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"Harmony in
Diversity"

PORTLAND CITY CLUB BULLETIN

"Active
Citizenship"

VOLUME V

PORTLAND, OREGON, JANUARY 2, 1925

NUMBER 15

FRIDAY, JANUARY 2

Hotel Benson, 12:10

SPEAKER

THOMAS W. BUTCHER

President

Kansas State Teachers' College

SUBJECT

"A New Group in Academic Circles"

GROUP SINGING

DR. EARL R. ABBETT . . . *Leader*

WALTER S. KLEIN . . . *Accompanist*

FIRST 1925 MEETING

Railway Development in Oregon Recommended

The report of the Port Development and Public Utilities section on the railway systems of Oregon and Southeastern Washington is presented in this issue of the Bulletin. After having made a very thorough study of the rail lines now serving, the committee has drawn specific conclusions concerning future extensions and developments in Oregon and the territory adjacent thereto. The report has been approved by the Board of Governors and will be presented to the club for adoption on January 2.

The report follows:

To the Board of Governors:

For the same reason that Portland is the meeting point of ocean ships and of vessels on inland waterways, though the latter are as yet undeveloped, the city is also a point from which railroads radiate in all directions. The great valley of the Columbia river is a natural route of unequaled economy for lines extending both east and west. The Willamette

valley is a natural route for a line southward through western Oregon. The Cowlitz valley carries the rails northward toward Puget Sound.

On this plan the railroad system of the Columbia basin has been developed. From Portland the O.-W. R. & N. runs eastward up the south bank until it divides into two forks, one through northeastern Oregon to Huntington, where it joins the Oregon Short Line and by means of it connects the Columbia basin with the Union Pacific and its two main lines, one through Omaha and by connection with the Northwestern to Chicago, the other through Denver and Kansas City. The other fork reaches through southeastern Washington to Spokane and the Coeur d' Alene mining district of Idaho. On the north bank the Spokane, Portland & Seattle runs through southeastern Washington to Spokane, where it connects with the Northern Pacific and Great Northern

Continued on page 3

PORTLAND CITY CLUB BULLETIN

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CITY CLUB PURPOSE

"To inform its members and the community in public matters and to arouse them to a realization of the obligations of citizenship."

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CITY CLUB NOTES

Joseph P. Mulder delighted a large City Club audience last week with two tenor solos. His voice, full, fresh and of rich color carried to the far corners of the large Crystal Room with wonderful effect. Mrs. Mulder added greatly to the success of the program by her splendid accompaniments on the piano.

A preliminary report on the development of the upper Columbia River was recently completed by the Waterways Committee of the Port Development and Public Utilities section.

A questionnaire concerning the care and hospitalization of the idigent sick and crippled children has been sent to the State Board of Health of each state in the Union. The Social Welfare section of the City Club is making a study of the Crippled Childrens' Hospital Law in Oregon and is collecting the data to be used in its final report.

New York City in the future will dispose of its garbage by incineration instead of dumping it into the ocean as has been done in the past. The first of a number of large incinerators was recently completed.

APPLICATIONS FOR MEMBERSHIP

The following applications for membership in the City Club of Portland have been received and will be presented to the Club for approval on January 30th:

W. G. KELLER
740 Morgan Building
Attorney
GRANT PHEGLEY
750 Morgan Building
Manager Phegley and Cavender
J. THORBURN ROSS
1214-16 N. W. Bank Building
Attorney
GEORGE C. WAKEFIELD
Garden Court Apts. No. 28
School Supplies

Proposed for membership by W. H. McVay, C. C. Ludwig, Lindsley W. Ross, and Roy Denny.

Railway Development in Oregon

Continued from page 1

by which it is jointly owned and which, with the Burlington road, give access to the whole upper Mississippi valley and Chicago, while by means of the Colorado Southern they reach Denver, Kansas City and St. Louis. The same line reaches westward down the Columbia to Astoria and thence to the northern Oregon beaches.

Southward the Southern Pacific runs up the Willamette valley and through southern Oregon into California, where it reaches San Francisco and Los Angeles, then continues south and east along the Gulf of Mexico to New Orleans.

To the north the double track line over which the Northern Pacific, Great Northern and O.-W. R. & N. operate trains runs to Seattle, from which city the Great Northern goes onward to Vancouver, B. C.

Each of these lines has branches into Portland's natural territory. Those of the O.-W. R. & N. run from the main line southward to Bend, Shaniko, Heppner, and Condon, Oregon and from La Grande through the Grande Ronde and Wallowa valleys to Enterprise in the north-eastern corner of Oregon, and form a network throughout the Palouse district of eastern Washington and western Idaho. Another branch runs west from Vale to Harriman in southeast Oregon, with a branch to Burns which is being extended to Seneca in the National Forest.

Western Oregon Well Covered

The Southern Pacific has well covered western Oregon with branches, which comprise 722 of its 1190 miles in the state. They grid-iron the Willamette valley, cross the coast range to Tillamook, running twenty miles thence along the coast, to Newport by way of the Yaquina valley, and to Coos Bay by way of the Siuslaw, running eighty miles along or near the coast almost to the north line of Curry County. Eastward several lines run up the tributary streams into the Cascade mountains. A new line now under construction from Eugene across the Cascade range to Klamath Falls will add 210 miles to the system and will form a new section of the main line to San Francisco, avoiding the long steep grades of the Siskiyou mountains on the present line and making the distance from Portland to Klamath Falls less than that from San Francisco. The distance

from Klamath Falls to Coos Bay will be so reduced that that port may draw much traffic from eastern Oregon.

The Spokane, Portland & Seattle has the Oregon Trunk line up the Deschutes river to Bend, the Oregon Electric up the Willamette to Eugene with a branch to Forest Grove and a line to Banks and Vernonia in the coast range of Oregon. Through its connection with the two Hill lines it can draw traffic from their many branches in eastern Washington.

West of the Cascade mountains and north of the Columbia the Northern Pacific has branches to Willapa Harbor and Grays Harbor and to the coal mines east of Chehalis, all in Portland's territory.

The Milwaukee system has been extended across Idaho and Washington to Puget Sound, Grays Harbor and Willapa Harbor, but does not reach Portland, though the O.-W. R. & N. has been required to connect with it at Mar-engo, Washington, in order to facilitate freight movement to Puget Sound. A logging road is building by the Long-Bell Lumber company from Longview on the north bank of the Columbia, 40 miles below Portland, to connect with the Milwaukee, and there have been rumors that it would become a link in an extension by bridge across the river and thence to Portland and the mouth of the river, but no definite move has been made to that end.

Development of these systems has followed the main lines of travel between east and west, between north and south. In contrast with the three trunk lines which cross the state of Washington midway of its breadth and have thrown out branches in both directions until that state is well served with transportation, the east-and-west lines to Portland follow the Columbia river, which for a long distance is the northern boundary of Oregon. The branches of the O.-W. R. & N. southward from the river extend only into the foothills of the Blue mountains, except that the Deschutes line runs to Bend in the heart of central Oregon and the Burns line runs to the edge of the high plateau that occupies the center of the state. But for the Oregon Trunk to Bend and a Northern Pacific branch to Pendleton, the Union Pacific system has no competition in eastern Oregon.

The Southern Pacific's object having been to have a direct line between San Francisco and Portland, it confined its activity to western Oregon until it branched out east of the Cas-

acades by building the line to Klamath, now under construction. It has well covered western Oregon with branches, but has that field almost to itself. Its only competitors are the Northern Pacific and Great Northern, which enter Portland over the joint track from Seattle, and the Oregon Electric with its branches which is a feeder to the Hill lines.

The Portland Electric Power Company, which owns the urban lines, has extended several lines east and southeast of the city into the farming and timber country and develops traffic for all main lines.

CENTRAL AND SOUTHEASTERN OREGON

One Third of Oregon Lacks Transportation

Not having been built with the primary purpose of providing Oregon with a transportation system and having found the best through routes on the northern edge and in the western third of the state, the railroads have neglected a great area in southeastern Oregon, comprising 33,000 square miles, the largest area in the United States devoid of railroads. It is a plateau ranging in height from 4,100 to 4,700 feet with the well timbered Blue mountains on the north and east, Cedar and Stein mountains on the east and the Cascade mountains on the west. Large pine forests, ripe for logging are on three sides of this area, good grazing land is in the east and many good irrigable tracts are on all sides, but the center for a distance of at least 75 miles is barren and is known among railroad men as the high desert. This section is regarded as a bugbear by railroad engineers who have reconnoitred the country, but it is not a serious obstacle to a line having in prospect the heavy lumber traffic on three sides, live stock over a short route to Portland and San Francisco, and the products of considerable areas that would be irrigated after transportation to market became possible. Profitless stretches of railroad have been built for equal or greater distances in other states in order to reach productive country.

Western Oregon also suffers from lack of a trans-Oregon line to the east. Being dependent almost wholly on the Southern Pacific, it must see its traffic go south for hundreds of miles before it starts east over the Central Pacific, or north for 100 to 200 miles before it starts east over the Union Pacific or Hill lines. This circuitous route adds to mileage, freight rates and time in transit, which last is a serious disadvantage to perishables like fresh fruit

shipped east and live stock shipped to the coast packing centers. For many years Oregon has felt the need of a direct line which would bisect the state, both east and west of the Cascades, about midway of its breadth and would reach out both north and south of its main line by means of branches to gather traffic with a short lateral haul. The argument for such a line is that lumber, minerals, live stock and farm products would increase in such volume from eastern Oregon as to make the haul over unproductive country seem only a long bridge, while western Oregon would furnish a steadily growing volume of lumber for the long haul to the east, to say nothing of fruit, vegetables and dairy products. The development of the entire state would be stimulated, and the benefits would flow to Portland as to many other communities.

Harriman Had Plan of Extension

A plan to provide eastern Oregon with railroads and to connect them with the western Oregon lines was formed by E. H. Harriman in 1905. At that time the Southern Pacific, Central Pacific and Union Pacific were merged under his control and were operated as one system. His plan included a line from Natron across the Cascades to Klamath Falls, where it would connect with a branch from Weed, Cal., and form a new route between Oregon and California; a line from Ontario, on the eastern border of Oregon, across the center of the state to Odell on the Natron line; and a line from the O.-W. R. & N. up the Deschutes river to Odell. Owning the Southern Pacific, the Union Pacific could then haul the traffic of western Oregon over the new short line across the state. It would also have a shorter line over which the live stock and farm products of southern Idaho and eastern Oregon could move to San Francisco and Portland. It would open the great belt of pine timber on the east slope of the Cascades and could haul the product either east or south to California. A branch from Eugene to Coos Bay was also projected, over which much of the traffic of central, southern and western Oregon would reach the sea by the shortest route, to expand the commerce of that fine harbor.

Construction of the line from the east was carried from Ontario to Vale in 1906, and was continued westward in 1911, in which year also work began eastward from Natron and was completed southward up the Deschutes as far as Bend. In 1912 the United States Supreme

Court ordered dissolution of the merger between the Union Pacific and Southern Pacific, thus destroying the foundation of the whole scheme—interchange of traffic between two systems under common ownership. The two systems were compelled to become competitors, and the traffic which the Union Pacific had expected to draw from western Oregon returned to the long circuitous routes southward and eastward over the Central Pacific or Southern Pacific. Work on both the Natron and central Oregon lines was suspended in 1913, but was renewed on the latter line and continued until Crane was reached in 1916. The Supreme Court ordered dissolution of the Southern Pacific-Central Pacific merger in 1922 as contrary to the anti-trust law, but while the suit had been in progress Congress had in 1920 passed the transportation act, giving the Interstate Commerce Commission power to authorize consolidation of railroads. Under that authority the commission authorized the Southern Pacific to retain the Central Pacific, but on condition that the Southern Pacific and Union Pacific maintain freight and passenger service as one connected continuous line between San Francisco and Omaha without preference or discrimination as to service or rates as compared to any other through route. Later the commission authorized completion of the Natron-Klamath line by the Southern Pacific in the name of the Central Pacific, but gave no other road common user rights over it. The Coos Bay line has been constructed by the Southern Pacific, but Coos Bay cannot get the expected traffic from eastern Oregon and Idaho until the broken links have been connected. R. E. Strahorn has projected an independent system to fill the gaps and to serve as a feeder to all the interested main lines, and has built about 40 miles northeast from Klamath Falls. The Union Pacific has constructed a branch of 22 miles from Harriman, west of Crane, to Burns, and Frederick Herrick is building thence northwest into the national forest in Grant county. The gaps between Bend and Odell and between Bend and Crane remain to be filled. The railroads have gone to the edges of central Oregon, but make no move to go through.

Revive Eastern Oregon's Hopes

While the Southern Pacific and Union Pacific were seeking the support of public opinion for their respective claims to control of the Central Pacific, the Southern Pacific

made a definite promise that, if awarded that road, it would complete the Natron-Klamath line as soon as it could obtain authority from the Interstate Commission, and the Union Pacific encouraged hopes, but made no promise, that, if it should win, it would complete the original Harriman project. Without awaiting the outcome of that controversy, the Oregon Public Service Commission in November, 1922, applied to the Interstate Commission for an order directing one or another of the several systems to make the extensions from Crane to Odell, from Bend to Odell, from Oakridge to Kirk, thus to complete the Natron-Klamath line, and from Lakeview to a connection with the Crane-Odell line, also that the several systems be ordered to grant each other common use of the lines in question. After the Southern Pacific-Central Pacific merger had been ordered, the Southern Pacific obtained the permit to complete the Klamath line but refused to accept the permit with a common user clause attached, and the Interstate Commission refused to impose that condition. The Union Pacific made no move to build extensions except the short branch to Burns. The Interstate Commission retained jurisdiction in both the merger case and the Natron-Klamath case in order that it might have power to modify its orders, if developments should render this advisable.

Testimony on the Oregon application was taken before examiners for the Interstate Commission in the early part of 1924. A great number of witnesses from all parts of Oregon and from southern Idaho told of the check on development of eastern Oregon that was due to lack of railroads, of the great increase of traffic that would surely follow their construction, and of the high rates they paid and the costly delays they suffered on the circuitous routes open to them. An army officer said that the defenses of the coast against possible invasion were weak for lack of a line east of the Cascade and Sierra Nevada mountain barrier south from the Canadian border for movement of troops and supplies. The Oregon Commission presented estimates showing that the proposed lines would earn a net profit within five years. The railroad companies were firmly opposed to compulsion to make so large an investment, in fact to any governmental dictation as to their investments. Circumstances caused them to make the worst possible showing as to traffic possibilities and they presented estimates

showing that heavy loss would be incurred in operation.

Examiner Presents Findings

The examiner made the following findings and recommended that the Interstate Commission make an order accordingly:

"1. That the public convenience and necessity require the construction of a railroad extension between Bend, Ore., and Lakeview, Ore., with direct connection with the Natron cut-off, as part of a railroad system for through and local service between south-central Oregon and the Willamette valley and between California and the Inland Empire and southern Idaho.

"2. That the public convenience and necessity require the construction of a cross-state railroad extension from Malheur Junction-Harriman branch to a connection with the Natron cut-off, either directly or through Prineville or Bend, as later may be determined, as part of a railroad system for through and local service between western Oregon and California on the west and eastern Oregon, Idaho and transcontinental territory on the east.

"3. That the necessities of the national defense on the Pacific coast require the construction of the railroad extensions described in findings 1 and 2 above.

"4. That in order to strengthen our national transportation system and to insure adequate transportation for future development of the national and privately owned forests in Oregon, more direct rail lines than now exist between western Oregon and intermountain and transcontinental territories are needful and should be required, thereby avoiding the unnecessary circuitry and physical difficulties incident to traffic movement via California junctions.

"5. That defendant Oregon-Washington and its allied lines be required to submit to the commission within three months detailed plans of the location, connections, etc., of the projected Bend-Odell Junction-Lakeview extension embraced in finding 1 above, and that, upon such approval, an order issue against the Union Pacific system for the construction of said railroad, reserving joint and/or common use to the Oregon Trunk line from Bend to Odell junction.

"6. That the expenses necessary to perform the construction embraced in findings 1 and 5 above will not impair the ability of the constituent railroads of the Union Pacific system to perform their duties to the public.

"7. That the projected cross-state railroad extension embraced in finding 3 above, under present control of lines in western Oregon, would not be self-sustaining from the local and through traffic it might receive and its construction is not justified without the assurance of a large volume of through traffic from and to western Oregon.

"8. That complainant should be afforded an opportunity of further hearing on the question

of assigning, under railroad consolidation plans, some or all of the Oregon & California, the Central Pacific and the Southern Pacific lines in Oregon to the projected cross-state railroad embraced in finding 2 above, to provide such coast feeders as may make feasible and justify the construction of such cross-state extension; and that such further hearing, if held, should also include a consideration of the most feasible location across central Oregon of said projected cross-state line, and such other pertinent matters as will enable the commission fully to consider and act upon these questions."

Commission Has Power of Compulsion

If these findings should be followed by action, the long deferred hope of Oregon would be fulfilled, and this would be accomplished by practically restoring the community of interest between the lines of eastern and western Oregon which was extinguished by dissolution of the Harriman merger. The means proposed are so new and drastic as to raise doubt whether Oregon's hope would soon be realized. Authority to order was given to the commission by section 1, paragraph 21, of the interstate commerce law, as amended by the transportation act of 1920. It permits the commission to order "a common carrier to extend its line or lines" if it finds that the extension "is reasonably required in the interest of public convenience and necessity" and that "the expense involved therein will not impair the ability of the carrier to perform its duty to the public."

Congress undertook to vest in the commission power to compel a railroad company to invest its surplus earnings in a particular manner, or even to borrow the necessary capital. In this instance, the extension would consist of new lines estimated by the Oregon commission at 327 miles, by the Union Pacific at 331 miles, in an undeveloped area. The cost is estimated by the Oregon commission at \$15,850,224, by the Union Pacific at \$18,456,584. The railroads may be expected to resent the attempt to deprive them of control of their own capital, of the right to control their own business to such an extent. They may be disposed to deny the constitutional power of Congress to exercise such authority, much more to delegate it to an administrative body. If they should carry that question to the courts, the government would certainly continue the contest to a finish in the Supreme Court of the United States. Such litigation would certainly extend over several years, during which none of the proposed lines would be built. Oregon has been the subject of railroad litigation since the suit to dissolve the Harriman merger was begun in 1912. During that period litigation has almost stopped construction in eastern Oregon, though the Union Pacific extension from Vale to Crane, and thence to Burns, and the Southern Pacific extension to Coos Bay were earnest of their will to build but for the obstacles interposed by litigation. The net result of dissolution of the merger is an attempt to coerce the railroads to reproduce the general situation as to relations of the several

systems which the merger suit ended. Oregon wants railroads and arrangements that give it use of short routes; lawsuits do not produce railroads.

Mediation Would Bring Results Sooner

We may concede that the Oregon commission has done a valuable service by concentrating attention on the need of railroads in eastern Oregon and of such relations between the roads of eastern and western Oregon as will conduce to full development of the state. It has made a showing of actual and potential traffic which put the railroads on the defensive, and it has brought the needs of Oregon so forcibly before the Interstate Commission that that body may feel bound to exert itself to find a remedy. Notwithstanding the broad power given by the transportation act, the Interstate Commission may well consider whether an easier way cannot be found by which friction would be avoided and the voluntary co-operation of the railroads would be obtained—whether such a way would not sooner be fruitful of results in actual construction than would be a new campaign in the courts.

Line From Bend to Klamath Proposed

Both the Union Pacific and the Hill systems are anxious to tap the Klamath forests by extending their lines from Bend, and the Hill lines have long had in view a further extension through northern California to Eureka and thence to San Francisco. A joint track to Klamath naturally suggests itself, but objections quickly arise. If the Union Pacific should later build the Crane-Odell line or over some parallel route, it would have the shortest route east and would get the lion's share of the traffic from the Bend-Klamath line, of which the Hill lines would have borne half the cost, for the latter would have to haul some distance north before their trains could move east over their main lines. They would balk at such an arrangement. If they and the Union Pacific should build a joint line, it would parallel the Southern Pacific's line from Odell south, though one line could carry all traffic for some years and, if traffic should become too heavy for one single-track line, one double-track line would be deemed better, both from the traffic and the maintenance standpoint, than two single-track lines. The Interstate Commission would be apt to prevent economic waste by ordering that the extension join the Southern Pacific's line at or near Odell and that the Southern Pacific grant the other systems common use of its line from the junction to Klamath. If the Union Pacific and the Hill lines should petition the commission to order this concession, the Southern Pacific might regard it as a hostile move and might strike back at other points of contact. The initiative could better be taken by the commission, which would also need to modify its order in the Central Pacific case by cutting off the Klamath district from the territory awarded to the Central Pacific exclusively.

Merit is found by the examiner in the objection of the Union Pacific to building the line

across the central plateau to Odell on the ground that it would have very little local traffic and would have a dead end in a snowbank at the west, being cut off from a share in the traffic of central western and southwestern Oregon. The examiner undertakes to overcome this objection by proposing that all the Southern Pacific's Oregon lines be transferred bodily to the Union Pacific, an amputation to which that system would not submit without a struggle in the courts. If the commission should adopt this recommendation, it would change the opinion it held when adopting the tentative plan for consolidation of all railroads into systems. In the exhaustive report which formed the basis of the commission's action but with material modifications, Prof. William Z. Ripley, who discussed at length the suggestion that all the north and south lines from Los Angeles to Seattle be made completely independent of the long-haul transcontinental lines, also the alternative plan that all the Southern Pacific's Oregon lines be transferred to the Union Pacific. He canvasses the subject thoroughly and concludes:

Professor Ripley Makes Recommendation

"It is finally recommended that these Oregon lines remain in the possession of the Southern Pacific-Rock Island system."

He then says:

"The broadest national interests invite attention to the course of future construction in the great undeveloped triangle with its western base on Portland-Sacramento and its apex at Salt Lake City."

He recommends extension of the Oregon Trunk line of the Hill system to Klamath Falls, and says:

"The only foreshadowing conclusion which may be ventured as to the great undeveloped area in and about southern Oregon is that it probably ought to fall rather under the control of the Union Pacific and Burlington-Northern Pacific systems than that it should be developed by the St. Paul-Great Northern system," he having recommended that the Great Northern be detached from the Northern Pacific and Burlington and linked with the St. Paul, a plan which all the roads in question, except the St. Paul, strenuously oppose. He foretells the present proceedings by saying:

"The foregoing projects for penetrating the great undeveloped area in southern Oregon manifest a keen competition between all of the great interests. The Union Pacific is intruding from the east; the Southern Pacific is coming in from the west; the Hill and Union Pacific lines follow the Willamette and Deschutes rivers down from the north; while from the south at Reno the Western Pacific (Burlington-Northern Pacific under this plan) and the Southern Pacific by Klamath lake are pressing forward to effect a junction in the interior. Shall zones of influence be laid out in advance or is the wiser course to encourage construction by a grant of wide latitude? The issue is bound

to arise upon application for further construction."

Revision of Traffic Is the Key

The key to the deadlock in eastern Oregon is evidently to be found in an arrangement by which an east-and-west line would share the traffic of central western Oregon to the intermountain, middle western and eastern sections of the United States. Development of this traffic is retarded by the long route which it must follow in consequence of ownership of the western Oregon lines by a company which hauls it 540 miles south from Eugene to Roseville in order to keep it on that company's tracks when it starts eastward. Notwithstanding the great demand for lumber in the sections named and the increasing degree to which it is met by the Douglas fir region of the north Pacific coast, the industry in Washington has far outrun that in the section of Oregon that will be most closely adjacent to the direct trans-Oregon line. Of the Southern Pacific traffic originating in Oregon 87 per cent goes to points on the Southern Pacific and its local connecting lines and only 9.9 per cent to the intermountain, midwest and eastern territory. As 79 per cent of the Southern Pacific's Oregon traffic is forest products, its chief function in Oregon evidently is to carry lumber to California. The long route and frequent shortage of cars at times when demand has been most active have been the chief causes of slow development of the lumber and other industries in southwestern Oregon. If a direct route were opened, rates could be lowered, a larger car supply would become available, the lumber industry would be stimulated and a volume of new traffic would be developed that would make the cost of haul across the desert seem a mere bagatelle and would also swell the Southern Pacific's lean revenue from Oregon. Yet the Southern Pacific quite naturally maintains its right to the long haul and for the reasons already stated the other lines are reluctant to ask the commission to exercise its authority in their behalf.

Facilities Needed for Future Lumber Traffic

This has ceased to be a purely Oregon problem or one concerning the jarring interests of railroad systems. As a north-and-south line east of the Cascades is pronounced necessary to the military defense of the Pacific coast, enlarged facilities for shipping Oregon lumber are held by A. B. Greeley, chief of the U. S. Forest Service, to be "a matter of very great necessity." Quoting "an experienced lumber manufacturer of the South," as saying that by 1930 "it will be necessary to increase eastbound lumber shipments from the west coast to eastern markets to the extent of 11 billion board feet per year," he says:

"The demands for western lumber to supply eastern and central markets will, in my judgment, at least double within the next ten years. As a broad question of public policy, I believe very strongly that every reasonable effort should be exerted to increase transportation facilities from the principal timber regions of

the west to eastern markets. This of course includes water transportation as well as rail transportation.

"The state of Oregon contains an estimated stand of 494 billion feet of timber, or over 20 per cent of all the timber in the United States. Oregon ranks first among all the states in timber resources. In from ten to fifteen years Oregon is bound to become the leading state in the Union in lumber production. Its present rail facilities are, in my judgment, wholly inadequate to the production of forest products which the resources of this state ought to support. I regard it as particularly important to see the resources of Oregon for water shipments to the Atlantic coast increase and also to see additional outlets provided to the Willamette valley and the pine regions of central Oregon for eastbound lumber shipments. The national forests of Oregon contain about 131 billion feet of standing timber. Our present yearly cut from these government forests is 137 million feet of timber. The yearly cut from the national forests of Oregon could properly be increased to ten or twelve times the present amount, while still insuring the unimpaired perpetuation of the resource and utilizing only its current annual growth."

The last statement conveys the idea that lumber production will be a permanent industry in Oregon, therefore a permanent source of revenue to the railroads, in contrast to those regions where the forests have been ravaged and only a wilderness remains.

Roads Are Willing to Extend

With this forcible argument before it we may expect the Interstate Commission to seek a plan by which the needs of both sections of Oregon for railroads, of the government and private owners for an outlet for their lumber and of the nation for a strategic defensive railroad will all be met and by which the rights and equities of the several railroad systems be harmonized. All of the railroad systems would be glad of an adjustment, the lines needed for full development of Oregon would be built, the volume of traffic for all of them increased and connections, trackage rights and rate divisions made with due regard to the interests and rights of each. Any attempt to compel one system to build a line through unproductive country to a point on the edge of highly productive territory that is fully occupied by another system; or to compel the second system to hand over to the first all of its Oregon lines or to grant the first equal use of its lines would be met with resistance in the courts to which all are averse. The proceedings initiated by the Oregon commission have put all the roads concerned on the defensive, therefore none of them is willing to make the first move for a settlement lest it be taken as a sign of weakening. This requires that the initiative come from the Interstate Commission, but that it place the club of authority behind the door and assume the part of a mediator whose function is to bring together in agreement to do a certain thing several parties all of whom are

willing to do the thing desired but whose relations prevent agreement by their unaided efforts.

If the commission went about its task in this manner it would probably find the Union Pacific willing to build from Burns along the northern edge of the desert to Bend rather than across the desert from Crane to Odell, then south from Bend to Odell if it could obtain joint trackage between Odell and Klamath Falls and joint rates from points on the Southern Pacific lines in western Oregon. It might extend from Bend over the Cascades and down the Santiam river into western Oregon, but that would be only the beginning of an invasion of the Southern Pacific territory. Much more construction would be necessary for capture of a good share of the traffic for its own lines from the starting point. That would not be a profitable enterprise until traffic had much increased for the Southern Pacific lines net far less than the standard return. Yet the possibility of such an invasion would incline the Southern Pacific to come to terms. Its lines are not worked to nearly their capacity, and as traffic grows larger capacity can be gained by double-tracking the existing lines through western Oregon rather than by building a second single-track line. The commission would be loath to sanction a Union Pacific extension across the Cascades for these reasons, but it would be likely to expect the Southern Pacific to make such a contract for interchange of traffic and for division of rates as would give the Union Pacific adequate through traffic to sustain the Burns-Bend-Odell line.

Compensate Southern Pacific

By making such a deal the Southern Pacific would seem to violate one of the first principles of the railroad business—that a road must take the long end of a joint haul on traffic that originates for its own line; in railroad parlance, it must not "short-haul itself." But that obstacle can be overcome if we go back to the purpose of the rule, which is to capture the larger share of the net revenue above operating expense. The initial road is entitled by common consent to compensation for originating traffic and for terminal charge in addition to its prorate share of the rate for the line haul, while the road that delivers the traffic at its destination is conceded compensation for final terminal charge. The rate being so much per mile of haul, credit is given for these items by adding to the actual mileage what is called constructive mileage, the rate for which would equal the factors named. As 75 per cent of the rate is absorbed by cost of moving traffic, it would be necessary only to give the initial road enough additional constructive mileage to make its net return on the short haul as good as that which it would have obtained on the long haul. That plan is followed in principle in the division of rates on Southern Pacific traffic routed through Portland for eastern points. The saving in distance by the central Oregon route over the route of the Southern Pacific via Roseville would be sufficient to allow this compensation

to the latter road, and to increase the ton-mile rate to the Union Pacific sufficiently to offset the net revenue that it would sacrifice. A similar arrangement might be made between the Southern Pacific and the Hill lines by which some of this traffic would go over the Oregon Electric, S. P. & S., G. N. and Northern Pacific lines.

Under the suggested plan western Oregon would have the service of four main lines to the east. If the Southern Pacific's Oregon lines should be handed over to the Union Pacific, that territory would still depend on one line. The only change would be in the identity of that line, the only advantage its shorter mileage. If both main systems used the present lines, cost of duplication would be saved, and this economy would ultimately be reflected in lower rates. Though the Southern Pacific could hardly be expected to concede full common user rights on its Oregon system to the Union Pacific, division of through rates satisfactory to both would tend to the same effect, and presence of both in the field would stimulate development of traffic.

Connect Lake County With State

The examiner recommends that the Union Pacific be ordered to build a branch from the Harriman-Odell line in the vicinity of Odell to Lakeview, near the California border, a distance of 104 miles. The purpose is to give direct through transportation to Lake county, which styles itself "the county which Oregon forgot," and to reunite it to the state. That county has extensive pine forests, of which more than half is owned by the government, grows much live stock and has over 60,000 acres of irrigated land, to which 100,000 acres could be added if an outlet to market were afforded. It also has possibilities of producing mineral salts and other minerals, which are now inaccessible. Its only railroad is the Nevada, California & Oregon, a narrow gauge line connecting it with the Central Pacific at Wendel, Nev., to and from which freight must be transferred at excessive cost. That road touches only the edge of the county, does not aid its development and accentuates its isolation from the rest of Oregon.

The policy of large scale cutting of timber in national forests on which the U. S. Forest Service has entered is soon to be extended to Lake county, and much traffic for a railroad will result. The plan of cutting tracts in rotation and of reforestation which is now followed will insure that traffic will be drawn constantly from this source and will justify building of permanent, standard-gauge railroads rather than merely temporary logging roads. A joint agreement by which all the systems that enter central Oregon would enter Klamath Falls might lead them to join in building the Lakeview branch, but little traffic exists or is in early prospect on the northern end of the proposed route.

An alternative means of linking Lake county with the transportation system is afforded by the lines which R. E. Strahorn is gradually extending from Klamath Falls. When construction

by the main lines stopped on all sides of central Oregon, he mapped out a scheme to build independent of all of them several lines that would form the missing links needed to connect all of them, and he organized the Oregon, California & Eastern. He has built from Klamath Falls 40 miles northeast to Sprague river and is now headed up that stream, well into the timber. His relations with the Southern Pacific are decidedly friendly, and further extension east, then south, to Lakeview, would be an inducement for the Southern Pacific to buy and standardize the Nevada, California & Oregon. Lake county would then have an outlet to both the California and eastern markets for all its products, and could ship to the coast over the Natron cut-off and the Coos Bay line. Portland merchants are now practically shut out by the long, circuitous route, and would gain the advantage in distance over San Francisco.

SOUTHEASTERN WASHINGTON

Wenatchee and Yakima Need Lines

North of the Columbia river between the Cascade mountains and the Columbia, is a part of Portland's natural territory from which this port is practically excluded by long, circuitous routes, and which is denied the use of this port. The traffic of the Wenatchee and Yakima valleys would flow as naturally down the Columbia as their waters flow into that stream but for the great bend from a southward to a westward course which the river makes at Pasco and for the fact that the Yakima river flows southeast into the Columbia above Pasco, its valley being the one practicable railroad route from Yakima. But a direct line from Wenatchee down the Columbia would connect it with all main lines and would give that city and the whole intervening country an outlet to Portland over either the Spokane, Portland & Seattle or Union Pacific road. If a branch of about 60 miles from some point on the Milwaukee's Beverly-Hanford branch to Yakima should prove practicable it would give the Milwaukee system an entrance to Yakima, and a new line south-westward from Yakima to the Columbia river would form a short route to Portland by connection with the Spokane, Portland & Seattle and the Union Pacific, by which the Milwaukee could enter Portland.

Wenatchee, which is one of the greatest fruit districts in the west, has only one railroad—the Great Northern to Seattle on the west, and to St. Paul on the east. Several years ago a car shortage just at the season when fruit should be shipped caused serious loss to the growers, and they determined to secure other outlets. They formed the Wenatchee Southern Railroad Company and applied to the Interstate Commission for a certificate of convenience and necessity for a railroad down the Columbia from Wenatchee to Beverly, on the Milwaukee main line, a distance of 53 miles, and from Hanford to a point near Kennewick, 26 miles, where connection would be made with the Northern Pacific, Union Pacific and Spokane, Portland & Seattle. It is proposed to obtain use

of a Milwaukee branch to cover the 47 miles between Beverly and Hanford. The application was opposed by the Great Northern, but was granted and a rehearing was denied.

By this line Wenatchee would be able to ship its fruit to Portland over one of four main lines, here to avail itself of the storage facilities and ships to the Atlantic coast and foreign ports, and Portland would gain entrance to that market. The same advantages would accrue to the extensive irrigated and cattle country around Ellensburg, at Priest Rapids, where a great power and irrigation plant is to be constructed, and in the lower Yakima valley. Intercourse between the cities on the railroads that run east and west is rendered slow and expensive by the necessity of going east or west over one line and back over another in order to reach a point on another line when the distance across country is probably only one-third of that traveled. By connecting all the main lines the Wenatchee Southern would give the people of all south-central Washington the use of all of them, and of Portland as a port, and would enable Portland to sell in a large, growing market.

Half the Distance Saved

The precedent overthrowing the rule that territory occupied by one railroad must not be invaded by another, which has been established by the commission in the Wenatchee case, warrants belief that it would entertain a similar proposal for a direct line from Yakima to a point on the Columbia river at or near Underwood, whence the Spokane, Portland & Seattle might be required to make joint rates or a line of barges could be run down the river. The present lines follow two sides of a triangle; the route suggested would follow the third side. The distance by the Northern Pacific from Yakima to Portland is 300 miles via Tacoma, via that road and the S.P. & S., 321 miles; via the Union Pacific, 314 miles. By the proposed direct route it would be about 160 miles, according to reliable data. The road would climb an adverse grade from the Columbia and would descend another into the Yakima valley, but the maximum grade and altitude would be no greater than on the several roads that cross the Cascades to Puget Sound and the distance would be practically the same—160 miles against 157 miles to Tacoma over the Northern Pacific—and an extension to Priest Rapids would open the Portland market and shipping facilities to the whole country northward to Wenatchee, thence northward on the Great Northern branch up the Okanogan river to the Canadian boundary, and would give the Milwaukee an entrance to Portland.

As to possible traffic, the Yakima valley ships about 35,000 carloads of agricultural products yearly aside from other commodities and ships in large quantities of lumber and merchandise. It is the center of one of the largest irrigated areas in the west, which is being doubled by projects now under construction. Kittitas county has 70,000 acres of

irrigated land and much more adapted to irrigation, also producing timber and mineral. A large area in Klickitat county is also susceptible of reclamation.

This section is not now served by a railroad and its traffic possibilities should be the subject of an investigation similar to that of central Oregon. The certainty of through traffic and the possibility of local traffic would appear amply to justify construction of the road. Having such a road, Portland would share the Yakima market and the water traffic originating there.

North Bank Road's Position Difficult

The proposed road should logically be a branch of the Spokane, Portland & Seattle, but the joint ownership of that line by the Northern Pacific and Great Northern puts a veto on building of branches into territory already occupied by them. If it were desired to invoke the power of the Interstate Commission to order the building of needed extensions, a good case could be made, but there would doubtless be strenuous resistance, even extending into the courts. The line might as properly be an extension of the Milwaukee to the lower Columbia with Portland as its goal, but railroads are averse to aggressive action against one another in these days. If an independent company were to apply for authority to build, the Wenatchee precedent indicates that the permit would be granted. If this proceeding were taken up in earnest, it might force one of the trunk lines into action.

Usefulness of the proposed Wenatchee and Yakima roads in conjunction with the line up the Okanogan valley and with the lines built and projected through central Oregon as a military, strategic route through the entire intermountain country, would incline the commission to favor any feasible plan. A good showing of military advantages would support those of commerce.

Consolidation of railroads into great systems may gravely affect not only extensions in Portland territory but the nature of service given this port by the consolidated systems. Full development of the city's opportunities as a port and as a manufacturing and mercantile center depends on use to the full extent of the water-grade roads down the Columbia. That they may be so used it is desirable that their owners reap the full benefit of the economy in operation that is possible by comparison with roads that must surmount heavy mountain grades and that the owners have no dominant interest in directing traffic to other roads and other ports.

The tentative plan of consolidation adopted by the Interstate Commission leaves the Union Pacific in the Pacific northwest unchanged with a line down the south bank of the Columbia in its final westward course, with joint trackage rights over the Northern Pacific from Portland to Seattle, and with its branches in eastern Oregon, eastern Washington and Idaho. It joins the Burlington, which is jointly owned

by the Northern Pacific and Great Northern, to the former road and combines the Milwaukee with the Great Northern. But the fate of the Spokane, Portland & Seattle is left in doubt, both by Prof. Ripley in the exhaustive report on which the tentative plan is based, and by the commission in its statement of the lines that are to constitute each system. Prof. Ripley says:

"The St. Paul-Great Northern system needs certain additions in order to balance competition throughout the northwest more fairly with the very powerful Northern Pacific-Burlington combination. First and foremost, it must be protected as to access to Portland, Oregon. The Spokane, Portland & Seattle line down the north bank of the Columbia river is at present owned jointly by the Northern Pacific and the Great Northern. This admits the St. Paul automatically under the proposed merger to Portland territory. Possibly the Northern Pacific might withdraw its investment from the Spokane, Portland & Seattle entirely in favor of the St. Paul, insofar as it has a parallel line of its own. But upon this point decision may be withheld. And the continuance of the joint line owned by the Northern Pacific between Seattle and Portland would assure competition south of Seattle."

The commission adopts Prof. Ripley's suggestion that decision be withheld, for it includes the S. P. & S. in the list of roads to compose each of the two systems, but adds a footnote to the effect that it may be included in the other.

Bring the Milwaukee Into Portland

Direct access of the Milwaukee system is much to be desired. It would shorten the route from the northern part of the eastern Washington wheat belt. It has a line through central Washington that would open much territory to Portland trade. It has a network of branches through a large part of the northwest that might widen the market for Oregon lumber and other products.

Most to be desired is that the North Bank road be owned entirely by one transcontinental system or one consolidation of systems, in order that its great possibilities for expansion of Portland trade and commerce may be fully developed. It is contrary to human nature that its two owners should give it any traffic that either of them can keep for itself and thus secure all of the net revenue instead of yielding half to its partner. In order to meet criticism the North Bank keeps freight solicitors in the field in competition with the parent lines, and the latter have ordered that freight originating and to be delivered within certain zones on their own lines be routed over the North Bank, but self-interest pulls against them. If the North Bank road were owned entirely by one system, its advantages in distance, economy of operation and saving of time would cause it to bring a greatly increased volume of traffic to Portland and the benefits to the producers in the interior would be as great. It behooves those public bodies that watch over the community interests of Portland to exert themselves for correction

of the present situation in the manner indicated, and to keep a vigilant eye on all steps toward consolidation of lines.

Circumstances are so favorable to enhanced prosperity of the Pacific coast and they give investors such confidence of security and of fair return on capital that we may expect greater activity in railroad construction than has been seen in almost twenty years. The part of Portland should be to see that the interests of the port are not neglected nor sacrificed to those of wide-awake competitors, but in so doing, to smooth the way by helping to harmonize conflicting interests. As Oregon and the entire Columbia basin come into their own, so will Portland.

CONCLUSIONS

The conclusions of your committee are:

That there is urgent need of a railroad across central Oregon from east to west, connecting in the east with the Union Pacific System, in central Oregon with all lines penetrating that region, and in western Oregon with the Southern Pacific System, and the branches of the Hill system.

That without a liberal share of the traffic of western Oregon, this trans-Oregon line could not pay operating expenses for some years at least and would not be financially feasible. With such traffic it would soon become profitable through stimulation of the lumber industry, which is destined to expand rapidly as the country comes to depend more on the Pacific coast for its supply.

That the suggested transfer of the Southern Pacific lines in Oregon to the Union Pacific would improve the situation only by substituting a direct for a circuitous haul to the east. Central western Oregon would still have to depend almost entirely on one system when its great need is both competition in service among two or more systems leading to eastern markets and preservation of the present through line to California with all its branches.

Determined opposition from the Southern Pacific to transfer of a large part of its system to its principal competitor may be expected. That means more litigation and more delay to construction. An attempt to compel the Union Pacific to build the trans-Oregon line without access to central western Oregon would have the same effect.

The railroads realize that Oregon offers a great opportunity, are ready to avail themselves of it, and general conditions, political and financial, are favorable. By giving its aid in harmonizing their rights and interests and those of the state of Oregon, the Interstate Commission can bring about construction much

earlier than is possible by further resort to compulsory procedure.

A solution can probably be found in the making of joint rates between the Southern Pacific's western Oregon lines and the Union Pacific with such a division as would compensate the former not only for originating traffic and for terminal charge but for accepting the short haul. The saving in mileage would be sufficient to allow the Southern Pacific constructive mileage for this purpose.

There should be joint construction by the Union Pacific and the Hill lines from Bend to Klamath Falls if the cost were divided between them in proportion to the benefit they would derive in traffic or from Bend to Odell if the Southern Pacific would grant common user rights thence to Klamath Falls.

Lake County could be connected with the Oregon railroads either by the branch of the trans-Oregon line proposed by the examiner or by extension to Lakeview of the line now building by R. E. Strahorn from Klamath Falls. Relations between Mr. Strahorn and the Southern Pacific are such that the latter would use this line to make a shorter route eastward by connection with the Nevada, California & Oregon, which it could buy and standardize. Lake county traffic could then flow westward to the Willamette valley and thence either to Coos Bay or Portland, or eastward over the Central Pacific.

The Wenatchee Southern down the Columbia river to Kennewick will be a great advantage to Wenatchee and all central Washington by giving connection with all transcontinental lines and by giving access to Portland.

A direct railroad from Yakima to the Columbia river near Underwood is needed as a direct route for shipment of Yakima products from Portland by water and for transportation of Portland goods to the Yakima valley.

Full development of the S. P. & S. line as a feeder to Portland commerce, for which it has great possibilities, requires that it be owned solely by one transcontinental system or consolidation of systems, or be thrown open to the use of all systems north of the Columbia in the same manner as the Portland-Seattle line is now used, and that the Milwaukee have entrance to Portland by this route. To this end vigilant attention should be given to the final plans for railroad consolidations.

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Committee on Railroads.