

CONTROL OF STEEL TRUST DISAPPROVED

House Committee Would Cure Evils by Publicity and Law Enforcement.

MANY ABUSES ARE FOUND

Report Tells of Stock Watering, Creation of Panics to Further Own Ends and Price Juggling—Minority Would Dissolve Trust.

WASHINGTON, Aug. 2.—The report of the majority of the committee of the House of Representatives, directed more than a year ago to investigate the United States Steel Corporation, was submitted to the House today by Representative Stanley, of Kentucky, chairman of the committee.

The report of the majority deals with the steel trust from its inception and describes the various steps by which J. P. Morgan and his associates built up the corporation. In addition to recommendations for legislation suggested as remedial, the Democratic members of the committee make general accusations against the men responsible for the organization.

Morgan and Associates Grilled. Morgan and his associates are held up as being the beneficiaries of enormous profits realized from the concentration of the subsidiary companies of the Steel Corporation and, later, of the corporation itself.

Judge E. L. Tamm, in his dinner to steel manufacturers are credited with a scheme by which prices and territory were controlled by the steel trust after pooling agreements were discarded.

Ex-President Roosevelt is indicted for making the control of the steel trust absolute, and is charged with being responsible for the gigantic stature which the trust has attained.

The corporation is flayed as an enemy of organized labor, and accused of lowering the sociological conditions of its employees and of contributing to American industry workmen and work methods un-American and foreign to the best interests of labor.

Principal stockholders of the Steel Corporation are accused of exerting a powerful and injurious influence on the business of the United States by means of control exercised through interlocking directorates of railway and industrial organizations. Tables are printed which show the many companies in which steel trust directors are officers or directors.

Corporations' Activity Bared. The activity of the corporation in politics is laid bare and its influence described, and the steel trust as a tariff beneficiary and its part in the making of the Payne-Aldrich tariff act are touched upon by the Democrats.

In its comment the committee says: "How a panic which has been created by the combined efforts of the Federal Government and John D. Rockefeller and J. P. Morgan & Co. and remained unabated for years, Morgan and Rockefeller had turned over \$50,000,000 more, should suddenly be still, by this manipulation of the market."

The committee reports that on October 26, 1907, President Roosevelt issued a statement congratulating Secretary Cortelyou and the business men who headed off the panic. The committee says of this:

"Up until the time of this interview the Steel Corporation owed its success and its permanency to the power and skill of the financiers who had created and the iron masters who had directed its operations. Since that time, however, its dominance has been due to an unequal measure to the sudden, ill-considered and arbitrary fiat of the Chief Executive."

Roosevelt is Blamed. The President's refusal to interfere was an absolute warrant to proceed. A suggestion from him to the Attorney-General was equivalent to a command, and upon receipt of the Attorney-General's act, the corporation was immune. This is admitted by Colonel Roosevelt, and he unhesitatingly assumes full responsibility in the matter.

The committee recommends legislation to cure trust evils and to meet existing conditions. It condemns the Steel Corporation and does not invade the jurisdiction of the United States court in which there is now pending a government suit for its dissolution.

The report was signed by the chairman and Representatives Bartlett of Georgia; McGillivuddy, Maine; Beall, Texas; and Littleton, New York, Democrats. Representatives Gardner, Massachusetts; Danforth, New York; Young, Michigan; and Sterling, Illinois, Republicans, dissented from the report of the majority. Representative Sterling submitted his individual views in a minority report, and Representative Littleton, Democrat, dissenting from the recommendations of the majority for amendment of the Sherman anti-trust law, filed his views.

Minority Report Framed. Representatives Gardner and Danforth will unite in another minority report, which Representative Young will sign, adding to it his own findings as to the facts surrounding the organization and operation of the Steel Corporation.

The Government's suit to discover if the United States Steel Corporation is "in violation of the Sherman anti-trust law."

In summing up its conclusions the majority report says: "The control of corporations by the Federal Government, as recommended by Mr. Carnegie, Judge Gary and others, is not approved. Whatever may be the evil results of the elimination of competition from the steel business, it does not justify such a remedy and could not be cured by it. Such a control, semi-socialistic in its nature, is beyond the power vested by the Constitution in the Federal Congress."

"The abuses mentioned in this report can in a great measure be remedied by giving to the operations of the United States Steel Corporation and other like corporations the widest publicity, and by the strict enforcement of laws specifically inhibiting the employment of cunning devices by which an unfair advantage over competitors is secured."

Profits Not Reasonable. The enormous earnings of the Steel Corporation are due not to a degree of integration of efficiency not possessed by its competitors, but to the ownership of ore reserves out of all proportion to its output or requirements and to the control and operation of common carriers, division of rates, and the liberal allowances obtained from other concerns through inequitable and inordinate terminal allowances. The business of production and transportation should be absolutely

UNITED STATES SENATOR WHOSE RESOLUTION PROCLAIMING NEW INTERNATIONAL DOCTRINE PASSES SENATE.



HENRY CABOT LODGE.

separate and distinct, and no industrial concern should be permitted to own or operate an interstate carrier."

Representative Beall, of Texas, made a study of the Gary dinner's influence on the steel trade. He wrote that portion of the report which deals with them. His comment on them follows: "Accepting the dinner of January, 1911, as fairly typical of the rest, and the things said and done there as fairly representative of the things said and done at the others, we think the conclusion is irresistible that the Gary dinners were instituted as a means of conveying to the entire steel and iron industry information as to what the attitude of the United States Steel Corporation was upon the questions of output and prices and of impressing upon all engaged in the industry that it was the part of wisdom and prudence to govern themselves accordingly."

Trade Is Restrained. "We further believe that by this means prices were maintained, output restricted, territory divided, competition stifled and trade restrained, just as certainly, just as effectively and just as unlawfully as had been done under the discarded pooling agreements of former years."

In discussing the ownership of railroads and the ownership of the steel industry, the report says: "There is no question that public interest requires a segregation of railroads and the steel industry. The control of such public agencies by an industrial corporation carries with it, in addition to the advantages which this record discloses, possibilities of even greater abuses."

Andrew Carnegie's steel making methods and his desire to extend his business are held out as the model of corporate property which Morgan and his associates to organize the Steel Trust.

Representative Sterling, of Illinois, a Republican, dissented from the report on the committee and submitted the following views to the House: "I heartily favor governmental regulation of securities and prohibit one of the corporations engaged in interstate commerce. The first step in this direction is legislation providing for Federal incorporation. Such legislation should limit the control to the actual value of the corporate property, and thus eliminate from the commerce of the country that abominable fiction of values commonly termed 'watered stock.'"

"The extent to which fictitious values have been created by over-capitalization of corporate property has shaken public confidence in corporate securities and made the public mind distrustful of large business enterprises."

"Such legislation should provide for a system of reports to a commission or other Government agency, giving full publicity to the manner and purpose of the organization, its methods of doing business and its profits. It should provide for rigid supervision of all issues of securities and prohibit one corporation from holding stock in another and limit the extent to which two or more corporations may have common directors."

Recognition of Trusts Banned. "The proposition that the Government shall recognize and permit to exist, trusts, monopolies and combinations in restraint of trade and then regulate them by legislative control is one calculated to suppress individual enterprise and destroy competition. It is conceded that such a policy would result necessarily in the fixing of prices of the products of such combinations, by law. If the Government fixes the price of the finished product, must it also fix the price of the raw material and of the labor that converts it?"

"The Federal Government by proper legislation, can resolve great combinations into their integral parts and then by wise and just regulation of corporate powers maintain a natural and healthy condition of trade. It is plainly its duty to do so."

NICARAGUA ASKS FOR HELP Minister Velasquez Would Put End to Present Disorders.

PANAMA, Aug. 2.—Manuel E. Velasquez, Nicaraguan Minister here, said today he hoped the friendly offices of the United States might stop bloodshed and restore peace to the Nicaraguans.

News that President Adolph Diaz, of Nicaragua, had dismissed General Luis Mena from his office as Minister of War and imprisoned him and that Mena's son, the military commander of Granada, is in control of Granada, Nandaima and Masaya, where General Mena had stored big quantities of war munitions, is confirmed.

Senator Velasquez says there is danger of famine in Nicaragua because of the scarcity of flour, corn and beans, due to the long drought.

WASHINGTON, Aug. 2.—Followers of former President Zelaya, of Nicaragua, are preparing to rally to the revolution, according to dispatches to the State Department today from Port Limon, Costa Rica.

Hotchkiss to Oppose Payne. NEW YORK, Aug. 2.—Chairman William H. Hotchkiss, of the National Progressive party in New York State, announced today that William Gould, of Wayne County, would oppose Seno Payne by running against him for Representative to Congress on the third Paris ticket.

FATHER OF POLICE AUTO EXONERATED

Policeman Leisy, However, Failed to Exercise Due Precaution, Says Jury.

COSTELLO DEATH RELATED

Man, Driving Patrol Which Ran Down Citizen, Visibly Affected as He Tells of Hurry-Up Call Which Caused Fatal Injury.

That Policeman Douglas E. Leisy, who was at the wheel of the police patrol when the patrol struck Maurice N. Costello and injured him fatally Thursday night, did not exercise due precaution in attempting to pass the streetcar from which Costello was alighting, but that he was not criminally responsible for the accident, was the verdict of a coroner's jury last evening.

For over three hours yesterday afternoon the jury heard the testimony of witnesses to the accident, including the car crew, officers who were in the police patrol, and two persons who had seen the accident from the sidewalk. After Chief of Police Slover, Captain Moore and other officers had testified to the good previous record of Leisy, Leisy himself took the stand. He was visibly broken in spirit, and toward the latter part of his examination could not restrain his tears.

Attorney Will R. King was present and questioned the witnesses on behalf of the relatives of the deceased, and Attorney A. Walter Wolfe appeared for the patrol driver. A point brought out by the patrol driver was that in all his career of six years as patrol driver for the Police Department, both of the wagon and of the automobile, he had never had an accident, and had never so much as inflicted a scratch on anyone. In its verdict the jury said:

Due Precaution Lacking. "The jury finds that while the driver of said patrol is not criminally responsible for the death of deceased, we believe that said driver did not exercise due precaution in attempting to pass on the right-hand side of said car while said car was coming to a stop."

The accident occurred at Sacramento street and Union avenue. According to the testimony of the witnesses, Costello was struck almost immediately after he alighted from the car.

There was a discrepancy between the statements of the conductors and Leisy as to whether or not Costello had attempted to cross the street. Both conductors said that Costello had walked across the street. One said he had walked six or seven feet and another that he had walked two or three steps before he was struck. Patrolman Leisy, however, said he walked about half way to the curb and then turned back in apparent confusion.

Leisy Unaware of Injury. Leisy tried to drive to the right of Costello and after he had struck him he turned away. He had injured him until informed so by Patrolman Blair, who sat next to him, testified the witness.

As to whether the siren was blowing and regarding the speed the statements of the car crew and of the patrol driver, A. E. Johnson, who was standing on the curb and witnessed the accident, sided with the trainmen in saying that Costello had only walked a few steps and had not attempted to retreat.

As to the speed, all three of the patrolmen that were on the vehicle, Patrolmen Blair and Wellbrook, gave it at between 18 and 20 miles an hour. Johnson also placed the speed at 20 miles an hour.

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Chief Exonerates Leisy. Chief Slover, exonerating Leisy of all blame, said that the accident was an unavoidable one, and that the patrolman was doing the best under the circumstances. He does not propose to take any action against him," he said.

Mayor Rushlight declared yesterday that he would be satisfied with the verdict of Chief Slover on the matter preliminary. It was shown by Captain Riley, who issued the orders for the patrol to go out, that the call was an urgent one, and that he had told the driver to make all haste. The call was to 1294 East Twenty-eighth street, where it was reported that W. E. Reese was threatening murder.

"An excited voice called over the telephone and said that an officer was wanted right away. He said that a man was patrolling up and down the sidewalk, threatening to shoot anyone that came near him, that his wife was under the bed and that the whole neighborhood was excited," said Captain Riley.

Patrolman Blair, who was at the desk when the first call came in, said he was convinced that they were going after a "desperate man, about to kill half of the neighborhood."

Speed Judgment Expected. Chief Slover testified that in emergency cases he expected the officers to use their judgment as to speed. Orders that he had issued regulating speed did not apply in cases such as the one in question, he said. He commended Leisy as a careful driver, and said that 20 or 21 miles an hour would not be an excessive speed under the circumstances.

Going in the same direction as the streetcar, Patrolman Leisy had been driving on the left-hand side, it was shown. When nearing the north-bound car he noticed a streetcar coming toward him and unable to pass to the left of it on account of an obstruction at that point, due to construction work on a new building, he started to cross to the right.

"I always drive on the left-hand side of the street where there is a car track if the way is clear," said Leisy. "For a time before the accident I was going between 20 and 25 miles an hour, but



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When I approached the car from which Costello emerged, I am positive that my speed was not more than 20 miles. I was 60 feet behind the car when I started to cross over, and was sounding my whistle continuously.

"When I was only 20 feet away Costello got out and started to cross over toward the sidewalk. I turned the wheel to pass him to the left, but he hesitated after he was about half way across and then turned back. I then tried to pass him to the right. When I passed him I believed that I had missed him, and I said to Patrolman Blair:

"Did I hit him?" "Yes, you'd better stop," replied Blair, and I did so. We stopped a moment, and as soon as he was inside the store, in care of the doctor, we hastened on."

Dr. J. D. Fenton, who attended Costello at the hospital, described the injuries. He died from a fracture of the skull, testified Dr. Fenton. At the hospital he was unconscious, vomiting blood and evidently suffering great pain.

The body of Mr. Costello is at the undertaking establishment of J. P. Finley & Son. Funeral arrangements have not yet been made.

John M. Baldwin, one of California's earliest pioneers and a member of the personal staff of General Lee during the Civil War, died today at the home of his sister-in-law, Mrs. Janet Baldwin. He was 83 years old.

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"KID" M'COY FREED ON BAIL

Prizefighter's Attorney Attacks Woman's Statements.

LONDON, Aug. 2.—"Kid" McCoy, the American prizefighter, charged with larceny, said to have been committed at Oatend, was released on bail today.

At the hearing, McCoy's attorney argued that the only charge against his client was made in uncorroborated declarations of a woman who had been arrested as an accomplice of the real thieves. Many Americans were in court during the hearing.

Member of Lee's Staff Dies. SAN FRANCISCO, Aug. 2.—General



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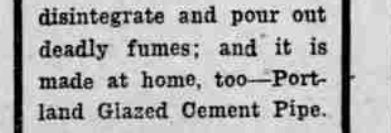
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