



THE END OF THE WAR IN SIGHT AGAIN.

ALL FOR THE CIVIL SERVICE

President's Reason for Cabinet Changes.

POWER OF EXECUTIVE

Cabinet Members Must Cease Encroaching Upon It.

WHITE HOUSE EASY-GOING ENDS

Violations of Civil Service Rules by Heads of Departments No Longer Permitted.

From The Journal Bureau, Room 45, Post Building, Washington. Washington, Dec. 21.—Should there be a reorganization of the Roosevelt cabinet along lines suggested in these dispatches yesterday, it will not indicate any change in governmental policy. President Roosevelt intends to pursue the McKinley policy, first, because he believes in it, and second, because he said publicly at Buffalo that he would; but he feels that the president ought to have freer swing in the departments, now for many years almost exclusively under control of the cabinet chiefs, and ought not to be required to indorse the actions of these chiefs unless he sees fit to do so.

For years the authority of the cabinet has been encroaching on the authority of the president, and this encroachment was greatly intensified under the easy-going administration of President McKinley. Quite naturally the men who were in McKinley's cabinet do not take kindly to a man who proposes to restore the balance that originally prevailed between the president and his official advisers. And that is about all there is to the case. There has been no personal friction between the president and the cabinet and there will be none. The president is clearly within the rights of his office in insisting on reviewing at will the acts of his advisers and in reserving the privilege of ignoring their recommendations. The fact that for years these rights have not been exercised does not nullify them. Men, who under McKinley, were given practically full authority, naturally do not relish the idea of curtailment under McKinley's successor. And if several of them, following out a purpose which was expressed, but for other reasons, during McKinley's lifetime, conclude to resign, their places will promptly be filled and the general policies of the administration will remain unchanged. The general public has nothing at stake in friction which the past few days has developed, and probably will indorse the president's intention to assume full responsibility for and have full share in the various important matters which the cabinet gentlemen for a long time have been gradually monopolizing.

Back of this friction, for the most part, is federal patronage. The chief trouble with Postmaster General Smith was the rather loose manner in which he permitted postoffice appointments to be made. For years the civil service law in this department has been flagrantly and quite openly violated. When the civil service blanket was thrown over the rural free delivery force, many people slipped in and got under cover without any right. This

is but one illustration. Many more could be furnished if necessary.

Secretary Gage had a grievance because the president would not indorse in his message to congress the asset banking scheme and the Overstreet bill for making gold and silver convertible. This legislation Gage thought was important. The president said he thought it was a country card nothing about it. Another trouble with Secretary Gage was in New York city federal patronage. The president did not follow Gage's recommendations. In fact, he is understood in at least one instance to have acted without consulting him. In the treasury department, also, the civil service rule on numerous occasions has been more honored in their breach than in their observance. Mr. Roosevelt, with his intense feeling regarding the civil service rule, could not be expected to indorse cabinet officers who were negligent at this point. "The best men for public office" is the president's motto; and that motto will probably be lived up to by the cabinet. Thus far as it has been thus far with the senators and members of congress. Of course, this is a new proposition, for few people in high official life in Washington have taken civil service reform seriously. In fact, it is quite natural that Mr. Roosevelt should make it with emphasis. He has taken hold of certain details heretofore controlled by the cabinet expressly for the purpose of seeing that the spirit of the law is lived up to. It should be said in this connection, as further explaining the feeling of certain cabinet officers, that they did not relish the criticism implied by the president's course.

ALLIANCE Friends of the Tawney-Groat bill in both houses are not of congress any more. There is nothing in the report that there is, likely to be an alliance between river and harbor members. Such an alliance would be all powerful, and nothing could stand against it, but there are many good reasons why it will not be made. In the first place, there is no need for it. The Tawney-Groat bill has a splendid following in both houses, and will probably pass without question. It is barely possible that the subsidy folks are anxious for the alliance, but it always takes two to make a bargain. So far as can be known at this time, the senate committee on agriculture is pretty evenly divided between the two forces—oleo and anti-oleo. Of the republicans, Proctor, Hansbrough, Foster, Doliver and Quay are supposed to favor the Tawney-Groat bill. All of the democrats, Bate, Money, Heitfield and Simmons, are against it. Warren, a republican, is also against it, because he represents a cattle state. Here, then, are five votes for and five against. The eleventh member of the committee is Senator Quay of Pennsylvania, who is being claimed by both sides; but there are reasons for believing that he is favorable to the bill. Quay is sick, and has gone to Florida for the winter, but he will probably be in Washington in time for a committee vote, should it be needed. —W. W. Jermann.

MORE POSTMASTERSHIPS. Special to The Journal. Washington, Dec. 21.—Postmasters appointed to-day: Minnesota—Collis, Treas. E. J. Murray. Iowa—Chillicothe, Wapello county, A. E. Belman; Mark, Davis county, R. B. Andrews. North Dakota—Dunsmuir, Ward county, Patrick King; Garske, Ramsey county, W. V. Bate; Glenoc, Emmons county, W. J. Taylor; Onio, Emmons county, George Westcott; Standy, Richard county, M. K. Harris. South Dakota—Ludlow, Ewing county, Amanda Mach; Terrville, Lawrence county, H. O'Connor. Wisconsin—Hamilin, Burnett county, Simon Jensen; Hempel, St. Croix county, A. O. Spencer; Robinson, Walworth county, John Gavin; Union Mills, Iowa county, Sever Anderson.

MRS. DALE RELEASED. New York, Dec. 21.—Mrs. Elizabeth Dale, who was held in custody at St. Mary's hospital, Hoboken, pending the result of an investigation into the death of her 5-year-old daughter Emmeline, was released on \$5,000 bail to-day.

CRANE

Governor of Massachusetts Is Offered Gage's Place in the Cabinet.

Governor Hesitates, but Is Expected Finally to Accept.

From The Journal Bureau, Room 45, Post Building, Washington. Washington, Dec. 21.—It is said to-day on high authority that Governor Crane of Massachusetts may be secretary of the treasury if he will. The president has made the offer. —W. W. Jermann.

Boston, Dec. 21.—A close friend of Governor Murray Crane to-day stated that the governor had been offered the treasury portfolio by President Roosevelt and said the governor had asked for time until next Monday, before deciding whether or not he would accept. A message from Dalton, Governor Crane's home, received here to-day says that Governor Crane is considering the question and is inclined to accept the position. Family and business considerations are the cause of the governor's hesitation.

Washington, Dec. 21.—While no official confirmation can be obtained at the White House, it is believed that President Roosevelt has offered the treasury portfolio to Governor Crane of Massachusetts and the latter now has the tender under advisement. One of the difficulties in the way of Governor Crane's acceptance is understood to be his connection with the company at Dalton, Mass., which furnishes the paper for government notes. This paper is prepared by a secret process, and the government's contract with the Dalton company is a large one. Should Governor Crane accept the treasury portfolio, it is considered probable that he would dispose of his interest in the paper company.

New York Sun Special Service. Washington, Dec. 21.—Winthrop Murray Crane, governor of Massachusetts, was a caller at the White House yesterday and breakfasted with the president. The significance of Mr. Crane's early breakfast at the White House is that he may have caught there the secretaryship of the treasury, if not for himself then for some other good New England republican. President Roosevelt has determined to resign as governor Jan. 1, but that ceremony would not necessarily be interfered with if it should be decided that he is to go into the cabinet, as Secretary Gage's formal resignation is not yet handed in and could be made to take effect at such time as would be agreeable to Governor Crane and his political obligations.

BURNED TO A CRISP Mrs. Ruble's Clothes Caught Fire While Preparing Supper. Special to The Journal. Mason City, Iowa, Dec. 21.—While putting cobs in the stove to prepare supper last night, Mrs. Charles Ruble of Swaledale, was burned to a crisp.

LOSES HALF A MILLION Austrian Count's Three Hours at Cards Very Costly. Vienna, Dec. 21.—In the Vienna Jockey club Count Potokki lost \$500,000 during three hours' card playing. Count Pavincini won most of the money.

LONG'S "OK" IS AFFIXED

Secretary Approves Schley Court's Findings.

INCIDENT NOT CLOSED

Attorney Rayner Mentions Arbitrariness and Tyranny.

COURT OF ARBITRATION WANTED

Admiral Schley Will Appeal to the President to Appoint Such a Body.

Washington, Dec. 21.—Secretary Long has disposed finally of the Schley case so far as the navy department is concerned, by acting upon the findings and conclusions of the court of inquiry. These are the secretary's words:

The department has read the testimony in this case, the arguments of counsel at the trial, the court's findings of fact, opinion and recommendation; the individual memorandum of the presiding member; the statement of exceptions to the said finding and opinion by the applicant; the reply to said statement by the judge advocate of the court and his associate and the brief this day submitted by counsel for Rear Admiral Sampson, traversing the presiding member's view as to who was in command at the battle of Santiago.

And after careful consideration the findings of fact and opinion of the full court are approved.

As to the points on which the presiding member differs from the majority of the court, the opinion of the majority is approved.

As to the further expression of his views by the same member with regard to the question of command on the morning of July 1, 1898, and of the title to credit for the battle of Santiago, the court of inquiry in making no finding and rendering no opinion on these questions is approved—indeed it could with propriety take no other course—evidence on these questions during the inquiry having been excluded by the court.

The department approves the recommendation of the court that no further proceedings be had in the premises. The department records its appreciation of the arduous labors of the whole court.

—John D. Long, Secretary of the Navy.

The secretary also has declined the application of Admiral Sampson's counsel to enter upon an inquiry into the question of command and has notified Admiral Schley's counsel of that fact as a reason for declining to hear them on that point.

The text of the secretary's letter to Admiral Sampson's attorneys and to Admiral Schley follows:

Washington, D. C., Dec. 20, 1901.—Gentlemen: In view of the department's approval, this day, of the recommendation of the court of inquiry in the case of Rear Admiral Schley, that no further proceedings be had, and of the fact that the question of command was excluded from consideration by the court, the department will take no action upon the brief filed by you in behalf of Rear Admiral William T. Sampson. Very respectfully, —John D. Long, Secretary.

Messrs. Staiton, Campbell & Theall, New York.

Long to Schley.

Following is the text of the notice to Admiral Schley:

Washington, Dec. 21, 1901.—Sir: Referring to the department's letter of the 18th inst., you are advised that action has been taken to-day upon the findings and recommendations of the court of inquiry in your case and upon the minority opinion of the presiding officer and upon the indorsement indorsing such action is herewith transmitted for your information.

In response to your request of 18th inst., and hereby acknowledging the receipt of the same, should be filed by Rear Admiral W. T. Sampson, relative to the question of command of the United States naval forces during the battle of Santiago, you are advised that you are accorded an opportunity to answer through your counsel or oral argument against such protest, you are advised that no further proceedings will be had, and that the question of command was excluded from consideration by the court, no action will be taken upon said brief, and a copy of the same (copy inclosed) has this day been made to counsel for Admiral Sampson. Very respectfully, —John D. Long, Secretary.

Rear Admiral Winfield S. Schley, U. S. N., retired, Washington, D. C.

BOARD OF ARBITRATION

Admiral Schley Will Request the President to Appoint One.

New York Sun Special Service. Washington, Dec. 21.—Admiral Schley has determined on another move in his endeavor to offset the effect of the adverse conclusions of Admirals Dewey, Benham and Ramsay. Incidentally this is intended obviously to keep his name before the public.

Realizing that his petition for a rehearing will be denied by the secretary of the navy, he has decided, according to an announcement made from Schley headquarters, to appeal to President Roosevelt to sanction the appointment of a board of arbitration to pass on his case, the board's decision to be final. The scheme calls for the selection of three arbitrators—one by President Roosevelt, one by Admiral Sampson and one by Admiral Schley. They are to review all the evidence of the court of inquiry and hear further evidence bearing on the conduct of Admiral Sampson in the war with Spain. When they have done this they are to report fully their findings and opinion, from which there shall be no appeal.

It is safe to say that this appeal will be rejected. If its purpose is to get Mr. Roosevelt on record on the Schley case, Admiral Schley will be successful. Should congress pass the bill promoting Sampson, Schley and Captain Clark to the grade of vice admiral it will be vetoed by President Roosevelt for the reason that it seeks to interfere with the exclusive right of the executive to make nominations and "by and with the advice and consent of the senate" to make appointments. No president has ever permitted congress to intrude on this right.

Admiral Sampson's friends and supporters in the navy are indignant over the attempt of Admiral Schley and his advisers to attempt to take the place of Sampson, Schley and Clark with the grade of vice admiral it will be vetoed by President Roosevelt for the reason that it seeks to interfere with the exclusive right of the executive to make nominations and "by and with the advice and consent of the senate" to make appointments. No president has ever permitted congress to intrude on this right.

Continued on Second Page.

JAMES J. HILL EXPLAINS

The President of the Northern Securities Co.

Makes a Detailed Statement of Conditions Leading to Present Situation.

He Intimates That He and Morgan Saved the N. P. From Baneful Domination of Hariman Interests--Battle of Giants.

James J. Hill, president of the Northern Securities company, to-day issued a statement to the press embodying the purposes of the Northern Securities company and the events which led to its formation. He makes an important point in the fact that the threatened Union Pacific domination of Northern Pacific affairs would have been detrimental to the interests of the northwest. He states flatly that the Northern Securities company and its plans do not tend in any way to a consolidation of the properties. His statement, in full, is as follows:

"I have been absent from Minnesota for more than two months, and during that time there has been a wide discussion throughout the state of what has been generally called a consolidation or a merger of the Northern Pacific and Great Northern railroads, and in this discussion statements have been made which are so widely different from the facts that I feel called upon to make a conservative statement of just what has been done in the past and what will be done in the future.

"When the Northern Pacific failed and the banking-house of J. P. Morgan & Co. reorganized it, myself and friends were holders of a large amount of the company's securities. After the reorganization was completed we bought about \$25,000,000 of Northern Pacific stock, both common and preferred. Some of this stock was afterward sold, but a large amount has been held from that time to the present.

Burlington Purchase Explained.

"About a year ago the Union Pacific company bought the Huntington and other interests in the Northern Pacific and at the same time made an effort to buy the control of the Chicago, Burlington & Quincy.

"With these lines in the hands of the Union Pacific interest, both the Northern Pacific and Great Northern could be largely shut out of the states of Nebraska, Kansas, Missouri, South Dakota, Iowa, Illinois and Wisconsin, except by which other lines of railway, some of which were in the market for sale, and might at any time pass under the control of or become joined with the Union Pacific interests. We then, of the Northern Pacific, made proposals to the directors of the Burlington to buy their entire property. When this transaction was about being closed, the people who represented the Union Pacific company, and who had previously tried to buy the Burlington, asked to be allowed to share with us in the purchase of that company. This proposal we refused for the reason that it would defeat our object in buying the Burlington, and further it was against the law of several of the states in which the longest mileage of the Burlington was located.

Union Pacific's Bold Move.

At that time, against the opposition of more southern lines, both the Northern Pacific and Great Northern had put into effect a low colonization rate and were carrying daily thousands of people into the northwest, many of whom were coming from Kansas and Nebraska along the lines of the Union Pacific. This movement was at its height in the month of April and though after we had closed the purchase of the Burlington the Union Pacific people undertook the boldest effort that ever was made in this country and bought over \$60,000,000 of stock of the Northern Pacific in the markets of Europe and the United States. I was in

New York at the time, and after Messrs. Morgan & Co. were aware of the action of the Union Pacific people, it was found that together we held about \$25,000,000 of Northern Pacific common stock, and, inasmuch as the common stock by a right of a contract made with the preferred stockholders when the company was reorganized and the stock issued, had the privilege of paying off the preferred stock at par on the first day of January of any year until 1917, Messrs. Morgan & Co. then bought in London and New York about \$16,000,000 of the common stock of the Northern Pacific."

U. P. Domination Feared.

"At the same time the Union Pacific interests, having already so large an investment, bid the stock up until there was the largest stock corner ever known. The common stock in three or four days went up to \$1,000 per share. I explained to my friends how that, with control of the Northern Pacific, the Union Pacific would control the entire northwest and of the west from Mexico to the Canadian line, except for the Great Northern. So great was this effort to get control that one of my friends in London, who owned \$2,000,000 of Northern Pacific common, was offered and refused \$14,000,000 for his stock.

"The result was that Messrs. Morgan & Co. and ourselves owned 42,000,000 of \$60,000,000 of the Northern Pacific common with the privilege of paying off the \$75,000,000 of Northern Pacific preferred. The Union Pacific people owned \$37,000,000 of the common and about \$40,000,000 of the preferred, which was a clear majority of all the stock of the Northern Pacific and claimed the exclusive control of the Northern Pacific railway and their ownership and control of one-half the Burlington."

"When it was known that these preferred shares could and would be paid off and before the annual election, mutual negotiations resulted in Mr. Morgan giving them a representation on the Northern Pacific board. When I was advised of my election I notified them that I could not legally act as a director of the Northern Pacific and Great Northern at the same time, and I resigned after the first meeting of the board.

Genesis of Northern Securities Co.

"Several of the gentlemen who have long been interested in the Great Northern and its predecessor, the St. Paul, Minneapolis & Manitoba, and who have always been among its largest share holders but not the holders of a majority of its stock, whose ages are from 70 to 85 years, have desired to combine their individual holdings in corporate form and in that way secure permanent protection for their interests and a continuance of the policy and management which has done so much for the development of the northwest and the enhancement of their own property in the northwest and elsewhere. Out of this desire has grown the Northern Securities company. It became necessary (in order to prevent the Northern Pacific from passing under the control of the Union Pacific interests and with it the joint control of the Burlington) to pay off the 75,000,000 of Northern Pacific preferred. The enormous amount of cash required for this purpose from a comparatively small number of men made it necessary for them to act together in a large and permanent manner, through the medium of a corporation, and the Northern Securities company afforded them the means of accomplishing this object without the necessity of asking a

separate company to finance the transactions for the Northern Pacific; while, at the same time, the credit of the Northern Securities company would be much stronger as it would also hold a creditable amount of Great Northern and other securities.

The Northern Securities company is organized to deal in high-class securities, to hold the same for the benefit of its shareholders and to advance the interests of the corporations whose securities it owns. Its powers do not include the operation of railroads, banking, mining nor the buying or selling of securities or properties for others on commission; it is purely an investment company and the object of its creation is simply to enable those who hold its stock to continue their respective interests in association together and to prevent such interests from being scattered by death or otherwise; to provide against such attacks as had been made upon the Northern Pacific by a rival and competing interest whose main purpose was to prevent the growth of the northwest and whose only object in buying control of the Northern Pacific was to benefit their southern properties by restraining the growth of the country between Lake Superior and Puget sound and by turning away from the northern lines the oriental traffic which must follow, placing on the Pacific ocean of the largest ships of the world.

Effect on Public Interests.

"The foregoing is a brief and absolutely correct statement of whole subject and its truth can easily be verified by the state of Minnesota or any other state or person having sufficient interest to investigate the facts which are all matters of record.

"Now, as to the effect of what has been done upon the public interests of the country; let me ask a few questions which I want every candid and honest man to answer for himself.

- Did the Union Pacific people with their railway lines extending from Omaha and New Orleans to the severest states in the middle west and south, purchase a majority of the stock of the Northern Pacific company for the purpose of increasing the growth and prosperity of the northern country, or was it for the purpose of restricting such growth and adding to the interests of the southern states?
Did they purchase the Northern Pacific stock for the purpose of building up the Asiatic trade between the northern zone lying from St. Paul and Minneapolis to the Pacific coast, or in order to control the oriental trade for their own southern railway lines through their own seaports, over their own ships?

Thinks His Action Helpful.

"In defeating their control of the Northern Pacific, and retaining in the hands of those who had built it up with it the entire northwest, did we injure or benefit the people of the northwest?"

"Did I by inducing my friends to hold their Northern Pacific common stock and act jointly with Messrs. Morgan & Co. when this stock was selling at 500 to \$1,000 a share, thus preventing the Union Pacific from controlling the northwest, injure or benefit every interest, agricultural, business and otherwise of the entire country between Lake Superior and the Pacific ocean?"

"Had we sold our 20,000,000 of Northern Pacific even at \$500 a share, amounting to \$60,000,000, or nearly forty millions more than its present value, and transferred to the Union Pacific control of the entire country between Canada and Mexico, what law of Minnesota would we have violated? Could we not legally have put the money in our pockets and let the country learn what it was to be dominated by a parallel and competing railroad?"

"Has there ever been a case in the history of this country when men have dropped their money profit and stood as firmly by the interests of the community which had grown up with their own and largely by their own efforts and capital?"

Not a "Consolidation."

"The public is interested in having a good railway service and at fair and reasonable rates. The past is gone and speaks for itself; I can speak for the future, and I have no hesitation whatever in saying that the increased volume of traffic both through and local will enable the companies to reduce their rates in proportion to the volume of such traffic."

Drillers Find Boat and Cargo

Special to The Journal. Sioux City, Iowa, Dec. 21.—A bill of shipment from St. Louis of a cargo of hats, caps and shoes for Tootle & Jackson arrived here to-day, forty-five years late. Ely Brothers of Holt, Mo., in drilling on their farm struck a steamboat and found it laden with goods for this firm, both of whom died thirty-five years ago. The boat was buried fifty feet, twenty miles from the Missouri river's present channel. Records here show that Tootle & Jackson lost four steamboats about that time.