## RATES NOT INTENDED TO INJURE PORTLAND

Favoritism to Seattle Was Unforeseen, Says Expert.

## TESTIMONY BOOSTS CASE

Attorneys Stage Argument When Time Limit for Testimony Is Overstepped by Counsel.

That there was no intent on the part of the railroads to build up Seattle at the expense of Portland, and that the effect of order No. 1 of the United States railroad administration for the use of shortest routes and lines of most economical operation is practically a thing of the past in practice, were features of the direct testimony of James G. Woodworth traffic assistant to the northwestern regional director, who was the chief witness called for the railroads to testify in the consolidated Portland rate case.

Qualifying as an expert by a review of his record as a traffic official of the old Gregon Railroad & Navigation company, later traffic manager of the Northern Pacific and at present with the railroad administration, the popular former Portland citizen attributed the traffic conditions of the Pacific northwest as having developed existing conditions in a natural way. He said it was raiter difficult to change the rate structure, and in order to establish that it is not uncommon to blanket rates, as is done in the Columbia river basin. He made comparisons with territory east of the flocky mountains in which the element of competitive markets is a potent factor.

Atterneys Have Squabble.

which the element of competitive markets is a potent factor.

Attorneys Have Squabble.

Preceding the cailing of Mr. Woodworth to the stand there developed a bit of verbal pyrotechnics between J. N. Teal, attorney for the Fortland Traffic & Transportation association and Chamber of Commerce, and Arthur C. Spencer, attorney for the railroad administration, in which other counsel joined, it had been understood between counsel, as a result of conference with the chief examiner of the interstate commerce commission and arranged by the commissioners, that Mr. Woodworth should be placed on the stand in ample time to permit sufficient cross-examination by opposing counsel. Attorney Hart had repeatedly stated that it was the idea of the counsel for the railroads that their chief witness should be heard in Portland, as it is a Periland action. Oswaid West, altorney for the inland Empire Shippers league, had stipulated that he was to have the opportunity at a convenient time to place on the stand Ralph Blaisdell, auditor of the Oregon-Washinston Railroad & Navigation company, and that it would probably not require more than 15 minutes to do so, At 11.30 th. M. the commission was prepared to call Mr. Woodworth to the stand, but with the understanding that he would not be called until the afternoon sossion convened he had left the room.

The public service commission of

the afternoon session convened he had left the room.

The public service commission of Oregon bad consented to postponing the cross-examination of J. P. Newell, in order to give way for the traffic official. So time before the noon adjournment was given to testimony of the Idaho public service commission in putting in their case as intervenors. When the afternoon session opened Mr. Biaisdell was called to the stand and the aliotted 15 minutes sufficed for Mr. West, but thereafter came a torrent of cross-examination from various sources. Attorney Spencer took occasion to utilize the opportunity to draw from the witness some data regarding various financial transactions of the railroads, and when the clock had ticked on to the middle of the afternoon session, Mr. Teal, "and it is unfair, and impossible for us to have the chance to cross-examine Mr. Woodwith properly in the time allotted, I object to the railroad counsel making this witness their own and taking the served by the Oregon-Wash-lighted a Navigation company in the southern part, and by the Great Northern Pacific and Chicago, Morthern, Northern Pacific and Chicago, Morthern part, and by the Great Northern Pacific and Chicago, Morthern part, and by the Great Northern Pacific and Chicago, Morthern part.

Witness declared in a preliminary statement that if rates are readjusted on any other basis than distance Lewiston will suffer. "We understand that Spokane is asking for the same weatbound rates toward Portland that Portland is asking eastbound toward Spokane, we feel that the same rates should be applied from Lewiston of Granting of the rates asked by Spokane, we feel that the same rates should be applied from Lewiston of Granting of the rates asked by Spokane, we feel that the same rates should be applied from Lewiston of Granting of the rates asked by Spokane, we feel that the same rates should be applied from Lewiston of Granting of the rates asked by Spokane, we feel that the same at the coast. The present castbound rates from Boise are generally on

chance to cross-examine Mr. Wood-worth properly in the time allotted. I object to the railroad counsel making this winness their own and taking the

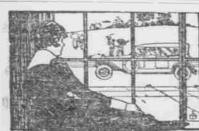
Mr. Spencer replied that it had not been his wish to take any time improperly, but that Mr. Blaisdell could not see to Scattle and he wished to heins out some important information that no other witness could so well autimit. But that so far as the cross-examination of Mr. Woodworth is concerned, it could be continued to Second

attle.

Mr. Tenl Denies Allegations.

After some apirited comment, in which Mr. Teal denied the allegations of contending counsel that he had shown exceeding heat in the debate. Commissioner Hall poured oil on the troubled waters of the conflicting portinterests by suggesting that a short recess would be taken, during which he would confer with Mr. Teal and some

disposition but came up feeling com-fortably well after the noon recess, and presided at the afternoon and evening sussions. Commissioner Daniels pre-sided at the morning session of the Dearing.



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o'clock, when the cross-examination of Mr. Woodworth was scheduled. Mr. Woodworth opened his testimony ith a statement that the railroads Pacific northwest, and that conditions that are being brought under consideration in the consolidated cases presented to the interstate commission are of a rather unusual character in some

Map of Territory Is Shown. J. P. Newell, consulting engineer continued direct testimony before division No. 3 of the interstate commerc ommission yesterday morning, at the beginning of the second week of the beginning of the second week of the Portland rate case. Going at once to the submission of the testimony upon which will be determined the Issues involved, a map showing three subdivisions of territory in the Columbia river basin district was entered as exhibit No. 114. Exhibit No. 115 "cost of service and mileage between Columbia river basin points and seaports," was then offered and the testimony directed to explaining the methods used in arriving at the determination.

"Resistance mileage is purely a mathematical calculation, representing

"Resistance mileage is purely a mathematical calculation, representing miles of straight, level track. Equivalent mileage is the miles of hand over a level track compared with the actual distance shown between points shown," testified the witness in explanation of columns 10 and 12 of the table.

Witness explained that there is greater advantage from descent gained by the railroads operating over the Cascades and eastbound movement of traffic than westbound, due to the greater length of the grades from the summit to the Columbia river. This was in explanation of the difference in cost between east and westbound traffic over the northern lines.

Answering interruptions of the commissioners, Mr. Newell explained joint haul calculations were based upon movements over the routes indicated by joint tariffs in effect.

Attorney Spencer asked witness as to whether cost of the Deschutes line had been included in figures of Oregon-Washington. Witness answered that he had intended to do so, but had asked Mr. Spencer to advise him whether or not the data furnished by the company did or did not include such valuation. If not Mr. Newell desired permission to prepare another table to show the difference that would be made.

Witness testified it would make no

made.
Witness testified it would make no difference in road costs.
Fuel costs as an item of importance in the calculations was the subject of questions by Attorney Spencer. It was shown that the figures used were based. shown that the lightest used were based upon data contained in the reports of the companies, so far as obtainable. In the case of the Northern Pacific two telegrams sent by the public service commission to the railroad company asking for information had not been afiswered.

Commissioner Daniels asked witness.

Commissioner Daniels asked witness as to economies of electrical operation as compared with steam power. Witness said he is not an electrical engineer, but that so far as he could see the only saving that could be effected in operating by electricity would be in regeneration. He explained that electricitation would show a saving of 1.5 per cent of road costs, accepting the statements that had been made as to saving of 15 per cent on the recharge, which chiefly occurs on the heavier grades. Applied solely on proportion of grades of roads to which it may be applied properly, the reduction is not more than ½ of 1 per cent.

Idaho Witness on Stand. Commissioner Daniels asked witness

Idaho Witness on Stand.

Leonard Way was put on the stand by the public service commission of Witness made a statement that Idaho is a state of large originating tonnage, served by the Oregon-Wash-ington Railroad & Navigation company in the southern part, and by the Great, Northern, Northern Pacific and Chicago, Milwaukee & St. Paul railways in the

ct to the railroad counsel making the clines their own and taking the chair had been allotted to the next set."

Spencer replied that it had not his wish to take any time im-

Reasonable Rate Relationship Asked. The statement asked that a reasonable relationship be established between the rates that extend to Idaho, and the rates in territory adjacent in Oregon, Washington and Montana. On cross-examination it was brought out that the Idaho contention is that if

he would confer with Mr. Teal and some of the counsel for the other side and askempt to arrange plans to abridge the difficulty.

Henry C. Hall, interstate commerce commissioner, did not sit on the case at the morning hearing, due to a slight indisposition, but came up feeling completely the water grant products and grain produced in light does not come to the coast, but the Gen stite desires equality of rates in order that it may have access to coast markets. Competition between railroads and markets water grain products and grain produced in light considered in factors that should be considered in

Time Cards on Exhibition.

M. J. Buckley, general superintendent of the Oregon-Washington railroad lines, entered time cards of the first, second, third and fourth divisions of the road as exhibits. Mr. Buckley was put on as a witness in the grain case and examined by Attorney West. The purpose of the time cards was to introduce in systems the loads fixed for loads. e in evidence the loads fixed for lootives on different parts of the

Witness testified that the result of e central Oregon line from Ontario vestward to a connection with the Deschutes line would be to provide easy Deschutes line would be to provide easy grades more economical of operation than by the main line over the Blue mountains. In answer to a question he said that was not the object of building the road, but would be the result. Superintendent Buckley told what would be the load that a locomotive could haul over the line, varrying from 626 to 1500 tons over different sections of the road.

Engine Capacity Governs.

On cross-examination of engine rat-igs, he said that the figures given ere governed by capacity of engines, he same engine would haul about tree times as heavy tonnage between

matilia and Portland as between matilia and Portland as between matilia and Huntington.

In Attorney Spencer's examination it as brought out that the engine rating less between Umatilia and Rieth than est of the first named point. Testiony was also directed to the branch ne situation, and to the gradients of the Spokane line. He said the heavy minage was in the Pleasant valley ranch and on lines paralleling it. That is settlements in eastern Washingthe settlements in eastern Washing-ton are not so much on the main line as on the branches. Out of Biggs to Shaniko there is a grade of 3.8 per cent, on the Condon branch 3 per cent

Old Rates Were Not High.



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been established under the order of 1910, following the distributive rate case, Mr. Woodworth testified.

In answer to the question of Attorney Hart about grain rates, Mr. Woodworth said they had been relatively low. He attributed it to the fact that wheat production had been the predeminant industry. The influence of legislators from eastern Washington, he said, had been great enough at Olympia to fix maximum rates by which the railroad had been controlled.

Mr. Hart asked us to why the railfords of Asteria traces at different periods. He agreed with the question of the attorney had rates at different periods. He agreed with the question of the attorney had rates were fixed at the low levels because the prices were such that it to traffic could not stand more. In recent years, it was admitted, the rates have been in favor of Seattle, and a larger part of the export has been to that port. The balance swingling loward Seattle was ascribed to the greater capacity of mills on the sound.

Rate Parity Existed 32 Years. The parity of rates between and and the sound has existed since ompletion of the Northern Pacific to Tacoma in 1887, but the road did not qualize the rates to Scattle until a

greater capacity of mills on the sound.

Attorney Hart-Has equalization of

rates to a blanketed territory been unusual?

Witness—No, it has been done in territory between Chicago and the Miasouri rivers extending 200 to 300 miles, and applied for more than a hundred a corresponding equalizing of tariffs.
Attorney Teal asked whether it was the view that rates should be based on the route down the river or by the mountain routes. The answer was that the thought the water grade should be aken into account.

Generally speaking, farm and grain a low to the control of the ritory. In connection with rates be-tween Chicago and Cincinnati and New-port News and Baltimore there is the same disregard of distances. There is a like disparity in rates from Missouri river common points to Colorado points. The same thing is found ap-plying between Colorado and Utah common points. I do not think the differences in this territory are un-

It has become a custom or a policy. If his become a custom or a policy. Whether it was right or wrong, it has become established, is recognized, and we find it is a hard thing to change. Undoubtedly it is a good thing for the producer and the consumer.

Attorney Hart—Then any readjustment of rates on a distance basis you think would be a disadvantage to the

Witness—It would undoubtedly dis-turb both. The farmer usually selects his market when he stores his grain. The Oregon-Washington was at a dis-advantage because it could not move traffic to Puget sound and proposed the joint rate via North Yakima. The rate undoubtedly increased the price to the armer. I don't think there is any juestion of the direct benefit of an qualized rate to the producer.

Mr. Hart—Should there be a readustment of a higher rate to the sound,

is there any reason why a Portland buyer would not offer a less price? Witness—There is none. So long as the preponderance of the traffic of the railroads is eastbound. It is difficult to see how there would be any matedifference in the result to the rail-

Experts Made to Balance Traffic. Mr. Hart—Has it ever been brought to your attention that the roads were absorbing an undue cost of service to the sound?

his hearing I think we have had this suggestion only from the newspapers. Every effort has been made to ballance traffic, but 65 per cent of the traffic is eastbound husiness. The diversion of these loads to Portland would not and could not reduce engine miles, and we would be moving just as many cars to the sound.

Commissioner Eastman asked whether or not empty cars were not also brought to Portland, to which Mr. Woodworth answered affirmatively.

He then asked if the religions of the rails of the same o

Prior to the 25 per cent increase, the railroad admin-rates were not as high as might have stration could not introduce an econ-

and branch. STAN 2.083.518.25 1906-1919
Junction to Crane. 123.29 5.791.62.85 00-1919
Junction to Crane. Witness was referred to Ostrander from Peninsula junction to a connection with the North Bank bridge. a character from Peninsula junction to a connection with the North Bank bridge. a character from Peninsula junction a double track river junction a double track railroad.

The Description of the business. Witness was referred to Ostrander Black river junction a double track railroad.

Branch Lines Show Deficit.

Mr. Hart-Is there any particular difference between competition of rall-roads and markets?

roads and markets?
Witness—No, I think they are practically the same thing.
Referring to testimeny of W. D. B.
Dodson, regarding low rates on Montana products for beat movement from Scattle, witness said there was no dif-ference between the Montana rates and that from the grain belt. He charac-terized the attitude of Portland as "acquiescent" in the Astoria rate case, and that this city made the same con-tention as Seattle in the later action brought in the distributive rate cases in which the cities were joined, and in which a conference between the federal and state commissions was held at the instance of Attorney J. N. Teal. The results in the cases, he said, were resorded by subsequences and the cases. garded by railroad men as permanent he thought, but could not say what investments business men had made as a result of the decisions.

Rates on the railroads were not low-ered because of improvements at Cellio, the road not considering it necessary. Seattle Favoritism Denied.

Asked by Attorney Hart in regard to the testimony of Mr. Dodson that it seemed the railroads were enabled to do things to aid Scattle boat lines, and could not do the same for Portland, the witness replied:
"Nothing is done for steamship com-panies at Puget sound that would not be done at Portland. In fact, the law

does not permit us to make any differ-

Balph Blaisdell, auditor of the Ore-gon-Washington Railway & Navigation company, was the first witness called to the stand at the afternoon session of to the stand at the afternoon sersion of the interstate commerce commission on behalf of the inland Empire Shippers' league, and testified that the stock of the Oregon-Washington company is owned by the Oregon Short Line. After the sale of the property to the Short Line in 1910 the Oregon-Wash-ington company owed the former 310, 800,000. The corporate income for 1910 of the railroad was shown by the state-ment of the company to have been

ment of the company to have been Railway Financing Explained.



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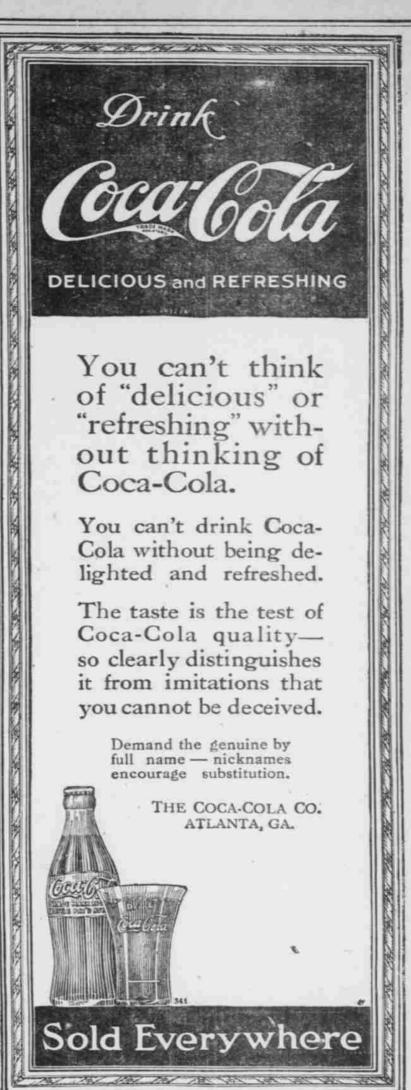
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clude all of the freight terminals, the local traffic. He would not say it was

that it could not be seen why a 190mile haul should be performed for
nothing.

Mr. Hart—What policy has the railroad administration pursued relative to
shorter routes, under order No. 17.

Witness—A great deal of attention
has been given to that in the effort to
use the shortest route, but a good mishy
obstacles have been encountered. Lecult husikess was interfered with in
some places. There has been so much
complaint about it we are back almost
to return of the roads to their owners?

Witness—That is true. Che the Dean Mr. Teal the
Witness—That is true. Che the Dean
Hart—You are looking forward now
to return of the roads to their owners?

Witness—That is true. Che the
Dean True is
the figures was explained as
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testified, was built without any bond
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some places. There has been so much
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