

KELLOGG ASSAILS RAILROAD MERGER

Pacific Roads Are Natural Competitors, Government Counsel Declares.

STOCK CONTROL PREVENTS

Arguments Closed in St. Paul and Decision Is Expected Within Few Months—Appeal Is Sure to Be Taken.

ST. PAUL, Oct. 12.—The Union Pacific merger hearing, begun in the United States Circuit Court last Monday, was brought to a close this afternoon when Frank B. Kellogg completed his closing arguments for the Government.

It is expected that a decree of court will be issued within the next few months. Both sides agree that the case will be taken to the Supreme Court.

Mr. Kellogg's argument was technical in the extreme. He gave short answers to the arguments of D. K. Watson, who presided, and who asserted that H. C. Frick, one of the individual defendants, had in no way been a party to the conspiracy alleged in the bill to monopolize the transportation facilities from the East to the Pacific Coast. Mr. Watson said Mr. Frick acted as an individual, and not as a representative of the Union Pacific when the alleged purchase of 30,000 shares of Santa Fe stock was completed.

Mr. Kellogg maintained every point made by Mr. Watson and read from the record to show that Mr. Frick's name was identified in every instance with the other Union Pacific directors who took part as individuals in the purchase of the 30,000 shares.

Mr. Kellogg laid down these three distinct propositions:

1. The suppression of competition between the natural competitors is prohibited by the Sherman anti-trust act.
2. Competition between railroads naturally competitive is the settled policy of the Nation.
3. The ownership by one railroad of the stock or any part of the stock of a competing railroad is in suppression of competition, and therefore is suppression of trade and commerce.

Mr. Kellogg's argument was directed to prove that the Southern Pacific and Union Pacific were natural competitors and were in fact competitive before the merger; that if the Union Pacific did not dominate the Southern Pacific by virtue of stock ownership the roads would now be competitive.

Ex-Senator Spooner and Judges Sanborn and Hook engaged in a colloquy today over questions asked during the Senator's argument.

"I maintain," said Mr. Spooner, "that a railroad so connected with another that it cannot be treated as a competitor except over the rails of the connecting company has no power to make competitive rates and cannot be regarded in any sense as a competitor."

"The fact that there is no power in such a line to make a competitive rate makes it impossible for a line so situated to compete. It was absolutely impossible for the Union Pacific up to the time of the purchase of the Huntington stock to make a through rate on transcontinental business without the consent of the Southern Pacific."

Mr. Kellogg's argument was directed to prove that the Southern Pacific and Union Pacific are natural competitors and were in fact competitive before the merger; that if the Union Pacific did not now exercise the powers of ownership over the Southern Pacific by virtue of stock ownership, the two roads would now be competitive.

So far as the Northern Pacific, Great Northern, Santa Fe and San Pedro roads are concerned in this suit, Mr. Kellogg urged that the ownership by the Union Pacific of less than a majority of stock in the four roads tended to suppress competition, acted in restraint of trade and commerce and is inhibited by the Sherman Act.

The defendants asserted in their arguments that the sale by the Union Pacific, since the commencement of the merger suit, of its stock in the Northern Pacific, Great Northern and Santa Fe shows that they are only nominal parties to the action and were merely brought in by the Government to give color and atmosphere to the suit.

Kellogg's Summing Up.

In summing up, Mr. Kellogg argued that such disposal of stock is no reason why the injunction should not be granted. The joint construction by the Union Pacific and the Clark interests of the San Pedro as showing the intention of the Union Pacific to suppress competition in the territory west of Salt Lake; the competitive status of the Portland route as regards the Southern Pacific; and the combination of steamship lines between America and foreign ports, all were dealt with by Mr. Kellogg as coming within the Sherman Act.

APPLE BOXES ARE LACKING

Shortage Must Result in Loss to Eugene Fruitgrowers.

EUGENE, Or., Oct. 13.—(Special)—The Eugene Fruit Growers' Association, which has shipped a number of carloads of apples to the East this Fall, is unable to make further shipments of apples already in its plant, on account of lack of boxes.

The association spends thousands of dollars every year for boxes and the delay now caused may result seriously, inasmuch as the association endeavors to land its apple shipments in the East before the freezing weather comes on in the cold regions between here and the destination.

Scavenger Finds Human Hand.

SAN FRANCISCO, Oct. 13.—In unloading a wagon at the city crematory today, a scavenger discovered a human hand in his load. The police have taken possession of the hand and are now investigating the case.

Linnton Has Newspaper.

W. C. Cowgill has just started the first newspaper to be published in Linnton. The paper is known as The Live Wire and its first issue was circulated widely in the suburb.

FAMOUS ATTORNEYS WHO CONDUCT MERGER ARGUMENTS AT ST. PAUL.



Frank B. Kellogg, who closed yesterday with argument against merger.

BIG EXCUSE TOLD

Railroad Presidents Say Rate Advance Is Necessary.

PRESENT LAWS BLAMED

New York Central Official Says Wage Advances Absorb \$7,831,000 Annually—Money Hard to Borrow Under Conditions.

WASHINGTON, Oct. 12.—Two presidents of great American railroad systems today testified before the Interstate Commerce Commission concerning the proposed advance in freight rates in Eastern trunk line territory.

The witnesses were Daniel L. Willard, president of the Baltimore & Ohio, and W. C. Brown, president of the New York Central lines. Both argued for the advance.

President Brown declared that the improvement of railroad properties so as to furnish adequate transportation facilities could be accomplished only through an increase of the freight income. Under present conditions, he said, it had been shown to be impossible to obtain money necessary for proposed improvements and he apprehended that the impossibility would continue until such time as the railroads were able to secure what he recognized as an adequate return on investments.

Laws Increase Cost.

"Our expenses have been increased during the five years by legislation," said Willard. "The act regulating the hours of labor and the employer's liability act, to either one of which I am opposed, have added to the cost of operating railroads."

"I do not think the present rates are high enough and I would not think to even though there had been no recent increase in wages. Wages were a factor in the proposition to increase the rates, but they were not a controlling factor. I know that our road is not making enough money properly to maintain its property and service."

Mr. Willard expressed the opinion that the stockholders of the Baltimore & Ohio were entitled to receive not less than 6 per cent dividends.

Louis D. Brandeis, of counsel for the shippers, then introduced a series of questions concerning the nature of economies practiced by the Baltimore & Ohio, interrupting him, Commissioner Proctor inquired of Mr. Brandeis: "Do you maintain that before the commission should allow any increase of rates for the railroads if their business is so efficiently managed as to warrant this action?"

"I think," responded Mr. Brandeis, "the commission should find that it would be a most serious injury to the country to establish the principle that, if, according to present conditions, the railroads need more money, they should raise rates instead of considering whether they could not make more money under the present rates with greater economy."

Valuation Not Necessary.

Mr. Willard said he thought it was not necessary to obtain a physical valuation of railroad property in order to fix rates.

President Brown, of the New York Central, said that the increase of wages on that system amounted to \$7,831,000 a year, with an additional \$175,000 a year to take effect January 1.

The New York Central has in progress improvements involving the expenditure of approximately \$155,000,000; the Lake Shore and Michigan Southern of \$61,000,000; the Michigan Central \$14,200,000; the Pittsburgh & Lake Erie, \$9,150,000, and the Big Four, \$7,500,000, according to President Brown. The total is \$246,650,000.

"I cannot better illustrate the situation," said Mr. Brown, "than by reference to the recent attempts of the Michigan Central Railroads to market in this country and in Europe an issue of \$17,500,000 of its 4 per cent debentures."

"The new bonded indebtedness of the Michigan Central and the previous stability of its earnings should have made such an issue attractive to any security market. It has been impossible, however, in this country or in Europe to secure any bid for these securities, which could be considered as a first alternative is to borrow money on short time notes, and the result of an effort to do this shows that it will be necessary to pay approximately 10 per cent, in my opinion, fully 6 per cent interest on each note."

Roosevelt Sees Victory

(Continued from First Page)

diplomats from a stand in front of a hotel, talking of the Alaska coal and cases, he paid his compliments to the men from New York and Colorado who



P. F. Dunne, who belittled Portland's traffic in arguing for merger.

oppose his ideas on conservation and who, he said, wanted to exploit Alaska for themselves. He said they must not be allowed to rob the people.

Senator Beveridge, who accompanied the Colonel on his trip across the state, sat on the platform behind him. Charles W. Fairbanks, ex-Vice-President, who also traveled with Colonel Roosevelt as far as Indianapolis, introduced the Colonel and praised him.

"I am here today to speak in Indiana for the ticket headed by Albert J. Beveridge for Senator, because during his 21 years' service in the United States Senate—a service which I have watched closely—he has shown that he possessed honesty, courage and good sound common sense."

Tariff Commission Favored.

Colonel Roosevelt reviewed the tariff commission plan, which Senator Beveridge had supported. He said also that the Senator had helped to put a stop to the "robbery of the Government by the tobacco trust."

"Again, take the great question of conservation," he said. "In Alaska our aim is to control the development of the coal fields so that all the profit and use shall not go to a single group of enormously wealthy men."

"Now mind you, we want to give them a proper profit. And that is their objection to it."

"The people want to develop Alaska by exploiting the coal fields purely in their own interests. They live in New York and Colorado. And these New Yorkers and people of Colorado who have never seen Alaska are filling the air with complaints that we must not interfere with local self-government in Alaska."

"I have been immensely amused by some of the pleas for state rights made to me this year. I hold that the National Government should exercise control over the water-power sites, and when I advocated that I was assailed by some very worthy citizens of my own state, New York—and one or two others of Ohio—who stated that it was an outrage to infringe on the state rights of Colorado. I have been amused to give New York and Ohio something to which they were not entitled. We are for state rights, wherever state rights mean paying rights—the rights of the people, and we are for National rights wherever National rights means the rights of the people."

People Fight to Shake Hand.

At Anderson when Colonel Roosevelt finished his speech, hundreds pushed forward to take his hand. In the rush the railing of the stand was broken down and men fought with each other to get near the Colonel. One man edged his way almost to Colonel Roosevelt's side and reached out his hand to touch him. Another man who was just behind him, struck the man in the jaw with his fist to get him out of the way.

The crush became so great that the police feared a panic. Mounted police forced their way into the crowd and with their horses compelled the people to stand back until the Colonel and Senator Beveridge had been rescued.

PLOT AGAINST TRAIN FAILS

Rocks and Timbers Found on Puyallup Line—Express Escapes.

TACOMA, Oct. 12.—An attempt was made to wreck a train of the Tacoma Railway & Power Company early this morning, according to its officials.

Two boulders were found on the track of the Puyallup line at Midway, while several hundred yards away was a pile of timbers. A switch on the line was thrown open and held by stones.

A freight train, bound into the city, at 1:20 o'clock, narrowly averted being wrecked.

WAR IN FORMOSA BITTER

Tribesmen Decapitate Soldiers, and Japanese Press Fighting.

VICTORIA, B. C., Oct. 13.—Lieutenant-General Koizumi, who commanded the Japanese forces in the Formosa campaign against the natives, has just returned to Japan. He says that the Japanese soldiers are now engaged in making wire entanglements with

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NOTICE TO CONTESTANTS

We wish to announce that the following were the winners for special prizes awarded in our great publicity contest just closed.

- 1st Prize—Christine Patt, 75 N. 16th Street.
- 2nd Prize—Victor Rosen, 425 Blackstone Street.
- 3rd Prize—Person submitting pillow, No Name.
- 4th Prize—Mrs. Ella B. Risley, Milwaukie, R. F. D. 1.
- 5th Prize—Mrs. R. J. Williams, Dammerer Apts.

The above persons will please call at our store and claim their prizes. Look out for our window display of contributions, which is worth going a long way to see.

We wish to take this opportunity to thank the thousands who participated in this the most interesting publicity contest ever held here. And now for the next ten days we propose to give everybody, whether they entered the contest or not, an opportunity to buy strictly high grade pianos, at factory prices, which is about the price usually paid for commercial pianos, and this will be of special interest to those winning piano purchasing checks. Very liberal terms will be made during this sale. For the convenience of all, the store will remain open evenings till 9 o'clock.

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