

HUNT FOR CRIME AT HOG ISLAND FAILS

Assistant Attorney-General's Inquiry Suggests Only Carelessness.

COST EXCEEDS ESTIMATE

Court of Arbitration Recommended to Decide Liability of Contractors.

Special Dispatch to The Sun.

WASHINGTON, Dec. 20.—The fact that the wide discrepancy between the estimates and the cost of the yard would indicate the advisability of the creation of an arbitration court to decide to what extent if any the contractors are liable to the Government. The probable cost of the plant will be about \$21,000,000 (including \$5,000,000 for additions by order of the Emergency Fleet Corporation), compared with an original estimate of \$21,000,000 and a revised estimate of \$27,000,000.

"Having all minor questions of controversy," says the report, "this discrepancy must be due to some fundamental miscalculation.

"Considerable effort has been made by the agents in the hearing to justify their own estimates by claiming that they were mere guesses that nobody could rely upon. But the Fleet Corporation did rely on them and there is no contemporaneous evidence justifying the agent's present position.

"The substance is the finding of Assistant Attorney-General Todd in his investigation of the Hog Island shipyard. His report, made public at the White House to-day following wireless instructions from the President, leaves the question of cost open. The Assistant Attorney-General declares the cost is not known and the burden of proof is on the Government agents and the American International Shipbuilding Corporation.

Among other things Mr. Todd questions the methods pursued in so far as the relation to the cost of the plant. He quotes the representatives of the contractors in leading up to the principal conclusions drawn, which are as follows:

"We could not examine this array of evidence without coming to the conclusion that prior to February 1 there existed at Hog Island a condition which superficially at least would impress any one as an 'organized riot,' 'angled mass' or 'state of chaos.'

"The most significant single fact indicating the point of view at Hog Island was that bills for materials, largely lumber, were prepaid to the extent of more than \$10,000,000, and that there was no effort until our investigation to prove whether the prepayments were in fact followed by the actual receipt of the material.

"Another fact of strong significance is that while the contract provided in express terms that the agent should keep a detailed plant cost account and contained very careful provisions regarding costs yet the agent, in fact, failed to do so. Thus it was never possible for the agent to supervise either its own work or the work of its subcontractors from the point of view of what the work was costing.

"It was certainly possible to supervise the undertaking from the standpoint of cost without detriment to speed.

Emergency Increased.

In February Admiral Bowles was sent to Hog Island to exercise the full power of the Fleet Corporation in the matter of direction and supervision. He was able to increase the efficiency of the work and yet eliminated unnecessary salaries in three departments and rental charged for unnecessary equipment, thereby effecting a saving of several thousand dollars a day. At similar savings were effected in other departments in under way.

"In substance the agent has taken the position that since this was not a commercial job but a war job in which speed was of the essence therefore in the absence of positive misconduct or criminality the question of cost was of minor importance.

"In our opinion this is not the correct view of the contract. Speed of course was of high importance and something additional in the way of cost must be allowed for it. But speed is not promoted by disregarding the ordinary safeguards for controlling costs. Both the contemporaneous record evidence and the contract itself indicate a rigid desire on the part of the Fleet Corporation to have the expenditures kept within the narrowest practicable limits and the expenditures closely checked by a careful system of cost accounting.

"In addition the contract required the agent to protest and subserve the interests of the Fleet Corporation. The agent's failure to do so in the case of the cost of the plant is a failure to subserve the interests of the Fleet Corporation. It is a failure to subserve the interests of the Government. It is a failure to subserve the interests of the country.

"If then the agent has adopted a standard of conduct for the work which is not the standard fixed by the contract it cannot acquit itself of responsibility by merely showing that it has actually expended some \$10,000,000 in building this plant; it must go further and account not only for actual expenditures but for the reasonable necessity of the expenditures under a proper construction of the contract.

"The only recommendations made by the Assistant Attorney-General are with respect to possible liability of the company on the costs and the methods to be used in determining such liability, if any. He suggests that a court of arbitration be created by the contract which finds that expenditures were reasonable that the Hog Island matter

DIXIE GETS NO TAX FAVORS, SAYS JONES

Senator Denies Control of Legislation to Help South and West.

PENROSE MAKES REPLY

Great Share of Nation's Levy Borne by New York and Pennsylvania Shown.

Special Dispatch to The Sun.

WASHINGTON, Dec. 20.—Criticism among the Southern Democrats induced by the Sun's persistent criticism of the revenue measure as originally framed by the Ways and Means Committee of the House under the guidance of Chairman Kitchin (N. C.) was given voice in the Senate to-day, when Senator Jones (New Mex.), protested against the charge of "sectionalism" which repeatedly has been made against the Kitchin bill.

Senator Jones alleged that there was a popular but erroneous impression current throughout the United States that the bill had been framed with a view to laying the taxes least heavily upon the South and making the North and West pay the bills.

"The Sun is a newspaper of recognized authority and high repute," said Senator Jones. "Its utterances carry weight and justly so, but in this instance THE SUN has gone far afield in its charges of deliberate avoidance of the framing of taxes to fall with equal burden upon the South as upon the other sections of the land.

Control Is Denied.

"There is no such thing as control of the legislation of the country by the South. Only four of the Senate members of the Finance Committee are from the South and they could not have controlled legislation they desired to do so."

To Senator Jones's disclaimer of Southern domination of the legislation framed by the Democratic party, Senator Simmons (N. C.) entered a protest. He said it was no use for Senator Jones to attempt evasion of the fact that the control of the party councils by Southern members of the party was complete and supreme.

Senator Smith (Ga.) also interposed his views with regard to the situation. He said Southern members in nowise had dominated councils of the Finance Committee and at once Chairman Simmons jumped into the fray, claiming that the bill was altogether an equitable one.

New York's Share of Taxes.

Senator Simmons (N. C.) said if the States of New York, Pennsylvania and Illinois were excluded his State would be shown to have contributed as much in taxes in proportion to population as any State in the Union.

Senator Penrose (Pa.), aroused by the reference to the Keystone State, remarked that Pennsylvania paid one-sixth of all the taxes of the nation.

"But New York pays three times as much as Pennsylvania," said Senator Simmons.

"Well, if you eliminate the Wall Street district," retorted Senator Penrose, "it will be found that Pennsylvania pays three times as much as New York."

HECKLES BECKER AT PROPAGANDA QUIZ

Senator Reed Seeks to Show Enmity of Deputy and Lewis for Hearst.

GERMAN MONEY TRACED

Further Details of Financing and Aid Asked of Bankers Here.

Special Dispatch to The Sun.

WASHINGTON, Dec. 20.—The examination of Alfred L. Becker, Assistant Attorney-General of New York, before the Overman committee to-day developed into a battle of wits between the former spy hunter and Senator Reed (Mo.), who although not a member of the Overman committee nevertheless has entered the hearings as an active cross-examiner. Although Senator Reed did not disclose the purpose of his continued questioning he completely removed from the committee at least for the time the direction of its inquiry and diverted attention to the question of what might have been the animus which prompted Mr. Becker and Attorney-General Merton E. Lewis, with whom Mr. Becker had worked in complete accord.

As the cross-examination proceeded it became more and more evident Senator Reed's purpose was to obtain from Mr. Becker the admission he and Mr. Lewis had cherished a hope of linking the name of William H. Hearst as a more or less active supporter of the cause of Germany in the period immediately preceding America's entrance into the war with Charles S. Whitman, against whom Mr. Lewis was a candidate for the Republican nomination for Governor last summer. Mr. Becker admitted this event had not been left unconsidered in his efforts to develop the case against Mr. Hearst or that the political value of such a connection would rebound to the advantage of Mr. Lewis's candidacy as well as his own.

Bitterness a Inquiry.

Throughout the day there were clashes between Senator Reed and the witness. At the time of the committee's adjournment Mr. Becker asked Senator Reed if there were any substantiating documents which he would like to have brought from New York.

"I should like to have the accounts and vouchers for the expenditures which your office made in this search for the alleged propagandists," said Senator Reed.

"Well, those matters will not be produced," announced Mr. Becker, "and I may say further, Senator Reed, that not only will I not produce vouchers and statements of accounts, but I will not reveal the names of the personnel of the special agents and investigators who have contributed to the upbuilding of this case or who have aided the organization in its researches."

"I expected you would not," came the retort.

The connection of Mr. Hearst with activities in the United States of Bolshavik, which were described yesterday by Mr. Becker, furnished the subject for a joint debate between Senator Reed and the witness. Senator Reed called in question the publication in an unnamed New York newspaper of the statement that Capt. Bos-Ep and Von Papon had been "among those present" at the dinner by Bolshavik to Mr. Hearst and others at Sherry's.

Question of Statements.

Mr. Becker tried to get before the committee proof that as soon as he had become acquainted with the fact that such a statement had actually been printed he was at pains to get out a categorical denial of the alleged fact. He said that the witness had printed a correct statement from him and from Mr. Lewis on this point, but that the American had asked of him a statement which would have been tantamount to an apology, and which he refused, although he gave them the same statement which the witness had printed in explanation. This did not satisfy Senator Reed and there was another tangle.

The first clash of the day came when Mr. Becker read into the record advertisements from the New York Call during the 1917 Mayoral campaign in which the paper was supporting Morris Hillquit, to the effect that William Bayard Hale had joined the Socialist party. The advertisement exploited Hale's friendship with President Wil-

2,000,000 GERMANS KILLED IN THE WAR

In 6,066,769 Total Casualties There Were 4,750,000 Prussians.

NAVAL LOSSES INCLUDED

Number of Officers Killed Up to October 24 Was 44,700.

Special Dispatch to The Sun.

Two million dead men paid the price of the German ambition to rule the world, according to a copy of the Cologne Gazette which reached New York yesterday. The paper gave a list of the German casualties up to October 25.

In the 6,066,769 total casualties there were 4,750,000 Prussians. Naval casualties, including 25,000 dead, more than 15,000 missing and 20,000 wounded, were included in the grand total.

Casualty List No. 184, published on October 24, according to the Cologne Gazette, placed the number of dead at 1,611,104, the number of wounded at 3,652,143 and the missing at 772,522. The paper says that of the number reported missing 150,000 may be considered dead.

The Cologne paper uses the word appalling in describing the casualties among the officers. The total on October 24 included 44,700 officers killed, 52,450 officers wounded and 13,600 missing, a total of 110,750. The loss in officers alone, the paper points out, exceeds the total casualties of Germany in the Franco-Prussian War of 1870, when the total losses were 120,695.

The total on October 24, which did not include casualty lists from the fighting on the western front after that date nor the German losses in Palestine, was apportioned by the paper as follows among the various army contingents:

Prussia—1,292,060 dead, 2,832,671 wounded, 616,139 missing. Total, 4,750,870.

Bavaria—150,658 dead, 363,523 wounded, 72,115 missing. Total, 586,296.

Saxony—108,017 dead, 252,027 wounded, 51,787 missing. Total, 411,831.

Württemberg—84,507 dead, 155,654 wounded, 16,802 missing. Total, 236,963.

Navy—25,862 dead, 28,968 wounded, 15,679 missing. Total, 70,509.

\$521,678 EXPENDED BY SECURITY LEAGUE

Col. Lydecker Reveals Payments Made in Nearly Four Years.

RECEIPTS WERE \$619,165

Tells Committee About Programme Planned for After War Work.

Special Dispatch to The Sun.

WASHINGTON, Dec. 20.—Col. Charles E. Lydecker, president of the National Security League, to-day told the House committee investigating the organization's activities in the last Congressional campaign that the league's expenses from December 14, 1914, when it was formed, until last September 30 were \$521,678. Total receipts were given as \$619,165, this including membership fees and contributions from wealthy men.

Col. Lydecker said that the activities of the league will not cease with the ending of the war, and outlined a pretentious educational programme which is under consideration.

Tells League's Programme.

"The Congressional committee which carried on the campaign last fall to return 100 per cent. Americans to Congress will continue its work," said the witness, "and will endeavor to accomplish the following things:

"Establish a national budget system, abolish rule of seniority in determining chairmanships of committee of Congress, abolish inactive committees, pass a constitutional amendment which will make it impossible for defeated candidates to sit in that body, bring about reform of franking abuses and have Cabinet officers sit in Congress."

Col. Lydecker was asked why S. Stanwood Menken had resigned as president of the league last June. Col. Lydecker replied that after Mr. Menken had refused to "reprobate William Randolph Hearst for opposing certain national preparedness measures," both Mr. Menken and members of the executive committee had decided it would be better for him to resign.

"Mr. Menken gave an interview to reporters of the New York American when Mr. Hearst complained it wasn't fair for the league to abuse him after he had rendered such aid to it in the early days of its organization," Col. Lydecker said.

Condemned by Members.

"In his interview Mr. Menken stated how much the Hearst publications had aided the league, and added that the public's opposition toward the war, and due more to the way they looked at his articles rather than to the facts the articles really contained.

"That statement burned its way into the minds of the people, as Hearst was being seriously criticized at that time for his attitude toward the war, and as any one who stood by him came under the most severe condemnation of the National Security League it was believed a new league president should be chosen."

Col. Lydecker said the largest disbursement had been \$471,153.47 for



The lure of the "shore dinner" that calls city-tired people to sea food "just out of the water" is practically what brings thousands to CHILDS every Friday for clam chowder.

The freshest of Little Necks—plenty of them—combined with the necessary vegetables and the most appetizing of seasonings are simmered until the finest flavor of each ingredient is drawn out and blended into a delicious whole.

Rich in nourishment, enticing in sea-tang, the steaming plate that comes to you is a whole meal in itself.

Try this best part of a shore dinner at CHILDS Friday.

Remember Friday is fish-cake day, too. Feather-light cakes, brewed to a pure, Cream chowder. Fish Cakes 15c.

We are members of the United States Food Administration

general expenses, and that \$13,195.06 had been spent for publications and \$37,325.67 had been placed in six special accounts for conducting campaigns, paying speakers, purchasing French books for soldiers and the like. The committee adjourned to-day until January 6, when Col. Lydecker will go on the stand again.

E. S. MALONE GOES INTO ARMY.

Gets Lieutenant-Colonel's Rank in Court of Claims.

Edward Sylvester Malone, who had been an Assistant Corporation Counsel since 1904, has resigned to accept a commission as Lieutenant-Colonel in the United States Army. He is to be a member of a special court to hear claims against the Government, similar to the Court of Claims of the State of New York. The work of this court will be heavy for some years.

Col. Malone's salary in the Law Department was \$6,500 a year. The pay of a Lieutenant-Colonel in times of peace is \$3,500 a year. There is also an allowance of about \$72 a month for quarters, besides allowances for light and heat.

Leach Wins Point in Sears Suit.

The Appellate Division yesterday reversed an order denying a stay in the \$154,000 suit of Richard H. Sears against A. B. Leach & Co. as his share of the profits due in acquiring a contract of the Island Oil and Transportation Corporation. The defendants were permitted to file an amended answer.

FIRM DENIES WASTE AT HOG ISLAND YARD

Charles Stone Explains Why Cost Exceeded Estimate.

Answering the charges of waste and mismanagement against the American International Corporation in building the great Hog Island shipyard, made in a report of the Department of Justice, Charles A. Stone, head of that firm, declared yesterday that the cost was justified by the demands of the situation. The whole enterprise he described as the greatest engineering achievement of the age, even greater than that of the Panama Canal.

To show the appreciation of Charles M. Schwab, Mr. Stone produced a letter sent him by the Director-General of the Emergency Fleet Corporation upon his retirement, which says that the undertaking at Hog Island "was in his view one of the greatest engineering achievements of the age, even greater than that of the Panama Canal."

Mr. Stone's reply to the Department of Justice report in part followed: "It would not be surprising if, in an enterprise of this magnitude with an organization so hastily assembled and with the work progressing at such speed, irregularities had occurred. It is highly gratifying, therefore, that no graft, profiteering or financial misconduct of any kind whatever has been found.

"The report intimates that the job was done extravagantly. It points out no single expenditure that was wasteful, but it states, as an inference merely, that there was extravagance. The original estimate was not in any way inadequate. We had no standards or precedents to guide us in such a gigantic undertaking.

"After the original estimate was made the scope of the yard was increased at least 50 per cent. Furthermore, as the work progressed the cost more than doubled both in labor and materials. These two facts fully explain the difference between the original estimate and the final cost.

"At the continued hearings before the Senate Commerce Committee, which are to proceed directly after New Year's, the facts can be brought out. It will then be shown, I am sure, that while the yard was necessarily costly as a war measure, yet there was nothing in the cost which was not necessary or justified by the situation.

"Furthermore, I am equally certain it will appear that this great undertaking instead of being one deserving criticism, is really one of the greatest engineering feats of the age—a monument to American efficiency and an achievement of which all those engaged on the project and the entire nation may rightly be proud."

BOLSHEVIKI BEATEN BY RUSS PEASANTS

Volunteers in Archangel Province Drive Reds From Region of Pijma.

PARIS, Dec. 20.—Russian volunteer forces have driven the Bolsheviki from the region of Jima (Pijma), in the central part of the province of Archangel, according to a report from Archangel. The peasants in that region between the ages of 18 and 45 have organized and are said to be fighting valiantly against the Bolsheviki.

The peasants have sent an appeal to the populations of northern Russia inviting them to mobilize all their forces against the Bolsheviki.

WASHINGTON, Dec. 20.—An appeal for protection from the Bolsheviki was received by the State Department today from the Lithuanian Legation in Stockholm. The Lithuanian representatives said the German troops were not remaining to maintain order, as the armistice terms permitted, but were leaving the country at the mercy of the Bolsheviki.

During the German occupation the Lithuanians were not allowed to organize their own army, police or militia, and the appeal asserts that the Germans in retiring are carrying on the movement in such a way that small bands of Bolsheviki troops advance immediately behind them along the road.

The Lithuanians say that having no arms or ammunition they find it difficult to organize a defence.

The Bolsheviki are asserted to be taking hostages, pillaging the country and levying contributions on the wealthier people. They have now reached a point about sixty miles east of Iliga and unless checked soon can overrun Finland and Courland.

The Lithuanian representatives contend that the Germans purposely handed over this territory to the Bolsheviki with a view to having the people apply to Germany for help unless allied assistance is given.

Objection to Testimony.

Dr. Fritz von Warburg, one of the members of the firm, Mr. Becker said, had occupied a position in Stockholm similar to that assumed by Dr. Heinrich Albert here. There was objection registered to this part of the testimony with regard to Otto H. Kahn and James Minotto, son-in-law of Louis F. Swift of Chicago and at one time connected with the Guaranty Trust Company, was read in which Mr. Kahn's inclinations to sympathize with France in the war were set forth. Chairman Overman permitted the entire matter to go into the record.

It was shown by the Minotto letter that despite Jacob H. Schiff's attitude toward France, which had precluded the participation of the firm in the Anglo-French loan, Mr. Kahn had personally subscribed \$50,000, while Mortimer Schiff had subscribed \$100,000.

Mr. Becker asserted, however, that Otto H. Kahn had endeavored to play both ends against the middle and keep friends with both sides in the European war, and cited instances of his having been quoted by Hugo Schmidt in a letter to the Deutsches Bank of Berlin as saying that the report of his subscription to the Anglo-French loan was false.

In reference to the testimony before the Senate Committee in Washington yesterday, Otto H. Kahn issued the following statement last night:

"From the very beginning of the European war I have demonstrated by my actions and spoken and written words my absolute and unqualified sympathy with my active and wholehearted sympathy with the cause of the allied nations. Within a few months of the outbreak of the war I became and have continued to be ever since an object of abuse and attack in the German press. My record ever since 1914 in support of the allied cause and in opposition to the German cause is clear, open and unequivocal."

Fuel Economy—An Expression of Appreciation

It is gratifying that all restrictions upon the use of electric signs and other illumination have been removed by the United States Fuel Administration, in advance of the approaching holidays. This will do much to add to the attractiveness and the Christmas atmosphere of our city.

May we take this occasion to express our appreciation for the cordial support the public has given our efforts to meet the wishes of the Fuel Administration in its endeavors to conserve the coal supply of the country.

While the fuel used in the power plants of this Company differs from the coal used for domestic purposes—our own being soft coal, the other being hard or anthracite coal—the war demand for fuel justified every effort toward the utmost economy in its use, whatever the type. This elimination of all war restrictions upon the electric service of this city will in no way affect the supply of coal available for domestic use.

Now that active hostilities have ceased, it is a source of satisfaction to know that practically without exception the users of electric light and power in New York City have so fully co-operated with the Government in its fuel conservation efforts. With former conditions restored, we may enjoy brightened streets, attractive show windows, and brilliant shops all the more, knowing that when sacrifice and economy were called for, the response of all our people was so ready and unanimous.

The experience of the war has taught the necessity of employing only the most economical and effective means available to accomplish a given result. Our experts are at the service of any user of electricity, whether for light, heat or power, wishing to know whether present methods are the best, or how to modernize older methods which invention and manufacturing progress have made obsolete. Without cost, or other obligation, such service is gladly rendered.

VIOLINS

A large and choice collection of the Cremonese Violins, Bow Cases, Italian Strings, etc.

Victor S. Flechter

500 Fifth Ave., cor. 42d St.

XMAS CARDS

BRENTANO'S

5th Ave. & 27th St., New York

Saks

CLOTHES OF CUSTOM QUALITY

THE Fabrics we employ in our Evening Clothes are as soft as a caress, as black as a knave's heart, as closely woven as a beautiful friendship and as full of wool as a fold of sheep.

Such Fabrics, with our kind of tailoring, gives you the finest garmenting that money can buy.

Dress Suits: \$40 up
Tuxedos: \$35 up
(Consisting of Coat and Trousers)
Dress Vests: \$3.50 to \$12

Saks & Company

BROADWAY AT 34TH STREET

The New York Edison Company

At Your Service

Irving Place and 15th Street—Suyvesant 5600

Branch Office Show Rooms for the Convenience of the Public

Address	Telephone	Address	Telephone
414 Broadway	Canal 8600	151 East 86th Street	Lenox 7780
116 Delancey Street	Ochard 1790	15 East 124th Street	Harlem 4010
235 Irving Place	Stuyvesant 0500	302 East 140th Street	Melrose 5900
174 West 43d Street	Bryant 5263	Tremont & Monterey Ave.	Tremont 6900

Night and Emergency Call: Farragut 3000

Thrill and War Savings Stamps on sale at all our offices