THE BIG SWINGS IN ST. PAUL.

The Wiseacres Made Enormous Profits By It.

Previous to the opening up to traffic of the Puget Sound extension St. Paul stock was selling around 165 a share and in 1906, the year before the panic, it just missed touching $200 per share. If the investor will refresh his memory by reverting to all the bullish outgivings then current about St. Paul, he will recall with what confidence it was often stated that the road's extension to the Pacific Coast would not tax St. Paul's earnings, at least not to the extent that it would impair or endanger the 7 per cent. dividend then paid on the common shares.

In this view The Financial World did not share, for we could not see how such an important undertaking could at once earn its own keep, but would, on the contrary, for some time prove a heavy drain upon the company's earnings. The correctness of this view has been established long since. But that is raking over dead embers, for which purpose this article is not written, but to indicate what great opportunities there must have been for those who were fortunate enough to enjoy a view of what was really happening behind the curtains to make vast profits, for St. Paul stock, from a price of 165 in 1909, gradually fell away in price with hardly any interruption until it touched 99⅞ a few months ago. This abrupt decline was in anticipation of the cut in the dividend on the common stock to 5 per cent. and the foreknowledge of the big drain on the company's earnings by the Puget Sound's extension.

Now this adverse condition is overcome. The Puget Sound line is turning into a big earner and in time should show profits large enough to defray the largest part of a 7 per cent. dividend on the St. Paul's entire common stock outstanding. Last month's net earnings showed a remarkable reversal, and it is claimed that when December's earnings are made public they will show up very much better. All the pessimistic feeling towards St. Paul has disappeared, and in its place there is the greatest confidence that the time is rapidly approaching when the dividend will again be restored to 7 per cent.

But the true prophets on St. Paul, and they are those close to the throne, took no chance. They started to sell around 165, and kept up their selling consistently. They have long since replaced their holdings at prices somewhere around par. Theirs are the pockets that are bulging with profits. It was the timid stockholders who were frightened by the disheartening decline into liquidating who have had their purses badly singed.

THE MINNESOTA RATE CASE.

Of the numerous important suits to the final adjudication of which the financial community has been looking forward every Monday when the U. S. Supreme Court is in session, the Minnesota Rate Case is, on account of its bearing on the entire railroad situation, considered to be the most important and significant.

On the decision in this case depends whether or not the freight rate fixing power will be taken out of the jurisdiction of the railroad commissions of the States and placed entirely within the hands of the Interstate Commerce Commission.

This case grew out of a schedule of rates ordered by the Minnesota State Railroad Commission for the transportation of freight between points in the State of Minnesota. United States Judge Sanborn enjoined the State Commission from enforcement of its order on the ground that it provoked discrimination against interstate shipments. Should the U. S. Supreme Court uphold Judge Sanborn, the State Commission would be shorn of its power in the premises. The right to fix rates would then devolve upon the Interstate Commerce Commission. The railroads are in favor of the policy of having the rate question placed solely under control of the Interstate Commerce Commission, as this would relieve them of being constantly annoyed by the forty-eight State Commissions which at present make it almost impossible for them to know where they stand.