

THE DIVIDEND ENLIGHTENED.

Apparently a compromise between necessity of the Road and Necessities of the Market—Urgently Needing Money, Yet Distributing Profits Faster Than Made.

Wall Street Journal, 28th.

The action of the Southern Railway directors in declaring a semi-annual dividend of 1 1/4 per cent. instead of the usual 3/4 per cent. looks very much like a compromise between the necessities of the road and the necessities of the stock market. The board was careful not to commit itself to a dividend basis of 3 per cent. by pointedly calling attention to the fact that the two declarations for this calendar year aggregate 4 per cent. The form in which the dividend announcement was issued, pretty clearly reflects the uncertainty in the minds of the directors as to whether the dividend may be continued at 3 or 4 per cent., restored to the full 5 per cent., or passed altogether.

No one can reasonably take exception to their statement that "the income account for the year reflects such abnormal and extraordinary conditions as may not reasonably be expected to recur." Conservative banking opinion is likely to agree with the board also that "it was the part of conservative prudence to limit the distribution of the profits of the company." In fact, it is almost sure to go further, and believe that it would have been the better course to limit the distribution of profits at least to the rate at which profits are being made. This the board decidedly failed to do. The formality of appropriating for dividend purposes a portion of the surplus income of the previous fiscal year (ended June 30, 1906) is of course mere bookkeeping. It does not alter the fact that the Southern Railway failed to earn even 1 1/4 per cent. in the six months to which, according to the custom of the company, this declaration belongs.

It is one thing for a road in easy circumstances to pay a part of its dividends out of the accumulated surplus of previous years, but quite another thing for a road which is in urgent need of funds, and which is fairly crying out its inability to borrow the capital it greatly needs, to take such action. Examples of a contrary course are abundant. The management of the Southern Railway openly defied a considerable faction of the company's stockholders for years in order to build up the road out of earnings. The Rock Island cut off its preferred dividends completely when that road was in circumstances very similar to those in which the Southern Railway now finds itself. The Reading has long kept its payments far below the road's earnings. In none of these cases is there now any hostility to this policy on the part of stockholders worth mentioning, nor is any one of these roads in sore need of funds for strictly railroad purposes.

The directors themselves refer to what many persons will consider should have been a powerful influence against their declaring any dividends at all. The fact that the company saw fit to go back to the earnings of the previous year to justify a partial dividend payment is not calculated to mollify the aroused public sentiment of North Carolina, Alabama and other Southern States, mistaken as this public sentiment may be in many points. While it is true that capital must have its compensation, the fact that other roads have seen fit to postpone distribution to their stockholders in times of stress is not unlikely to put the Southern Railway at a disadvantage before the investigating public, and its own constituency of shippers as well.

The board's opinion that the company's poor revenues are due to temporary conditions is all right as far as it goes, but does not stand analysis very well. Thus, the company ascribes the increase in the cost of conducting transportation chiefly to increased payrolls, and to the congestion of traffic. The first cause is one which will certainly not be removed by anything short of a general recession in business activity. In which event there will be all the more reason why dividends should not be paid. The second cause, unless it is relieved by this same disagreeable remedy, can only be overcome by the provision of additional track facilities and equipment.

Something which the Southern Railway certainly cannot expect to accomplish by paying dividends. In the last fiscal year the company charged against income account expenditures for this purpose aggregating only \$536,000, whereas the year before it reserved \$929,000 for improvements, besides carrying \$1,229,000 to profit and loss.

Against an increase of \$3,018,000 in gross earnings, operating expenses increased \$4,826,000, and of this last increase \$3,131,000 was due to the higher cost of conducting transportation. Maintenance of way increased \$528,000 and maintenance of equipment \$987,600. The ratio of operating expenses to gross increased from 74.15 per cent. to 78.85 per cent. and that of conducting transportation to gross from 28.8 per cent. to 42.3 per cent.

HARD ON THE AGENTS.

Enough Pennies to Make Change Hard to Get Hold of and Some of Them Are About to Throw Up Their Jobs.

Special to The Observer.

Winston-Salem, Aug. 26.—The new passenger rate which went into effect on all the railroads in North Carolina of more than 60 miles in length on the 8th of August is giving the ticket agent's no end of trouble, owing to the fact that pennies are required for almost every sale of a ticket. It seems that it is almost impossible for the agents in the smaller towns to provide their offices with enough pennies to make the correct change. The agents in the larger places, like Winston-Salem, fare considerably better than those in small towns as they can, by a little forethought and exertion, provide their office with pennies from the banks. As a result many of the clerks in the ticket offices of towns of 3,000 inhabitants are talking strongly of throwing up their jobs and seeking employment elsewhere.

A man who has just returned from a trip through the State remarked to your correspondent to-day that last Saturday morning an agent in a town of 3,000 inhabitants lost \$1 cent on account of his inability to make the proper change. The agent is working for \$1.50 a day; therefore, he lost one-third of his day's salary. He stated that in two or three instances the purchaser of the ticket lost rather than see the agent lose.

Utarrh—Nature's Own Cure. Herring's Catarrh Cure is Nature's own remedy: it cures by removing the cause. One bottle, price \$1, brings instant relief, followed by permanent cure. Not a patent medicine, but a scientific preparation guaranteed under the Pure Drug Act. Every bottle has the following testimonials of it: Atkinson's Drug Store.

October Cotton

Whether it be 12 or 15 cents will look good to us, but would either have been probable without Southern Mills.

Our first prosperity followed the day when we began to spin and weave our own cotton.

What's the matter with the South making its own Shoes? Let us tell you about a start in that direction.

Our RED SEAL Factory in Atlanta has a capacity of a pair a minute for every hour in the year, day and night.

We are turning out shoes, that for style, fit and finish have proven such free sellers as to make them go through our shopping warerooms like a mountain freshet runs down hill.

While we are sold up into September, we are increasing our output every day, making the shoes better every hour.

This gives us a place for 500 New Customers, we want them from the cash-buying, prompt-paying Merchants of the South.

If there is not a RED SEAL Shoe store in your town, let us together consider if our mutual interests can be conserved by a "traffic agreement."

We have named the kind of folks we want as customers, Merchants who provide for their contracts and meet their engagements promptly.

This enables us to give all our time and energies to perfecting the details of our Factory and Shipping facilities.

Here are some of the benefits to you of the RED SEAL System:

First—A reliable line of Footwear, made exclusively for Southern feet, and backed by thirty years' experience.

Second—A system of Advertising free, that will cause the best people of your section to make tracks to your front door.

Third—A reserve stock of ready to Ship Shoes at your call, Monday's orders for Saturday's trade. Turn your stock over four to six times a year. Do your present business on half the stock you now carry.

Fourth—Some relief from the freight congestion and delay in using a nearby market.

Fifth—There is going to be a big demand for Georgia Made Shoes, every pair sold will bring you a new customer.

Our salesmen leave this week covering the South from Virginia to Texas.

If ready to place your order before one reaches you, a postal will hurry him.

Who gives us his opening bill has put the corner-stone of Success into his business.

Correspondence solicited.

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Visitors to Atlanta will find some attractive bargains in our odd lots and sample cases, and the coolest sample room in town.

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These Suit Cases are made of clear selected grain Cowhide, russet color, best locks, fitted with both catches and straps, best folding Vienna handles.

Size 23-inch \$5.00.
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Notice of Good Roads Bond Election.

Notice is hereby given that the Board of Commissioners of Mecklenburg County, pursuant to the provisions of Chapter 35 of the Public Laws of 1907, has this day called an election, to be held on Thursday, the 19th day of September, 1907, for the purpose of submitting to the qualified voters of said county the question as to whether or not the said county shall issue bonds in the sum of \$50,000 the proceeds of which shall be used for the purpose of paying off the present floating indebtedness of said county and grading, building, repairing and otherwise improving the public highways and roads therein.

This the 6th day of August, 1907.
Board of Commissioners of Mecklenburg County.
BY W. M. LONG, Chairman.

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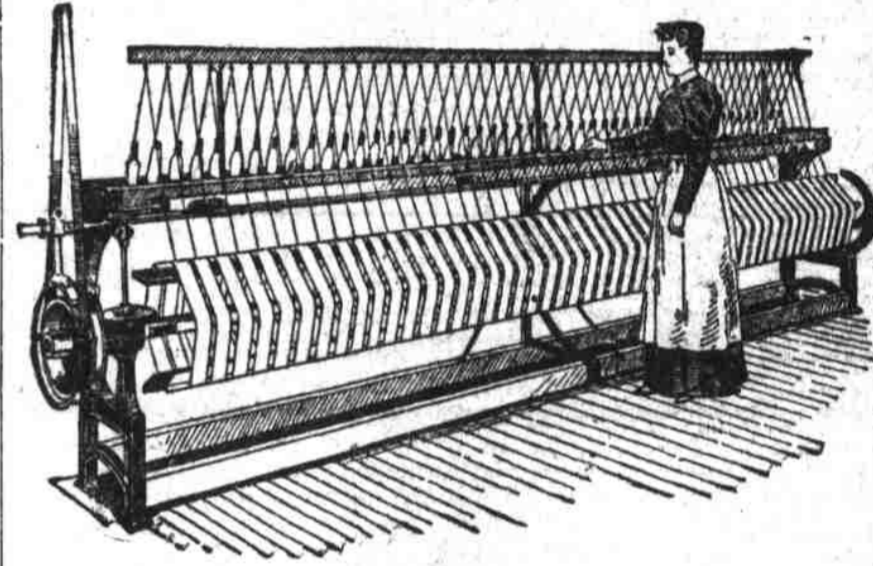
At our shops, 220 N. College street, we build about 30 different styles of business wagons, and you can save about 25 per cent. by buying direct from us, as we have no freight and other expenses that a retail dealer has to pay.

We will build any kind of a wagon to order.

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Keeps Oil Off the Yarn While Doffing.

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Single Gins and Presses and complete outfits of capacity of 100 bales per day and over.

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Four or five kinds, all sizes in use in the South.

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All sizes, from the smallest to complete cotton mill outfits.

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