

# STEEL TRUST NEEDS NO PROTECTION

It Can Get Along Without it but Independent Concerns Could Not.

SO SAYS CHAIRMAN E. H. GARY

If Competitors Protected His Corporation Should Make Its Affairs Public and Submit to Gov't Control.

Washington, Dec. 18.—"If you protect our competitors, you leave us above protection, and I believe that the United States Steel corporation should make public its affairs and submit to government control," was the remarkable declaration of Judge E. H. Gary, chairman of the board of directors of the United States Steel corporation, at the hearing before the house ways and means committee, today.

"This is radical," he added, "but remember that I am not speaking for the steel corporation in saying this."

## WHO NEED PROTECTION.

Judge Gary, like Charles M. Schwab, who appeared before the committee on Tuesday, gave much information and submitted to a severe cross-examination. His testimony showed that the tariff is needed more as a protection for the independent steel manufacturers than for the steel corporation. He declared that the reduction of the duty on certain steel products would compel the steel companies to reduce the cost of labor. He said that the competitors of the steel corporation needed protection, but that the corporation could take care of itself.

"Suppose this committee were to wipe out the steel duty entirely, the United States Steel corporation would still survive?" inquired Representative Champ Clark of Missouri.

"I cannot say," replied Judge Gary, "but I am of the impression that if we did we would have a monopoly of the market in this country. I don't think we could make a reasonable and fair profit if the tariff was put on that basis."

Former Judge Gary, who said he has been chairman of the board of directors of the United States Steel corporation for five years, took the stand and was the first witness when the steel schedule was taken up. He said that Mr. Schwab in his testimony before the committee Tuesday had not in his estimate figured enough for depreciation in the cost of pig iron. Judge Gary placed the cost to produce pig iron at from \$14.75 to \$15 a ton, as compared with \$14, the cost given by Mr. Schwab.

This afternoon Judge Gary devoted much time to giving a detailed statement of cost of production of steel. He said that the average cost in the Lake Superior region is \$1.43, including royalty. He said that the manufacturers' cost of pig iron at Chicago amounts to between \$14.75 and \$15. This cost does not include the interest of the steel company on its investments in mining properties and transportation companies.

## CAN BEAR COMPETITION.

Judge Gary declared that the manufacturers in this country, in figuring the cost of production, have not stipulated a sufficient amount for depreciation to keep up their plants. He said that the United States Steel corporation can produce iron and steel materially cheaper than most of its competitors. He estimated the difference in cost at about a dollar a ton, which he said was due to the modern character of equipment and cost of certain material to the corporation.

"Don't you believe it is more than a dollar a ton?" asked Chairman Payne.

"The corporation which has a decided advantage in the quality and quantity of ore and an advantage in owning its own lines of transportation by lake and rail can naturally manufacture pig iron cheaper than those companies which have not those advantages. I think there is no doubt that the difference in cost is more than two dollars."

Judge Gary today testified that the cost to produce pig iron in England, is \$9 a ton; the lowest cost, in the Lorraine district of Germany, is \$8.50 a ton, and in other parts of Germany \$11 a ton. He said that, eliminating the profit all along the line that entered into the manufacture of pig iron, the cost of production in the United States is \$12.50 a ton. He said that the general manufacturer could not produce it for less than \$15 a ton.

Declaring that the average cost of producing pig iron in all of the plants of the steel corporation is \$15.30 a ton, Judge Gary gave the figures by which this average was determined.

The iron ore used in the production of a ton of iron costs \$8.62, he said.

The other items which go to make up the \$15.30, he said, are: Coke, \$1.15; limestone, 49¢; scrap, 16¢; cinder and scale, \$1.10; labor, material and operating cost, \$1.35; and depreciation, 40¢. An important declaration made by the steel magnate was that the ore is now produced in quality that formerly, and that the cost of production is therefore increased.

## FAIR RETURNS.

"No railroad that is able to pay \$25 a ton for rails has gone without them because they cost \$28," said Judge Gary. "I think this question should be approached from a different standpoint. I don't think a manufacturer, on account of the tariff or anything else, should get more than a fair return on his investment. If he does not charge a fair price he ought to be compelled to sell for less."

Mr. Clark inquired how Judge Gary proposed to prevent the manufacturers from charging a price that gave them more than a fair return on their investment.

"By publicity and government control of the manufacturers," he responded.

"The price of steel rails was fixed in 1899 at a conference of steel manufacturers and with the advice of possibly a few railroad commissioners as to what would be a fair price for rails. Since that time the steel manufacturers have adhered to that price and I doubt if any would change it without notifying the others. They have no agreement and do not have any meetings."

## TRUST AGREEMENT.

"Isn't it true that you have such a control that if you fixed the price none of the independent manufacturers would dare to charge a price below yours?" asked Mr. Clark.

## INDEPENDENTS CAUTIOUS.

"That may be true as far as steel rails are concerned," replied Judge Gary, but qualified his answer by saying he did not mean that the steel corporation had a hold on the industry, but that the independents recognized the advisability of maintaining one price.

"Suppose the United States Steel corporation put the price up to \$30 a ton, do you think there is an independent manufacturer who would not mark his price up \$30 a ton because you had marked yours up?"

"I cannot say," was the reply, "except that I think they would mark the price up."

Judge Gary admitted that the steel corporation could drive the independents out of business in a competition because the steel corporation can produce rails cheaper than the independents.

Judge Gary said that the steel corporation could not survive in the tin plate industry without a tariff possibly less than the present duty on this article.

## STEEL TRUST PROFITS.

Representative Clarke wanted to know how much profit the United States Steel corporation is making. Judge Gary said that the interest paid out amounted to \$180,711,000; the dividends paid out \$262,234,000; that a surplus of \$57,645,000 has been accumulated and that \$6,684,000 has been paid out for construction. He said that the total profits on the capitalization approximated 73.1 per cent. The United States Steel corporation, according to Judge Gary, is capitalized at \$260,251,000 in preferred stock and \$508,302,500 in common stock, and the bonds of the corporation amounted to \$480,199,000, on which the rate of interest is 5 per cent. The subsidiary companies have a total bond issue of \$125,346,000, he said.

Representative Underwood asked Judge Gary if he agreed with Mr. Schwab, who testified that the cost of labor on a ton of pig iron in this country and England is about the same and that the increase cost of labor in this country is due to increased efficiency and improved methods.

"This is probably correct in regard to the pig iron, but it is not so of other steel products," he replied. "The corporation manufactures annually 10 to 11 million tons of pig iron and the same quantity of finished steel, including steel rails, structural steel, steel wire products, such as nails, fence and piano wire, tubes and tin plate."

"What percentage of the iron production is turned over to your company?" asked Chairman Payne.

"Last year 41.7 per cent of all."

"Would you be adverse to our securing the figures that you originally furnished to the bureau of corporations as confidential information?" asked Mr. Payne.

"I would be willing that the committee should have that data for its own information," replied Judge Gary.

Chairman Payne said he could not promise that the newspaper men would not get hold of the figures, as the committee believed the public should have the benefit of all information presented to the committee.

"Well," said Judge Gary, "I will answer in the negative; we are not adverse to the committee having those figures."

It was announced by the committee today that Andrew Carnegie will appear before it Monday.

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## WEISSER-LOW COMPANY.

**Involuntary Petition in Bankruptcy Filed Against Pittsburgh Concern.**

Pittsburgh, Dec. 18.—An involuntary petition in bankruptcy against the Weisser-Low company, operating a large department store in this city, has been filed in the United States court, and Thos. H. Sheppard has been appointed receiver. His bond was placed at \$100,000.

The proceedings were brought by H. B. Claffin company, Taft-Weller company, and H. L. Judd company, all of New York City.

The receiver has been given authority to continue the business until after the holiday season.

## PRESIDENT PREPARING EVIDENCE FOR CONGRESS

Washington, Dec. 18.—President Roosevelt has begun preparing for submission to Congress a mass of evidence upon which he based the statements in his annual message regarding the secret service and for which the Perkins resolution passed yesterday in the house called upon the president to produce. The amount of work necessary to put this evidence in shape for presentation to Congress, is so great that it will not be ready to send to the house until after the Christmas recess.

## PHILIPPINE JUDGE RESIGNS.

Washington, Dec. 18.—James F. Tracey of Albany, N. Y., an associate justice of the supreme court of the Philippines, has resigned, and the resignation has been accepted by the president. Judge Tracey desires to return to law practice. Several months ago he declined an appointment to membership on the Philippine commission.

## A FOOTBALL VICTIM.

La Porte, Ind., Dec. 18.—Frank Hannum of this city, died today at Seattle, Wash., of injuries received in a football game. He was 26 years old.

## TAFT ANNOUNCES KNOX'S APPOINTMENT

Augusta, Ga., Dec. 18.—President-elect Taft tonight announced the appointment of United States Senator Philander C. Knox of Pennsylvania as secretary of state in his cabinet.

The announcement followed the receipt by Mr. Taft of a telegram conveying the information from Mr. Knox that he would accept the premiership of the Taft cabinet.

Washington, Dec. 18.—Senator P. C. Knox, who will be secretary of state in President Taft's cabinet, tonight discussed his selection with the Associated Press.

"It is true, as Mr. Taft has announced," he said, "that I have accepted his invitation to enter his cabinet as secretary of state. I have had the offer under consideration for some time, and have been persuaded by those with whom I have consulted, and in view of the state of Pennsylvania, that it is my clear duty to accept. I will leave the senate with great regret, as I have enjoyed its duties and associations, and with even greater reluctance I will lay down the commission of the people of Pennsylvania who have so splendidly supported me by their approval of my public service."

When asked whether he would remain in the senate, he replied that he would accept the position of secretary of state he could really make no comparison.

"With me," he added, "public service is a duty which I accept not because of any honor which I feel I may derive therefrom, but because I feel I owe it to my state and to my country. I have therefore accepted the position, and the offers which have come to me, being content to remain where I was, serving as I felt that I was doing my duty as a citizen thereby."

"No man," he continued, "should enter public life for the sake of the honor which he will receive or which he can draw therefrom. Duty is the only motive which should impel any man in accepting the responsibility."

Senator Knox's first appearance as a public figure was when he entered the cabinet of William McKinley as attorney-general in 1901. He was continued in the office by President Roosevelt and served until he resigned in 1904 to accept the appointment of senator from Pennsylvania.

## PANAMA CANAL AFFAIRS.

Senate Committee Ready to Take Up Any Sort of Investigation.

Washington, Dec. 18.—That the senate committee on inter-oceanic canals is prepared to take up any sort of investigation of canal affairs that may be demanded by any member of the committee was asserted today by Senator Kittredge of South Dakota, chairman of the committee. This far there have been no demands upon the committee, and as there has not been a meeting during the present session of Congress it cannot be ascertained what action will be taken. "It has been the policy of the senate committee," said Mr. Kittredge today, "to call witnesses at any time a demand is made by any member of the committee, and I purpose to continue that policy."

The demand, if it comes, probably will originate with Democratic members.

An investigating resolution was of-

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fered in the house by Representative Rainey of Illinois, which is said to have been offered at the suggestion of the Democratic national committee following the publication in certain Democratic and independent newspapers of a story that Americans may have profited by the sale of the canal property to the United States. Senator Culberson, chairman of the minority caucus of the senate, was intimately connected with the management of the Democratic national campaign and is a member of the senate canal committee, but has not yet taken cognizance of the house resolution.

## MARKED FOR DEATH.

"Three years ago I was marked for death. A grave-yard cough was tearing my lungs to pieces. Doctors failed to help me, and hope had fled, when my husband got Dr. King's New Discovery," says Mrs. A. C. Williams, of Bac. Ky. "The first dose helped me and improvement kept on until I had gained 65 pounds in weight and my health was fully restored." This medicine holds the world's healing record for coughs and colds and lung and throat diseases. It prevents pneumonia. Sold under guarantee at Z. C. M. I. drug store, 112-114 Main street, 50c and \$1.00. Trial bottle free.

## AN AWFUL MOMENT.

On Christmas Eve at the Crescent Theater. All this week, the greatest picture ever turned out by the Biograph.—A. Judge MAYBE.

There are a few tables left at the Louvre for Christmas eve and New Year's eve, but if you wish to reserve one, you must telephone today. Admission by card only on those nights. Walter Vasant was so long connected."

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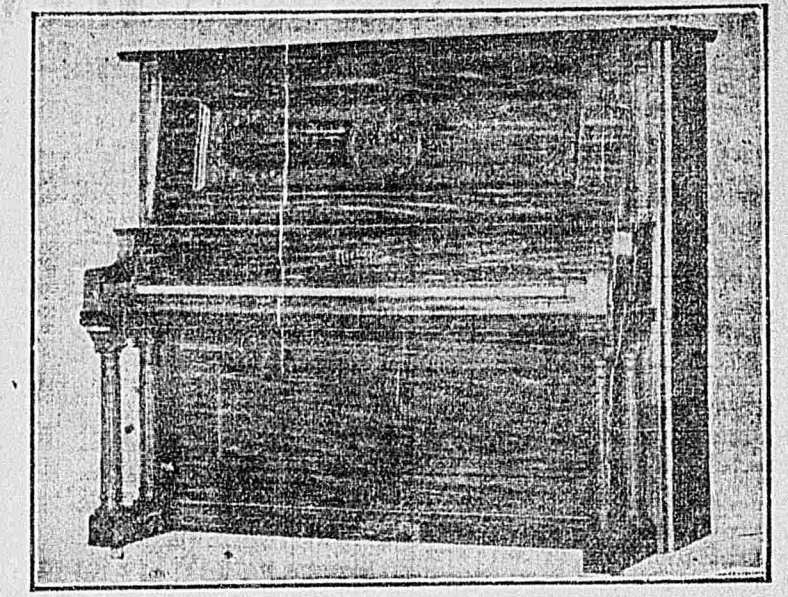
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It is clearly and only a question of common sense—is this thing called Dyspepsia. Take away, by abuse, over eating, excesses and high living, the things which the stomach needs and you have dyspepsia and indigestion; then other maladies follow these—this is common sense.

The stomach is willing enough but you won't let it do its work. You take away the materials which are so necessary for it to use.

Give back to the materials and dyspepsia and indigestion flee and the whole machinery of man begins slowly to move and do its work.

What the stomach needs is nerve force, built for its digestive glands, nourishment and power. All these necessities it takes from the blood. If dyspepsia gives nothing to the stomach, the blood gives nothing to the stomach. This is common sense also, pure, simple and unalloyed.

Stuart's Dyspepsia Tablets are common sense pressed by high power into tablets. In these tablets are powerful essences which go into the stomach, digest food, stop gas making, prevent decaying of food, enrich the gastric juices, are absorbed by the blood and thus give it strength to furnish a better food for digesting the next meal. Every physician knows what comprises these tablets; every druggist has the same knowledge also. They are natural common sense digesters, which do the work for the stomach quickly and well. Every drug store carries them, 50c per package. Send us your name and address and we will send you a trial package by mail free. Address F. A. Stuart Co., 150 Stuart Bldg., Marshall, Mich.