

BILLION DOLLAR BEEF "TRUST" PLAN FAILED

New York Bankers Were Also Unable to Finance a Second Merger of \$525,000,000.

SCHIFF SCENTED A PANIC

Called Off Kuhn, Loeb & Co.'s Deal for \$90,000,000—Judge Gary Named in Case as Bankers' Representative.

Chicago, Dec. 27.—Albert H. Veeder, attorney for Swift & Co. and the first witness called by the government in the trial of the ten Chicago packers, testified today that the defendants made two efforts to organize a merger in the summer of 1902, and that their efforts to finance the enterprise were unsuccessful in both instances.

The first plan was to include the Armour, Swift, Morris and Cudahy interests, with a capital of \$225,000,000, divided as follows: Bonds, \$141,750,000; Preferred stock, 168,750,000; Common stock, 612,500,000.

After the promoters had failed to finance this proposition through Kuhn, Loeb & Co., the plan was changed to provide for a capitalization of \$525,000,000, but the condition of the money market made it impossible to finance the modified merger.

Mr. Veeder testified that E. H. Harriman, James Stillman and other New York financiers were to have furnished the capital and the amount they were to receive as compensation was \$10,000,000.

The story of the two proposed mergers was told chiefly by the reading of contracts and agreements entered into by interested parties to the jury by counsel for the government, who then offered the documents in evidence.

The late Gustavus F. Swift was to have been president of the merger. Edward Morris and Michael Cudahy were to have been vice-presidents and J. Ogden Armour chairman of the executive and finance committees.

The witness told of the organization of the National Packing Company on March 15, 1903, but denied it had any connection with the proposed merger.

Mr. Veeder was on the witness stand when court adjourned. He will resume his testimony to-morrow, and it is expected will conclude before noon. It is believed that his cross-examination will be brief, as he has been an unwilling witness for the government because of his close relations with the packers since 1885.

Gary's Name Brought Into Case.

The name of E. H. Gary, of the United States Steel Corporation, was brought into the case when government counsel read a notation at the close of the contract for the financing of the big merger.

The notation authorized Attorneys Veeder and Krauthoff to execute the contract for Armour, Swift, Morris and Cudahy with E. H. Gary as legal representative of Kuhn, Loeb & Co. and the syndicate.

Contracts under which the combination of packers purchased the six competitors mentioned by Veeder were then read to the jury.

Ernest Butler, special counsel for the government, questioned Mr. Veeder at length regarding the agreement entered into in 1902 between the Armour, Swift and Morris interests to form a \$500,000,000 merger of packing companies.

The witness said that an elaborate examination of the packers' books was made by expert accountants and the properties appraised by a committee of experts consisting of Thomas Conroy, Thomas E. Wilson and Howard Gardner.

Was the appraisal of these properties ever made? "I think the work was completed, but no final report ever was made," was the answer.

Mr. Veeder said that under the merger agreement each of the contracting parties was required to turn over at least 30 per cent of the stock of the concerns it was proposed to consolidate.

authorized capitalization of the proposed company as follows: Bonds, \$15,000,000; preferred 6 per cent stock, \$20,000,000; common stock, \$25,000,000.

Under the terms of the agreement the new company was to deposit \$35,000,000 in bonds and \$70,000,000 in stock with the New York syndicate financing the deal as security for the loan. The syndicate was to remain in existence one year and receive about \$10,000,000 as compensation. Kuhn, Loeb & Co. were to act as managers of the syndicate and receive as compensation one-fifth of the syndicate's profit.

E. H. Harriman and James Stillman were mentioned in the contract as members of the syndicate making the loan. The appraised value of the tangible assets and the annual earnings of the four promoters of the proposed big company on August 2, 1902, were given in a statement attached to the contract as follows:

MEATS ON HOOF CHEAPER

Material Reduction in Wholesale Prices of Hogs and Cattle. Chicago, Dec. 27.—Steady increase in Chicago's fresh meat industry is shown in the annual report of the Union Stock Yards and Transit Company, issued to-day by the official statistician. It shows that 20,000 carloads more of livestock were received last year than the year before. The total received was 271,000 cars.

In addition, the horse market here looked up materially. 23,999 head were shipped to the Chicago market in 1911 than in 1910. Prices also were higher. The statistics indicate that prices for cattle and hogs decreased in 1911, compared with the previous twelve months. For beef cattle the price a 100 pounds is given as 25 cents less. With hogs the average price last year was \$6.70, while a year ago it was approximately \$8.70.

In numbers beef cattle receipts fell off 12,000 head from the preceding year, a total number of 2,500,000 appearing for slaughter. This is attributed to the crusade against the high cost of living, which hit the fresh meat industry hard. More calves were received, however, by 32,000 head, there being 322,000 brought in. The sheep market was strong, 5,714,000 being received, nearly 500,000 head more than in 1910.

FEAR FOR WILSON'S HEALTH

Governor, However, Denies Report Warning from Physician. Atlantic City, N. J., Dec. 27.—Governor Woodrow Wilson has strict orders from his personal physician that he must not make any public address until after the close of the impending session of the New Jersey Legislature, according to a message conveyed to the New Jersey Teachers' Association at the annual convention which convened here this afternoon.

Governor Wilson had been scheduled to make an address, but in his place President Powell J. F. Fithian, of Camden, conveyed the message to the association. President Fithian said that the Governor had told him that the physician had defined a line of conduct, with a warning that it must be strictly followed if Governor Wilson hoped to avoid consequences that would have important bearing on his political future.

When Governor Wilson was told to-night of the postponement of the statement made by President Fithian, he said he was astonished that such a statement should be made. "There is absolutely no foundation for such a rumor," he said. "I am perfectly well."

LAWSON HAS HIS FLING

Writes Eighteen "Commandments" for "Ministers." Boston, Dec. 27.—Thomas W. Lawson found time to-night to write what he calls "eighteen commandments for Ministers." Whether Mr. Lawson thought the clergymen needed more commandments than lack of warmth and other comforts to which he has long been accustomed.

The New York Department proposed to disallow the entire claim, but the Comptroller of the Treasury succeeded in evolving the following opinion by which the expenses incurred at the Perry House were held valid and those incurred at the "Grabbenheimer" invalid.

"As to the expense for which he seeks reimbursement as having been incurred at the Hotel 'Grabbenheimer,' which in reality was his own home, and which appears to be an estimated portion of the common living expenses of himself and family, as distinguished from his own individual expenses, and as a matter of fact, the Perry House, he is not entitled to be reimbursed, for the reason that while this living in his own house he is held to have abandoned his status as a traveler."

MORSE EXAMINED AGAIN

Taft Directs Board of Doctors to Report on His Condition. Atlanta, Dec. 27.—Acting under instructions of President Taft, a special board of inquiry composed of officers of the medical corps, United States Army, arrived here to-night to make another examination of Charles W. Morse, the New York banker confined in the army hospital at Fort McPherson. The board consists of Colonel Henry Birmingham, Major Fauntleroy and Major Russell, all on special assignment at Washington.

It was said at Fort McPherson that the preliminary examination of Morse was made shortly after their arrival about 7 o'clock, but nothing as to the nature of their findings was made public. If Mr. Morse's condition permits, a thorough examination will be made to-morrow and the report wired to Washington.

WILL REVEALS MARRIAGE

Couple Wedded Five Years Ago, Never Lived Together. Philadelphia, Dec. 27.—Through the filing of the will of Charles E. Spalding, a wealthy real estate operator of this city, the romance of his life for the last five years was revealed, when by a codicil he told the world that in 1906 he had married Mrs. Catherine Hoffman, a comely widow of this city. He left her \$50,000 outright, and after a few small bequests gave her half of the residue of his estate, which is estimated at \$200,000.

Even in his will Mr. Spalding failed to give the reason for the five years' silence, and his widow says if her husband thought it best to have the secret die with him she will not reveal the reason.

CUT ALONG THIS LINE. COUPON NO. 25, THURSDAY, DEC. 28, 1911. \$15,450 in Prizes Free New-York Tribune BOOKREADERS' CONTEST

My Answers to THE TRIBUNE'S Bookreaders' Pictures of This Date and Number Are: No. 49. Contestant's Name. No. 50. Street. City or Town and State.

Contestants in the Tribune's Bookreaders' Contest must write their answers upon this coupon. The complete coupon must be returned every day during the contest. Answers submitted on coupons which are not complete or which do not bear the Tribune's heading will not be considered. List of prizes, conditions of the contest and

INVENTOR COULDN'T GRAB WANTED Government to Pay His Expenses at His Home.

Disallowed Claim Put in from "Hotel Grabbenheimer," at Newport. (From The Tribune Bureau.) Washington, Dec. 27.—A novel method of collecting expenses while living in the bosom of one's family, originated by Harvey F. Williams, a torpedo inventor and ordnance engineer of the Navy Department, was rejected to-day, after long deliberation, by the Controller of the Treasury.

Williams, who was transferred to the Newport torpedo station to superintend the construction of a torpedo, which, if successful, would be used in the navy, lived a part of the time at a hotel and a part of the time at his home, which he moved to Newport, although he was technically only on temporary duty.

When the order terminated and he returned to Washington he presented expense vouchers for \$1,843.15. Of this amount, according to the vouchers, \$708.15 was for lodging at the Perry House and the remainder for lodging at the "Hotel Grabbenheimer," American plan, Ayrault street, Newport, R. I.

The auditor of the Navy Department, who was unofficially advised that the "Hotel Grabbenheimer" did not exist, made inquiries of the postmaster, who confirmed the report. Williams was called upon for an explanation.

"I will say," he replied, "that the quarters at which I am now stopping is not regularly licensed as a hotel, but the vouchers submitted by me, indeed, no one here regards it as a hotel at all, which accounts for the ignorance of the postmaster regarding its existence. As a matter of fact, the 'Grabbenheimer' is a private boarding house, which was established by the woman whose name appears as creditor on the 'Grabbenheimer' voucher, the establishment being for the special benefit of her husband (myself), and to the end that there might not be recurrence of the severe illness which the latter suffered at the Perry House, an illness supposedly due to lack of warmth and other comforts to which he has long been accustomed."

The New York Department proposed to disallow the entire claim, but the Comptroller of the Treasury succeeded in evolving the following opinion by which the expenses incurred at the Perry House were held valid and those incurred at the "Grabbenheimer" invalid.

"As to the expense for which he seeks reimbursement as having been incurred at the Hotel 'Grabbenheimer,' which in reality was his own home, and which appears to be an estimated portion of the common living expenses of himself and family, as distinguished from his own individual expenses, and as a matter of fact, the Perry House, he is not entitled to be reimbursed, for the reason that while this living in his own house he is held to have abandoned his status as a traveler."

SLAYS FAMILY AND SELF Murderer Believed All Would Be Better Off in Heaven.

Benton, Ark., Dec. 27.—Because he was in "deep despair" and believed he and his family "would be better off in heaven," James Grant clubbed his wife, five children and stepson to death and hanged himself some time last night. The bodies of the children were found in their beds to-day, each skull being crushed. The body of Mrs. Grant was found in the home half-dressed and evidently she was killed as she was about to retire. A heavy club covered with blood was found in the house, and it was apparent it was with it Grant killed the seven members of his family. The children ranged in age from five to thirteen years.

Hugh Grant, a sixteen-year-old son, the only member of the family alive, discovered the bodies to-day when he returned from a holiday celebration at a neighboring farm. He found a note signed by his father, which explained that "owing to deep despair and that I see nothing for me or my children, who, I believe, would be better off in heaven, I commit this deed." Instructions were given where money might be found to cover burial expenses, and a request was made that Grant's parents should not be notified until after the bodies had been buried.

LOWER GERMAN CABLE RATES

Deferred Service to United States Will Cut Cost in Half. Berlin, Dec. 27.—The imperial postoffice announces the establishment of a deferred cable service at half rates, to become effective on January 1, to the United States, the German African colonies, various Chinese cities and the British colonies. It stated that negotiations for the extension of the system are progressing.

SUNDAY'S NEW-YORK TRIBUNE

Mailed anywhere in the United States for \$2.50 a year.

LA FOLLETTE INVADERS PRESIDENT'S STATE

Gives His Views on Progressive Republicanism to Big Crowd at Cleveland. MORE DEMOCRACY HIS CURE

He Demands a "Rule of the People, Supreme Over Legislatures, Presidents, Constitutions and Courts."

Cleveland, Dec. 27.—Senator La Follette, now an avowed candidate for the Presidential nomination on the principles outlined as "Progressive Republicanism," closed his first day of campaigning in President Taft's state with a largely attended meeting in the Cleveland Grays' Armory to-night, after a short speech at Youngstown in the afternoon. While at both meetings considerable attention was paid to corporations and their growth and conduct, the greater part of the speeches was devoted to explaining what was meant by "Progressive Republicanism" and what the Progressives have done in Wisconsin.

The initiative, referendum and recall were strongly advocated as cardinal principles of the Progressives in Wisconsin. The Bureau of Corporations was characterized as the most wonderful institution in the world, and the speaker commended Commissioner Herbert Knox Smith and his predecessor, James R. Garfield, who sat on the platform. He said the bureau was doing great things in determining the valuation of corporate properties.

The Senator's audience was enthusiastic and frequently urged him to proceed when he made an attack upon such at Youngstown in the afternoon. Invitations were offered from the audience to "come again" when he announced that it was the first time he had been in Cleveland. To-morrow Mr. La Follette will speak in Norwalk and Toledo.

John D. Fackler, state secretary of the Progressives, presided over the meeting. He introduced Senator La Follette as "the man who has destroyed the big business politics of big business in Wisconsin and the great President of the nation."

Mr. La Follette departed somewhat from the speech he had planned by taking up the primary ballot law, charging that "Clevelanders have been sitting here being disfranchised by fifty years by political bosses, but it is not for long," he said, as his hearers laughed and applauded.

In his discussion of trusts Mr. La Follette said the combination of corporations was the cause of the high cost of living, because they controlled prices, and that "God Almighty has created a board of directors strong enough to control the homes and families of American citizens."

While the Senator was arraigning the Standard Oil Company and the banking institutions of the country Frank Rockefeller, a brother of John D. Rockefeller, sat on the platform, wearing a committee-man's badge.

Defines Progressive Republicanism. What Progressive Republicanism means Senator La Follette again described. He made a vigorous appeal to Democrats to join the Progressive Republicans, because they only represented a true democracy, and he charged that the Democrats of the South were "a democracy of class and aristocracy."

The initiative, referendum and the recall were declared to be tenets of the Progressives, and the declaration for the latter was received by the audience with applause, which increased when the speaker insisted the recall should be applied to judges.

"With all my respect for the courts as a lawyer, I do not feel that they are so holy that they are incorruptible," he said. "There are judges who have served corporate interests so long that they can't see straight. They mean to be honest, but they hold the scales of justice level. We Progressives stand for applying the recall to the judges."

Mr. La Follette also discussed Elbert H. Gary's plan for federal regulation of prices as a relief from monopoly. He said he had no patience with this method. Ultimately, he said, the government would have to fix prices of labor, hours of employment and compensation of original producers in order to fix accurately the prices for the consumers.

Commission on Trade Restraint. Instead of the Gary plan or the Taft plan of federal charters for corporations, Senator La Follette proposed his own plan for a commission on restraint of trade, to relieve the country of the condition in which he finds it. The Senator saw great evil in the growth of the trusts, and describing it said:

A tremendous power has grown up in the country in recent years. Again and again it has proven strong enough to nominate the candidates for the office of President. It is the organization of legislative bodies, state and national, and of the committees which frame legislation. Its influence is seen in the cabinet and in the policies of administrations. Its influence is seen in the appointment of prosecuting officers and in the selection of judges.

In business it has crippled or destroyed competition. It has stifled individual initiative and the energy of the people. It imposes its burdens upon the consuming public at will.

In finance its powers is unlimited. In large affairs it gives or withholds credit, and from time to time contracts or inflates the volume of the money required for the transaction of the business of the country, regardless of everything excepting its own profits.

It has acquired large control of the public domain, monopolized the natural resources, taken control of the money required for the production of goods, and has imposed its burdens upon the consuming public at will.

going and effective in his work, through a controlled press and upon the highest judicial authority, every such man has been especially characterized and the public particularly warned against him. But, the candidate, must file a statement of his experience. Not having any, how was it possible for me to file an expense account?

The Progressive movement, Mr. La Follette declared, has as its aim the restoration of the government to the people. "The real cure for the ills of democracy is more democracy" was one of his statements. "That is what the struggle in Wisconsin, in California, in Ohio and Pennsylvania, New Hampshire and Kansas, and in every other state in this Union means; that government shall be brought back to and committed to the hands of the people; that they are supreme over legislatures, over government, over presidents, over constitutions, over courts," he asserted.

The Senator pointed to the record of legislative and administrative achievements in Wisconsin as proof of his theory that better government can be given the people by restoring that function to them.

"The very backbone of true representative government is the direct participation in the affairs of government by the people through direct primaries for the nomination of candidates," he said. He declared that the old machine politicians had lost control in Wisconsin through this law. He also favored the "Presidential primary system," he asserted.

If there is one thing more than another that has been put to the front in this campaign by the Progressives, it is the demand for the election of delegates to the national convention by popular primary elections, and a provision by which electors may directly express their party ticket-dictating candidates upon their party tickets.

Senator La Follette spoke in Youngstown at noon on practically the same subjects. "What are we here for," he said, "when so many men attend a noonday meeting of so distinctly a political character months before an election? The question is not one of railroad rates, nor tariff, nor one of national currency, but it is a question whether there is a force stronger than the American people. Can the people of the United States, after more than a hundred years of trial, control their own government?"

TAFT'S FRIENDS IN CONTROL

Indiana State Committee Repeals Lee's Statement. (By Telegram to The Tribune.) Indianapolis, Dec. 27.—Friends of President Taft dominated a meeting of the Republican State Central Committee to-day and fixed the date for party reorganization as February 3, when the chairman will be elected and the selection of new members of the committee will be made by districts on February 2. Chairman Lee favored a later date, but was overruled by unanimous vote of the committee.

There was considerable discussion of the statement made by Mr. Lee in Washington, in which he said that President Taft cannot carry Indiana. The members declared that Lee had not expressed the sentiment of the committee. He replied that he had spoken only as an individual and not as chairman.

A resolution was then adopted saying that Lee did not express the sentiment of the members of the committee when he made the Washington statement. Lee is a candidate for re-election, but the sentiment of the committee is so decidedly against him that it is believed he will withdraw.

FEARS FEDERAL POWERS

Gov. Baldwin Deplores Stretching of the Constitution. Buffalo, Dec. 27.—Control of state authorities by inferior United States courts has developed to such an extent that the people are becoming impatient, asserted Governor Simon E. Baldwin of Connecticut, at the opening of the twenty-seventh annual meeting of the American Historical Association and the eighth annual meeting of the American Political Science Association in joint session here to-night. He said:

If some of the recent decisions of the courts are not disarmed, the judicial power of the United States apparently will extend to such a degree that it will interfere in any of the states, although pertaining to mere matters of local concern. And still the federal Constitution is flexible enough to bear a construction supporting legislation by Congress far in advance of anything hitherto attempted.

Governor Baldwin's topic was the "Progressive Infringement of the Powers of the United States." In addition to advanced interpretations of the Constitution, Governor Baldwin found a real danger in the recent utterance of a President that he was for a Constitution when it conserved the people's rights, but not when it perpetuated the people's wrongs. Governor Baldwin said:

The danger is that a Chief Magistrate by some stretch of his executive or military authority may come to play the part of a dictator. It is only a remote possibility, but the science which we profess to hold so dear, the science which we profess to be abused and that the fathers were right when they declared that eternal vigilance was the price of liberty.

KEAN FIRM FOR TAFT

Former Senator Says President Surely Will Be Renominated. (By Telegram to The Tribune.) Elizabeth, N. J., Dec. 27.—"I think there is no question about the choice of President Taft at Chicago," said former Senator John Kean to-day. Mr. Kean added that the President was entitled to a second term, that he had the confidence of the people and that the country would prosper under his wise and conservative administration.

Mr. Kean will not hold his usual New Year's reception. Instead, he will be a guest at the White House. Charles N. Fowler will hold his usual reception.

SMITH MAKES APPOINTMENTS

Queens District Attorney-elect Retains DeWitt for Willett Case. District Attorney-elect Matthew J. Smith of Queens County held yesterday afternoon announced his office staff, and he also announced that he had retained District Attorney Frederick G. DeWitt, whom he is to succeed, to make the argument for the prosecution before the Appellate Division on the appeal taken by Joseph Cassidy, William Willett, Jr. and Joseph Cassidy, who are at present under \$5,000 bail each on a charge of giving and receiving money in bringing about the nomination of Willett for justice of the Supreme Court on the Democratic ticket during the last campaign.

John Jameson Whiskey the Whiskey of Quality Good Morning Good Evening Good all the time W. A. Taylor & Co., 29 E. W. N. Y.

HARBURGER'S JOB FOR FRASER. State Controller Sommer appointed Wallace S. Fraser yesterday as Deputy Controller in charge of the New York office to succeed Julius Harburger, who quits the office on January 1 to become Sheriff of New York County. The term of Fraser's new job will expire on December 31, 1912. The salary is \$4,000 a year. Fraser was Controller of Tax Commissioner under Controller Glynn, and was reappointed by Controller Sommer. He is a lawyer and Tammany leader of the 33rd Assembly District, North Side.

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KEAN FIRM FOR TAFT Former Senator Says President Surely Will Be Renominated.

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