a satisfied, thankful feeling—makes you feel fine. Effective, yet mild. Don't gripe. 25c., at your Druggist.

Bucklen's Arnica Salve for Burns. (Adv.)

IN ONE MINUTE CLOGED NOSTRILS OPEN—COLDS AND CATARRH VANISH

Stops Nasty Discharge, Clears Stuffed Head, Heals Inflamed Air Passages and You Breathe Freely.

Try "Ely's Cream Balm."

Get a small bottle anyway, just to try it—Apply a little in the nostrils and instantly your clogged nose and stopped-up air passages of the head will open, you will breathe freely; dullness and headache disappear. By morning! the catarrh, cold-in-head or catarrhal sore throat will be gone.

End such misery now! Get the small bottle of "Ely's Cream Balm" at any drug store. This sweet, fragrant balm dissolves by the heat of the nostrils; penetrates and heals the inflamed, swollen membrane which lines the nose, head and throat; clears the air passages; stops nasty discharges and a feeling of cleansing, soothing relief comes immediately.

Don't lay awake tonight struggling for breathe, with head stuffed; nostrils closed, hawking and blowing. Catarrh or a cold, with its running nose, foul mucous dropping into the throat, and raw dryness is distressing but truly needless.

Put your faith—just once—in Ely's Cream Balm" and your cold or catarrh will surely disappear.

(No. 1)

London's Foreign Quarter.

Soho, the district around which now centers the night life of London, is one of the most interesting parts of the old city. In the last 300 years it has changed from the most fashionable residential quarter through the stages of aristocratic bohemianism and business invasion to becoming the most distinctive foreign quarter and the nucleus of that little section where life begins at midnight and ends with early breakfast, says a writer in the New York Tribune.

Bucklen's Arnica Salve for Cuts, Burns, Sores.

Mr. E. S. Loper, Marlin, N. Y., writes: "I have never had a Cut, Burn, Wound or Sore it would not heal." Get a box of Bucklen's Arnica Salve today. Keep handy at all times for Burns, Sores, Cuts Wounds. Prevents Lockjaw. 25c., at your Druggist.

(Adv.)

Daily Thought.

As the flowers carry dewdrops, trembling on the edge of the petals, and ready to fall at the first waft of wind or brush of wing of bird, so the hearts should carry its beaded words of thanksgiving, and at the first breath of heavenly favor let down the shower perfumed with the heart's gratitude.—Beecher.

Always Lead to Better Health.

Serious sickness starts in disorders of the stomach, liver and kidneys. The best corrective and preventive is Dr. King's New Life Pills. They Purify the Blood—Prevent Constipation, keep Liver, Kidneys and Bowels in healthy condition. Give you better health by ridding the system of fermenting and gassy foods. Effective and mild. 25c., at your Druggist.

Bucklen's Arnica Salve for All Hurts.

(Adv.)

Our July Unloading Sale

Closes Saturday Night, July 25th

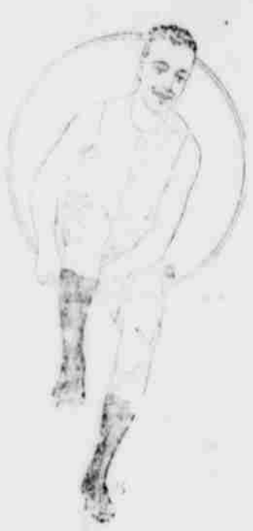
If for any reason you haven't taken advantage of the wonderful bargains we are offering, come one of the three days and get your share.

MEN AND BOYS' CLOTHING DEPARTMENT

EVERY SUIT MUST GO REGARDLESS OF COST.

Men's $22.50 Adler Suits, unloading sale price $12.95
Men's $18.50 Adler Suits, unloading sale price $10.95
Men's $15.00 Suits, unloading sale price $9.95
Men's $12.50 Suits, unloading sale price $8.95
Boys' $7.50 Suits, unloading sale $4.45
Boys' $6.50 and $6.00 Suits, unloading sale price $3.95
Boys' $5 Suits, unloading sale price $3.25
Boys' $4 Suits, unloading sale price $2.45
Men's $5 Pants, unloading sale price $3.95
Men's $4 Pants, unloading sale price $2.95
Men's $3.50 Pants, unloading sale $2.45
Men's $2.50 Pants, unloading sale $1.75

Reduced Prices on Boys' Pants



SHOES! SHOES! SHOES!

Women's $4.00 Oxfords and Pumps, unloading sale price $2.45
Women's $3.50 Oxfords and Pumps, unloading sale price $1.95
Women's $3.00 Oxfords and Pumps, unloading sale price $1.75
Women's $2.50 Oxfords and Pumps, unloading sale price $1.49
Women's $2.00 and $2.50 White Canvas Oxfords, while they last $1.29
Men's $5.00 Walkover Oxfords, unloading sale price $3.49
Men's $4.50 Walkover Oxfords, unloading sale price $3.39
Men's $4.00 Walkover Oxfords, unloading sale price $3.19
Men's $3.50 Walkover Oxfords, unloading sale price $2.79

MEN AND BOYS' FURNISHING DEPARTMENT

Men's B. V. D. Union Suits, unloading sale price 79c
Men's Cooper Union Suits, unloading sale price 89c
Men's Fine Rib Union Suits, unloading sale price 79c
Men's 50c Balbriggan Shirts and Drawers, unloading sale price 35c
Men's 50c Poros-Knit Shirts and Drawers, unloading sale price 35c
Men's 50c Elastic Seam Drawers, unloading sale price 35c
Boys' 50c Poros-Knit Union Suits, unloading sale price 35c
Boys' Fine Rib Union Suits, unloading sale price 35c
Men's E. and W. Dress Shirts, $1.50 values, unloading sale price 79c
Men's Dress Shirts, 75c values, unloading sale price 39c
Men's 15c black and tan Hose, unloading sale price 8 1-3c
Men's 20c Hose, all colors, unloading sale price 12 1-2c
Men's Boston and Brighton Garters, 25c values, unloading sale price 15c

"GREER'S"

The Store With Both the "Buying and Selling Power."

We have just received a large shipment of new Fall Silks and Wool Goods.