NOVEL THEORIES OF RAILROADING

Adams Advances on Behalf of Spokane Before Commission.

CONFOUNDS HIM PROUTY

Would Ignore Laws of Nature and Allow Railroads No Surplus for Improvements-Bunn and Donnelly Make Reply.

OREGONIAN NEWS BUREAU, Washington, June 27.-The City of Spokano wants the Interstate Commerce Commission to promulgate an order absolutely revolutionizing railroad methods in the United States, so that Spokane, located 400 miles from the seacoast and 300 miles from tidewater, may enjoy a transcon-tinental rate equal to or less than the rate that now prevails to Portland and Puget Sound, whose rail rates are nec-essarily adjusted to meet water competi-

tion.

This, in brief, was the plea of Spo-kane's leading counsel, who opened the argument in the famous Spokane rate case today. If the Interstate Commerce Commission was favorably impressed by Spokane's plea, it utterly failed to give any indication of its sentiments. On the contrary, a multitude of questions pro-pounded by various commissioners gave every indication of an inclination to deny Spokane's prayer.

Adams' Novel Theory.

Brooks Adams of Boston is a wonder hours he portrayed as only a Bostoness could the glories of his own widely-exploited theory of railroading. The railroads plotted theory of railroading. The railroads are trustees for the people, he said, their rates are but taxes. He elaborated on this idea and its innum-orable and intricate ramifications for more than two hours, carrying the com-mission and opposing counsel through a maze of ideas concocted by himself and, so far as known, advocated in this country only by himself. Mr. Adams studied railroading from books, and has worked out his plans on paper. He is purely a theorist, and was easy prey for the accomplished C. W. Bunn, leading counsel for the Northern Pacific. In less than an hour Mr. Bunn completely shattered the propositions advanced by Mr. Adand showed that Spokane's case, despits the eloquence of Mr. Adams, was purely and simply a controversy involv-ing the rights of a seacoast city to a rail rate necessarily lowered to meet water

Would Allow No Surplus.

Apparently Adams had little concern for the Spokane case, for he seldom touched upon it. He was assailing the whole system of railroading. He would permit railroads to have no such thing as a surplus carried from year to year the surplus helpograf to the recolle, said the surplus belonged to the people, said the surplus belonged to the people, said he, and such of it as did not go back to the people in the form of reduced rates should go to the stockholders, should never be expended for betterments. All improvements should be made solely by issuing new stock. "Hill and Harriman have no right to say what shall be done with the red carrings of their

be done with the net carnings of their roads," he declared. "It is for the Inter-state Commerce Commission to say." Applying his theories to Spokane, Mr. Adams would give that city a rate based on the lowest possible cost of operating the road from the East to Spokane, and he would compel all roads entering Spokane to adopt that rate. This led Commissioner Prouty to ask who was to blame for the alleged discrimination

Evades Difficult Questions.

Was it the Great Northern or the

Mr. Adams evaded the question. Mr prouty put the question differently, and asked if the terminal rate now enjoyed by Portland and Puget Sound was not due entirely to water competition. Again Mr. Adams was evasive. This led Mr. Prouty to volunteer the information that the Supreme Court had held that when a railroad meets water competition and is forced to lower its rate to meet the water rate, the railroad cannot be held to have discriminated against some interior point, for it is not the railroad but the water route that fixes the rate on tidewater. The railroad must meet the water rate or lose the business,

Commissioner Lane, who, with Mr. Prouty, took testimony in the Spokane case at Portland and Spokane, then asked Mr. Adams whether the lowering asked Mr. Adams whether the lowering of the Spokane rate would not do grave injury to every other interior point along the lines of the Great Northern and Northern Pacific which, like Spokane, does not enjoy the advantage of water transportation. Mr. Adams once more avoided answering.

Mr. Prouty asked what condition would prevail if the Great Northern and North-ern Pacific had their Western terminals at Spokane, instead of on tidewater. Would not Portland and the Sound. would not portland and the Sound, with their water rate, enjoy exactly the same privileges in Spokane territory that they enjoy today; would not the situation be identical? Mr. Adams thought not, but he had no explanation to offer.

Spokane Already Favored.

Mr. Bunn in opening his argument showed that Spokane is not suffering showed that Spokane is not suffering as badly as it represents; that it now has a rate on many commodities equal to the rate to Const points. He declared that Mr. Adams' theories were all wrong, and not founded on law; that the law knows no trusteeship between the railroads and the public. He said the Government, through the Interstate Commerce Commission, had full power to regulate rates but defull power to regulate rates, but de-nied the right of the Government to direct how railroads shall expend their

Contrary to Mr. Adams' contention. he showed that the Commission had specifically held that a railroad can accumulate a surplus in times of prosaccumulate a surplus in times of pros-perity to offset years of depression, as all successful roads do, and may expend this surplus in the betterment of its property. Mr. Adams' theory, he said, was similar to the English practice, yet American roads are today quoting rates 30 to 50 per cent lower than can be afforded in England. If American railroads in order to make American railroads, in order to make betterments and improvements, were not allowed to draw on their surplus but were compelled to issue new stock each time, he declared that railroad extension in this country would in-stantly cease, but the American peo-ple, rather than criticising the use of the surplus for making improvements, were clamoring for greater use of the

Correct Basis of Rates.

He declared it unfair to base rates on the cost of installation of the

Adams. That road got its right-of-way and its land grant from the Gov-ernment, as well as its terminals, without cost. To compute rates acernment, as well as its terminals, without cost. To compute rates according to the cost of installing that road would be destructive to other lines. There is nothing in the decisions of the Interstate Commerce Commission, he said, holding that rates must be made with reference to the minimum cost of installation. If Mr. Adams' theories were adopted, railroads could not make money, and the Government would have to meet all deficits, just as it now meets deficits in the postal service. But this theory is all wrong. A railroad is entitled to a reasonable rate, which is a rate profitable to the carrier, and which also enables people along the line to prosper.

Earnings of Northern Pacific. Mr. Bunn was followed by Charles Don nelly, another attorney for the Northern Pacific, who reviewed the history of the Northern Pacific road and the history of the Spokane rate case from its inception the Spokane rate case from its inception in 1839. Taking up Mr. Bunn's idea that a road is entitled to make a fair profit in years of prosperity, he showed that since 1830, the most prosperous period in American railroading, the entire net revenue of his road was \$181,000,000, which does not pay 6 per cent on its capitalization and would have paid less than 4 per cent on the solitoned. the railroad's own estimate of valuation. Prior to reorganization in 1895, the fixed charges were \$11,000,000 per annum, since then less than \$5,000,000. Prior to 1896 the Northern Pacific expended \$32,000,000 en construction and equipment. The road could not be dupilcated today for \$44,000. 000. It would cost \$288,000,000 to build and equip the road, exclusive of right of way and terminals.

Nature Fixed Rates.

Referring to the original decision in Spo-kane, Mr. Donnelly said it was then held that through rates are not remunerative that through rates are not remunerated and that the entire business of railroads could not be done on that basis without financial disaster. As he sired up the contention of Spokane, it was charged that the railroads were making too much money; but, granting that to be true, why should the advantage of a reduced rate accrue entirely to Spokane. If a rate is to be reduced to the reduction must be exto be reduced, the reduction must be extended to all points along the roads. This, he said, is not what Spokane wants; Spokane, he said in closing, is trying to over come advantages which nature and the Almighty conferred upon Portland and

L. C. Gilman, of the Great Northern, had just started his argument when ad-journment was taken until tomorrow. WILL LOAN MONEY TO ALTON

Rock Island and Union Pacific Com-

to the Rescue. NEW YORK, June 27.-Robert Mather, president of the Rock Island Company, the holding company for the Rock Island lines, said today that the report from Chicago that the Rock Island and Union Pacific railroad companies had loaned the Chicago & Alton Railroad \$1,400,000 for improvements and had agreed to a further loan, if necessary, not to exceed \$800,000, was wholly correct. He said the report was probably based on the fact that the Rock Island and the Union Pacific companies had agreed to take the notes of the Alton, if any were issued in the next two years, of an amount not to exceed \$1,666,000, to be used for new work and improvements that could not properly be paid out of the

Of this amount, Mr. Mather said, E. H. Harriman, for the Union Pacific, had agreed to take \$1.000,000 and the Rock Island \$555,000. Explaining why the Union Pacific was still willing to lend money to the Alton, though the agreemoney to the Alton, though the agree-ment for joint control of that road by the Rock Island and Union Pacific had been abrogated, Mr. Mather said that the latter company still owned the majority of the preferred stock of the Alton, and was receiving the major portion of the dividends.

At a recent meeting of the Chicago & Alton directors, the financial require-ments of the company with respect to new work for the next two years was carefully considered. It was estimated that the amount needed for the work would be about \$1,500,000.

Mr. Mather specifically stated, however, that no notes had as yet been issued by the literature of the transfer of the state o

sued by the Alton, and that it was no likely that any money would be needed for the work before January 1.

Great Contracts for Cars.

NEW YORK, June 27 .- The Harriman Gould and other large railroad systems few days calling for an expenditure of upward of \$15,000,000, and orders are pending for others to the value of fully \$10,000,000. Heavy contracts are also about to be given for locomotives for use on East-

The principal contracts call for 14,100 freight cars. The Harriman lines have ordered 8000 refrigerator cars. The Mis-souri Pacific has contracted for 7000 freights. Most of these will be delivered

New Bill of Lading Adopted.

CHICAGO, June 27 .- A binding agreement between shippers and the rallroads, dream of American commerce, in the form of a uniform bill of lading. practically has been agreed upon, Representatives of commercial interests and all the trunk lines of the country have settled upon the form of the new bill, and the Interstate Commerce Com-mission has concurred. It will be sub-mitted for the ratification of the rail-

road and commercial interests of the country early in July.

The effect of the ratification will be to make the new bill of lading a part of the interstate commerce law.

The new bill will hold the initial

Miss Loving's Charge Against Estes Not Disputed.

THAW TRIAL IS PRECEDENT

Many Witnesses Say Judge Loving Is Sane, and Alienist Confirms the Opinion-Argument Will Begin This Morning.

HOUSTON, Va., June 27.—The taking of evidence in the case of ex-Judge William Loving, on trial in the Circuit Court of Halifax County for the murder of young Theodore Estes, in Nelson County, on April 12, was concluded this

County, on April 22, was concluded this afternoon. Court then adjourned until tomorrow morning, when the instructions to be given the jury will be argued before Judge W. R. Barksdale.

Today Judge Barksdale rendered an opinion denying the admissibility of evidence to disprove the truth of Elizabeth Loving's story, the decision dealing a heavy blow to the plans of the prosecution. Autorney Daniel Harmon, attorney heavy blow to the plans of the prosecu-tion. Attorney Daniel Harmon, attorney for the prosecution, yesterday announced his intention of introducing witnesses to show that the story told by Miss Loving to her father that she was drugged and assaulted by Estes was a fabrication, and that Estes never offered any indignities to the girl, even suggesting that there might be another motive back of the

Defense Gains Victory.

The defense objected to the introduc The defense objected to the introduc-tion of such testimony on the ground that it had no bearing on the case, and, whether true or false, had nothing to do with the question of the insanity of Judge Loving at the time of the tragedy. Judge Barksdale, in a lengthy opinion today, sustained the contention of the defense, and among the cases he cited as authority wes the Thaw trial in New York.

The presecution then began the exam-The prosecution then began the examination of witnesses in rebuttal of the evidence introduced by the defense that Loving was insane at the time of the shooting. During the morning session seven witnesses were examined. Most of these have known Judge Loving for many years. The trend of their testimony was that they had never heard the insanity of Judge Loving discussed before this trial, and they had always regarded him as a sane man with a mind superior to the ordinary. Several further declared that the defendant was high-tempered and never tolerated the opinion or actions of those who opposed him.

Recess was taken to give the prosecu-tion time to prepare a hypothetical ques-tion to propound to an expert on insani-ty—Dr. J. S. Dejarnette, superintendent of the Western State Hospital, This question reviewed the life and experi-ences of Judge Loving. In reply to the question:

question:
"What effect do you think such experiences would have on the mind of this man?" the witness replied:
"I think he would be very angry from that he thought his the provocation that he thought his daughter had been ruined by the young man referred to, but not insane,"

No Sign of Weakness.

T. H. McGinnis, a livery man, testified that he talked with Loving immediately after the shooting and noticed no sign of mental weakness.

E. L. Kidd, County Clerk of Nelson County, at whose house Miss Loving spent the night after the buggy-ride, testified that he had known Judge Loving for years and recorded him as a county. for years and regarded him as sane and responsible. A half dozen other wit-nesses testified similarly.

ATIONS AT HAGUE FAVOR MORE ARBITRATION.

British Plan to Restrict Use of Mines Opposed by Italy-Rights of the Neutrals.

THE HAGUE, June 27 -- All the delegates to the peace conference agree that the first important sitting will deal with the arbitration tribunal, which many of the powers, chiefy the United States, desire to strengthen to such a point as to make it an institu-tion that gradually will lead to the abolition of war among nations. The principal efforts in this direction are concentrated in an effort to render The Hague arbitration tribunal really

The Hague arbitration tribunal feally permanent, giving it such power, pres-tige, influence and, above all, impar-tiality as to command universal con-fidence and also to simplify the pro-cedure and lessen the expenses, thus making it more accessible. The great-est difficulty is the system to be fol-lowed in the selection of judges, as upon their integrity will greatly de-pend the success of the arbitration

The proposition that each signatory power select two persons of its na-tionality, recognized as eminent jurists, is considered impracticable, as it would is considered impractionable, as it would transform the court into a parliament of nearly a hundred members. General Horace Porter has several propositions on the subject, but they have not yet been definitely drafted.

Italy will present a proposition against that of Great Britain against the laying of automatic and submaring of

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on the subject of the opening of hos-tilities, presented the following ques-

"Will the conference maintain the present undetermined condition, or in some way regulate this question?" General Yermoleff added, that not to change the status quo that entitles countries to open hostilities without any warning, would mean an increase of armaments in time of peace, while international regulations methy. international regulations might es-tablish an interval of time between the capture of diplomatic relations and the beginning of military operations,

thus rendering peace more secure.

The French proposition regarding the rights and duties of neutrals in land war is composed of four articles. It says neutrals are responsible only It says neutrals are responsible only
for acts committed by their subjects
within their territories. No neutral
country can permit the formation of
a military body on its territory or
allow enlistment in favor of belligeronts, but it is not responsible if
some of its subjects cross the frontier
and enter the service of belligerents.
A neutral country is not obliged to
prevent the experitation of arms or

A neutral country is not obliged to prevent the exportation of arms or ammunition in favor of belligerents.

Escaped prisoners arriving on the territory of a neutral become free.

The British proposition in regard to the laying of mines and so on, contains six articles. It says the laying of submarine contact and floating mines is forbidden except in the territoral waters of belligerents, before fortified ports, this zone to extend to 10 miles from shore, but neutral countries must be informed about the laying of mines, and all possible precauing of mines, and all possible precau-tions must be taken not to injure mer-chantmen. At the end of the war belligerents will communicate to each other the spots where mines are lying,

removing them reciprocally as soon as possible.

The laying of submarine automatic contact mines for a commercial blockade is forbidden.

Truce in Telephone Strike.

BUTTE, Mont., June 27 .- The striking telephone operators returned to the offices of the Rocky Mountain Bell Telephone Company today under a 10-days truce arranged by the local Central Labor Council. The girls will strike July 7 if the linemen's strike is not settled by that time. Officials of that company agreed to open negotiations with the striking linemen in Utah, Wyoming and Idaho.

AT THE HOTELS.

AT THE HOTELS.

Hotel Portland—J. H. Rohr, J. D. Black, New York; T. J. Fincher, San Francisco, W. G. Chanselor and wife, Miss A. Hornell, W. Casby and wife, Los Angeles; Mrs. A. M. Shields and wife, San Francisco; Mrs. T. C. Hanes, Miss Chanselor, Los Angeles; F. Abbott, Milwaukee; W. D. Smith, Chicago; S. E. Haycraft and wife, San Francisco; M. B. Foxner, Louisville; E. Goudy, Mrs. Goudy, New York; G. C. Taft and wife, Spokane; J. H. Walsh, Bremerton; D. Ginzy and wife, Seattle; Miss Hedspath, Denver; R. Morris, L. Schulsky, New York; G. M. Scott, Denver; F. A. Hamveler and wife, Brockirn; E. Cohn and wife, Philadelphia; M. M. McCollibster, San Francisco; J. H. Carter, Seaside; Mrs. G. H. Quincey, Mrs. E. G. G. Pease, Boston; W. J. Barrett, Ban Francisco; Mrs. A. B. MacRae, Hoquiam; L. Silverstein and wife, Miss T. Silverstein, New York; J. J. Hendricks, Oroville; L. Schriber, Oshkosh, Mrs. J. Harpst, Eureka; Miss N. Flavel, Miss K. Flavel, Astoria; F. W. Parrington, F. Parrington, Minneapolis's Mrs. M. Donian and son, Butte; R. F. Barker, Rainier; W. B. Dennis, Mrs. Dennis, Butte; H. N. Welch, Detroit; R. Fair, Aberdeen; J. J. Moroney, Chicago; Mrs. H. G. Stevenson, Miss Skevenson, Miss M. Stevenson, Miss Skevenson, Miss R. Francisco; M. Marcus and wife, J. M. Pool, E. H. Dodge and wife, Chicago; P. V. Quids, San Francisco; N. Johnson and wife, Santa Barbara; W. L. Rosa, Chicago; P. V. Quids, San Francisco; N. Johnson and wife, Santa Barbara; W. L. Rosa, Chicago; G. W. Brooks, Centralia; Mrs. J. A. Fulton, Astoria; A. M. Hicks and wife, W. V. Philbrick, Seattle; C. R. Crane, Chicago; P. V. Quids, San Francisco; J. Peterson, San Francisco; J. P. Keller, Botse, H. M. Towle, Chicago; Mrs. Eastern, Los Angeles; Mrs. E. R. Wheeler, W. E. Hodson and wife, Chicago; P.

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The reflect of the ratification will be to make the new bill of lading a part of the interest to the consigner at the commerce of the commerce of the company until it is delivered to the consigner at its destination.

New York, June 2.—A conference of about 30 officials of the leading railroad the laying of automatic and submarine mines, as flay needs mines to defend her sold the locat of E. H. Garatton of war and the opening of northill
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tes, not agreeing to any delay between the sold to be and of the leading railroad the deviation of the part of the deviation of the first part of the sold to the sold the sold

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