

DENVER GATEWAY SEALED

Union Pacific Ties Up the Outlet to Colorado Roads.

HILL MEN SAY OPPRESSION

Harriman Men Say It is Only a Business Proposition for the Self-Protection of the Union Pacific.

According to the other Omaha-Denver railroads the Union Pacific has not only closed the Ogden gateway, but has nailed barred wire over and across it. The Union Pacific people admit that the gateway has been barred and nailed and that the key has been thrown away. The trouble is all brought about by reason of the fact that the Hill interests bought the Colorado & Southern property that the Harriman people wanted and wanted badly.

As soon as the Hills got hold of the Colorado & Southern they passed the ultimatum that in the near future they would have an ocean-to-gulf line and commenced building the gap through Wyoming, discontinuing only when the break occurred between the Northwestern and Burlington, whereby the latter expected to use the track of the former between Powder River and Orin Junction.

Shortly after the Hills got hold of the Colorado & Southern the Union Pacific closed the Denver gateway reasonably tight, but nothing like what it is at this time. In a general way the closing is against all competing roads into Colorado, but it hits the Burlington the hardest. Under the new order of things, if freight from Omaha goes to points in Colorado over the Burlington to Denver and from there it is routed over the Union Pacific to destination, it does not go unless the full local is paid. There is no such a thing as a through rate. The result is that the through rate over the Burlington to Denver and the local from there to destination makes the aggregate rate practically prohibitory.

MORGAN SAYS THERE CAN BE NO MONOPOLY IN MONEY AND CREDIT

house often had much to do with the stability and success of corporations. "There's another point about it," he added. "You must remember that all securities sold and traded are not always good and when there is a responsible fiscal agent there is moral strength behind them. "Will you name any instance of a railroad bond proving bad, where your firm has had to pay the loss?" asked Mr. Undermyer. "I can't remember any case, but I know there have been several," said Mr. Morgan. "All that comes out of the security holder," suggested the attorney. "Look over the whole history of the railroad business and see if you can find one case where the banker has had to stand the loss."

Mr. Undermyer turned to the fiscal arrangement with the United States Steel corporation. "Didn't you name the entire board of directors of the United States Steel corporation?" asked Mr. Undermyer. "I think I passed on it." "But didn't you hand out a slip containing the names?" "If passing on the board is naming, I am quite willing to assume all the responsibility," said Mr. Morgan. "But didn't you say who should go on and who should stay off?" persisted the lawyer. "I possibly did the latter," replied the financier, with a laugh.

Mr. Morgan said he had not passed on all who went on the board of the Steel corporation, but said no members had ever gone on the board against his protest. "Who fixed the prices at which the various subsidiary companies should go into the organization?" asked Mr. Undermyer. "I approved the price," said Mr. Morgan. "But it was left to you to determine the price at which they should come in?" "Yes, but I wasn't always able to get them at the price we wanted."

Mr. Undermyer asked if men had not monopolized railroads and industries and abused their power. "I am not discussing the question of railroads or merchandise. I'm talking about money and credit," said Mr. Morgan. He said a man might get control of the former, but could not get the latter. Mr. Undermyer asked whether Mr. Morgan thought competition among banks or concentration would be better. "I'd rather have competition," replied Mr. Morgan when pressed for an answer.

Mr. Undermyer asked about the possibilities of competition between the Guaranty Trust company and the Bank of Commerce. Mr. Morgan said that he knew nothing of the details of the management of those concerns. He said that the Bankers' and Guaranty companies had taken in seven other companies and really represented nine old trust companies. "That is an example of combination and concentration," said Mr. Undermyer. "How far do you think they ought to be allowed to go?" "I think they have got enough," said Mr. Morgan. "You don't think they ought to absorb any more?" "No. They may be forced to take in

more more companies." "Forced, for the good of the companies absorbed," asked Mr. Undermyer. "Yes, forced to absorb them to protect them." At this point the committee ordered a brief recess.

Cumulative Voting All Right. After a short recess Mr. Morgan resumed the stand, while Mr. Undermyer read into the record laws covering the voting powers of stockholders in foreign banks. Mr. Undermyer referred to cumulative voting.

"You know that there is cumulative voting in the Pennsylvania railroad. Under that plan one-seventh of the stockholders can get together and elect a director. Two-sevenths can elect two directors. Thus they can secure a minority representation. Now most directorates are controlled by bare majorities," he said. "Yes," agreed Mr. Morgan. "Don't you think that the minority should be represented in a directorate?" "I think that's a very good plan." He added: "I would favor cumulative voting if it would secure that result."

Mr. Morgan observed that the figures showing stock voting methods in foreign banks as introduced by Mr. Undermyer seemed to indicate control by what resembled "voting trusts."

"They could simply put their stock under different names and evade that law. I don't want to suggest that, but it could be done," he said. "But they don't allow that sort of hocus pocus over there," remarked Mr. Undermyer. "I think the records will show differences," he returned. "There is no place where mergers and consolidations have taken place to the extent they have in Great Britain," Mr. Morgan added.

No Combination of Bankers. Mr. Undermyer declared under the English system there were many groups of bankers entirely independent of each other and persons desiring to finance a proposition could go to any one of them. Mr. Morgan said he did not believe there was any great combination among bankers in the United States. "Do you know of any railroad financed independently in recent years?" asked Mr. Undermyer. "No, sir," said Mr. Morgan. "You don't think you have any power in any line of industry in this country?" "No, I do not."

Your power in any direction is entirely unconscious of you?" "Yes, sir." Baldwin Locomotive Deal. "Well, let's see about this concentration situation," said Mr. Undermyer. "You took over the Baldwin Locomotive works?" "Yes, we handle their securities." "Prior to that time the American Locomotive company had been formed?" "Yes."

Now, assuming that you and Mr. Baker control the great railroad systems of this country and between you, you are interested in the American Locomotive company, what chance do you think a new locomotive company would have to succeed if it would have a good chance. We could not buy all our locomotives from one company?" "Do you think it is a healthy condition for the interests in the supply companies to be identical with the interests of the railroads that buy supplies?"

Mr. Morgan said he did. Mr. Undermyer asked Mr. Morgan if he knew anything about the organization of the New York Wyoming & Western railroad to open up new independent coal roads. This railroad figured in the recent "hard coal" cases before the supreme court, where it was held that the Temple Coal and Iron company had strangled the new road.

Mr. Undermyer asked if Mr. Morgan knew Robert Bacon, a former member of his firm, had gone into the coal field and bought up the colliers, so that the new road was not built. Mr. Morgan said he knew nothing about it. The consolidation of the Lake Shore and Michigan Central railroads into the New York Central lines was brought up by Mr. Undermyer. "You believed in buying up the competing lines?" "Why, sure."

Mr. Undermyer asked about the consolidation of the Northern Pacific and Great Northern in the Northern Securities merger. "What was your idea as to the reason for destroying competition there?" asked the lawyer. "I don't know," said Mr. Morgan. Mr. Undermyer then began a series of questions about the elimination of competition in the organizations of the United States Steel corporation, but interrupted himself. "I will not go into that," he said. "That is now in litigation and I will not question you about it."

Equitable Life Purchase. Mr. Morgan testified that he bought control of the Equitable Life Assurance society from Mr. Ryan and Mr. Harriman. He secured, he said, about \$3,000,000 worth of stock, for which he paid \$2,000,000. "The company pays 7 per cent dividends?" "Yes."

About one-eighth or one-ninth of one per cent on the investment?" "Yes." Mr. Undermyer wanted to know if James Stillman and George F. Baker were interested in the purchase of the Equitable. Mr. Morgan conferred with his counsel about answering that question and finally said Mr. Baker and Mr. Stillman had agreed to take one-half of the investment off his hands if at any time he wanted them.

Mr. Undermyer insisted on knowing why Mr. Morgan had thought it good business to buy the Equitable stock at a price that paid only one-ninth of one per cent interest. Mr. Morgan said he thought it was "good for the situation."

Mr. Undermyer asked why it was not just as "good for the situation" in the hands of Mr. Ryan and Mr. Harriman. "I don't know," said Mr. Morgan. "But you thought it was better for you to have it?" "That's the way it struck me," said Mr. Morgan. He added: "That is all I have to say about it."

The assets of the Equitable company are something over \$50,000,000?" "I think about that." Mr. Morgan said he asked Mr. Ryan to sell his Equitable stock to him. "Did he say he wanted to sell it?" "No, but he said it."

Mr. Morgan said that he had but one idea about the disposition of the Equitable company. "I think it should be turned over, that is the stock, to the policyholders," he said. "That has always been my idea." "You mean sell it to the policyholders for \$2,000,000?" "For just the price I paid for it."

"Then I don't understand why you bought the stock." "Only because I thought it was the thing to do." "Then there was no reason?" asked Mr. Undermyer. "Well, that's the way you look at it," answered Mr. Morgan. "I thought it was the thing to do. Some day you'll agree with me."

"Maybe some day you'll agree with me," returned Mr. Undermyer. "Well, if I do, it will be for a good reason," said Mr. Morgan with a laugh. Mr. Morgan explained in more detail that he had thought there was a possibility of the Equitable stock being divided—that Mr. Ryan had already sold some of his.

"That was not the reason," he said. "That's only one of the things that went through my mind." "The Thing to Do." "But what would have been the harm if it had been divided?" Mr. Morgan insisted that the only answer he could make as to his purchase of the stock was that he "thought it was the thing to do."

I am ready to stand before the community on that," he declared. Data bearing on the proposed mutualization of the Equitable company was presented by Mr. Morgan's attorneys and put into the record. Mr. Undermyer then offered a statement of securities held by the Equitable, Mutual, New York and Metropolitan Life companies, issued through Morgan & Co. and now held by the insurance companies as part of their assets.



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UNION LABOR CLAUSE IS VOID

Large Number of South Omaha Paving Contracts Blocked.

CITY MUST ADVERTISE AGAIN

Street Improvements in Maple City Have Been Held Up Pending a Decision in the Case—May Appeal.

Perpetual injunction restraining the city of South Omaha from executing paving contracts aggregating \$300,000 was issued by Judge Howard Kennedy in the equity division of the district court yesterday.

Farnam 1300 Block Keeps Open House All Day Today

The Farnam street 1300 block will play Santa Claus to the people of Omaha today. All merchants have linked themselves together for the day when they will keep open house and play hosts to all who will visit that part of the retail district.

Four Libel Suits Filed Against Two Omaha Daily Papers

Libel damage suits against the World-Herald and the Daily News for \$20,000 each, were started by Ira Flannagan and Ed Gardipee, county prisoner feeding contractors, in district court yesterday.

Public Hearings on the Workmen's Bill

The workmen's compensation and employers' liability commission, before submitting its draft of a law to the governor, will hold public hearings in the council chamber of the city hall, Lincoln, Monday and Tuesday, December 23 and 24, and in the council chamber of the city hall, Omaha, Thursday, Friday and Saturday, December 26, 27 and 28.

MAN ROBBED IN DAYLIGHT ON FARNAM STREET

Mart Butler of Geneva was relieved of \$50 in cash and his Masonic pin at 9 o'clock yesterday morning while walking down Farnam street en route to the Burlington depot. A youth walked beside Butler and struck up a conversation, and after they parted company Butler discovered his loss.

Bulk Sales Law is Upheld by Supreme Court of Nebraska

E. G. McGillon of Omaha received word this morning that the constitutionality of the "bulk sales law" had been upheld by the state supreme court at Lincoln. Attorney McGillon argued the matter before the court representing the Omaha Credit Men's association.

City Commission Amends Proposed Billposting Law

No bills or papers, except newspapers and addressed envelopes will be thrown into front of back yard or on the porch or put in the mail boxes in residential districts. The city commission passed this amendment to the ordinance prohibiting unsightly placards in public places.

PERSONAL PARAGRAPHS

J. R. Haynes entertained his four brothers at luncheon at the University club Thursday. Sheriff J. H. Andrews of Buffalo county is in the city, arriving yesterday morning for a brief visit.

The National Egg-nog advertisement featuring a bottle of Guckenhimer Pure Rye Whiskey and a large illustration of an egg-nog glass. Text includes: 'Beat the yolks of six eggs and a half-pound of sugar together until it is a froth. Pour in half a pint of Good Old Guckenhimer Pure Rye Whiskey; add the whites of the eggs beaten to a stiff froth; then add three pints of whipped cream. The charm of this Egg-nog comes from the distinctive flavor of rich, ripe, delightful Good old GUCKENHEIMER Pure Rye BOTTLED IN BOND. Take a bottle home today for your Xmas Egg-nog.'