

ARMOUR DENIES COMBINE EXISTS AMONG PACKERS

Takes Stand at Capital in Fight to Repel U. S. Control.

(Continued from first page.)

is attempting to dominate the whole sale grocery business is untrue; its total interest in this line being only 4.8 per cent of its general business.

That the company does not own and has no interest in the canneries which pack salmon, tuna, or other fish or vegetables.

That Armour & Co. has no intention of engaging in the retail business.

Not Based on Agreement.

That the percentage purchase chart prepared by the federal trade commission shows merely the proportions as developed during years of business, but is not based on agreement between the packers.

That the business of Armour & Co. is conducted in accord with the highest and best business ethics of the day, and that the purpose is to give the best possible service to the public.

That during the last eighteen years, including the war period, the earnings of Armour & Co. on the actual investment and appraisal value of the business averaged 8.9 per cent.

Mr. Armour concludes with a declaration that passage of the proposed legislation would seriously affect business conditions in general.

Change Would Reach Far.

"If a monkey wrench is thrown into the gears of this business, its effect will not be confined to the meat packing industry," said Mr. Armour. "It will affect the ability of the packing industry to properly function is impaired, it will affect the live stock industry, and it, in turn, will affect corn prices. What will then be drawn in, and so will bread and so will labor, and so will every thing that has for its basis the wealth produced by agriculture.

"The theories on which pending legislation is based are not constructive; they are not progressive. They are reactionary. They would deprive the great manufacturing and marketing machines which half a century of enterprise has evolved and the results would be detrimental, not alone to the leading industry of this nation, but even more so to that portion of the public which produces and which consumes food, and which must have food brought within its reach in shape to eat."

Brings Up Yards Company.

One of the matters not dealt with in Mr. Armour's formal statement regarding which he was questioned was the financial history of the Chicago Union Stock Yards company. Representative Doremus of Michigan brought up the topic.

"Is Mr. Colver's testimony regarding the incorporation of the Union Stock Yards company under the laws of Maine substantially true?" asked Mr. Doremus. "I refer particularly to the incorporation by yourself and Mr. Prince of Boston of the company at a capitalization of \$1,000,000 and the subsequent increase to \$5,000,000, without adding a dollar of cash," Mr. Colver testified, I believe, that your cash contribution to the capital stock of the corporation was \$194,000."

"I don't know just how much it was, but I can get the figures for you," replied Mr. Armour.

No Cash for Increase.

"Is it true that the stock was increased without any additional cash investment, making your holdings worth something more than \$1,000,000?"

"That is true, but the value was there," said Mr. Armour. "I think the value of the stock yards is very much more than \$8,000,000."

"And the \$7,000,000 was not water?"

"No, sir."

Chairman Sims questioned him regarding the government ownership of stock and refrigerator cars and the branching out by the packers in other lines of business.

"In view of your loss in the operation of private cars last year, I should think the packers would be glad to have the railroads take over these cars," said Representative Sims.

"I think our position on that is quite clear," replied Mr. Armour. "We have no objection to being relieved of the private cars providing we can get some tangible guarantee of getting enough cars to prosecute our business from day to day."

Doubts Ability of Railroads.

"But you question whether or not the railroads would do so?" queried Mr. Sims.

"I question it very much," answered Mr. Armour.

"You have shown how the packing companies engaged in other business," continued Mr. Sims. "In so far as a

Packers' Agent, \$32,400 a Year Man, Tells Senators of Aiding U. S. as Labor of Love

(BY A STAFF CORRESPONDENT.)

Washington, D. C., Jan. 21.—[Special.]—Thomas F. Logan, packers' lobbyist, told the senate agriculture committee today how he went abroad last November in company with Edward N. Hurley, chairman of the shipping board, and Herbert C. Hoover, food administrator, and sat with them in inter-continental conferences held for the purpose of supplying Europe with food from America.

Mr. Logan admitted his salary from various employers aggregated \$2,700 a month and that this was paid to him while abroad with Mr. Hurley and Mr. Hoover. At the same time, the government of the United States was paying his expenses abroad, he stated. Mr. Hurley knew about his connections with the packers, he testified.

Senators questioned Mr. Logan closely in an effort to establish a connection between packers' products and the movement to feed Europe. Mr. Logan vigorously denied he ever communicated with the packers while he was abroad, but admitted that it was generally conceded in the committee that America would have to feed Europe.

Committee Quizzes Witness.

Members of the committee directed many searching questions at Mr. Logan to bring out his activities among government officials in Washington on behalf of interests which he represented. Mr. Logan, formerly a newspaper man, said he had given up active newspaper work some time ago to devote all of his attention to his present work.

He is still retained as the technical head of the Washington bureau of the Philadelphia Inquirer, he stated, but the money he receives from this source he pays to other men who do the real work.

Mr. Logan admitted there "might be such a letter."

"Then why do you sit there and try to tell this committee that you didn't know members of the federal trade commission?" Senator Kenyon asked.

Suggested Hurley's Thoughts.

Mr. Logan said he had known Mr. Hurley about four years and that he had helped the shipping board, even to "suggesting thoughts" for Mr. Hurley's speeches.

Asked for light on the purpose of his visit abroad, Mr. Logan explained that

Mr. Logan stated his monthly income as follows: From Swift & Co., \$500; from the Atlantic Refining company, \$700; from the General Electric company, \$200; from the Standard Oil company of Indiana, \$500; and from the Freeport Sulphur company, \$500. In addition he testified he receives an annual salary at the rate of \$500 a month from the Standard Oil company of New Jersey.

It was shown that Mr. Logan gave the packers a tip on the appointment of Mr. Hoover as food administrator several days ahead of the official announcement from the White House. He was also questioned about his association with the members of the federal trade commission. Mr. Logan denied he knew them.

"That is all camouflage," interrupted Senator Kenyon of Iowa, impatiently. The senator showed he was intimately associated with Mr. Hurley while he was chairman of the federal trade commission, and with Joseph E. Davies, who recently resigned from the commission to make an unsuccessful run for the senate from Wisconsin.

"Will you deny that you wrote the packers a letter telling them things Mr. Davies told you?" asked Senator Kenyon.

Mr. Logan admitted there "might be such a letter."

"Then why do you sit there and try to tell this committee that you didn't know members of the federal trade commission?" Senator Kenyon asked.

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Asked for light on the purpose of his visit abroad, Mr. Logan explained that

"out of friendship for Mr. Hurley" he had directed the preparation of data in the offices of the shipping board bearing on German and Austrian merchant shipping.

Mr. Hurley, he said, thought he ought to be paid, but he had declined to regard the work as other than a labor of love. He added, however, that the shipping board paid his expenses abroad in 1917.

"How do you get along without you since you left?" Senator Kenyon asked.

"They were regretful when I left," Mr. Logan answered.

"What did the corporations do without you in Washington?" the senator asked.

"That's why I came back," Mr. Logan replied.

Hurley Knew About Him.

"Mr. Hurley knew all about your connections with the packers?" Senator Kenyon continued.

"Yes, he knew I was an adviser," the witness said.

Senator Gore of Oklahoma, chairman of the committee, facetiously referred to the trip of Mr. Hurley, Mr. Hoover, and Mr. Logan as "a sort of John the Baptist mission."

Mr. Logan thought it could be better described as "a Paul Revere mission."

Although he admitted he was retained by the Standard Oil company, Mr. Logan vigorously denied he was using his friendship with Mr. Hurley to promote the adoption of oil burning boilers for America's great merchant fleet.

Mr. Logan admitted being intimate with Joseph P. Tumulty, secretary to President Wilson.

He denied he was "a royal entertainer," and insisted such entertaining as he did was not charged to the packers.

rod in question and so did the price of sheep.

"Taking up the pending bill Mr. Armour said:

"I interpret this bill as an effort to dissolve an alleged monopoly and to decentralize the meat packing industry. It seems to be constructed in the belief that a great number of small units engaged in the purveying of food is better than a few which are organized on a national scale. It is charged that if the present movement in the food industry continues, it will mean the elimination of certain competing factors now existing.

Why Condemn Progress?

"I say to you that to condemn the railroad for putting the stage coach out of business is as reasonable as saying condemnation of the packing industry for the progress it has made in solving the scientific problems involved in moving food from the farm to the table.

The purpose of the demand of the world today. We have witnessed the merger of practically every civilized nation for the accomplishment of a task, which, separately, they could not have accomplished. We have seen possible defeat turned into glorious victory by the centralization of military command after the utter failure of representatives of that school of thought which fears to create power lest it be abused."

Policy of Reinvestment.

On the subject of reinvestment, Mr. Armour said:

"The policy of reinvestment has been carried out so consistently that 87.90 per cent of the total earnings have been reinvested in the business and only 12.10 per cent has been drawn out for the personal and private use of the owners."

Mr. Armour said the 400 per cent stock dividend declared in 1916 was legitimate. He cited a declaration of the federal trade commission that the company raised its capital stock from \$20,000,000 to \$80,000,000 without receiving a dollar of cash.

"That statement is entirely misleading," said Mr. Armour. "It implies that by some magic the company put its pockets of the stockholders \$80,000,000 without receiving one cent in return therefor."

"This is not a fact. By this transaction the stockholders did not receive one penny. It was merely a bookkeeping transaction, perfectly honest and legitimate in every respect. Our company was a family concern. Its few stockholders did contribute every penny of that capital. Each year each stockholder was reinvesting his proportion of the earnings of the business for that year in the business itself and thus contributing to its capital. The surplus, out of which this dividend was declared, was not a liquid surplus, but largely brick and mortar, supplies and improvements in the plant and business, having thus a growth and development of half a century."

Mr. Armour quoted from the recent annual report of his company showing a net income for fifty-three weeks of \$15,247,837.53 at the rate of 8 per cent on the average net capital invested,

and 14.7 per cent on the common stock. Two million dollars, or only 2 per cent he said, had been paid out in dividends on common stock; the balance, more than \$13,000,000, being reinvested in the business to meet the demand for additional facilities. Besides this, he said, the company had borrowed \$40,000,000. He said labor had cost \$20,000,000 more last year than the preceding year and the same number of pounds of live stock had cost \$100,000,000 more than in 1917.

Discussing aid given to the government, Mr. Armour said Armour & Co. had developed a glue which was valuable in airplane production. A gas neutralizing agent for use in gas masks also was one of the contributions of the company.

Don't Pick on Independent.

Regarding throttling of independents he said:

"The charge that there is joint action in underselling independent competitors is not true. Doubtless instances could be found where, in a limited period, one after another of the branch houses of the leading packers found it necessary to sell beef at a loss, and I can understand how the independent competitor might jump to the conclusion that it was a conspiracy to put him out of business.

"It is a fact entirely ignored by the commission, that it is the keen competition which exists between the big packers which causes the practices about which the commission complains, and from which it concludes that there is combination.

Employs Highest Ethical.

"I wish to impress upon this committee this fact: The business of Armour & Co. is conducted in accord with the highest and best business ethics of the day. A generation ago, various pools and combinations of various kinds in railroads and in every kind of business were common and of every day occurrence, were ethical and supposedly legal, we were then sometimes a party to them; but when new legislation or new interpretations of existing legislation made such pools and combinations improper, we absolutely ceased to be parties to any of them."

"The pending bill asks you and the world to believe that for the very limited margins, such as those we have made and are making, the law and the ethics of the highest business have been ignored by Armour & Co. The charge is not true."

Mr. Armour submitted a table showing some comparisons with other corporations as follows: Armour & Co., according to the table, made 15.58 per cent in 1917 on its total investment, and 9 per cent in 1918. The American Beet Sugar company in 1917 made 24.02 per cent; the American Woolen company, 8.19 per cent; Bethlehem Steel company, 16.8 per cent; Corn Products company, 12.21 per cent; Quaker Oats company, 20.2 per cent; Standard Oil of Indiana, 32.20 per cent; U. S. Steel company, 31.1 per cent; U. S. Steel company, 17.2 per cent.

DENEEN SLATED TO TAKE CHARGE OF OLSON FIGHT

Brundage Forces Agree to Selection of Former Governor.

(BY A STAFF CORRESPONDENT.)

Washington, D. C., Jan. 21.—The opening gun in the bitter partisan fight which has been brewing in the senate since Henry Ford made the charge that Commander Truman W. Newberry was elected to the senate by fraud and corruption was fired this afternoon, when Senator Pomerene attempted to report favorably from the privileges and elections committee his resolution providing for a special inquiry committee to take evidence in the case. Eventually the resolution was recommended.

Senator Lodge objected to the immediate consideration of the resolution and when Senator Pomerene suggested lack of courtesy on the part of the Republican leader, Senator Lodge replied that Senator Pomerene's action savored of chicanery.

Calls Action Illegal.

During the row that followed, Senator Knox asserted that the action of the committee in taking up the Ford charges at a session this afternoon while the senate was sitting, was illegal and a high handed procedure. He asserted that the senate had no right to consider a resolution brought in this manner. Previously, in the session of the privileges and elections committee, of which he is a member, Senator Knox had refused to vote for the resolution upon the same grounds.

The Pomerene resolution provides for immediate investigation of the charges of fraud and corruption in the Newberry election, which Mr. Ford made several weeks after he had announced that he would make no contest for the seat, because he was convinced that Commander Newberry had been properly elected.

Special Committee Inquiry.

Under the resolution a special committee will be created to take testimony from witnesses and to gather other material data.

Senator Kellogg of Minnesota left the committee room before the vote was taken after protesting that to investigate the Newberry election now is unnecessary, inasmuch as the next senate, which will pass upon the question, need not be bound by evidence produced by a committee of the present senate. Senator Knox declined to vote. That there will be a spirited controversy on the floor of the senate before the resolution is adopted, was indicated by the preliminary round today. Senator Kellogg practically charged the Democrats with taking advantage of their present power to jam the resolution through in order to embarrass Mr. Newberry and the Republicans when the time comes for swearing in senators in the next congress.

Chicagoan Hit by Taxi in Toledo Is Near Death

Toledo, O., Jan. 21.—[Special.]—Louis Burdick of 8411 Colfax avenue, Chicago, is near death at the Toledo hospital tonight. He was run down by a taxicab driven by William Monroe, who is under arrest. Burdick's skull and right leg were fractured.

Olson Makes Speech.

Judge Olson spoke last night before the National Credit Men's association at Hotel La Salle. In the course of his speech he said:

"Most legal controversies, growing out of commercial transactions between business men, should be brought in the courts. Commercial arbitration affords a quicker, cheaper, and better way to adjudicate these disputes. In these times of economy of time and effort is emphatically demanded. But it is not so much the economy which I wish to speak of, as the fact that arbitration affords better results than can possibly come from litigation in the courts."

"As I look at it, litigation is today largely a habit that the business world has gotten into. It remains only to acquaint business men, and especially the officers of their numerous trade associations, to the advantage of arbitration to create a new and better habit, one which will save them money and worry; which will make outsiders desirous of trading in the Chicago market, and so reduce the cost of production and distribution, and build up the Chicago market."

Steel plates furnished to speed up quantity production of the Eagle boats, Leroy asserted, were thrown together and loosely bolted, insuring buckling and corrosion in actual use.

Charles T. West of Manitowoc, Wis., navy inspector at the Ford yard, testified that the "Eagle" boats were built strictly according to navy design and specifications and said they were structurally sound.

THOMPSON ASKS OLSON TO GIVE TRACTION POLICY

Mayor Thompson last night made two speeches in the Thirty-third ward, the first at the Mozart school, Palmer and Hamilton avenues, and the second at the Byford school, Iowa and Park streets. In the advance copy of his speech given out by his headquarters he was quoted as saying:

"I invite and challenge my opponent, Judge Olson, the candidate of the traction interests and the commercialized newspapers which represent and protect those interests, to lay aside the mask of public virtue which he has assumed and tell the people of Chicago whether he will aid the traction companies to raise car fares, and whether he will favor the validation of the \$30,000,000 or \$50,000,000 of fictitious valuation in the traction companies' securities. The people are in earnest about this question, and they are entitled to know how their candidates for mayor stand on it."

SERIOUS FAULTS IN EAGLE BOATS, WITNESS SAYS

Washington, D. C., Jan. 21.—Harris E. Leroy of Saginaw, Mich., formerly a constructor at the Ford Detroit plant, testified before the senate naval committee today that the Eagle boats built for the navy at the plant were seriously faulty in design and construction. He said the walls were weak, particularly about the engines and fireroom.

When he reported his observations to his employers, he said, they promised to report the criticisms to the navy department.

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SENATORS CLASH OVER ACTION ON CONTEST OF FORD

Knox Calls Committee Order for Inquiry Illegal.

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REVELL & CO

January Clearance Sale Oriental and American RUGS

"Orientals" Kurdistan Rugs 47.50 55.00 65.00

A rare collection of soft, silky pieces, which for beauty of coloring and durability cannot be excelled. Sizes range from 4 to 4 1/2 feet wide and from 5 to 7 feet long.

"Mossul Rugs" "Your Choice" Lots 37.50 42.50 47.50

A fine collection of soft, silky pieces, which for beauty of coloring and durability cannot be excelled. Sizes range from 3 to 4 feet wide and from 5 to 7 feet long.

Baluchistan Rugs Average Size, 5x3 1/2 18.50 22.50 27.50

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It prevents dandruff—stops itching scalp—keeps the scalp clean and healthy—promotes the growth of new hair—restores gray hair to its natural original color.

Contains no oils, no fats, no dyes, only 100% natural and is colorless.

YOUTH CRAFT COMPANY CHICAGO

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THESE are goods delayed in making, due to various unavoidable causes; we bought a lot of them to great advantage; newly made, fresh from the tailor shops; made in the wanted styles of the hour

They're this season's goods and they ought to be sold quickly at the very low price we ask. You'd be getting good value at \$40, \$45, \$50 in these; we're giving you your choice from a very complete line—colors, patterns, weaves; in all the best models and in sizes to fit any \$35 figure;

THERE are also great reductions in the prices on our fur-collared overcoats and ulsters that have been \$65, \$75, \$85, \$100. Also in suits that have been \$50, \$60, \$65, \$70

A VERY special lot of fine overcoats made from Carr English meltons; lined with rich, heavy silk; the real overcoat aristocrats. They're worth \$70; we'll sell at \$47.50

Maurice L Rothschild Good clothes; nothing else Southwest corner Jackson and State

Mandel Brothers Apparel section, fourth floor Clearance of Women's and Misses' winter coats at radical reductions an extensive assortment of late winter models in the season's choicest fabrics at \$25—at \$35—at \$45 All the coats are richly lined and interlined, and many are handsomely adorned with fur. The price reductions are the most substantial we yet have announced. Women's frocks further reduced—to \$25 A varied assortment of attractive street and afternoon models in velveteens, tricotines, georgettes, wool jerseys and wool velours. Values extraordinary. Fourth floor.

Illustration of a man in a suit and hat. Text: Copyright, Hart Schaffner & Marx

230-234 S. Michigan Blvd. Spring 1919 Frocks and Gowns Distinguished New Creations Very Specially Priced \$18.75 Values Up to \$30.00 Assortments of delightful originality—styles that have just arrived from across the sea—shown for the first time to-morrow. Stunningly tailored new effects in beautiful Afternoon, Evening or distinctive dinner frocks. —Styles— Chic Tailleurs Long, Tucked Skirts Button Trimmed Satin Puffings —Materials— Men's Wear Serges Spring Taffetas Beaded Georgettes Lustrous Satins