

HEARINGS ON RATES TO CLOSE ON SOUND

Announcement Made That All Evidence Must Be in Monday.

CLASHES MARK TESTIMONY

Ruling That Witnesses Must Be Present in Person Causes Extended Debate by Counsel.

(Continued From First Page.)

Putting in evidence and such time as may be required for cross-examination. J. B. Campbell declared that Spokane would require little time and could just as well put in its case at Seattle. G. C. Fulton, representing Astoria, said that it would be just as well for the Astoria case to follow that of the railroads, at Seattle, as it would probably be considerably shortened by the fact that the railroads are dealing with the same matters.

Attorney J. N. Teal was optimistic in the thought that direct testimony of Portland might be completed by noon today. W. P. LaRoche, city attorney, was allotted two hours to present the case of the direct testimony, and will have a like time for the port commission case. C. A. Hart of the law firm of Carey & Kerr, director of the conduct of the case for the railroad administration, said that he would have two witnesses to introduce in the present sitting.

"It is a Portland case," he explained, "and it is my desire to put on J. G. Woodworth and one other witness here, because their testimony is of especial interest to Portland. I feel that certain witnesses should be heard here."

Suggestion having been made that the hearing might be continued at Portland Monday and Tuesday, S. J. Wetrick, representing the Seattle chamber of commerce and commercial club, said that if the hearing was continued here over Tuesday he was afraid Seattle would not have a chance to put in all of the evidence in the case it might desire.

Tentative Plan Made. Examiner Thurtell announced that the hearing would proceed with the intention of closing the hearing at Seattle Monday and Tuesday at Portland Tuesday. This is the present programme, but may be modified by the commissioners.

Warrenton has been allotted Saturday forenoon for the presentation of its case, and it is anticipated it will be completed in about two hours' time, including cross-examination of witnesses introduced.

With the completion of the testimony on direct evidence by John H. Lothrop exhibits in the case so far total 100. Some of the matters brought into the record were subjects of heated debate between counsel for the railroad administration and Attorney J. N. Teal.

Mr. Teal declared that the requirement that witnesses of eminent authority appear in the flesh in order to submit to cross-examination as to competency of their testimony, introduced by the railroads for precisely the same purpose as such evidence is now sought to be used for the public, raised objections that he had never before encountered with the interstate commerce commission.

Ruling Is Held Back. The counsel had endeavored to introduce testimony of Julius Kruttschnitt, now chairman of the board of the Southern Pacific company and at that time in charge of operation and traffic of the Union and Southern Pacific systems, in a case heard at Salt Lake City, Utah. It had been objected to by the attorneys for the railroad administration on the ground that there was no chance to interrogate the witness under cross-examination. Testimony had been printed in pamphlet form and was given a number for identification, the commission withholding its ruling as to admissibility.

Exhibit May Be Barred. Continuation of the hearing of the Portland rate case before division No. 3 of the interstate commerce commission at the University of Oregon building, yesterday morning, was characterized by an effort to obtain from counsel an understanding of a division of time allotted to the hearing.

John H. Lothrop resumed testimony and offered as an exhibit excerpts from testimony of Julius Kruttschnitt, in charge of operating and construction of the Union Pacific and Southern Pacific systems, mentioning a long list of improvements made since 1899.

The railroad administration counsel objected to the exhibit, and it was given a number for identification, but its admission was deferred pending submission of complete record to opposing counsel.

S. J. Wetrick, attorney for the transportation bureau of the Seattle Chamber of Commerce and commercial club, objected to the introduction of testimony regarding the operating costs of the Southern Pacific over the Siskiyou mountains, and other companies with lines foreign to the territory under discussion. He insisted that evidence should be confined to the railroads over the Cascades. This being the last exhibit of his character, concluded this phase of the evidence, and was admitted.

Rates Are Compared. A table showing rates on canned goods demonstrated that Seattle enjoys equal or lower rates than Portland, to points in the Columbia river basin, to destinations of like or greater mileage. Prescott, Ayr Junction, Sacramento and Spokane were used. It was also shown that the combination rail and water rates from San Francisco afford California shippers a better rate to interior points relatively, than Portland. The rate from San Francisco to Seattle, Astoria and Portland by water is the same.

Counsel Hart, of the railroad administration, took up cross-examination of J. H. Lothrop at the opening of the afternoon session of the hearing. After interrogating witness as to his qualifications as a rate expert, the questioning was directed to views as to relationship of rates.

Differential Is Urged. Mr. Hart—Do you hold that all rates should be higher to Seattle than to Portland? Witness—I think there should be a differential. Hart—In all rates? Witness—Yes, sir.

Hart—Do you subscribe to the theory advanced by Mr. Ostrander that there should be a differential on all grain rates? Witness—Yes, sir.

Hart—Would not the Milwaukee be justified in reducing grain rates to compete for that traffic? Witness—Not for the purpose of meeting the Portland rate.

Hart—Why not? Isn't that legitimate competition? Witness—That is commercial competition. Hart—Do you not think that if the railroads can move the traffic cheaply to Seattle as to Portland that they should be allowed to do so? Witness—Yes, sir, if the railroads can

show the commission that the cost of the haul is the same, there would be no objection to the rate. But it should not be made the same to meet the commercial competition to Portland. Mr. Hart asked whether or not in a former rate case the same attorney now appearing in this case did not represent both the Portland and Seattle chambers of commerce. The witness was not familiar with the history of that case and could not answer.

Hart—Do you recall that the Walla Walla rate on grain was reduced by order of the commission? Witness—I recall that it was reduced.

Effort to Show Bias. Hart—Isn't it true that rates are lower from points where Portland gets into the field than at Lind, for instance? Witness—I think that is true in some cases.

Hart—Is it your observation that the open river competition as a factor in rates did not bring the rates down? That the potential influence of the boats on the river did not bring the expected results? Witness—I think that is true.

Hart—Referring to your map, the portion shown in red has an average distance of 24 miles in favor of Portland. In your statement you used the Northern Pacific as the shortest mileage, did you not? Witness—No, I did not; the combined mileage of the roads that made the shortest route was made.

Hart—Perhaps I misstated my question. I did not mean to raise a question as to your statement. Hart—Take Warden, outside the blanketed area, if the mileage to Seattle is less than to Portland should not Seattle have a lower rate from that point? Witness—Yes, sir, if mileage were the only consideration.

Hart—You have spoken of the natural advantages of Portland. Do you think that Seattle is entitled to the benefit of the short-line mileage between Lind and Marengo and Seattle, by the Milwaukee? Witness—Yes, sir, if there is any natural advantage, taking into account all the conditions.

Hart—Take Grangeville, the end of the Camas Prairie line, at the southeastern corner of the blanketed area, you have a distance of about 20 miles in favor of Seattle. Do you think that should have a lower rate to Seattle? Witness—Yes, sir; if that is correct I think that might be so.

Commissioner Eastman—Take this red territory, were some changes made by the railroad administration in some of the rates? Witness—I think some changes were made on fruit shipments to the east.

Spokane Query Cloudy. Hart—Passing the question of the haul over the mountains, would you have any objection to the blanket adjustment remaining as to Spokane, which is 69 miles nearer Sea? Witness—I do not think I understand.

Hart—As Spokane is nearer Seattle by 69 miles and Pendleton 50 miles nearer Portland, do you think the same rule should be applied to both? Witness—If I were making the rate I would apply the rate on a mileage basis, taking into account other conditions.

In answer to interrogation of Commissioner Hall, Mr. Lothrop enunciated his belief that rates should be based upon mileage in all sections of the country. He said that in his opinion market competition should not control in rate making.

Hart—Has Portland not asked for the same rate to Klamath Falls that San Francisco has to Klamath Falls? Witness—No, sir, it has not; we have asked for a rate based on the relative distance.

Hart—What was the purpose in using the equated mileage basis? Witness—The carriers have used the equated mileage in other cases and we considered that a good basis to use here in presenting the evidence for the consideration of the commission.

Mode of Comparison Sought. Hart—The purpose of the equated mileage is to show the cost of service over curves and grades, is it not? Witness—The purpose is to make a basis of comparison.

Hart—Portland and Seattle have the same rates from eastern common points do they not? Witness—In transcontinental territory, yes.

Hart—Now the transcontinental rates to Spokane are the same as to Portland are they not? Witness—Not in all cases. Generally that is the case, I believe.

Hart—Has the parity of rates to Portland and Seattle ever been questioned before? Witness—Not to my knowledge.

History of the Astoria rate case was gone into in the examination. Witness said that he dropped in several times, but did not have any part in the case.

"Natural Advantages" Discussed. Hart—You have referred to the natural advantages of Portland. What do you mean by that? Witness—That the water grade through the Columbia river gorge should be used.

Hart—Do you think that the Spokane, Portland & Seattle railroad, which was built at a cost of \$120,000 a mile, should be discarded? Witness—We have an example along the Deschutes where one line was built at nearly double the cost of the other, and one could easily handle all of the traffic.

Hart—Do you think the building of the Deschutes where one line was built at nearly double the cost of the other, and one could easily handle all of the traffic, should be discarded? Witness—I do not know as to that; I have no doubt it was of some benefit to the community.

Hart—Do you think the grain grower is not benefited by having the advantage of the Seattle market? Witness—I do not think the interest of the producer was considered as much as the interest of the buyer.

Hart—You have said you do not believe in the equalization of markets? Witness—Yes, sir.

Hart—Did Portland have her share of export traffic prior to 1914? Witness—I think that is true.

Hart—Did not Portland handle about 68 per cent of wheat exported prior to 1914? Witness—I am not informed as to the relative amount shipped.

Hart—Do you not think Portland has handled its share? Witness—I have handled a great deal, but probably not as much as would have been handled had the rates been different.

Attorney Hart stated that in speaking of Seattle he combined Tacoma and Seattle in the statements as to flour and wheat shipments.

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ing the mileage to Seattle less in some cases than to Portland. J. R. Campbell (Spokane)—Is it not true that as a member of the Portland district freight traffic committee you signed a recommendation that Spokane should have a lower rate on transcontinental traffic than Portland? Witness—Yes, sir. Clyde G. Fulton (Astoria)—At the time of the Astoria rate case, did not your traffic and transportation committee discuss what attitude you should take in the matter? Witness—Portland rates were not under attack. The committee did not deem it was its duty to intervene. Fulton—Isn't this the reason, and the reason that counsel has frequently stated, that you thought that if Astoria could obtain a parity with Seattle that Portland could then come in and get a lower rate? Witness—I could not say what was in the minds of the people. Fulton—You do not care what rates are made, so long as Portland gets a lower rate than Astoria? Witness—If you are asking me what is the sentiment of Portland, I would have to say there is a division on the matter. Norwegian government experimenters have succeeded in producing bread containing 20 per cent of fish.

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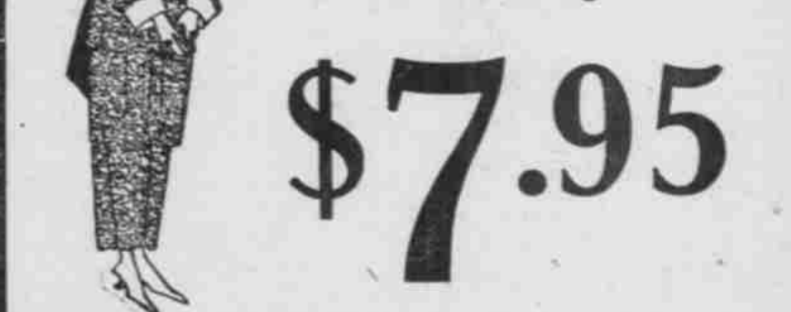
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