THE MORNING OREGONIAN, WEDNESDAY, FEBRUARY 27, 1907.



(Continued From First Page.)

any stock after he knew that there was

John G. Milburn quickly blocked the question with an objection. The witness created laughter when he declared he had

bought Union Pacific at 25 in 1898 in ex-pectation of the dividend in 1896. The objection was renewed throughout the day whenever Mr. Kellogg referred to the stock transactions of the witness in the rallroads under inquiry, and so all examination along that line was blocked. No steps have been taken yet for testing the question in courts, but Chairman Knapp has shown great care in laying the foundation in the record every time the proposition has occurred.

Deal With W. G. Rockefeller.

Mr. Kellogg then passed to the South-ern Facific and the operations by which the Union Pacific interest acquired its dings.

"Why did you buy just a little less than the majority of that stock?" he asked. Mr. Harriman replied that that was all they needed. For their purpose it was as sufficient as a majority of the stock. His recollection was that this original purchase of Southern Facific was not all acquired from the Huntington estate, but acquired from the Huntington estate, but of this he was not absolutely sure. Kellogg traced the purchase of South-ern Pacific stock by the Union Pacific and Oregon Short Line, carrying it down to the famous sale of 300,000 shares to Wil-liam G. Rockefeller. "The sale was made on a reciprocal agreement, made with Mr. Rockefeller."

regreement, made with Mr. Rockereller, said the witness, "by which Mr. Rocke-feller could sell us the stock back on May 1, 1994, if he desired, at the same price. Mr. Rockefeller paid 38,600,000 in cash and gave good collaterals. It was a condi-tional sale. "The sale was a protective measure, pure and simple. There had been formed a back to encoulate is the Southern Pa-

a pool to speculate in the Southern Pa-cific stock. The pool had acquired 300.000 shares of stock, and appealed to the shareholders and courts and tried to get enough proxies to prevent us from continuing in the management of the propwould get a temporary injunction to prop-would get a temporary injunction to pre-vent us from voting the stock. In order to prevent this we took this method to enable us, with other proxies, to protect ourselves against this speculative inter-

Mr. Harriman frankly admitted that the transfer of the stock was to place it in the hands of some one who would act against this pool.

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Mr. Kellogg endeavored to have the witness admit that the Rockefeller transfer was merely an evasion, but Mr. Harriman would not do so. The transaction was to protect the property, he insisted, against a speculative raid that threatened the control. He admitted that Mr. Rockefeller was paid % per cent commission, or \$167,500, on return of the stock.

Story of Delayed Dividend.

Harriman's account of last August's famous delayed dividend announcement came in answer to Mr. Kellogg's questions about the failure of the Pacific roads to reduce rates. When he reached the mat-ter of the delayed dividend announcement. Mr. Harriman broke in:

Mr. Harriman broke in: "I will tell you about that," and with-out further questioning he told the story of that episode. He said the question of earnings first came up at the July direc-tors' meeting, and the estimate of earn-ings was so surprising that he asked them to consider the question of a divi-dend if the actual figures came up to the promises. The Southern Pacific meeting was held in the morning and the Union was held in the morning and the Union Pacific meeting in the afternoon. The Southern Pacific first declared a dividend of \mathfrak{M}_2 per cent, 45 per cent of which went to the Union Pacific, the owner of that much stock. Then the Union Pacific divito the Union Pacific, the owner of that much stock. Then the Union Pacific divi-dend of 5 per cent, 3 per cent from traffic carnings and 2 per cent from investment earnings, was declared, the directors de-ciding to more it needs.

ding to pass it to th mittee for approval and announcement, which was customary, The meeting of the executive committee The meeting of the executive committee was scheduled for 10 o'clock the next morning, but Mr. Harriman said he could not be present on account of a funeral. It was late when the executive committee got together. By the time the committee had passed on the matter it was after 3 o'clock in the afternoon and the question then arose whether the announcement of then arose whether the announcement of the dividend should be made public at the dividend should be made public at once, thus giving the London market the full advantage of the situation, or wheth-er it should be deferred until the follow-ing morning and the New York market be given the advantage. It was decided be given the advantage. It was decided to adopt the latter course and the com-mittee did not make the announcement te following morning Mr. Harriman proceeded in his narration without interruption until this point. He spoke deliberately and without hesitation. Mr. Kellogg questioned him closely in an apparent effort to elicit some admission of motive in the delive in the Apparent enort to elect some admission of motive in the delay in the announcement, but Mr. Harriman's replies were direct. He admitted that the delay in the an-nouncement was unusual, but said that the occasion was unusual. 'It was staggering." said Mr. Harriman. 'It marked an epoch, but, if I could have been present at the hour for which the executive committee meeting was scheduled, the announcement of the dividend would have been made in the usual way the morning after the directors' Commissioner Lane asked what Mr. Mr. I Harriman knew about the buying of Union Pacific and Southern Pacific stock on the market between the time the get iL." directors decided on the dividend and the

of stock in the Santa Fe was a move cific. It was not a good thing for the Northern Pacific and the Great Northern and Burlington, or for the Northern Pa-cific and Great Northern, to buy all the stock and eliminate from the situation 15,000 or 16,000 small stockholders; that is what they did. They turned those 15,000 toward the neutralization of competition by that line and that the vast sums devoted to betterments and dividends by the Union Pacific had been taken from unfair rates. The witness was not willing to make any concessions or any ma-terial admissions to those contentions, and most of the testimony was discussed holders into creditors, so that they were Moders into creditors, so that they were between lawyer and witness as to the facts and conditions involved. Mr. Harriman declared Union Pacific rates had been reduced 17 per cent since he became president, and fell back on the assertion that the expenditures for improvements had developed the coun-try ship aback to some legal method where-by the Burlington and Northern Pacific and Great Northern, under some legal re-try ship aback to make con-

improvements had developed the country and placed the system in condition to handle the great traffic that has control in later years, and that he and his stock-holders were entitled to the benefits their enterprise had won. **Entitled to All They Can Get.** There was an interesting discussion of the per-ton per-mile computation of rates. Mr. Harriman said the calcula-tion was faulty because from the stand-point of a low rate it was adversely af-fected by high-class freight. Mr. Harri-

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| earn 15 per cent on its capi- Mr. Lane-And you want the | |
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"Where would you fix the limit?" asked creased? the Commissioner. Mr. Hi Mr. Harriman-I cannot say that I "At 100 per cent if you like," replied t do, unless we have our own powers Mr. Harriman quickly, and then outlined increased.

Mr. Lane-You want your powers inhis views. He said that, as long as a road was properly conducted and gave proper facilities and at no higher rate creased so that you can combine, and you want us given power in the first than was charged by any other road, it was entitled to its earnings, no matter place to insure the rate? Mr. Harriman—Yes, to regulate and go hand in hand with us. There is no

what they were. There was no reason why the stockholders should not receive the benefits resulting from good manother country in the world where the business interests are so antagonized by the Government as this one. "What are you going to do with it?" he asked. "Are you going to donate it to the Govornment, or what?" "There are several ways by which you could return it to the shippers," re-marked Mr. Clements, to the amusement of the room Mr. Lane-Where is there another government in the world which has given so much land and money to the

railroads as this? Mr. Harriman-But there is no other Mr. Harriman-But there is no other country in which railroads have im-proved the country as in this country. Mr. Lane-Is it not a fact that every regulative act on the railroad is the result of some policy pursued by the railroads themselves? Mr. Harriman-I believe you are right. I think the railroads themselves are more to blams than any one factor Mr. Harriman then made a plea for some form of legislation which would some form of legislation which would permit railways to arrange for traffic

handling under supervision of some such Federal body as the Interstate Commerce Commission, with proper regulation and right. I think the railroads themselves limitations which would enable them to handle their business lawfully and in- | for the condition that exists today, the telligently. He thought such a law per-mitting a combination of roads would possibly result in lower rates. antagonisms between the people and the Legislatures and the railroads themselv

Forgot He Owned Stock.

Mr. Kel

rates much faster than the Union Pa-cific?" asked Mr. Kellogg. was on his feet instantly, but Mr. Harriman said

IN KNIGHTS OF PYTHIAS HALL

cordially invited to hear Mr. Marshall.

"The Union Pacific has nothing to do with this. We are now considering the Chicago & Alton," was Mr. Harriman's response

Mr. Kellogg asked what the total fixed charges of the Alton were. Mr. Harri-man scanned some papers and read the amounts. His totals did not agree with those of Mr. Kellogg and this led to sev-oral brief collocations. eral brief colloquies.

Mr. Kellogg was endeavoring to show the difference in the charges between the old companies and the reorganization, and having done this, he passed to the mat-ter of the Chicago & Alton Railroad Com-

pany's bond issue of 1899. Mr. Kellogg asked Mr. Harriman if there was anything to show that the syndicate was in any way obligated to take the bonds of the Alton before Sep-

substantially the same for years, if in-

"I do not; it is not a similar case. No funds of the Union Pacific were ever used by any official for his private betterticularly heavy carriers of lumber and The Commissioner ruled that the witminerals

No Parallel to Fish's Action

and the demand for up-to-date methods of distributing light.

FREE ILLUSTRATED LECTURE

TO MERCHANTS

THURSDAY EVENING AT 8 O'CLOCK

By ALBERT J. MARSHALL

ILLUMINATING ENGINEER OF THE HOLOPHANE GLASS COMPANY

SUBJECT:

"THE PROPER USE OF ARTIFICIAL LIGHTS"

The Portland Railway, Light & Power Company has, after considerable effort, been enabled

to secure the services of Mr. Marshall, a noted expert in Illumination, of New York City, to describe, in an entertaining manner, the best methods of illuminating residences, stores, office buildings, etc., by artificial means, this being in keeping with the needs of a greater Portland

Business men of Portland and its suburbs, who desire the most effective method of practical and decorative lighting, and who realize what it means, from an advertising point of view, to

have an effectively lighted store, will be greatly benefited by attending this kecture, and are

Portland Railway Light & Power Company

witness

ness must answer about the pool, and under advice of counsel he declined. Four other questions about the Illinois Central stock were also refused upon the ground

of privacy. Mr. Kellogg questioned Mr. Harriman about his remarks that the Northern Pa-cific would have been ten years ahead of its present condition if the Union Pacific had obtained control. Mr. Harri-man mid he belavad the to be on arman said he believed this to be so, as there would have been a vast improve-ment in its equipment and the develop-ment of the great country which it reaches. He contended that the com-modities handled by the Union Pacific were of a bicher class than these handled tember, 1839. "Does any record of such obligation exist anywhere?" he asked. The witness knew of no such record, but was certain the syndicate members were bound to take the bonds at 65. "You'll have to seek that information elsewhere," he said to Mr. Kellogg.

Explains About Rates

deed they had not been advanced. The wit-ness explained that the figures were an-nounced by the character of commodities and the addition of branch lines. Union and Southern Pacific carried a light and high grade of freight, whereas the North-ern Pacific and Great Northern were par-



man.

407 1-2 ALDER STREET

Mr. Harriman maintained that, when class of freight is considered, the Union Pacific rates were as fair and low as on

any other system, although the rate per ton per mile was, on its face, higher. Mr. Harriman denied that the steam-"Why cannot you get some of that "We have no line and have always been "We have no line and have always been "We have no line and have always been

refused an arrangement," answered the (Concluded on Page 6.)

"There is power in the Commission to ompel an arrangement and fix a rate." "I wish the Commission would take the matter up and settle it," said Mr. Harri-

was announced. Harriman declared he did not know Mr. Harriman declared be did not know of any unusual buying of Union Pacific stock, but, when the question was ap-plied with direct reference to himself, Mr. Milburn, his counsel, objected and Mr. Harriman refused to answer.

Always Bought Union Pacific.

"Did you or your associates buy any

stock then in anticipation of this divi-dend?" persisted Mr. Kellogg. "I have always bought Union Pacific more or less." replied Mr. Harriman. Then suddenly he wheeled around and said: said

"I bought Union Pacific stock in 1898 for \$25 a share in anticipation of that dividend. I bought out at the time of bividend. I bought out at the time of the panic when one of my associates de-clared I had more nerve than any speculator he ever knew, deeming it speculator he ever knew, deeming it speculation. I bought it then in antici-nation of that very dividend. I bought it on the decline all around after the San Francisco fire, in anticipation of that very dividend."

umissioner Clement then asked Mr. Harriman why he objected to telling whether he had or had not bought the stock

'On a matter of principle, simply." replied Mr. Harriman. "What is the principle involved, the

Commissioner Clements perreason? severed.

Mr. Milburn again put in his objection. and Mr. Harriman remarked aside "I haven't any reason. I am in the hands of my counsel."

Mr. Kellogg devoted much time during the day to an effort to establish the proposition that rates on the Union and Southern Pacific had remained fixed, if they had not increased, over a period of several years, during which time rates generally in the country had been re-duced; that competition had been dethe territory covered by the

Mr. Lane then began a sketch of the foremost acquirements of the Union Pa-clific under Mr. Harriman. He began with the issuance of the \$100,000,000 in bonds and the coast, to the orient by steamship lines, back to San Francisco, to Ogden, to New Orleans, to New York by steam-bin hot the Northern Facility and out ship, into the Northern Pacific and out again, into the Alton, the Illinois Cen-tral, the Santa Fe, the Baltimore & Ohio, the New York Central. His face paled and his voice grew more impressive as he continued the wonderful recital. He faced the witness and, pausing for a mo-

What \$100,000,000 Did.

ment, said: "Where is that thing going to stop?" The master operator smiled and then somewhat nervously said: don't-I think it has stopped.

don't think we have any more-I would go on if I thought we could realize something more than we have got from those securities. I would go on and bur some more things."

Why Not Keep Growing?

Mr. Lane: "Supposing you concen-trated two or three more. You might take some other line and go right into

New York?" Mr. Milburn: "Why not?" Mr. Harriman:

"Suppose we had a line from New York to San Francisco. 1 sup-pose that is what you mean; would it not be a good thing-not that we have any idea of doing it-but would it not be a

good thing?" Mr. Lane: "Supposing you got the threefold." Santa Fe?

Mr. Harriman: "You would not let me

Mr. Lane: "How could we help it?" Mr. Harriman: "How could you help it? I think you would bring out your power to enforce the conditions of the

Sherman anti-trust act preity quick. If you will let us, I will go and take the Santa Fe tomorrow."

Law Is Only Obstacle.

Mr. Lane: "You would take it to-

BOLLO# Mr. Harriman: "Why certainly I would. I would not have any hesitancy. It is a pretty good property." Mr. Lane: "Then it is only the restric-

tion of the law that keeps you from tak-Mr. Harriman: "I would go on as long

as I lived.

Mr. Lane: "Then after you had gotten the Santa Fe and had taken it, you would also take the Northern Pacific and the Great Northern if you could get them?" Mr. Harriman: "If you would let me." Mr. Lane: "And your power would gradually increase as you took one road after another, so that you might spread not only over the Pacific Coast, but spread

out over the Atlantic Coast?" Mr. Harriman: "Yes, but hasn't your organization increased its power?" Mr. Lane: "It undoubtedly has. That

what I am coming to. Do you think the law itself should intervene and should restrict you in power to use money raised for railroad purposes and raised on rail-road securifies to the actual improvement

of that railroad, or should you be allowed to use it for the acquisition of other railroads?"

Pooling Instead of Consolidation.

Mr. Harriman: "I think we should be llowed to use it for the acquisition of other railroads under proper regulation." Mr. Lane: "Now, what--" Mr. Harriman: "One minute. What I mean is this: As the law exists, rail-

roads are prevented from consolidating or combining. Take the instance of the Bur nion Pacific system; that the purchase lington, Great Northern and Northern Pa-

ow whether he had an interest in the Laclede Construction Company, which had built the St. Louis, Peorla & North-ern Rallway, and when he took the stand this morning Mr. Kellogg produced a con-tract relating to the Chicago Terminal Transfer, showing that Harriman, George icago Terminal J. Gould, James Stillman and Jacob Schiff were the owners of the company. The witness said the document was no

doubt correct and that possibly he had acted in fixing the price of the road when it was sold to the Alton. Mr. Kellogg also produced two original checks to show that Kuhn, Loeb & Co. had been managers of the Alton syndicate and the witness, who had been unable to remem-ber yesterday, said that Kuhn, Loeb & Co, undoubtedly had been the syndicate

managers. After citing a statement of the Alton

Railroad showing the interest charges, Mr. Kellogg asked the witness if he thought it was right to put upon the public a large issue of common stock

which would never pay a dividend. "Did we ever tell the public it would pay a dividend?" asked Mr. Harriman, quietly.

He continued: Says Public Got Benefit.

"No dividend was ever promised, and No dividend was ever promised, and in addition the public got the services of the Alton at 30 per cent less in 1906 than they paid in 1898. The road en-abled the commercial concerns located on its line to be services.

on its line to increase their business "Then the Alton road reduced Its

OPERATION AVOIDED Change of Food Instead of Resort to

the Kulfe. Starch indigestion is a common troubl many persons who cat food contain

ing starch-white bread, potatoes, ples, cakes, etc. cakes, etc. This results frequently in accumula-tions of undigested material in the intes-tines that cause swellings and formations of gas attended by discomfort and even

reat suffering. Unless the matter is corrected by changing the manner of cating and the composition of the food, a person may be forced to have an operation performed which might have been avoided. performed

"Ten years ago." writes an Iowa wom-an, "my stomach began to bother me. After suffering a few months I went to our family physician and he told me

to our tarmity physician and he told me it was indigestion and I kept getting worse until about six months later the doctor told me I had a growth in my stomuch and an operation would be nec-essary. I was unwilling as to that, however, and so was left almost a wreck, too miserable at times, to live.

"Shortly after that I happened to see a testimonial about Grape-Nuts food in our paper and decided to try it and I have kept at it. It may seem wonderful but today I can eat almost anything with a relish and no bad after effects." Name given by Postum Co., Battle Creek.

Mich. Grape-Nuts, as a regular food, builds up the body by reason of its easy diges-tion and absorption, and because it con-tains all there is in fine whole wheat and Mr. Lane wanted to know if barley, so thoroughly prepared as to meet of railway in the country was truly com-the demands of Nature for a tissue-re-petitive. The witness declared that prac-

the issue and sale of the Alton bonds. the witness declined to be drawn very far. He was absent from the country during the Summer of 1899 and did not arrange, any of the details. He was sure the market conditions had all to do with the sale of the bonds at a high figure. In reply to a question, Mr. Harriman de-In reply to a question, Mr. Harriman on nied that he was the front and head the readjustment or reorganization of the Alton Railroad Company.

"I was only one of several," he said. As chairman of the committee he pre sumed that he might be regarded as the head, but his responsibility was no great or than that of his associates.

As Mr. Kellogg paused at this point, Mr. Harriman suddenly asked: "Are you through with the Chicago &

Alton' Mr. Kellogg said he was, and the wit

tess said: "Now I want to make a statement. Now, our figures show that the whole

charge for the year 1966 for in-terest and dividends upon the Alton Consolidated Company was \$3,228,864 In 1898 it was \$2,383,460, or an increase of \$845,404, after \$22,327,000 had been

expended in improvements and better-

ments upon the property." "The syndleate does not hold any of that issue of \$20,000,000 of common stock of the Alton upon which no dividends were

paid. They unloaded it, didn't they?" asked Mr. Kellogg. "You ask the Rock Island people about this, I can't tell you," answered Mr. Harriman, amid laughter.

Investment in Santa Fe.

Mr. Harriman testified that the pur-hase of \$10,000,000 in Santa Feistock was made as an investment. It was a a competing line-"yes, a competing

line, I am sorry to say." The witness said he had discussed the matter with Mr. Morewilz, of the Santa Fe, who had said that the railroads should not destroy one another out establish closer and better rela-

The witness told of the election of Messrs. Rogers and Frick to the Santa Fe as representing certain friends of Mr. Harriman. The witness averred the Santa Fe people said they were the best directors they had ever chosen, and as an evidence of their good faith, the wil-ness said, they had concealed from him the fact that the Santa Fe was to issue \$98,000,000 in bonds. He learned it from

the newspapers. "Mr. Harriman, are you the author of the term. 'community of interests?' asked Mr. Kellogg.

"No, I am not. I pre-terest," said the witness. I prefer common in. Mr. Kellogg then took up the purchase of the \$10,000,000 of Atchison stock by the Union Pacific interests. He en-deavored to ascertain what part of that stock was owned by either Mr. Harri-man, Mr. Frick or Mr. Rogers. Mr. Mil-

burn objected. The witness was questioned as relations between the Union Pacific and Santa Fe and as to the joint managen of the California & Northwestern. denied that there was any question of competition as to the San Pedro line. The Union Pacific had joined with Sen-

Mr. Lane wanted to know if 1000 miles of railway in the country was truly com-

the demands of Nature for a tissue-re-pairing and energy-making food. Many a case of appendicitis has its beginning in starch indigestion, and many a case of indigestion has been cured by the regular daily use of Grape-Nuts. "There's a Reason." Read the little book, "The Road to Wellville." in okys.

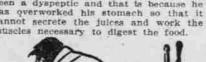
The witness was examined at length as to the rates upon the Union Pacific, Southern Pacific and Northern Pacific, Mr. Kellogg seeking to show that, while Mr. other roads throughout the country were reducing rates, the rates upon the Union Pacific and Southern Pacific remained

POOR SHOW FOR THE DYSPEPTIC

Poisoned Stomach, Clogged Brain, Wavering Ambition, Failure-Unless He Seizes His Opportunity.

There's no good reason for any man's remaining a dyspeptic-a burden to him-self and family, when he should be a producer.

There's only one reason why he has en a dyspeptic and that is because has overworked his stomach so that it cannot secrete the juices and work the muscles necessary to digest the food.





Failure Staring Him in the Face.

What the dyspeptic must do is to help he stomach out. It is full of a poison ous pile of fermenting, nauseating food Instead of being assimilated and carried by the blood to make nerve and muscle and rebuild the waste tissues, it lies there inactive. First, take an unirritating cathartic and get rid of this food.

and get fu of this food. Second, get a 50-cent package of Stu-art's Dyspepsia Tablets from any drug-gist and take one at each meal and at bed time. The tablet will do the digesting while the stomach is regaining its forces. Before the box is gone, your stomach will be vastly relieved if not curred. Why? Because Stuart's Dyspep-sia Tablets contain the very elements which your stomach possessed when it was healthy-pepsin, diastase, golden seal and others. It was because your stomach kept losing its supply of these digestive ferments that you became dyspept

Stuart's Dyspepsia Tablets do the work simply, surely, and without injury. They are not a medicine, but the working out of a scientific principle upon the food you cat.

Hundreds of sufferers in far worse condition than you have been positively cured of dyspepsia by these wonderful little tablets. Forty thousand physicians in the United States and Canada recom-

mend them. If you are uncertain and wish further proof, send us your name and address today for a free trial package, which we will gladly mail you at once. F. A. Stuart Co., 74 Stuart building, Marshall, Mash Mich

For sale at all druggists.

Every time a piano goes out of a Reed-French store somebody has saved a hundred dollars. --- The reason? Reed-French make their own pianos and they give the customer the profit that usually goes to the retailer. . . . A lady bought a piano of us yesterday; she paid \$20 down and \$6 a month. She says she priced pianos on both Washington and Morrison streets, and they wanted three hundred and seventy-five dollars for a piano we are perfectly satisfied to sell for \$275. If this statement be true, it's a pretty good argument. You can have the lady's name for the asking. We have her permission to use it. • • • We would like for you to see this Alder-street piano stock before it is gone. \$245 buys a fine piano.





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18