

The Oregon Statesman

Issued Daily Except Monday by THE STATESMAN PUBLISHING COMPANY 215 S. Commercial St., Salem, Oregon

MEMBER OF THE ASSOCIATED PRESS The Associated Press is exclusively entitled to the use for republication of all news dispatches credited to it or not otherwise credited in this paper and also the local news published herein.

R. J. Hendricks, Manager; Stephen A. Stone, Managing Editor; Ralph Glover, Cashier; Frank Jaskoski, Manager Job Dept.

DAILY STATESMAN, served by carrier in Salem and suburbs, 15 cents a week, 65 cents a month.

DAILY STATESMAN, by mail, in advance, \$6 a year, \$3 for six months; \$1.50 for three months, 50 cents a month, in Marion and Polk counties, outside of these counties, \$7 a year, \$3.50 for six months, \$1.75 for three months, 50 cents a month.

WEEKLY STATESMAN, issued in two six-page sections, Tuesdays and Fridays, \$1 a year (if not paid in advance, \$1.25); 50 cents for six months; 25 cents for three months.

TELEPHONES: Business Office, 23; Circulation Department, 533; Job Department, 533; Society Editor, 106

Entered at the Postoffice in Salem, Oregon, as second class matter.

SALEM WILL GROW EAST AS IT GROWS BEAUTIFUL

There is business in beauty. The beautiful city attracts those who love the beautiful; and any one who is an asset to any city does love the beautiful.

The Salem Slogan editor is very proud of the articles contributed to this Salem Slogan number on the City Beautiful.

And each one of them will bear reading and rereading, and one, at least, that of Marion County Fruit Inspector Van Trump, deserves to be studied, for directions in laying out lawns and planting trees and shrubs and flowers.

And the poem of Gertrude Robison Ross is good enough to be committed and stored away in memory.

The article of E. Hofer is a word picture, inviting the reader everywhere to see the beauties of Salem and its surroundings, and inspiring our own people to appreciate better what they have and may attain.

Mr. Van Trump modestly presumes to offer some criticisms that ought to be taken in good part, and some sarcasms that ought to be heeded, and some suggestions that would be good for Salem if she took them to heart and acted upon them religiously.

Miss Lord tells us that an automobile tourist party passes through Salem every five minutes on an average, and she warns us of the many thousands who will come in 1925, the year of the fair at Portland, for whose critical inspection we should get ready.

W. C. Dibble makes some conclusions to a well written article that the editor thought fine enough to embody in the headlines. They are very good.

A new comer says Salem is the most beautiful city he has seen in traveling over eighteen states.

It is shown that Salem people may be thrifty while making their city still more beautiful.

That if all the shade trees of Salem were Franquette and Mayette walnut trees, their annual crop of nuts would pay the taxes on the property on and in front of which they stood.

And the same thing may be said of Barcelona and Du-Jilly and Davidiana or Clackamas filbert trees.

And both walnut and filbert trees make beautiful ornamental trees for lawns and curbs or nooks or wide expanses of grounds.

The planting of a great many filbert trees in Salem now would help, too, to centralize the filbert growing industry of the United States in the Salem district, and to hasten the coming time when this will be a great market for this very valuable product.

Enough is printed on the Salem Slogan pages to inspire our people to get behind the Salem Floral Society and make it one of the most vigorous and active of our organizations for civic progress. It behooves us to do this. And to do it now. It is a matter that must not be put off. Not a day should be lost. We can reap untold benefits from making more vital the impulse already started towards rendering Salem the most beautiful city in the world, which its natural advantages entitle it to become.

The reader will probably remark that it is going from the sublime to the ridiculous to leave off writing of the City Beautiful and attempt to hammer home once more the importance of organizing more pig clubs in the Salem district—one for every community; and of stimulating swine breeding here in every possible way. But more hogs in the Salem district will furnish the means to make improvements in every other direction, including the making of both the city and the country more beautiful. Hogs are up again in the markets, and they are going to stay up—and they will be a cent and a half a pound higher here than in the Chicago markets till our people west of the Rocky mountains raise enough hogs for home consumption; and that means years to accomplish and millions on top of millions to make for our people.

BITS FOR BREAKFAST

Beautiful Salem— It calls for much greater beauty. There is business in beauty; it will pay to go the limit; and the limit will make Salem the most beautiful city in the world. The slogan editor hoped to have an article on the cultivation of the native trees, shrubs and flowers. There are many of these the more general cultivation of which will help in making Salem the most beautiful of all cities. Pointer for autoists: Don't blow your horn, put on your brakes.

Be an artist LEARN TO DRAW. SEND US YOUR NAME AND ADDRESS WE WILL MAIL YOU OUR ILLUSTRATED ART BOOKLET AND TERMS WITHOUT ANY COST TO YOU. SEND NO MONEY. ORDERED BY THE LARGEST NEWSPAPER MAGAZINE EDITORS AND ARTISTS. CONIC DRAWING, COPIING, NEWS AND LEAD CLIPPING, COMMERCIAL, ENGINEERING, MECHANICAL AND CIVIL PORTRAITS, A. B. KAYLOR, ART, 111 E. BROAD, NEW YORK CITY.

BURNS KEPT UNDER GRILL

Ball Player Slightly Tangled But Testimony Remains Unshaken

FIXERS DOUBLECROSSED

Attorney Scores Point That May Prove Damaging Evidence to State

CHICAGO, July 20.—Bill Burns, the state's chief strength in the baseball trial, today finished his story of how he and others conspired with eight Chicago White Sox players for them to throw the 1919 world series to Cincinnati.

The admitted accomplice in the alleged sell-out then withstood three hours of nerve-racking cross examination by two defense attorneys in which he fought a give and take battle. He never weakened in the essential facts of his story, although several times badly confused on incidental details.

Denies Reward Offered. After finishing his story of Cincinnati conferences between himself, Abe Attell and Bennett, Burns testified yesterday that David Zeller of Des Moines, Ia., a defendant, Burns told of further meetings in Chicago; of how the players double-crossed the alleged "fixers" by winning the third game when they were not paid after the first two, and of how he agreed with Ban Johnson, president of the American league, and John Tyrell, assistant state's attorney, to come to Chicago and testify for the state. He denied that he was paid other than his expenses for his testimony and that he was promised any reward.

He was then turned over to James C. (Ropes) O'Brien, who earned his nickname and fame in the middle west by sending many men to the gallows when he was assistant state's attorney.

State May Be Damaged. Mr. O'Brien obtained from Burns what may prove a damaging point to the state. Burns had testified on direct examination to a meeting "Chick" Gandill in the Warner hotel in Chicago while games were being played here.

After having Burns repeat the story, O'Brien said: "And Gandill told you that he was through and wouldn't throw any more games; that he would not accept your offers of money that night," began O'Brien.

"If you say he did, I guess he did," Burns replied sharply. "He's your client and he knows more about this case than I do. Ask him if you want to know all the details."

After Mr. O'Brien, Thomas Nash, representing Buck Weaver, took up another style of examination.

Lies Disclaimed. Concerning his statement that he told the ball players in a hotel room in Cincinnati that he "had \$100,000 for the series to be thrown," O'Brien asked Burns if he had not lied then.

"No," said Burns. "But you didn't have \$100,000 on you."

"I meant I could get it," started Burns.

"Answer yes or no," said O'Brien.

"No, I didn't have it."

Deposition Unshaken. It was on such points as this that Burns got in the most trouble during the questioning. But when questioned closely about alleged meetings with the players, the witness was not shaken in his first story.

On direct examination Burns said he was present when a St. Louis man volunteered to put up money to have the games thrown, but did not know the man's name.

GREENBAUM STARTS BIG RATE FIGHT

(Continued from page 1.)

On his private business Greenbaum said he would consider a profit of 5 per cent net as a fair earning.

"Do you think it just when informed that the telephone company has never had a return as large as that since it has operated in Oregon," asked Attorney Shaw.

"I would have to know more about the company's business to answer that," said Greenbaum. "Some corporations declare dividends on all kinds of stock whether it is actual investment or not."

Contract Is Unique. A controversy arose relative to the contract between the Pacific Telephone & Telegraph company and the American company. When this contract was attacked by Mr. Tomlinson, Attorney Shaw declared that the Pacific company is distinguished from most other subsidiary companies in that it never has signed the so-called standard contract by which the parent company owns the long distance lines.

"We have a better contract than the standard," said Shaw. "By which we retain ownership of this equipment."

Astoria Attorney Heard. James Mott, city attorney for Astoria, produced figures of the telephone company's receipts in Astoria for the year 1920 and its estimates based on the increased

FUTURE DATES

July 23, Saturday — Marion county Grand jury starts its grand jury work. July 25 to 31 — Salem Chautauque.

receipts of \$75,400 and costs of \$65,400, or a profit of \$10,000. The actual return was shown as 5.33 per cent. Under the new estimates he showed a contemplated return of over 21 per cent, and asked Witness Greenbaum what he thought of that. "I think it would be exorbitant," replied Greenbaum.

Shaw attacked Mott as unfair, and demanded that he give the remainder of the explanation. Mott replied that he would argue with him later.

During the afternoon Shaw made a satisfactory explanation of the figures.

Nearly the entire afternoon in the telephone rate-rehearing following a long recess, was given over to H. M. Tomlinson, deputy Portland city attorney, who is representing that city. Mr. Tomlinson named among other demands that will be made of the public service commission a restoration of rates as low or lower than those prevailing before the increase of last March, made retroactive. Also he urged a readjustment of the rate situation in Oregon, a lower rate basis in the company's property valuation and divorce as far as possible from the American Telephone & Telegraph company. He declared that lower rates will never be possible as long as New York or San Francisco control the situation. Portland witnesses will be called tomorrow.

Retroactive Rates Wanted. "We contend for a rate restored to that or lower than that which was in effect prior to the effective date of this increase order, and moreover we will ask that the rate be made retroactive. Also there should be a complete readjustment of the rate situation in this state. A heavier burden should be placed on the toll and the big business lines and perhaps on the one-party residence lines, and a corresponding relief given plural party lines and smaller business lines so that rates may be paid by patrons in proportion to the service they get."

Lower rates are justified by a hundred different reasons, to start at the root, I contend that the rate base is too high. This contention has been made by the public at every hearing on telephone rates that I have attended. Always it has been met by the company with the assertion that it has been passed on by the public service commission and that it is beyond their reach.

Rate Bases Held Inflated. "As for the rate basis. They submit a rate basis of \$20,000,000, which represents inflated war time value, instead of the \$16,000,000 normal valuation which is the actual base.

"The supreme court has held that a public service commission has a continuing control over rates, including the power to change rates and fix the rate base whenever justice demands it."

Hogues Opinion Cited. An opposite view is one fallacy fact in this rate increase. Another fallacy is that a valuation must be based on inflated war valuations. Justice Hughes has held that they should not be so made and numerous public service commissions have held to the same ruling. The commission in Kansas so held last June.

Commissioner Interrupted. Commissioner Buchtel interrupted with the question whether the Oregon commission had ever held otherwise. Mr. Tomlinson replied that he did not think it had.

"As to fixing a new rate base in Oregon," continued Mr. Tomlinson, "it is to the commission whether it wants to spend the money necessary. A careful analysis of the evidence that was before the commission when the original base was fixed shows that the base was made too high."

Attchison Not Censured. Commissioner Buchtel interjected with the observation that all of the original work was done under the supervision of Clyde B. Atchison, who was then a member of the Oregon commission.

"I was going to mention that," replied Tomlinson, "and I mean no reflection against either the present commission or any previous commission including the present member of the interstate commerce commission."

Commissioner Williams said that a paragraph in the petition of E. M. Cousin reflects against Mr. Atchison.

"I welcome interruptions," said Mr. Tomlinson, "but when you interrupt I hope you will concede that I am fair and not charge me with attempting to mislead or call me a scoundrel, and I assure you I will accord the same treatment to counsel for the other side."

Attorney Shaw of the telephone company noted as follows:

Intangible Assets Included. Reverting back to the rate base Mr. Tomlinson said this as originally presented by the company aggregated \$12,429,579 but that \$1,182,220 of this amount represented intangible assets. Relative to the \$13,000,000 basis allowed by the service commission in 1916 Mr. Tomlinson said the amount was \$1,180,000 more than the actual value estimated by the company, but \$700,000 less than the highest valuation figures of the company, which he declared contained more than \$2,000,000 of intangible assets.

"The base was fixed," said Mr. Tomlinson, when regulation in Oregon was new. The public did not appear to represent its own interests, but the telephone company was perfectly alive to the situation and was backed by the American Telephone & Telegraph company. It came before the commission equipped to meet a public unorganized for its defense.

Other States Compared. Mr. Tomlinson drew a number of comparisons between Oregon and other states. In West Virginia, he said a valuation of \$9,200,000 had been placed, with a population of 1,000,000 of Oregon.

In Virginia the valuation was fixed in 1919 at \$12,250,000 with a population of 1,500,000. In Oklahoma, he said, there are 122,000 telephones to Oregon's 104,000 and the valuation was fixed at \$136 a phone to \$156.49 for each

phone in Oregon. He cited Indiana as having four times the population of Oregon in 1920, with the valuation of its telephone system placed at only \$15,000,000.

"In addition to our contention that the rate base should be substantially reduced," said Mr. Tomlinson, "I also contend that some parts of the telephone equipment in Oregon are antiquated, distorted and duplicated."

"Services" in Doubt. "We will show that the company should not be allowed to pay anything out of its earnings to the American Telephone & Telegraph company for the alleged services it receives. I do not believe that any services are received and certainly their contract calls for none. It is perfectly fair that the Pacific company should pay a fair rental for the instruments it uses, but this should not be in excess of 35 cents per phone and possibly not that much. Any other theory is unlawful, fallacious and contrary to public policy. It puts a premium on extravagance. It encourages high rates."

"On such a theory, the more money the company can pay out it expenses the more it can pay the parent company. The whole program is in the interest of returns to the parent company. The American Telephone & Telegraph company is insured 4-1-2 per cent of the Pacific company's gross earnings, and the more we are injured and the more the Pacific company is injured the more the A. T. & T. earns. Further, it is insisted that we must pay the local company 7 or 8 per cent besides. When this hearing opened the company had 49 or 50 persons here, all in the interest of the A. T. & T. They are not all here now, but more will come."

Tribute Is Allowed. Mr. Tomlinson mentioned Vermont and California having refused to allow the 4-1-2 per cent tribute to the parent company.

"They hold that 4-1-2 per cent is too much for a 55-cent instrument," he added facetiously.

Replying to an interruption by Commissioner Corey, Tomlinson said the 55 cents per phone should be allowed for rental and not included in the rate base. California, he said, refused to capitalize the instruments or allow anything for alleged services from the parent company.

Attorney Shaw interrupted with the information that as a result of a rehearing the California order in the case known as the San Jose case, had been suspended with the exception of San Jose, so that now the 4-1-2 per cent applies throughout California with the exception of San Jose.

Tomlinson asked Shaw if he were an engineer in the employ of the California commission when an attempt was made to reduce the telephone rates in San Francisco by \$400,000 a year.

"Yes, but we couldn't get away with it," replied Shaw.

"Perhaps that is the reason you are now with the telephone company," said Tomlinson, referring to Mr. Tomlinson's resignation from Missouri, Kansas, Illinois and Oklahoma as having rejected the 4-1-2 per cent tribute or its principle.

Some States Apologize. He mentioned Alabama, Indiana, Wisconsin, district of Columbia, West Virginia and Virginia as having retained it with apologies.

Turning to the subject of depreciation, Mr. Tomlinson said: "The depreciation of a plant has been handled by the telephone company in the past and is now on a theoretical basis and in a field of unknown facts. They evolve what they term expert opinion as to what should be allowed for the depreciation of a plant. This should be based on experience and actual facts substituted for theories. The art of telephone has become much more stabilized. Plants in cities like Portland have become seasoned and have reached their stride. Legislation against them has simmered down. Materials and equipment are much more substantial and long-lived than formerly. So no longer is it necessary to proceed on theories."

Big Reserve Hit. "The company has accumulated, it shows a depreciation reserve of \$28,000,000, of which 28 per cent represents depreciable property. It is the people's money set aside to care for depreciations on the plant. We contend that this allowance should be reduced, not all at once, but gradually. It is like fat in the human body on which a man lives without eating until he has consumed the fat. The fat surplus has become fat, and we contend that the company should be placed on a diet until that reserve has been consumed."

Commissioner Buchtel reminded the speaker that the commission had not allowed the company the reserve it demanded and Tomlinson said that he urged, however, that it should be reduced from the 4 per cent allowed to 2 per cent.

Normalcy Is Need. "In a time of reconstruction," Mr. Tomlinson continued, "when values are being deflated, industries are being seriously affected and readjusted and must sustain losses. It is up to the commission and to this company to assist in bringing them back to normalcy. Several commissions have said that utilities should be satisfied with smaller returns until normalcy is reached."

Practice of economy and better management that would permit of earning of money through economy rather than through high rates was the final reform urged by Mrs. Tomlinson.

"It is the company's duty," he said, "before coming to this commission for an increase in rates to exhaust every economical means of bringing returns. This cost plus practice that grew to enormity during the war is vicious. The only safeguard against exorbitant rates under such a program is the wrath of the people."

Utility Called Top Heavy. "I think this utility is top heavy and expensively organized and not exercising the economies that could exercise to build up a reasonable rate structure. It will divorce the plant in Oregon from the Pacific Telephone & Telegraph company and the American Telephone & Telegraph com-

pany, put a good manager in charge, remove the red tape and the useless trips to New York, put this state on a unit by itself and allow it to buy equipment wherever it chooses, the capacity of the plant could be increased so it would not be necessary to spend the \$5,000,000 or \$7,000,000 saddled upon the public in exorbitant rates. It can be done, but it can not be done under the control of New York or San Francisco. The company has men who are capable of such management. I say to this service commission, that it is its duty to look into this solution and assist in taking away these restrictions and in removing Oregon from the straightjacket in which it has been placed."

Public Sentiment Engulfing. The stage where the trend of battle can be seen has not yet been reached in the rate case. Weight of public sentiment—sentiment against the extremely high rates which phone users are compelled to pay for talking from house to house or from town to town is the thing that has been most in evidence up to this time.

This sentiment just now is enough to daunt anyone who is not a farmer and who has been witness declare the rate in many instances are prohibitive and that unless they are lowered Oregon is going to be a state of phoneless homes, at least in the rural districts.

Company Claims Poverty. On the other hand the telephone company avers that under the present rates it can scarcely get by, that its returns are negligible and that no dividends are being paid.

Over against the weight of public sentiment the telephone company is expected to pit an ocean of figures, technical details and expert testimony. A mass of exhibits, it is said, have come from the offices of the American Telephone & Telegraph company in New York, a large part of which will bear on the alleged 4 1/2 per cent tribute from gross earnings which the Pacific company is said to pay to the parent company.

The allegation of a 4 1/2 per cent tribute apparently is going to be vehemently attacked. The public service commission declares this payment is not allowed in Oregon to be considered as part of operating costs.

Open Play Demanded. The members of the commission declare that practically everything that is introduced in the way of exhibits has been brought to Salem at the request of the commission.

"We have demanded that the telephone company lay every card on the table," declared a member of the commission today.

The three members of the service commission have taken a defensive attitude in the rehearing up to this time. The rulings of Chairman Williams have been fair, and he has sat on both sides when necessary but questions of the commission addressed to witnesses have been defensive of the commission's order of February 28 last, which is now under attack.

Recall Is Denied. Opinion is that the commission members have not been frightened by recall talk and that threats of recall will have no influence on the opinion that is to come.

J. T. Shaw, attorney for the telephone company, estimates that

at least two days will be required for the company to present its case. There will be half a dozen primary witnesses for the company, and others will be introduced to rebut testimony that already has been given by the other side.

To expedite the hearing, Chairman Williams cautioned attorneys to cut the testimony of witnesses and remarks to the commission to a minimum of words.

EDITORIALS OF THE PEOPLE

Silverton, Or., July 19, 1921. Editor Statesman: On page three of this morning's paper you have given an account of the accident that occurred Sunday afternoon on the Dallas-Salem road caused, as you state, by a Ford passing a Chevrolet, thereby overturning the Ford, wrecking same machine and causing the clothes of the Chevrolet driver to be torn. This is an erroneous account of the accident.

I was driving the Ford, and was going about 20 miles an hour when the Chevrolet coming from behind passed us. As they passed their front end and fender hit the front wheel and fender of the Ford, taking off the wheel and causing our machine to go in the ditch and turn over.

Some of the occupants of our machine were injured while the party in the Chevrolet escaped unhurt.

I wish you would make a correction of this error. Very truly yours, Oscar Lindquist.

SALEM BEAUTIFUL

Written for The Statesman by E. B. Fletcher

Out toward the east to greet the sight Are ancient Cascade peaks of snow. Whose summits in the morning light, Seem brushed with a crimson glow.

Then as the sun sinks in the west, So near at hand it seems to be Behind the Coast range purple crest, We almost hear the sounding sea.

Northward, between these mountains Grand, The bright Willamette waters roll, And here, the scout with sturdy hand, Founded our City Beautiful.

City where laden breezes bring Perfume from forest, field and flowers, Land where the year seems like the spring, And Mistland vistas cheer the hours.

Salem, with kindly outstretched hand, Has called us onward toward the west, And to its sheltered sea side land, She bids us hither come and rest.

Salem—a term that stands for peace, Long may that word be thy motto be; Praise for thy happy home increase, And time's best gifts revert to thee.

CURLING WATERS

There are a few things that nature and the hot water in Hot Springs can't do. But they can make a red-headed woman out of a beautiful blonde shortly after the beautiful blonde gets married. —Arkansas Thomas Cat.

Going Like Hot Cakes!

We are loaning AutoStrop Razors by the hundreds for 30 days Free Trial. Did you get one?

It strops itself, shaves and cleans without taking apart and 500 comfortable shaves from each dozen blades are guaranteed.

The AutoStrop Razor is solving the shaving problem.

TYLER'S DRUG STORE 157 S. Com'l St. Phone 35

"That matter is entirely outside my province," said Colonel White, "as I had merely suggested that the ship be sent here for the training of naval reserves reading in Oregon and entirely at government expense. The government favored such a course last year when I was in Washington but pleaded lack of funds. Now that Oregon will have to wait or raise funds here for taking the vessel over. While everyone would like to see the Oregon here as a training ship I doubt if anyone will regret however that the government is finally economizing."

SALEM BEAUTIFUL

Written for The Statesman by E. B. Fletcher

Out toward the east to greet the sight Are ancient Cascade peaks of snow. Whose summits in the morning light, Seem brushed with a crimson glow.

Then as the sun sinks in the west, So near at hand it seems to be Behind the Coast range purple crest, We almost hear the sounding sea.

Northward, between these mountains Grand, The bright Willamette waters roll, And here, the scout with sturdy hand, Founded our City Beautiful.

City where laden breezes bring Perfume from forest, field and flowers, Land where the year seems like the spring, And Mistland vistas cheer the hours.

Salem, with kindly outstretched hand, Has called us onward toward the west, And to its sheltered sea side land, She bids us hither come and rest.

Salem—a term that stands for peace, Long may that word be thy motto be; Praise for thy happy home increase, And time's best gifts revert to thee.

CURLING WATERS

There are a few things that nature and the hot water in Hot Springs can't do. But they can make a red-headed woman out of a beautiful blonde shortly after the beautiful blonde gets married. —Arkansas Thomas Cat.

Everything for QUALITY —nothing for show THAT'S OUR IDEA in making CAMELS—the Quality Cigarette. Why, just buy Camels and look at the package! It's the best packing science has devised to keep cigarettes fresh and full flavored for your taste. Heavy paper outside—secure foil wrapping inside and the revenue stamp over the end to seal the package and keep it air-tight. And note this! There's nothing flashy about the Camel package. No extra wrappings that do not improve the smoke. Not a cent of needless expense that must come out of the quality of the tobacco. Camels wonderful and exclusive Quality wins on merit alone. Because, men smoke Camels who want the taste and fragrance of the finest tobaccos, expertly blended. Men smoke Camels for Camels smooth, refreshing mildness and their freedom from cigarette aftertaste. Camels are made for men who think for themselves. R. J. REYNOLDS TOBACCO COMPANY, Winston-Salem, N. C.