

HEARINGS OPEN IN BASIN RATE CASE

'Farmers Don't Haul Wheat Up Hill,' Says First Witness.

RETURN LOADS HELD NEED

Attorneys Differ as to Why Cost on O.-W. R. & N. Lines Was Altered in Days Past.

(Continued From First Page.)

The Union Pacific system, brought out that the 15-cent rate from Walla Walla to Portland was made the Seattle rate.

"On I understand that the Washington commission ordered the Portland rate be made to Seattle," asked J. N. Teal, attorney for the Portland bodies involved in the hearing.

Rate Ignorance Admitted. "Everyone knows that," was the prompt answer of Mr. Spencer.

Commissioner Hall questioned Dr. Smith as to the knowledge wheat growers have of the Liverpool price as a basis for the price paid for wheat before the war. Dr. Smith said that it was well understood that prices for northwest wheat were based on the Liverpool price plus the ocean rates and freight rate from the shipping point to tidewater.

In concluding his testimony Dr. Smith said:

"The producers contend that the base rate is unreasonable, but do not know just how it is made."

Many Experts Gather.

Probably the largest gathering of rate experts and legal talent held together in any previous hearing held in the Pacific northwest. The interest of the railroad administration is manifested by the presence of numerous officials and the members of the Portland district freight traffic committee. James H. Woodworth, traffic assistant to R. H. Alton of the northwest region, is in attendance. Seth Mann of San Francisco, the Pacific coast member of the western freight traffic committee at Chicago, is one of the administration officials in attendance. Chairman Blaine Washington public utilities commission, which has taken up the controversy on behalf of Seattle and Puget sound interests, is representing the official traffic body of that state. All of the members of the Oregon public service commission, with rate experts and assistants, Attorney General Bailey, are participating.

Portland Has Large Delegation.

On behalf of Portland commercial and traffic organizations J. N. Teal and W. C. McCulloch are appearing, with John H. Lohr, secretary of the Portland Traffic and Transportation association, as rate expert. Walter P. LaRoche, city attorney, appears for the stock commission. The delegation from the Port of Portland commission Gus C. Moser is appearing as attorney.

Astoria is represented by Attorneys G. C. Fulton and John S. Smith, with a group of business men and representatives of the Port of Astoria headed by B. D. Stone, George B. Smith, Thomas Blyler and George B. McLeod. Mayor Wilson represents the city of Warrenton officially, and is accompanied by C. C. Rindley, Tacoma, who participated in the cross-examination of witnesses during the day.

Among the witnesses appearing for the United States railroad administration are Arthur C. Spencer of the Oregon-Washington lines and C. A. Hart of the northern lines.

C. O. Bergen of the Spokane Mercantile association, and J. B. Campbell are at the head of the Spokane representatives appearing in the hearing.

Shippers Also Present.

Frank W. Robinson, traffic manager of the Oregon-Washington system lines, and chairman of the Portland district freight traffic committee; W. D. Skinner, traffic manager of the Spokane, Portland & Seattle, and member of the committee; E. D. Burroughs, traffic manager of the Chicago, Milwaukee & St. Paul, and a member; J. McCune of Tacoma, and J. B. Campbell of Spokane, members of the committee representing shippers in the membership, are all in attendance.

G. W. Luce, traffic manager of the Southern Pacific system lines, with headquarters at San Francisco, and a member of the San Francisco district freight traffic committee, is here to attend the hearing.

H. E. Lounsbury, general freight agent of the Oregon-Washington lines under the railroad administration, and E. H. Fogarty, assistant general agent of the Northern Pacific at Portland, are representing the interests of their respective lines.

J. D. Brown, president of the Farmers' union for Oregon and southern Idaho, was the second witness called. He stated that the organization which he represents has a large number of inland elevators and warehouses, with terminal facilities at Seattle and Portland for handling grain. Members of the union are interested in the matter of getting reasonable rates as a means of obtaining the best possible prices at tidewater.

Grading Causes No Trouble.

In response to questions of attorneys he declared that since the federal government has taken charge of grading there is general uniformity and no complaint in the matter of grading grain. The union acts for the growers in handling grain, but it is not required that the union be allowed to

INTERSTATE COMMERCE COMMISSIONERS WHO ARE CONDUCTING HEARING IN PORTLAND RATE CASE, CHIEF EXAMINER AND RATE EXPERT.



handle grain stored in its warehouses.

Mr. Brown testified that the farmers receive a price for the grain dependent upon their location, rates from the shipping point to tidewater, and that the prices are based upon the Liverpool price, plus the ocean freight rates and local railroad freight from point of origin to where it is loaded on ships.

Edward Ostrander, rate and traffic expert, was the next witness and occupied the stand during the entire afternoon session of the hearing. He received training as a traffic and rate man with the Oregon Railroad & Navigation company, the Chicago, Burlington & Quincy, and later with the Oregon public service commission and transcontinental freight bureau. He appears on behalf of the Inland Empire Shippers' league.

Many Exhibits Offered.

Mr. Ostrander introduced 65 exhibits dealing with the history of early railroad construction of the lines now included in the Oregon-Washington Railroad & Navigation lines, and with the revenues and operating costs of the lines now embodied in the system. Included were reports of the Oregon Short Line, which Attorney West stated was the holder of the large part of the stocks and bonds of the Oregon-Washington holdings. It was made apparent that it is the purpose to prove the valuation of the railroad as it now exists, with consideration of the revenues derived by the owners, in establishing what is the proper basis for establishing what is actually an equitable and fair rate for traffic over the road at the present time.

Commissioner Hall ruled that exhibits covering the statements of the Union Pacific system would be excluded as not being relevant at this stage of the hearing, though it was made clear in the discussion that ensued that if it appears later that these exhibits introduced data that should be properly considered they may be brought into the testimony.

Comparisons of Costs Excluded.

Attorney Teal contended that the Northern Pacific, Great Northern and Chicago, Milwaukee & St. Paul railroads, which operate over the same lines, divided into three sections, for operating purposes, as the Union Pacific. He called attention of the commissioners to the fact that in several previous hearings on other questions the representatives of the Union Pacific had insisted that the Oregon Short Line and the Oregon-Washington be considered as component parts of the Union Pacific.

Another statement excluded was that showing a comparison of certain operating expenses of the Oregon-Washington and Northern Pacific companies for the year ending December 31, 1917.

Comparisons Are Made.

By comparative memoranda covering the lines owned by the Oregon Railroad & Navigation company for the period of three years preceding the split year of 1911, and the three years following, it was brought out that with the merging of the various so-called independent lines into one system, some very important changes were wrought. It was in 1911 that the new company was formed and the mileage of 112,141 and 15,000 miles was reduced to 124,051 in 1912, reduced to 129,018 in 1914.

In a comparative statement of the capitalization, income, dividends, etc., for the like periods preceding and subsequent to the reorganization, it was shown that the total capitalization per mile of line in 1910 (capital stock and bonded debt) was \$17,090, and in 1912 \$63,327. This had increased in 1914 to \$77,055.

It was shown that in 1908 the dividends on common and preferred stock were 78 per cent, in 1909 12 1/2 per cent, and in 1910 15 per cent on common stock and 17 per cent on preferred. The Oregon Short Line income account revealed that in 1908, when the extraordinary dividend was paid by the subsidiary company, the parent company distributed a dividend of 110 per cent, in 1909 25 per cent, and in 1910 50 per cent. Payment of fat dividends by the Oregon Short Line, it was stated by Attorney West, was directly traceable to the income shown in the statement "other income" than that of operating income of the railroad company. In 1908 the operating income was \$7,874,959.14 and other income \$41,440,134.93. In 1909 it was respectively \$9,872,926.48 and \$15,045,296.54. In 1910 it was respectively \$10,828,211.13 and \$18,605,430.14.

It was further shown by the statement that the average annual operating income had been sufficient to pay the 4 1/2 per cent interest on the bonds and annual dividends of 28 per cent for the four-year period of the fiscal years 1907 to 1910, inclusive.

Mr. Ostrander will resume the stand this morning on direct examination. It is probable that he will be on the stand throughout the day, with cross-examination by counsel for the railroad administration, the various intervenors, and redirect examination to follow. The hearing opens at 10 A. M., takes recess for luncheon at 12:30 and reconvenes at 2 o'clock P. M. It is the expectation that the hearing at Portland will con-

clude at the end of this week, and will be resumed at Seattle next Monday.

OREGON TROOPS IN WRECK

Westbound Olympian Train Derailed at Olivia, Minn.

OLIVIA, Minn., July 21.—The westbound Olympian—Chicago, Milwaukee & St. Paul coast train—was derailed here late today when it struck an open switch. The engine and eight cars left the rails. None of the passengers was injured.

The train was composed of steel coaches, which, railroad officials said, prevented a heavy loss of life.

The following Oregon men were on board: Lieutenant E. T. Stretcher, Portland; R. H. Norris, Medford; V. E. Niederer, Portland; J. C. Shirley, McMinnville; J. B. Eakin, Dallas; Sergeant Virgil Parker, Albany; William Thomas, The Dalles; Percy Thompson, The Dalles; John Braut, Portland, of the navy. None of them was injured.

Crack Shot of Force Wounded.

Later in the evening Patrolman Bunn, crack shot on the Washington police force, was struck by a bullet fired by a negro in the northwest section of the city, the most exclusive residential district. The negro escaped. A crowd of onlookers who had taken up the chase.

Two negroes were seriously injured late in the afternoon near the house of a police officer. One of the negroes, believed to be a chauffeur for a representative, intervened and was beaten into unconsciousness. The soldiers got away before the arrival of police.

The first real clash occurred about 11 o'clock in the southeast section, when a mob stopped a negro. Reports to the police said the negro thereupon opened fire and two white men in the crowd were slightly wounded. Police arriving on the scene, according to reports to headquarters, fired at the negro, one of the bullets hitting him in the shoulder. The black was arrested.

NORFOLK, Va., July 21.—Serious riots broke out in the negro section of the city tonight. Four persons, including a day porter, were shot, but no one was killed. All police reserves and a detachment of armed sailors from the naval base were called out to quell the disturbances.

Tonight marked the opening of a week of festivities to celebrate the homecoming of negro troops.

Swiss Favor League.

GENEVA, July 21.—(By the Associated Press.) The committee of Swiss experts considering the league of nations today adopted a resolution favoring Switzerland's membership in the league by a vote of 24 to 2. The two adverse votes were cast by socialist members of the committee.

Police Patrols Downtown.

Two troops of cavalry from Fort Myer patrolled the downtown streets today to quell any outbreak which might start, although early the city generally was quiet. Two hundred men, brought here from the Quantico training camp today when it was feared that the provost guard and police might not be able to stop the disturbances, were scattered throughout the city, together with 100 naval military police. A dozen motor transport corps trucks, each able to carry 40 men, were stationed at strategic points, prepared to rush reserves to any part of the city. "Cavalry" crowds, made up of civilians and numerous enlisted men of the army and the navy, on leave from nearby camps, moved up and down Pennsylvania avenue from the capitol to the White House. Every effort was being made to keep the men in motion and when any number gathered at a corner, police quickly dispersed them.

Trouble Soon Breaks Out.

There was ample proof, however, that

Explosion of Boiler in Engine in Utah Is Fatal.

OGDEN, Utah, July 21.—Engineer Thomas Carroll, fireman A. H. Woods and the entire crew of an extra Union Pacific train No. 5905, were killed instantly near Castle Rock, Utah, when the boiler of the engine exploded.

FAMOUS MINSTREL IS ILL

George H. Primrose Reported in Serious Condition in South.

SAN DIEGO, Cal., July 21.—George H. Primrose, the noted minstrel, who came here in the period of two, is reported critically ill at a hospital.

TEN KILLED AT CAPITAL

(Continued From First Page.)

Pennsylvania avenue between the capitol and the White House despite the presence of the city's troops of cavalry and 400 other armed service men, grew more determined as the night wore on and outbreaks were reported more frequent.

Street Cars Are Stopped.

Reported police headquarters said street cars had been stopped in various parts of the city, the assaults being both whites and negroes. One negro was fatally shot, but no one was killed. All police reserves and a detachment of armed sailors from the naval base were called out to quell the disturbances.

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HOUSE ADOPTS BILL WITH SUPPLY RIGHT

Drys Fail to Carry Enforcement Into Homes.

AMENDMENTS ARE ADDED

Men From Army and Navy to Get First Choice in Appointments Provided Under Act.

WASHINGTON, July 21.—The prohibition enforcement bill, drastic provisions and all, was adopted today, section by section, by the house, but as a man stood to store liquor in his home stood up against all attacks. On the final count only three votes were recorded in favor of an amendment to make home possession of intoxicants unlawful.

After all perfecting amendments had been adopted and others designed to make the bill less severe were bowed over in a chorus of "noes," an attempt was made to adjourn overnight. This prevailed, but there was a demand for a roll call and the prohibition forces, summoned from all quarters by their leaders, piled into the chamber in sufficient numbers to keep the house in session tonight for the tedious roll call vote of half a dozen amendments in dispute, which had to be passed on before the vote was taken on the bill as a whole.

Adjournment Is Forced.

Demand for a formal reading of the engrossed bill, which was not in shape for the purpose, forced adjournment of the house tonight and delayed its passage until tomorrow.

The first fight of the day was over the section giving courts the right to put under bond a person convicted of violation of the liquor law. This was strictly accepted, the scene was not unlike that on a stock market on a high sales day.

Score Clamor for Recognition.

Everybody wanted to speak or offer an amendment, fully a score clamoring for recognition at once.

First consideration was given Chairman Volstead of the judiciary committee, in charge of the bill, who had two amendments. These fixed the time for reporting possession of intoxicants. In one Mr. Volstead offered, and which the house accepted without discussion.

Representative Ruben, democrat of Missouri, got the floor after Chairman Volstead was through with the section and immediately he announced intention to throw the searchlight on American wine cellars, reported to be stocked with liquor enough to last for generations.

His amendment provided that a person should not possess more than 250 worth of liquor, which a member likened to "one white chip in a steamboat poker game," considering the high cost of the product in the closing days of the bar. The house did not take kindly to this proposal and defeated it.

Three Oppose Storage Clause.

With this out of the way Representative Baker, democrat of California, offered an amendment to make it unlawful to have liquor in one's own dwelling, "considering the high cost of the product in the closing days of the bar. The house did not take kindly to this proposal and defeated it.

Several amendments were adopted, including one by Representative Egan, democrat, Missouri, making provision for the handling of sacramental wine, which the bill failed to do. Representative Egan, republican, Wisconsin, offered one which would require the government in picking its agents to enforce the prohibition law to give due regard to civil service rules, while Representative Sigal, republican, New York, put through one providing that men discharged from the military and naval service be given first call in making appointments.

Many amendments were defeated and

some were ruled out on points of order.

A fight was made against the section permitting the manufacture of beverages containing less than one-half of 1 per cent of alcohol after the house adopted an amendment to include any liquid, such as beer, ale, porter or wine. An amendment by Mr. Igoe, which would make valid the defense of a person charged with violation of the prohibition law if he proved that such liquor or beverage was not intoxicating, was defeated, 78 to 36.

There was not as much speechmaking as on previous days, the temper of the house being such that it was not inclined to listen to arguments. The one speech since the beginning of the debate which was listened to by the entire house was by Representative Mann, former republican floor leader, who opposed the elimination of the provision permitting a person to have liquor in his possession for private use.

Oregon Products Appeal.

Contracts for canned fruit, canned milk, canned salmon and other Oregon

food products are in sight as the result of a visit here of H. Skinner, general manager of the Steel Products Export corporation of New York. Mr. Skinner spent some time yesterday at the Chamber of Commerce gathering information on local products. His concern is representing the Commercial Union of the Etats Unis of France, said to be one of the large import organizations of that country and composed of members of the former French food commission.

BELGIANS WANT HUN TRADE

Government to Issue Regulations for All Transactions.

BRUSSELS, Saturday, July 19.—The Belgian government next week will issue regulations governing trade with the Germans.

Every transaction will require a license. Importation of raw materials from Germany will be encouraged.

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