

SPOKANE RATE CASE OF DEEP IMPORT TO COAST

Favorable Decision Will Give Portland Commercial Position Favored by Geographical Location and Benefit the Entire Western Country.

Portland is on the eve of a death struggle with the transcontinental railroads and the cities of the interior for that portion of the trade of the territory east of this city that is naturally hers.

The Spokane rate case, which was recently decided by the Interstate Commerce commission, has resulted in a curious anomaly—the upholding of the influence of water in fixing railroad rates, but the attempt to apply this influence by the railroads to interior cities so that they really benefit more because of it than do the cities actually on the seacoast.

Last week traffic officials of two of the great transcontinental lines, the Great Northern and Northern Pacific, were in Portland and conferred with the transportation committee of the chamber of commerce on the plan of rates to be offered to be put in effect as a result of the Spokane decision. This plan of rates was offered to the Spokane shippers for their approval and was rejected by them. It will go before the Interstate Commerce commission in Washington on June 3, when Joseph N. Teal, of Portland, will represent the northwest coast cities and A. Wheeler, of San Francisco, the California cities.

Henry Hahn, president of Wadham & Co., one of the members of the transportation committee of the chamber of commerce, gives in the following interview a statement of the rate conditions here and of what has led up to the Spokane rate case. It is of more than usual interest, because it gives the layman a clear idea of the rate situation up to the present. Mr. Hahn says:

Abstract History of Case.

"Prior to the completion of the Central Pacific railroad, about 1869, there were but few manufacturing industries on the Pacific coast, and the originating point of all goods destined for the coast or the immediate interior, was in the eastern cities. The only method of transporting freight then in existence was by water via the Horn, or via Panama. Therefore, therefore, at that period, the only possible route to the coast was the water route, and the only possible route for eastern goods to interior points west of the Rocky mountains was this coast water route, plus whatever it would cost to carry the goods back to such interior point."

Confined to Coast Business.

"It is also apparent that if there were no compelling causes to make rates from eastern points on a different basis than to interior points, it would be impossible for a coast city to do a very large competitive business. It could manufacture and sell its products, but this, while important, is not at present the larger part of the trade. If, to the west of the coast cities there were land instead of an ocean, it would be manifest that a railroad would have no justifiable cause, by reason of any competitive or other traffic condition, to make lower rates to such points, than to points east of it, but the fact is that it is not land, but an ocean highway, and by reason of this ocean highway the railroads, in order to do business at coast points, must meet either water rates or not get the haul. The coast cities' weapon, both of offense and defense, is water, and it is the controlling factor in this entire situation. There have always been more or less disturbances and attempts to get away from water competitive conditions, finally coming to a head in 1892, at which time the San Francisco merchants established a line of steamers on the west coast to Panama, connecting with a line from Colon to New York. This and other things brought on the transcontinental rate war of 1894, which continued in full force until 1895 under true water competitive conditions, finally resulting in the present rate system."

Middle West Seeks Opportunity.

"During all this time the middle west shippers in Chicago, St. Louis, and other places, were contending for changes in the tariff, under which they would be given a much more favorable opportunity to trade in the western territory. The interior on the other hand were chafing under a condition they did not fully understand."

"The middle west jobbers in what is known as the St. Louis case endeavored to secure a system of rates that would make the coast one vast dumping ground for their surplus goods. They lost their fight. The Spokane case was first brought years ago and little came of it. The present case was brought in 1906 and is far from settled yet, but unquestionably will revolutionize rate making west of the Missouri river."

Water the Controlling Factor.

"Under the decision of the commission water is recognized as a controlling factor, but rates are fixed to Spokane from Chicago and St. Paul solely on the basis of distance, what was found to be a reasonable charge for service rendered. With this decision

the coast interests find no fault. The railroads then submitted an alternative basis into which they reintroduce water as a controlling influence, although the decision expressly states that the rates are fixed on distance alone. The railroads propose to fix a standard for Spokane rates on a water basis—that is, to take 75 per cent of the rail rate to the coast as a water rate, add the local back from the coast and thus make a Spokane rate.

"It will be seen that through the operation of this Spokane would get in the rail rate to the coast automatically lowers the Spokane rate, although Spokane claims water has nothing to do with rates. It is nothing more nor less than an attempt to put an inland city on the seacoast."

While the coast cities have no voice and desire none in fixing rates to the interior yet we never will consent to the adoption by the carriers of this basis as a lawful one. The railroads also make exceptions to the standard rate under which they leave it open for themselves to absorb rates east of Chicago under conditions which would most completely control the originating point of business. The railroads propose to reduce their rates from eastern points 15-25 per cent and cut the rates back 15-25 per cent of the whole percentage. What is the result? The actual difference in dollars and cents favors the eastern cities as the actual reduction on the eastern rate would be much lower than on the rate from the coast back.

Railroads Want Long Haul.

"The entire plan of the railroads is based upon preserving their revenue, and securing the long haul. It should be plain to everyone in this city and section that it is to the general interest, that of the general community, and distributing business should expand and that anything that harms the manufacturing and distributing industries harms the community and that therefore this entire community is interested in this proposition."

"In some quarters even in this city, the idea seems to exist that the coast cities ask something unusual such as discriminating tariffs, or for some thing they are not entitled to and that is antagonistic to the interior cities. This is the case. All that we ask is water and other coast cities are so situated that they can simply protect themselves if the natural laws of trade are not interfered with by artificial rate making."

"You might ask any jobber or manufacturer in Portland, 'What is your answer to this problem?' His answer would be, first, that we are entitled to and must have lower and more reasonable distributive rates out of Portland than rates are and have been long indefensible and are on a much higher basis than those of any other commercial city of similar importance in America. This can be no longer endured. With more reasonable rates our manufacturers could get out with their goods instead of being confined to a narrow strip of territory along the coast. The same is true."

"As a very considerable percentage of the goods used could come from the coast this is far more to the interest of the interior cities and to the producers and consumers of the interior than some slight reduction on eastern manufactured goods for the development of our own part of the country means the employment of more people, the consumption of more products, and the keeping of money at home instead of sending money away to build up other cities and sections."

"Second, he would say that we must have water competitive conditions between the Atlantic and the Pacific coasts. This will enable us to get our goods and other materials in on a water rate basis. When this is done the railroads can meet the rates or not as it may seem to their interest. The fact is, in my opinion, that the railroads are endeavoring to forestall the effects of the completion of the Panama canal and to prevent not only the coast, but the interior from securing the full benefits of its opening."

Would Head Off Competition.

"Indeed, in the hearing of the St. Louis rate case Mr. Morton, then vice president of the Santa Fe, had no hesitancy in saying that the work of the transcontinental railroads, in view of the fact that there would be a canal some day, was to make rates to move competition away from the coast."

"It will therefore be seen that the coast is pursuing no selfish policy but one on broad lines and based on natural conditions. But it should be understood that this is not a selfish fight, nor a manufacturers' fight, but a coast fight, in which everyone is interested as much as the merchant or the manufacturer."

"I also wish to disabuse anyone of the

ELLIS G. HUGHES MAKES REPLY TO MAYOR IN PAVING CONTROVERSY

Ellis G. Hughes Makes Reply to Mayor in Paving Controversy.

Portland, May 31.—To the Editor of The Journal.—In your issue of Sunday Mayor Lane makes a statement as to the Irvington paving controversy, or to use the words of the headlines, throws light on the situation. This statement is nothing more than a repetition of what he has heretofore said, and were no other interests than my own involved I should not answer it. As it is, I will be brief.

Throughout, the mayor states the case as though I and my associates owned the entire tract involved in the controversy. Were this statement made by a man of sound mind who knew the facts, the mayor would be wrong. But it is possible that the mayor considers that the other property owners interested, some hundred or more (I do not myself know the exact number), who like myself own individual and separate lots, are owners as associates of the tract involved in the controversy, in that we own all the lots within the general boundaries of the district. The facts are, as the mayor knows, that I own less than one third of the lots in the district; that I have no interest whatever in or any manner of control over any lot owned by any other owner, nor has the owner of any other lot or lots in the district any interest in or manner of control over any lot owned by me.

The only joint or common interest in this case is as in all other cases of street improvement, the improvement. And if the mayor has mental capacity enough left to comprehend anything, as he knows the facts, he knows that unless all other property owners joined and paid their share, I could not do the street work in this district by private permit, without presenting the other owners with over \$100,000 worth of street work. The owners of the property in this district wish to improve their streets in the best manner possible, and they wish to take advantage of the bonding act in doing so.

If there is any reason why they should not do so, it has not yet been given by either the mayor or any one of his friends any more than he or they have given a reason why the men who pay all the bills should not direct the letting of the contract. The provisions of the city charter were intended for the protection of the property owners, not to the detriment of their interests. When a single interested property owner objects to the letting of the contract in accordance with the written request of all those interested, it will be time enough for the city to interpose.

Among the statements made by the mayor appears the following: "Why Mr. Hughes was so willing to enter upon a fight for the privilege of paying the highest price in sight for his street work was not apparent until it was developed that he had some sort of a private agreement with Mr. Wiles by which he obtained a price below that which Mr. Wiles bid upon it, and even less than that which was asked by the lowest bidder."

In a letter written to the Oregonian I characterized this statement as a lie. It is a lie in fact. But if we consider the mental condition of the mayor it may not be a lie in his case. To the insane their fixed ideas are living realities. It is not at all improbable that the mayor really believes that such a contract exists that has been made, and that its provisions are as he states them. I would not be unjust to the unfortunate.

ELLIS G. HUGHES.

SOCIALIST SOCIETY ORDERED TO HAUL DOWN RED FLAG

When Officer George Adams passed the corner of Fremont and Maryland streets yesterday, he noticed the stars and stripes flying over a red flag over the hall of the Finnish Socialist society. The patriotic spirit of the officer was aroused and he hunted up the president, P. Kirkman, and demanded an explanation. Mr. Kirkman apologized and removed the flag and promised that the red flag of anarchy would not again be floated over the building.

Idea that the railroads have favored the coast or have made preferential rates or ever desired any. On the contrary, I have been in business here for many years and during all this time I doubt if there has been any single year, and certainly no two consecutive years, when there have not been troubles through the efforts of the railroads to get away from the water competitive conditions and to put the coast at a disadvantage.

Portland Advantageously Located.

"Portland has the advantage of water competition outward by way of its rivers as well as in. No other coast point has this. Every shipper in Portland should in his own interest and not in any spirit of antagonism whatsoever, use water to the fullest possible extent in transporting his goods and demonstrate its effectiveness as a real controller of the rate situation. When this is done there need be no fear of the results. Until it is done we can expect to see our distributive territory narrowed. The substantial proof of this is apparent in the water rate in existence 15 years ago, when they were not to exceed one half of the rates of today. Assuming that this condition is ever brought about, so that the water rate in was the same today and we had a reasonable rate out, there can be no question but what our territory would be widened instead of narrowed."

In an interview with a member of the transportation committee of the chamber of commerce who attended the meetings with Traffic Manager J. G. Woodworth of the Northern Pacific and others Friday and Saturday, it was learned that though the time was limited at these meetings, a portion of it was devoted to hearing an explanation of the plan of proposed rates submitted by the railroads to be put in effect July 1. This plan has been outlined in the interview with the member of the committee. It was unanimously concluded by the members of the committee that it was best for the coast cities to be represented at the hearing in Washington on June 3. Although it is quite uncertain that there will be anything particularly to do, it is thought best to have some one on the ground. Joseph N. Teal will go to Washington early this week to represent the northwest coast cities, while W. A. Wheeler, of San Francisco, will represent the California cities. It is not improbable that Mr. Teal may be accompanied by one of the business men of Portland.

The feeling in connection with the opening up of central Oregon by railroad is becoming more intense as time goes on and nothing is done. The relation of this territory to Portland if a railroad were constructed therein leading that way is so important to this city that it cannot be overestimated and the feeling is growing that it may be the intention to give the railroad the question to San Francisco rather than to Portland, and that some of the delay may be because of this desire.

This same member said the transportation committee was doing all it could to help out the right of way proposition for the Deschutes railway and would continue to be as patient as possible, but that the time was fast approaching when something would have to be done in order to satisfy the people of that section and of Portland as to the real intentions of this railroad.

ODD FELLOWS TO HOLD MEMORIAL

A number of the various branches of the Independent Order of Odd Fellows of this city will hold their annual memorial services at the Odd Fellows Temple, corner First and Alder streets, Sunday afternoon, June 6, in honor of their deceased members. The following lodges will participate in the exercises: Ellison encampment No. 1, Samaritan lodge No. 2, Hassalo lodge No. 15, Orient lodge No. 17, Minerva lodge No. 19, Columbia Rebekah lodge No. 3, Acme Rebekah lodge No. 32.

The following members of the order have passed away during the past year: Richard Scott, P. G. M.; P. G. P.; D. E. Buchanan, P. G. P.; Henry Brown, P. G.; William Braden, P. G. P.; P. G. P.; J. L. Stone, John Gundel, John Winter, Thomas J. King, A. McAvail, Sylvester Farrell, T. E. Bramel, F. G. Dickey, Leonard Becker, James W. Wright, P. G. M.; William Barnes, N. Campbell and Joseph W. Collier.

Rev. Chester P. Gates, P. G., will be the principal speaker of the day. Thomas F. Ryan, P. G. P., P. G. Rep., will deliver an eulogy on Richard Scott, P. G. M., P. G. P., in behalf of the grand lodge of Oregon.

Eulogies will also be delivered by the following members of the order in memory of their deceased brethren: S. W. Stryker, P. G. P.; C. P. J. F. Hand, P. G. P.; T. J. Nealand, P. G.; Thomas C. Devlin, P. G.; C. A. Dolph, P. G.; S. Grutze, P. G.; S. Starr, P. G.; W. T. Woods, P. G.; W. L. Lightner, Herbert Wulf, Henry S. Westbrook.

CENTRAL POINT TO BOND FOR \$25,000

(Special Dispatch to The Journal.)

Central Point, Ore., May 31.—The city council next Monday evening will take the initial step for the issuance of waterworks bonds in the sum of \$25,000. The city has \$150,000 worth of taxable property and no indebtedness and it is believed that little difficulty will be experienced in floating the bonds.

Up-to-Date Service.

The special roundtrip excursion rates made by the Canadian Pacific apply either by their short line via Spokane or by the way of Seattle. In addition to a choice of routes, the Canadian Pacific offers the traveling public up-to-date service, excellent that of any transcontinental line.

Shoes at One Third.

Great shoe sale! Sample Shoe Store Co.! Read advertisement in today's paper.

Council Crest Pavilion, opening dance tonight, refreshments served free.

Player-Piano Sale

Two new Cecilian Player Pianos, San Francisco Branch House, ask \$550, will take \$380 for each; also a \$600 Playola Piano, brand new, will go for \$375. We sell direct from factory to family. Are out of the high rent district and can and do undersell any and all other establishments. NOW SEE IF WE DON'T.

REED-FRENCH PIANO MFG. CO.
Makers and Distributors High Grade Pianos
SIXTH AND BURNSIDE STS.

ILLUMINATE YOUR Store Front WITH AN ELECTRIC SIGN

REMEMBER!

BUYERS ALWAYS PREFER THE BRIGHT SIDE OF THE STREET

OUTLINE

YOUR BUILDING WITH ELECTRIC LIGHTS

IT ADVERTISES!

Our new system, adopted this week, covering sign and decorative lighting service, includes many new ideas. Let us submit plan and price.

PHONE CONTRACT DEPT.

Portland Railway, Light and Power Company

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New through service to Kansas City. New through service Portland to Vancouver, B. C., 10 a. m. to 10 p. m. For tickets and sleeping car reservations call on or address,

H. DICKSON, City Passenger and Ticket Agent, 122 Third Street, Portland, Oregon. Telephones: Main 660; A-2266.

Spokane, Portland and Seattle Ry.

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Don't Take Our Word—Come and See

Silk Floss Mattresses, full size

\$5.95

CALEF BROS. RED TAG SALE

Princess Dresser, with full swell front, in quartered oak or genuine birdseye maple

\$13.40

\$72 Brass Bed, with 2-inch posts and top and nine 1½-inch fillers

\$44.00

Supported Woven Wire Springs, reg. \$3

\$1.90

\$38 Dressers in genuine birdseye maple or quartered oak for

\$22.80

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