SECOND PLACE IS OFFERED HARMON

Wilson Men's Proposition on 1912 Ticket Spurned by Ohioan's Boomers.

DISSENSION IS FORESEEN

Free Raw Material Plank Proposed by Eastern Democrats May Be Cause of Split—Bryan Still Is Stormy Petrel.

OREGONIAN NEWS BUREAU, Washington, May 27.—The second place on the Democratic ticket has been very magnanimously offered to Governor Judson Harmon, of Ohio, by the managers of the Woodrow Wilson Presidential boom. Usually such a deal comes after a National convention has been in a deadlock for a day or so. Other times it is thrown as a consolation prize to a dissatisfied faction of the party.

But the Wilson managers are so confident that they can sew up the nomination before the National convention meets that they think they might as well select the man for the second place now. Of course Harmon would be expected to deliver the Ohio delegation and any other stray delegates that he might pick up outside of his state to Wilson.

In order to carry out this plan Harmon would formally withdraw from the race in favor of Wilson. He would say nothing about being a candidate for Vice-President, but leave it to the Wilson managers to spring his candidacy for the second place when the convention meets.

Harmon Men Spurn Offer.

Of course Senator Pomerene, the titular head of the Harmon boom, spurned the offer with much show of indignation. The Senator from Ohio assured the Wilson emissaries that the Harmon people had not begun to fight yet. He told them that they had the center of the stage just at present with their candidate, but Harmon would go to bat later in the game.

Some of the Democratic members of the House do not share Pomerene's rosy view of the situation. If their advice were sought, Harmon would form a combination with the Wilson organization. The two, they think, could not only name the ticket but make the platform. And the platform is not a thing to be scorned. The free raw material question will bob up in the Democratic National convention and, unless the Tammany and southeastern combination is stopped, the Democrats will go on record as favoring free raw material. This would prove disastrous to the party not only in Northwestern States but in some of the Southwestern States, including Missouri and Oklahoma, the carrying of which is necessary to the election of a Democratic President.

Clark's Friends Busy.

While Wilson has been busy creating sentiment for himself by a swing around around the country, the friends of Speaker Clark have not been idle. The Congressional Record is already teeming with praises for the Speaker, intended to place him in the field for the nomination. Quietly the leaders of the House are effecting an organization. Several of the prominent Democrats think that the Speaker's mantle would fall on their shoulders in the event that Clark should become the Presidential nominee of the Democratic party.

Of course the fact that negotiations were pending between the Harmon and Wilson people attracted the attention of the Speaker's friends. They view it with suspicion as well as with alarm and from now on every move of the Harmon crowd will be watched closely by the Clark supporters.

Bryan Will Make Trouble.

At the same time everybody is watching William Jennings Bryan. The Democratic leaders are not yet convinced that the "Peerless" one has entirely removed himself from the Presidential race. Until the nomination is made, he will be regarded as a possibility. Some of his more enthusiastic friends are openly declaring that, when the country is fully advised that both the Wilson and the Harmon booms are controlled by the big financial interests, they will rise up and demand the nomination of the standing candidate. There is no doubt that Bryan will prove a trouble-maker, either as a candidate or in making a fight for a radical platform.

TILLAMOOK PUPILS BRIGHT

15 Out of 20 Pass Quiz Which Is Reported Not Too Difficult.

SALEM, Or., May 28.—(Special.)—W. S. Ruel, County Superintendent of Tillamook County, reports an excellent showing for the pupils in the Tillamook City School.

"The pupils from Tillamook City School have made a record for the school," Mr. Ruel writes to Superintendent Alderman. "There were 20 applicants. Fifteen of them passed on all subjects, three of them passed in all but one subject, one of them in all but two subjects and one failed in three subjects.

"The applicants from the other schools of the county did about the same as they have commonly done. We believe the examination to have been a fair one and not more difficult than it should have been. There was but one thing that required more than the ordinary pupil would be able to do and that was B arithmetic. Not many of our teachers could do that work in 10 minutes. But the A arithmetic was very practical and easy, hence our pupils did exceedingly well on that subject as a whole."

GRAY VISITS IN SPOKANE

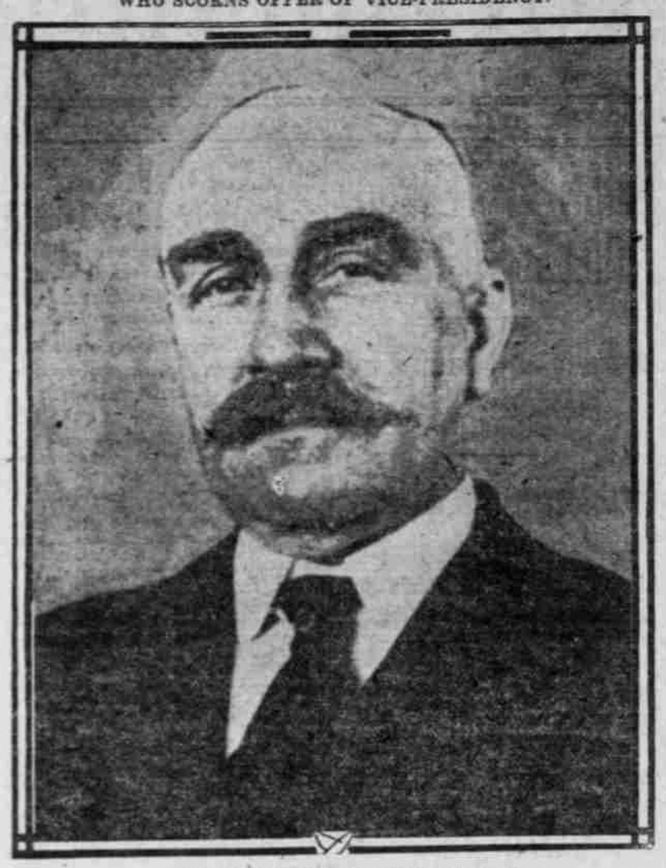
President of North Bank Railway Inspects Company's Holdings.

SPOKANE, Wash., May 27.—(Special.)—C. R. Gray, president of the North Bank Railroad, spent all of Saturday in Spokane and will probably leave Sunday night for Portland.

He spent the time in inspecting the company's properties and in visiting with other railroad men and heads of mercantile establishments in Spokane.

Miss Julia L. Comer, for years with Tall & Gibbs, has now associated herself with the Meier & Frank store.

CANDIDATE FOR DEMOCRATIC NOMINATION FOR PRESIDENT, WHO SCORNS OFFER OF VICE-PRESIDENCY.



GOVERNOR JUDSON HARMON OF OHIO.

SECRETS ARE BARED

Gates Tells How John D. Lost in Steel Deal.

WAR AVERTED BY TRUST

Head of Independent Company Explains How Carnegie's Plans to Build Railroad Caused Morgan to Adopt Scheme.

(Continued From First Page.)

started a steel mill and threatened to put us out of business. That did not last long. A deal was made whereby Rockefeller's steel interests were bought out at 40 cents on the dollar."

Value of Stock Not Told.

Mr. Gates answered with candor nearly every question put to him by members of the committee, but stirred them somewhat when he declined to say what he thought was the value of the common stock of the steel corporation.

After he had described the obligations of the steel trust and told of the bonds of the concerns governed, bonds paid to Carnegie and other bonds and prior liens, Chairman Stanley asked him:

"What is the tangible property behind these bonds and behind the common and preferred stock?"

"Oh, anywhere from $500,000,000 to $1,000,000,000," Mr. Gates replied.

"Do you believe there is any tangible value for the common stock you hold?" was the next question.

"That I decline to answer," said Mr. Gates.

Mr. Gates was asked many hypothetical questions relating to the power of the Steel Corporation to dictate prices and to command business. Asked if he, as a manufacturer of tin plate, selling below the "trust" price, should receive a suggestion from the "trust" that the price of ore and tin might be advanced, he said:

"There is a law of equity in the land. You can't give one man one rate and a different rate to another. If I've got the cash, I can buy as cheaply as any one else. I don't believe the Steel Corporation makes any such threats. If they did, no one would pay any attention to them."

Representative McCullloudy asked Mr. Gates what was the benefit of the holding company, the United States Steel Corporation, and he said the big financial men behind it exerted a great influence in injecting stability into the steel market. One result of it, he declared, "was to convert a lot of doubtful assets into cash" by broadening the market for corporation shares.

Carnegie Forced Trust to Form.

Mr. Gates' story of the inception of the steel trust was:

"In 1899 or 1900 Mr. Morgan organized the National Tube Company, and was making money. Mr. Carnegie then took it into his head to build a railroad from Lake Erie around his plants, and also to erect a tube works at Ashtabula, Ohio. Mr. Morgan heard of it, and consulted with J. J. Hill, of the Great Northern.

"Mr. Morgan expressed fears that if Carnegie went into the railroad business he would demoralize the railroad situation, as he had the steel business, and if he built a tube mill he would demoralize steel prices.

"After considerable talk Mr. Hill suggested to Mr. Morgan that he talk to me about it. I went to see Mr. Morgan, who asked me to stop Mr. Carnegie. I told him the only man who had any influence with Carnegie was Charles M. Schwab.

"'Get Schwab,' Mr. Morgan told me, 'for a conference.' I got Schwab, and that night we went to Mr. Morgan's house. We conferred with Mr. Morgan all night, until 6 o'clock the next morning, and when we left we had formed the tentative plan to merge the steel corporations into one concern—the United States Steel Corporation. Soon after that time Judge Moore went to see Mr. Carnegie, and said to him: 'If you are going to take bonds for your property, make them cover the National Steel Company as well.'

"Mr. Carnegie followed this advice, thereby getting for the National Steel Company $10,000,000 more than it was worth."

Mr. Gates said the United States Steel Corporation paid $48,000,000 for the American Steel & Wire Company, of which he was the presiding genius.

Tennessee Deal Is Detailed.

His story of the Tennessee Coal & Iron deal was that he, Grant B. Schley, C. S. Guthrie formed a syndicate in 1904 or 1905 and bought the stock of that company and made S. C. Hanna assistant manager. On returning from Europe in November, 1907, during the panic, he learned that negotiations were on. He continued:

"I was told that a certain bank in November, 1907, applied to the clearing-house for assistance. A committee was appointed to examine its assets. They discovered several millions of the bank's funds out on stock of the Tennessee Coal & Iron Company. They reported to the clearing-house that too much had been loaned on Tennessee Coal & Iron collateral.

"I met Mr. Schley at his office as soon as I reached New York and found negotiations going on between Mr. Schley, Mr. Hanna and their associates, and Judge Gary, Mr. Frick and Mr. Morgan.

"The latter were then in conference at Morgan's house, trying to acquire the Tennessee Coal & Iron stock. The terms proposed were that for each 10 shares of Tennessee Coal & Iron stock we were to get one United States Steel second 5s mortgage bond.

"I said it was not enough, and held out until we made a trade on the basis of 119¾ in United States Steel sinking fund 5s. The next day I insisted that the minority stockholders be given the same terms and the deal was made."

"Mr. Schley," suggested Mr Stanley, "has declared that the sale of the Tennessee Coal & Iron Company, was a forced sale. Do you so consider it?"

"I regarded it as a forced sale," said Mr. Gates.

"What financial power forced it?"

"Well, as I have said, I surmised it was the finding of too much Tennessee Coal & Iron stock as collateral in one of the banks."

"Did Mr. Morgan have a decided influence over this bank?" persisted Mr. Stanley.

"I do not know," said Mr. Gates. "It is difficult to tell where a man's influence starts or ends in Wall street."

Mr. Gates said that the bank in question, the Trust Company of America, wanted $10,000,000, and he added, "they got it."

Mr. Gates left Washington after the hearing. The next meeting of the committee will be held Tuesday. It is not known definitely who will appear before it on that day. Among the witnesses expected, however, are E. H. Gary and Norman B. Ream, of the United States Steel Corporation.

SUN WILL BRING ROSES

FAIR WEATHER NEEDED NOW FOR FESTIVAL FLOWERS.

Excess in Rainfall During May and Cool Temperatures Tend to Retard Development.

Fears that the recent cold weather would retard the growth of the roses and render a scarcity of that flower for the coming Rose Festival will be somewhat allayed by the announcement from the Weather Bureau that normally warm days, which are predicted for the coming week, will produce a rapid growth of vegetation on account of the excess rainfall during this month.

The wet and cold weather of the past week has been holding back the maturing of flowers, but the sunshine of yesterday is looked upon by rose-growers as one of the most hopeful signs for the success of the Rose Festival.

Acting Weather Forecaster Drake said last night: "As the rainfall for May has been in excess of the normal amount, warm days for the coming week will produce a rapid growth in vegetation, which will in a measure make up for the deficient amount of sunshine and abnormally cool weather of the past four weeks."

Rose growers feel confident that in the 12 days which remain before the Festival, with fair weather, the flower will be in good condition for the opening of the fete. The tea and hybrid tea roses have made the best showing thus far and, with good weather, will be fully developed for the Festival. The Caroline Testout, the La France and the Ulrich Brunner varieties need a few days of sunshine to fully mature them.

In comparing the present May weather with the average for the past 24 years, statistics show that from May 1 to May 27, inclusive, the average daily maximum temperature for this year has been 59.2 degrees, as compared with 66.3 degrees, which is normal for that period. This shows an average daily deficiency thus far during May of 7.1 degrees. The record of 36 years for the period from May 28 to June 5, inclusive, shows an average daily maximum of 71 degrees.

Records show that the average rainy days with .01 inch or more, from May 1 to May 27, was 12, as compared with 18 rainy days for the present May. The normal number of rainy days for the period from May 28 to June 5, inclusive, is three.

SCHMUCKER QUITS POST UNDER FIRE

Mexican Consul at Ensenada Resigns Position and Department Acts.

SIMPICH IS GIVEN CHARGE

Disturbed Condition of Affairs in Lower California Causes Quick Change in Consulship. Right Man Sought.

WASHINGTON, May 27.—At his own request to be relieved, supplemented by advices from other sources that his health had been impaired, the State Department has decided to appoint a temporary successor to George B. Schmucker, Consul at Ensenada, Mex.

Senator Perkins, of California, has presented to the department a telegram from American citizens, just arrived at San Diego, Cal., from Ensenada, stating that Mr. Schmucker's condition is such that he should be relieved at once. The department contemplates sending to Ensenada, Frederick Simpich, Consul at Bagdad, now at his home in Missouri.

Because of the disturbed condition of affairs in Lower California, officals here desire to make the change as quick as possible. The department communicated with Mr. Simpich this afternoon. He will proceed at once to Ensenada, arriving in a few days to relieve Mr. Schmucker.

ARREST IS CAUSE OF TROUBLE

Dr. Chamberlain Affair May Have Influenced Action.

SAN DIEGO, Cal., May 25.—It was upon information supplied by wire to Senator Perkins, of California, by State Senator Leroy A. Wright, of San Diego, that the action of George B. Schmucker, United States Consul, Lower California, in causing the arrest and imprisonment of the Americans, was reported to the State Department at Washington, D. C.

State Senator Wright wired the facts in the case to Senator Perkins yesterday. Dr. S. L. Chamberlain and J. P. Taylor, of this city, according to their story, were arrested by the Chief of Police of Ensenada, early after midnight this week, on charges preferred against them by Consul Schmucker. Schmucker, according to both men, who are well known in San Diego, asked their arrest of General Calso Vega on the ground that they had threatened to chloroform and kill him, Schmucker.

The men were held incommunicado in jail until the following morning, when friends of Schmucker persuaded him to drop the charges. The strange part of the affair, according to Senator Wright, is that up to the night in question, Dr. Chamberlain and Schmucker had apparently been the best of friends and were together in a hotel at Ensenada until midnight on the night in question. As soon as their release was effected, Dr. Chamberlain and Mr. Taylor lost no time in coming to San Diego on the first boat. In company with three other American citizens, they laid the matter before Senator Wright.

It is probable by this time that Senator Perkins has presented the matter to the State Department at Washington, although Senator Wright, up to noon today, had received no message from Senator Perkins.

LEWIS F. CARSTENS DEAD

Washington County Lumberman Long Resident of Oregon.

BANKS, Or., May 27.—(Special.)—Lewis F. Carstens, well known in the lumber and sawmill business in Northern Washington County, died at his home here this afternoon, after a six days' illness with pneumonia.

He was a son of the late Fedde and Henrietta Carstens and was born in Indiana, 49 years ago, coming to Oregon with his parents when he was a boy. He left a widow, Martha Benefiel Carstens, and the following brothers and sisters: A. C. Carstens, Banks; Henry C. Carstens, Roy Carstens, Mrs. Sophia Smith, wife of I. H. Smith, Forest Grove; Mrs. Claiborne Williams, Rainier; John F. Carstens, Banks, and Mrs. Emma McKinney, of the Argus Publishing Company, Hillsboro.

He was one of the stockholders and directors of the Washington County Bank, of Banks, and leaves an estate of $40,000.

Dull Knife Saves Klamath Men.

KLAMATH FALLS, Or., May 27.—(Special.)—J. Vidalls and Juan Parez, members of a colony living in tents adjoining town, were stabbed Wednesday by a countryman, Niacio Verreco. One of the men was cut on the back of the neck and the other on the left cheek. That they were not killed is probably due to the dullness of the old butcher knife used by their assailant. The three were playing cards and became involved in a row. The knife-wielder is in jail.

President Wheeler Coming.

Benjamin Ide Wheeler, president of the University of California, will pass through Portland the latter part of this week from Berkeley to Missoula, where he goes to deliver the annual commencement address at the University of Montana. President Wheeler will arrive in Portland on Saturday afternoon and will leave for Seattle on Sunday morning. On Saturday evening he will be the guest of honor at a banquet to be given by the University Club.

Taft's Peace Policy Wins Praise.

LONDON, May 27.—Rev. Frederick Brotherton Meyer, minister of Regents Park Chapel, London, sailed from Liverpool today for New York, to present to President Taft an address prepared by the National Council of the Evangelical Free Churches congratulating the President on his proposal for the general treaty of arbitration between the United States and Great Britain.

Birch is the most important hard wood cut in Canada. It showed an increase of 13.7 per cent during the year. Ontario produced more than one-third of the total output. A gain of 9,500,000 feet gave New Brunswick second place, previously held by Quebec.

Hawes Hats $3.00 — Schloss Baltimore Clothes

Schloss Baltimore Clothes

Good through and through—inside and out.
Full of tone and style—perfect in fit
Yet they cost no more than the ordinary
$15 to $40

Salem Woolen Mills Clothing Co.
Fourth and Alder Streets — Grant Phegley, Manager

LUXURY IS FOUND

House Committee Inquires Into Hitchcock's Office.

WASTEBASKETS COST $35

Rooms Are Paneled With Circassian Walnut and Mahogany—Committee Will Make Personal Inspection of Department.

WASHINGTON, May 27. — After listening to stories of $35 waste baskets, Circassian walnut and mahogany paneled rooms and bright red carpets in the Postoffice Department, the members of the House committee investigating that department determined today to make a personal inspection of the office of Postmaster-General Hitchcock.

The committee interrogated Chief Clerk Wood today. Mr. Wood said the repaneling of Mr. Hitchcock's private office cost $4000, but the refitting of the "small red room" and the "large brown room" of the suite cost less, they being finished in mahogany.

He said the cost of rehabilitation was not excessive for the office of a member of the Cabinet.

COST OF WHEAT IS COMPARED

South Dakotan Opposes Reciprocity. Land Speculators Behind Deal.

WASHINGTON, May 27.—In opposing the Canadian reciprocity agreement before the Senate finance committee today, Professor A. E. Chamberlain, of South Dakota, by an elaborate array of statistics sought to show that the cost of production of a bushel of wheat in the United States is 57 cents and in Canada 40 cents. He declared that the South Dakota farmers could not compete with the Canadians in producing other staple crops.

Powerful corporations, the professor said, favor reciprocity in order that they may sell at fancy prices, great stretches of land. He declared the Hudson's Bay Company, which, he said, was controlled by Wall Street, owns 7,500,000 acres and the Canadians control an empire that would become highly valuable if the tariff bars were lowered.

Haggin Allows No Whiskers.

LEXINGTON, Ky., May 27.—J. B. Haggin, the multi-millionaire owner of Elmendorf stock farm, has caused notices to be posted requiring the several hundred employes on his 9000-acre estate, near this city, to be shaved every other day.

Haggin believes that "whiskers" propagate dangerous microbes, and the order is meant to affect particularly employes in the dairy department. A barber shop is being installed, and accompanying it is being erected a $100,000 bathroom, both of which are to be maintained free of cost to the employes.

Blair to Be Brought Back.

SALEM, Or., May 27.—(Special.)—Requisition on the Governor of Washington was granted by Governor West yesterday for George T. Blair, who is under arrest in Spokane. He is charged with larceny by bailee in Baker County. It is charged that he secured and kept a diamond ring valued at $375 belonging to Carl Adler.

John William McCully Dies.

ELGIN, Or., May 27.—(Special.)—John William McCully died at the home of his daughter, Mrs. Hette Compau, at Loudon, Wash. John William McCully was born in Iowa in 1847, coming across the plains in 1853 with his parents, locating near Salem. He leaves relatives and scores of friends in Union and Wallowa counties to mourn his death.

Hood's Sarsaparilla

Originated in a physician's prescription years ago and has always been pure, safe, beneficial—an honest Spring and all-the-year-round medicine.

It purifies, enriches and revitalizes the blood and builds up the whole system as no other medicine does. Take it—only three doses a day.

Get it today in usual liquid form or chocolated tablets called Sarsatabs.

Instantaneous Hollow Wire Gasoline Lamps

1 to 1000 candle power, adapted to any hollow-wire system. Sell at sight. Write for special prices.
H. W. MANNING LIGHTING & SUP. CO., 329-331 Oak St., Between Sixth and Seventh.

The Time Is Fast Approaching

But June Brides and June Graduates will come from Far and Near to Gill's, knowing There they will find Just what is wanted for the Particular Occasion.

—"A word to the wise," etc.

Gill's 3RD & ALDER STS.

CORRECT ENGRAVING, BOOKS AND STATIONERY