

said that these contained no word of internal dimensions.

The Venezuelan situation has been the object of lively interest on the part of the powers during the last two months. The aggressive course taken by the Netherlands government in sending out its warships to sequester Venezuelan naval vessels has seemed to bring the entire situation to a focus. Holland has been acting, if not with the assistance of the other powers, at least in full agreement with them, and her first acts have been directed toward preventing communication between Venezuelan ports, having already captured two of the Venezuelan naval vessels.

WASHINGTON PLEASSED.

State Department Hopes for Agreement Regarding Claims.

Washington, Dec. 21.—State Department officials believe that a new cabinet in Venezuela may have an important bearing on the relations of that country with the United States, and hope that under the new order of things some progress may be made toward the adjudication of the claims of the United States against Venezuela.

SAILING OF THE MAINE.

Battleship Believed on Way to Venezuelan Waters.

Washington, Dec. 21.—Mystery surrounds the destination of the battleship Maine, which left Norfolk to-day under sealed orders. Neither the State nor the Navy department officials will make any statement on the subject, any more than to say that the vessel has gone on a cruise, and they will not deny or affirm rumors current to-day that the ship is bound for duty in Venezuelan waters.

Norfolk, Va., Dec. 21.—The cruiser North Carolina accompanied the battleship Maine, which sailed to-day from Hampton Roads, both under sealed orders. It is believed here that both are bound for Venezuelan waters.

NO FAVORS TO CASTRO.

Germany's Attitude Toward the Venezuelan President.

Berlin, Dec. 21.—The German government presents statements that Germany has shown an unduly friendly attitude toward President Castro. The Foreign Office says that it has been merely obeying the dictates of international courtesy, and points out that Castro came here as President of Venezuela, sending a telegram of homage to the Emperor, and calling on Herr von Schoen, the Foreign Minister, both of whom sent representatives to express their thanks.

These are the only official acts recognizing Castro's presence in Berlin. No political subject has been broached at these meetings, and the German government has no intention of approaching the Venezuelan during his visit with any political proposals. It does not expect to be approached by Venezuela.

The press contains rumors that Castro is negotiating for the construction of several warships here, and also for artillery for the Venezuelan army.

The Imperial Ministry of Marine flatly denies the report that a German squadron will proceed to American waters this spring.

A member of Castro's suite, however, says that the reported army and navy plans are absolute inventions. Several German firms, he said, without the slightest authority, sent proposals, but Castro did not consider them.

The President underwent two examinations at the hands of Dr. Israel during the course of the day. The physician is still undecided as to whether an operation will be necessary.

CONSPIRATORS SHOT AT MARACAIBO.

Willemstad, Dec. 21.—Letters received here tell of the discovery of a plot to assassinate General Bello, commander of Fort San Carlos, at Maracaibo. The conspirators were captured and shot.

MRS. LEITER HELPS AT MINE FIRE.

Serves Coffee to Men and Establishes Temporary Hospital at Colliery.

Zeigler, Ill., Dec. 21.—Fires continue raging in Joseph Leiter's \$1,000,000 colliery here. To-morrow a party will be formed to ascertain what has been accomplished in the last ten days in fighting the flames.

MR. HIGGINS'S COUNSEL GOT \$12,000.

Brooklyn Bank Receiver Had Objected to Other Attorney's Bills for \$11,000.

Charles M. Stafford, the personal counsel of Charles M. Higgins, as receiver of the Brooklyn Bank, received \$12,000 for the work which he did. Mr. Higgins objected a few days ago to the payment of \$11,500 each to J. Edward Swannstrom and James C. Church, official counsel for the receiver.

Mr. Stafford worked from October, when the bank closed, until the following June, when it reopened, part of the time for the depositors' committee and part of the time for me," said Mr. Higgins last night. "He probably did more work than any other man in connection with the reopening of the institution. For his fees he worked eight months, while Mr. Church and Mr. Swannstrom worked only two and one-half months, and each \$11,500 for their efforts. They were really entitled to about \$2,500 each."

Mr. Higgins said that he would issue a statement in a few days regarding the expenditures in connection with his receivership. The depositors' committee will also issue a statement.

TAFT SENDS FOR KNOX

TO CONSULT ON CABINET.

Hammond a Guest—Suggests New Work for National League.

Augusta, Ga., Dec. 21.—President-elect Taft said to-night that he had written to Senator Knox, inviting him to come to Augusta within the next two or three weeks if he could, at which time a conference on the make-up of the Cabinet would be held. Mr. Taft said he believed he was beginning to see where so many Cabinet rumors came from. The publishing of names with the information that its possessor was being "seriously considered" for the Cabinet, he said he had found had followed the suggestion of that name to him by some one interested in the person. He added that he still believed it would take more than the suggestion and publishing of a name to build the Cabinet. No steps, he asserted, had been taken recently, and there was nothing to be added to the public information on the situation at this time.

State Chairman Walter S. Dickey, of Missouri, is to visit Mr. Taft in the near future. That Mr. Dickey will have something to say of his qualifications for Judge Charles Nagle, of St. Louis, for a Cabinet position is predicted. Mr. Taft spoke to-night in the highest terms of the legal ability of Mr. Nagle, who was in charge of the national headquarters at Chicago in the absence of Chairman Hitchcock.

The President-elect conferred to-day with John Hays Hammond, president of the National League of Republican Clubs, and received suggestions which will receive serious consideration respecting new fields of usefulness for that organization.

Mr. Hammond, who arrived here to-day with Mrs. Hammond and two of his sons for an extended stay, Mr. Taft said was invited by him to come. He added there were many things he wanted to talk over with the eminent mining engineer, including political conditions and appointments.

Mr. Hammond was emphatic in saying that he was not a candidate for either the Cabinet, the diplomatic corps or any post under the new administration. If he had any ambition, however, he said, it would be to head a department of public works, in the event that such a department should be established. In the organization of such, he believed, his engineering experience would be valuable to the government in a branch of service having for its purpose the conservation of the natural resources and their administration.

The Taft family to-day moved into the Terrett cottages, which is to be their home during the remainder of their stay here. They took luncheon at the Bon Air Hotel. At dinner to-night they were the guests of the Country Club.

Mr. Taft is not a little vexed at his golf scores here to date. He laughingly refuses to tell what his best card has been, but lays the blame to the sand greens, on which he has never before played. He has promised himself that he will devote a little extra time in the afternoon to "putting" until he has mastered the greens.

Many invitations are coming to Mr. Taft to visit points in Georgia and the South. He said to-day that he would be unable to accept many of them, and should probably thereby be compelled to refuse to go anywhere, except to keep his Atlanta engagement.

KELLOGG MAY ISSUE STATEMENT.

Denies That He Said "I Will Not Be a Member of the Taft Cabinet."

St. Paul, Dec. 21.—"I have never made any statement to the newspapers in Washington or elsewhere relative to Cabinet matters," said Frank H. Kellogg, general prosecutor of the trusts, here to-day. He saw an extract from a Washington dispatch published in a local paper. He was quoted in the dispatch as saying: "I will not be a member of the Taft Cabinet. This is official."

Mr. Kellogg said he had no further statement to make now, but that he possibly might give one out in a few days.

PLANS FOR INAUGURATION.

Ball Likely to Be Given in Pension Building—Fund Reaches \$70,000.

Washington, Dec. 21.—Whatever may have been the objections of Congress to the further use of the Pension Office Building as the place for holding the inaugural ball when the subject was up for consideration four years ago, it was said at inaugural headquarters to-day that there would be no serious opposition to using the building again.

The subscriptions for the inaugural fund to-day reached \$70,000, and the commission on the ability to raise the full amount of \$100,000 necessary to make Mr. Taft's inauguration a great success.

KEYSTONE SENATORSHIP.

Oliver Out After It in Formal Statement—Other Candidates.

Pittsburg, Dec. 21.—George T. Oliver, of Pittsburg, formally announced his candidacy for the United States Senate this evening to succeed Senator P. C. Knox, who will resign in January. Mr. Oliver demands a harmonious indorsement and declares that he will not make the running unless a "large majority" of the legislators who will meet in caucus here to-morrow desire him to run.

Congressman John Dalzell and Congressman James Francis Burke are the other candidates outside this county after the plum.

BERRY'S RESIGNATION NOT RECEIVED.

Bronx Park Commissioner May Quit Office—Several Changes Expected Soon.

Mayor McClellan said yesterday afternoon just before leaving his office for the day that he had not received the resignation of Joseph I. Berry, Park Commissioner of the Bronx. It was reported the day that Mr. Berry had sent his resignation to the Mayor.

It is known that there will be a number of changes in the heads of departments the first of the year, but the Mayor has not yet indicated who he would like to make five or six changes, but the lack of really available men for the places insures the retention of some commissioners.

The "wise ones" around the City Hall say that Deputy Commissioner Edwards—"Bill" Edwards, the Princeton coach—will succeed Commissioner Crowell as head of the Department of Street Cleaning.

NO REHEARING FOR MRS. BOTKIN.

San Francisco, Dec. 21.—The petition of Mrs. Cordelia Botkin, now serving a life sentence for the murder of Mrs. J. P. Dunning of Wilmington, Del., by sending poisoned candy through the mails, for a rehearing of her petition for appeal was denied by the Supreme Court to-day.

NEW DEPUTY CITY PAYMASTER.

Controller Metz appointed yesterday James C. McKenna, examining inspector in the audit of the Finance Department, to the post of Deputy City Paymaster, with a salary of \$4,500 a year. His salary as examining inspector was \$1,500. McKenna lives at No. 33 Brooklyn avenue, Brooklyn.

CHIEF BIGGY'S DEATH ACCIDENTAL.

San Francisco, Dec. 21.—A coroner's jury returned a verdict to-day that the death of Chief of Police Biggy, who disappeared from the police launch party, while crossing the bay on the night of November 26, was due to accidental drowning.

MR. CONNERS SEES WAR

HAS AN EYE ON GERMANY.

That Country Ready to Seize Territory, Says Homecomer.

William J. Connors, chairman of the Democratic State Committee, who returned yesterday from the America, after a tour of the larger cities of the Continent covering about six weeks, says that Germany is preparing to seize a slice of territory, but he did not risk a prediction about the particular location of the slice to be taken. "I tell you," said Mr. Connors, "those Germans are getting ready to spring something. As soon as you strike German soil you are impressed with the fact that the Germans are a snuffy lot of people. The country is full of soldiers, and they think the only thing which holds Germany back from reaching out and taking a slice of territory is the lack of ready money."

"I guess all you folks noticed over here that the German Emperor got 'his' the other day. And he had to stand for it, too. The Chancellor told him a good calling down. Berlin is the finest city in the world and no one is permitted to cut down a tree in the empire without a permit from the government, and then you've got to plant one in its place."

"Then they clean their streets over there. You think New York does pretty well in that respect, but in fact, the people here don't know the first principles of clean streets as they have them in Berlin. On my word of honor, a fellow goes around with a rubber wad-eye-caller, and he squeezes every bit of dirt off the pavement, till you could sit down on it with your pants and not get marked. And there is a fellow alongside to see that all the dirt is properly taken care of."

But their railroads there are third class. Going from a railroad like the New York Central to a German or French railroad is like going from the dining room here at the Knickerbocker to a dinner table in a ten-cent restaurant. It is as wide a difference. To get up to our standard they have to build their railroads entirely over. They are inferior in every respect."

"How about Paris?" "Say, my young friend, Paris is a swift place," said the Democratic state chairman. "They do things there twenty-four hours in the day that wouldn't be tolerated twenty-four minutes in New York." And then Mr. Connors laughed heartily at some of his experiences in the French capital.

"What did you hear along political lines?" "Nothing, nothing at all," said Mr. Connors. "I didn't go to talk politics. I went to get away from them. But I can tell you one thing, and that is that they take off their hats to us over there now as a nation. Fifteen years ago we were a good deal of a joke over there. But we are not a joke any longer. They admit that we have one of the finest navies in the world and know how to run it. England has a navy as big as any other nation, but not one of her ships are old junk and not fit to go into commission. The London newspaper with the greatest circulation is the one that prints the most American news. The others ought to take the hint, but they jog along in the same old rut."

"Any one try to swindle you on your trip?" "They did not," said Mr. Connors, briskly. "They looked me over and made up their minds that if they tried it on I'd get theirs first, and they let me alone."

"Do you indorse Norman E. Mack's plan for a permanent national headquarters for the Democrats?" "Well, I don't know," said Mr. Connors. "I don't expect to get excited about the next national campaign right away. We shall have a state campaign in between. A lot of good men can come and go before the next national campaign."

Mr. Connors was accompanied by Mrs. Connors and by Mr. and Mrs. W. E. of Buffalo. The state chairman will be here until Thursday morning, and will see Charles F. Murphy, the Tammany leader, before he goes home to Buffalo.

THE OHIO SENATORSHIP.

C. P. Taft Denies Opposition by President—Foraker May Withdraw.

Cincinnati, Dec. 21.—Charles P. Taft, before leaving Cincinnati for Columbus to-day, to open headquarters for the fight which will carry on his contest for the United States Senatorship in succession to Senator Foraker, declared that there is no truth in stories that President Roosevelt is opposed to his candidacy. He said that the President's denial of taking part in the contest should be accepted as final. He declined to discuss the reported break between President-elect Taft and Congressman Theodore E. Burton.

The Cox organization has thrown its support in favor of C. P. Taft for the Senatorship.

Columbus, Ohio, Dec. 21.—Congressman Theodore E. Burton was considerably disappointed to-day when his expected delegation from Cleveland failed to appear to offset the coming of Charles P. Taft, brother of the President-elect. It was announced that the delegation had dissolved its connection with the Senatorship race.

Mr. Foraker admitted that he would issue a formal statement regarding the Senatorship race next Wednesday. This caused all kinds of gossip to-day, and in spite of the declaration that he was still in the race many of the politicians here declare that he will eventually withdraw, and that his promised statement on Wednesday may contain this withdrawal.

Harry Daugherty, who has just returned from New York, said to-day that he had not decided whether he will run for the Senate.

Arthur I. Vorys will no longer be manager of the Senatorship campaign of Charles P. Taft, according to reports circulated to-day. State Chairman Henry E. Williams will control the active management of the campaign, while Mr. Vorys will still remain at headquarters.

The name of James R. Garfield, Secretary of the Interior, is up to-day as a dark horse in the race to succeed Senator Foraker.

From a close friend of Governor-elect Harmon comes the story that Mr. Harmon has been approached relative to an understanding that if he were elected Republican he would endeavor to remain where they are certain influences will exert themselves in bringing about such a condition that he may appoint a Democratic Senator, who might serve until next year. This tale is hardly to be credited in view of the fact that the precedent in the Senate is against the recognition of an appointee of a Governor to fill a vacancy occurring through the failure of a Legislature to elect a Senator.

Washington, Dec. 21.—Secretary Garfield denied to-night that he is to run as a "dark horse" in the Ohio Senatorial contest.

"My name may be mentioned," he said, "in the same way that many other names have been mentioned, without a foundation for the rumor that the name has been considered seriously. I have heard of no effort being made to put my name in nomination."

"The situation in Ohio is peculiar, and I believe that it is real doubtful as to who will win out. In the northern part of the state the friends of Mr. Burton declare with assurance that he will win, while Mr. Taft's friends in the southern part of the state are equally sure that he will be the winner."

LIST OF METHYL ALCOHOL VICTIMS. Washington, Dec. 21.—The following are the names of the soldiers who died last week in the Philippines from acute alcoholism, resulting from drinking methyl, said to have been served to them as "vine," a native drink: John Duffy, Edward C. Clark, Thomas W. Bing and Chesley D. Lang, of Company L, 18th Infantry; Otis Kuppe, John J. Finy, name may be given; James E. Curtis, Samuel A. Bramel, John O. Corbett and William Nickolas, of Company M, 18th Infantry.

CARNEGIE ON TARIFF

Continued from first page.

about going after specific facts on which to fix their tariff legislation," explained Mr. Cockran, "and I thought it important for the purpose of getting the exact facts in considering possible tariff legislation to show how this company has grown from a very small beginning to the stupendous amount of \$1,780,000,000, as the value fixed by Mr. Gary. First of all, I wanted to find out how much your company is paying, how much it was sold for, to get the growth of that, and then I was in hopes I could find the corresponding growth of the other companies and get an idea of what the profits on steel might be."

"If you want the United States Steel Company to tell you the cost of everything, go to them and get it," responded Mr. Carnegie.

"The only difficulty is that we have the same difficulty with every one that we have with you. The moment it touches information exclusively within your own control you do not care to give it, and the commission has that difficulty all the time."

"Because I am no longer in steel; I have retired," Mr. Carnegie said resignedly. "I have no interest in the United States Steel Company, because that is what you are getting at. I have not a dollar in it except in bonds, and I have never bought a share of the stock."

Mr. Cockran asked if the decrease in the price of steel as a commodity has been accompanied by an equally steady increase in the rate of wages.

"I hardly think so," replied Mr. Carnegie. "I would not be prepared to indorse that."

Representative Dalzell, who hails from Pittsburgh, objected to Mr. Cockran's questions.

"I want to ask you a question," he said, "or not I understand your opinion that steel can be put on the free list is not based on any figures, but, but on broad general principles, and I want to know that we do not import much steel, and we do export some steel, and taking into account also the great resources of the country and the business energy of our people. As I understand you, that is your position. Do I state it correctly?"

"Yes, that is true," affirmed the witness. "There has been a general consensus of opinion among steel men that the tariff was a back number; I have heard the remark."

"I thought I understood you, and I am glad to have you confirm my understanding," agreed Mr. Dalzell, apparently pleased with the reply.

COSTS MORE TO MAKE STEEL ABROAD.

Mr. Carnegie said that the manufacturers of Wales could make a ton of tin plate a shade cheaper than it could be made here, and in reply to a question from Mr. Longworth said that the cost of manufacturing steel was greater in Great Britain than here.

He said that the committee should send experts familiar with the steel industry to the large mills of Europe to study the question of comparative cost of labor. "They will be received by the foreign manufacturers with open arms," he said.

"It is a condition and not a theory that confronts the committee at this time," said Representative Longworth. "It is understood that the President-elect will call a special session of Congress for the purpose of enacting a tariff bill, and we must prepare a bill for them to pass on. We have no time to send experts to Europe. What I want to know is what authority besides the testimony given by you and Judge Gary, who, I think, didn't go as far as you do, we have for taking the duty off of steel."

Mr. Carnegie pointed out that there was practically no foreign made steel imported into this country. "Other parties are not exporting here because they have an international agreement."

Representative Hill, of Connecticut, was desirous of learning more of this alleged international agreement among German, English and American steel manufacturers. He also wanted to know about the agreement between the steel interests and the railroad companies as to the price of steel rails.

Mr. Carnegie gave little testimony of value with regard to either the supposed international combination or the agreement with the railroads.

"That is a question you should ask those interested in it," he replied, when asked by Mr. Hill if a combination of the English, German and American steel manufacturers existed.

THINKS STEEL COMBINATION EXISTS.

"I do not know, but I have heard it stated that there is such a combination," continued Mr. Carnegie. "You have heard it from Mr. Miles, who appeared before your committee. I think it is highly probable. I would not be telling the whole truth if I said that I didn't think that there is such a combination."

Mr. Carnegie told the committee that it must not base its conclusions on the comparison of the cost of labor in this country and abroad as furnished by witnesses. "If it takes two men in Great Britain to turn out as much steel as it takes one man here with our modern appliances, the difference would not be so great," was his argument. "The cost of producing rails at Gary would be half as much as in England, notwithstanding the cheaper cost of labor abroad."

Mr. Carnegie expressed great pleasure when Representative Calderhead brought up the subject of structural steel.

"I wish the chairman could hear me," he said before taking up the new subject. Mr. Payne was in whispered conference with Mr. Dalzell, and after other members of the committee had succeeded in getting him to give his attention to the witness Mr. Carnegie proceeded.

He explained his views on the duty on structural steel by taking the construction of a modern skyscraper as an example. He explained the difficulties experienced in constructing such a building with steel imported from abroad. He said that the long delays incident to the loss of pieces of the steel essential to the continuation of building operations and the length of time required to make some blunder of the manufacturer into such an undertaking most impracticable, when compared with the facility with which the work could be done if the steel were ordered from a home manufacturer.

"If you ever tried to send an order three thousand miles for structural steel, you would never do it again," observed Mr. Carnegie.

TARIFF MADE HIM A STEEL MAN.

Representative Cockran, of New York, asked Mr. Carnegie many questions regarding his advent into the steel business. In the course of his testimony about the conditions existing at that time, Mr. Carnegie said that he would not have gone into the steel manufacturing business without the tariff for protection.

"England made steel rails long before we did," he said, "and I was not afraid of American competition, but of the dumping into this country of his surplus by the English manufacturer."

Representative Gaines was desirous of obtaining Mr. Carnegie's views as to the tariff needs of the small manufacturer of steel. Mr. Carnegie said that there were no small manufacturers of steel products, but Mr. Gaines insisted that there were small manufacturers who made some special article from steel.

"I don't know any small manufacturer who makes just one item of steel, and I would not regard him. I would think he had not managed well," said Mr. Carnegie.

Mr. Gaines wanted to know if it was not impossible for a man to go into the steel business

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to manufacture a specialty, or if it would not be if there was no tariff to protect him.

"There is always room for the enterprising man to make a specialty, and besides, he gets a high price for his article," was Mr. Carnegie's comment. "The man who without the proper capital is a man you need not concern yourself about. Things that are used by the thousand cannot be made now except on a large scale."

Mr. Carnegie further admitted that the time for the small manufacturer of steel was past, except for the man making a special article.

At the morning session the crowded hearing room frequently rang with peals of laughter at the quips of Mr. Carnegie, in reply to questions asked by Representatives Dalzell and Payne. At one point Mr. Payne leaned over and whispered to Mr. Dalzell, who sat at his right.

"I wish the chairman would tell me what he said to Mr. Dalzell. I think I ought to know," Mr. Carnegie protested.

There was a roar of laughter throughout the room, but Mr. Payne made no reply. Leaning over with his hand to his ear and his head cocked to one side, in imitation of the attitude assumed by Mr. Payne in whispering to Mr. Dalzell, Mr. Carnegie said: "I should say that your words were 'The jig is up.'"

WANTS RESULTS, NOT FIGURES.

Mr. Carnegie was not willing to deal in figures. "The more figures you get the more you will be befogged," he said at another point in his testimony. "I judge by results."

The former steel magnate said that Judge Gary had issued an annual statement showing that the United States Steel Corporation had made a profit of \$128,000,000, which, he said, equaled a profit of \$1550 a ton on all steel products.

Mr. Carnegie avoided direct replies to questions as to whether the cost of producing steel at the present time as given by Judge Gary and Mr. Schwab was correct. "Mr. Schwab's estimate of the present cost is based on entirely different ideas than his estimate on the cost in 1899," was all that Mr. Carnegie would say.

Replying to a question from Mr. Cockran, Mr. Carnegie declared that the removal of the duty on steel would not necessarily affect the price, because Europe could not successfully compete with the American product. He said also that if the figures given by former witnesses were absolutely correct Steel stock would be selling far below par.

Mr. Carnegie spoke of the difficulties he experienced with directors ignorant of the steel business. "I gradually bought them out and got men like Schwab around me, and we made the cheapest steel that has ever been made."

"You've been out of steel some time," said Mr. Payne; "can you tell us where we can get the figures on the present cost of making steel?"

"I don't know whether you can get the figures," was the reply. "If a judge was interested in a cause you would not respect his decision, would you?" he asked, referring to the steel manufacturers who have appeared before the committee.

There was no reply to Mr. Carnegie's question. "Silence in the courtroom," he laughingly remarked. "It's too bad I have to submit to be cross-examined and can't get a chance to cross-examine these dignitaries."

IRON SUPPLY NEARLY EXHAUSTED.

Mr. Carnegie asserted that at the rate at which iron ores are being extracted, the supply would be exhausted in forty years. He based his statement on the best expert opinion he could obtain, he said. He said also that England would be in the same condition in seven years.

The testimony of Judge Gary was frequently referred to in the questions asked of Mr. Carnegie. Reference was made particularly to a statement that the duty on steel could be taken off so far as the Steel Corporation was concerned, and Mr. Carnegie said that this portion should be accepted by the committee. An argument was started by this statement between Messrs. Payne and Dalzell, on one side, asserting that Judge Gary did not say the duty could be removed on all steel products, and Mr. Cockran, on the other hand, insisting that Judge Gary's testimony was to that effect.

"Judge Gary has summarized the facts for you," said Mr. Carnegie, "and I should depend on them. He has told you that they don't need the duty. If the cost of steel rails has increased abroad as it has increased here you will find Judge Gary's statement quite true, and that he could stand free trade."

Judge Gary has testified that the price is as high abroad as here," said Chairman Payne.

"There doesn't show that you have nothing to fear from free trade?" was the rejoinder. Mr. Carnegie was asked at length regarding the cost of producing steel, but declared that honest men could easily differ on that question. The steel business, he said, was a business by itself, and the cost to one man was a very different thing from the cost to another. "When a gentleman of Judge Gary's character," he said, "comes to you and tells you he does not need a tariff, you ought to believe him."

He insisted in reply to questions by Mr. Beatty that the railroads were not paying too much for steel rails. The steel rail makers, he thought, were making a fair profit.

"How about other steel products besides steel rails?" Mr. Beatty inquired. "When I haven't a word to say," Mr. Carnegie replied. "That's out of my province."

CALLS MR. SCHWAB "A GENIUS."

Mr. Fordney recited the testimony of Mr. Schwab, and was interrupted by Mr. Carnegie with the remark, "He is a genius." Mr. Carnegie suggested that Congress should extend a vote of thanks to Mr. Schwab for his work in improving the methods of steel making in this country. "I never met his equal," said Mr. Carnegie, in speaking of Mr. Schwab, "and when we were partners we were a great team."

"That is very apparent," remarked Chairman Payne.

Speaking of the testimony of Judge Gary before the committee, Mr. Carnegie said: "You should not place any real value on the testimony of interested parties. Judge Gary said that the United States Steel Corporation could stand for a reduction in the tariff on steel, but that the smaller steel manufacturers could not survive with lowered duties. That is like one of Aesop's fables. Judge Gary is like the monkey who desired the chestnuts, but wanted the cat to pull them out of the fire."

Mr. Fordney asked if it was intended to characterize Mr. Gary as a "sleek article."

"Oh, no!" said Mr. Carnegie. "On the contrary, he is a most lovable man. It means that he is shrewd. It means that he has a delightful, sweet nature."

"Would you recommend an income tax to make up the deficit in the revenues?" Mr. Fordney asked.

"I believe," replied Mr. Carnegie, deliberately, "with Mr. Gladstone, who had more experience with the income tax than any man of his day, that an income tax makes a nation of liars of all the demoralizing taxes that a nation can impose upon the people the income tax is the worst."

"If you want to do harm with money, give it away to those people who will not struggle for themselves," was one of the side remarks in Mr. Carnegie's testimony. "That applies to the tariff on steel," he added. "I think the man who can make three or four dollars more profit than a lazy, inert corporation management should be allowed to make that profit—for his country's good," was an opinion expressed by Mr. Carnegie when being questioned with regard to what he considered a reasonable profit.