

## CAUSES OF HIGH COST OF LIVING

International Commission to Study Them Is Proposed.

MIGHT SUGGEST REMEDIES.

President Taft is to be asked by Economists to Invite Other Countries to Join in Creating an Investigating Board.

President Taft is about to be asked by distinguished public men and economists to invite the powers of the world to join in the creation of an international commission to study the questions involved in the high cost of living. A decision to this effect was reached at one of the meetings of the American Economic Association.

The proposal for the establishment of an international commission to study the causes for the high cost of living and to suggest remedies to the various governments was made by Professor Irving Fisher of Yale University. It was approved by Senators Lodge of Massachusetts, Smoot of Utah and Crawford of South Dakota, all of whom expressed the belief that congress undoubtedly would concur in any recommendation the president might make looking to the creation of such a body.

Those who discussed the subject gave various causes for the present high range of prices. All agreed that prices of the necessities of life were relatively high in all countries and that all available data pointed to still higher prices the world over.

The increase in the cost of production, higher wages, expansion of credit, the increased output of gold and a material increase in the volume of other forms of circulating medium, industrial combination, organizations of middlemen, waste in production, militarism and the universal demand for more luxuries and comforts by people generally were among the causes assigned for the present high cost of living.

"The rise in prices is not peculiar to the United States," said Senator Lodge. "It is a phenomenon that presents itself wherever we turn. The senate committee of which I was chairman investigated the subject at great length. We found it was a problem too complex to be treated with any hope of results by a single body representing only one state or one country."

"As the facts were revealed to us we came to the conclusion that high prices presented a world problem. It therefore came to the conclusion that it should be made the subject of inquiry by an international commission."

"It is important to ascertain the cause or causes and to find out if a remedy is to be had. There is a great temptation always when people are hurt by anything like prices to attribute it to something they easily can reach. It only does harm to apply the remedy in the wrong place. No commission of one country, no body of investigators of a single state, can command the attention and the acceptance which any report on this great subject ought to have. I am in favor of the appointment of an international commission as proposed. I hope this movement soon will take the form of appropriate legislation in congress. I feel very certain that in congress those who have given attention to this subject will feel it is important to secure an international commission for the investigation of this phenomenon of advancing prices."

"I approve of the formation of such a commission," said Senator Smoot, "and such investigation should be official. The lead should be taken and the means provided by our government. Every civilized nation should be represented in this commission, as every civilized nation is affected by this problem."

### SCHOOLHOUSES FOR DANCES.

Boston's Mayor Would Combat "Turkey Trot" by Opening Buildings.

In order that dances and other forms of entertainment may be enjoyed without the moral dangers sometimes present in the cheap halls of the city Mayor Fitzgerald of Boston urges the use of the schoolhouses for clean entertainments, social and athletic.

In this plan he has the support of various social working organizations, including the Public Recreation League and the Boston Social Union.

Mayor Fitzgerald saw need for immediate action, he said, when the "grizzly bear" and the "turkey trot" dances came into vogue in certain dance halls where for a small amount young boys and girls were admitted.

"The schoolhouses should be thrown open for nightly entertainment. It would be to the advantage of our boys and girls to gather in such a place," he said.

**Japanese in Woolen Industry.**  
The Japanese are making great strides in the woolen industry and by importing the latest modern machinery are striving to manufacture all classes of woolen goods that find a market in Japan. This they will probably do in a few years, with the exception of goods intended for men's outside wear, but at present the mills are making shirtings, both plain and fancy, and ladies' dress goods of various kinds.

## How Carnegie Put It Over On John D. Rockefeller

Ironmaster's Witty and Surprising Testimony Before the Stanley Steel Committee.

Thinks Now He Was a Fool For Selling to Morgan So Cheap.

Representative Gardner picked up a memorandum, read it to Mr. Carnegie and asked:  
"Would it be advisable for congress to enact such a law as I have just read to you?"  
"Such a law would be ridiculous," promptly responded Mr. Carnegie.  
"Well," replied Mr. Gardner, "what I have just read is the first section of the Sherman anti-trust law that has been on the statute books since 1890."

THE testimony of Andrew Carnegie before the Stanley committee was quite as racy as that of the late John W. Gates. It brought out that in organizing the steel trust J. P. Morgan had paid \$420,000, 000 for the Carnegie properties, of which the lord of Skibo himself received \$213,000,000. Although this was \$100,000,000 more than a previous option called for, Mr. Carnegie said he was a fool to have taken it, for the

time I think of it. It's quite a job you know, to get the best of a man with a head like Rockefeller."

Mr. Carnegie felt so good over the recollection of this transaction that he went on to tell the committee about a call that he and Mrs. Carnegie had made on the Rockefellers on New Year's day.

"When we arrived at the Rockefeller home," said Carnegie, "we found Mr. and Mrs. Rockefeller seated on the porch. Mrs. Rockefeller is a fine woman and a fine wife, but she is doing poorly now. The old gentleman was in good fettle. There he was—tall, lean and spare-smiling and beaming as happy as could be. He told us that cold weather did not affect him much, as he wore a paper jacket that kept out the weather. He gave each of us one, and it really is a fine thing to keep the body warm. We had a chat over old times, and there Mr. Carnegie indulged in an-



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ANDREW CARNEGIE.

reason that he afterward learned Mr. Morgan would have given another \$100,000,000. This reminds one of the doctor who made out what he considered a fair sized bill and when this was cheerfully paid kicked himself because he did not charge twice as much. Another human note of the same tone was struck when Carnegie gleefully chuckled about having got the better of John D. Rockefeller in an ore deal. Human nature seems much the same whether in a horse trader driving a sharp bargain with his neighbor or one millionaire dealing with another.

"What a fool I was to sell out to the Steel corporation for only \$420,000, 000!" exclaimed Mr. Carnegie with mingled feelings of emotion. "I have since learned from the inside that we could have received \$100,000,000 more from Mr. Morgan if we had placed that value on our properties."

### How He Beat Rockefeller.

The thought that he had been able to outwit John D. Rockefeller in a business deal pleased Mr. Carnegie immensely. He referred to it several times. The transaction involved the obtaining by Carnegie of ore from Rockefeller on a royalty basis of from 15 to 20 cents per ton. The Steel corporation has since capitalized the same property on a basis of \$1 a ton. Mr. Carnegie said that when he conceived the idea of leasing these ore beds he summoned James Gayley, one of his partners, and said to him:

"You go to New York and don't you come back until you have those leases."

Mr. Gayley went and conquered.

"I did Mr. Rockefeller on that trade," said the ironmaster, smiling broadly, "and I have to laugh every

other chuckle I didn't mention the ore transaction wherein I got the better of him."

"That was one time at least," he added, "that I took in my fellow millionaire."

Schwab—"There's a Man For You."

Mr. Carnegie began his testimony by telling of his humble beginnings in the steel business. He started in 1861 with \$1,500 which he had borrowed from the Third National bank of Pittsburgh and which he invested in the Keystone Bridge company.

"That \$1,500," he said, "was my start in business."

Mr. Carnegie told how early in life he had learned that a large part of success in business depended upon having the right sort of men to help and how he had drawn to himself ambitious young men of great capacity. He insisted that the Carnegie interests were built up by practical men in the trade and not by speculators. Charles M. Schwab and many others who have since become independent factors in the steel business did not in the beginning put a dollar into the trade, according to Mr. Carnegie. The entire investment of these men was in the form of brains and industry.

"There is a man for you," said Carnegie, referring to Schwab. "He's the greatest man I ever met—in his line. I mean."

Mr. Carnegie put a damper on the asking of hypothetical questions by throwing up his hands and remarking:

"Why ask a poor innocent man to give an answer to it?"

Throughout his narrative the retired pioneer of the steel industry refused

to enter into details of many transactions.

"I am free to confess," declared he, "that I never saw the inside of a book of the Carnegie Steel company. I always left the details to my partners at Pittsburgh. I lived mostly in New York or abroad. If my twenty-five partners were not able to take care of the details I don't see how I could change the situation or improve it."

All "He Got" Was \$420,000,000.

Some of the striking declarations with which Mr. Carnegie's testimony fairly bristled were—

That P. C. Knox was appointed attorney general on his recommendation. That the government's suit against the Steel corporation "blundered" and was "silly" in its declaration that the book value of the Carnegie Steel company was \$84,000,000, because this did not begin to represent the real value of the Carnegie interest.

That they had a "showdown" with the Pennsylvania in the matter of better rates and was sure he got the lowest rates, but apropos of rebating was unable to state whether the rates he obtained were lower than those granted to other shippers.

That the price of \$28 a ton on standard steel rails was fixed by conference between the three leading railroad presidents of the eastern trunk lines—the Pennsylvania, Baltimore and Ohio and New York Central—and a committee representing the payments like \$100, 000 were made in pool profits under the old Carnegie regime that was a "small matter" in a \$5,000,000 account.

Didn't Bother About Sherman Law.

That he had never heard of the railroad rate law of 1907 until recently.

That he did not bother about the Sherman law, leaving legal details to the counsel, and was too busy attending to other business to worry about a statute which had not been finally construed by the courts.

That never before had he heard of the famous Addyston pipe case, the first Sherman law case in which Mr. Taft, now president, had rendered a great decision, although the name "sounded familiar and reminded him of the Eddystone light."

That it was at his suggestion in return for recognition by the late Jay Gould that the latter's son was urged to build the Wabash connection into Pittsburgh.

That he had been told by Judge Gary recently that there is in existence a letter written by the late Senator Hoar immediately after the passage of the Sherman law declaring that the law was not intended to apply to pools.

That no tariff should be collected on products protected by pooling arrangements.

That the cost of iron and steel ore is going "to go higher" and that the supposed ore fields of the Lake Superior district are going to be depleted before many more ten year periods roll around.

That so far as the law is concerned there are so "many sides of the law," and he supposed lawyers could defend either side according to the way they are paid.

"You continually complained of high rates on the Pennsylvania. Did the Pennsylvania make you any special concessions?" asked Mr. Gardner.

Unsuspecting In His Honesty.

"Never that I know of," replied Carnegie. "I notice Senator Oliver has spoken that we received rebates. It is startling how unsuspecting an honest person can be. I was the one man in all Pittsburgh that fought the Pennsylvania on its rates. I bought the Bessemer road to the lakes. I joined hands with Vanderbilt. Vanderbilt sent for me and told me his son-in-law, Mr. Twombly, had advised him to build a road out of Pittsburgh."

"What do you think of it?" Vanderbilt asked. "I'll put up \$5,000,000. I think so much of it," I said. He said, 'So will I.' Hostetter, a wealthy man of Pittsburgh, went in on it. We agreed to build the road. I went to Europe. In my absence the Pennsylvania went to Vanderbilt and urged him to abandon the project. I returned from Europe to find that Vanderbilt had been captured by the enemy. I then went to young Gould and said to him: 'Your father once came to me at the old Windsor hotel in New York and said: 'Young man, I've been hearing about you. I'll put up the money to buy the Pennsylvania road if you will manage it and devote yourself to it.' I thanked him and replied: 'I have been a faithful clerk and friend of Thomas A. Scott of the Pennsylvania. Nothing on earth can induce me to take a step against him.'

"When I went to George Gould I told him this and offered him a chance to come to Pittsburgh. It was at my suggestion that George Gould went into Pittsburgh with the Wabash, which has been frightfully mismanaged."

"The Pennsylvania rates from Chicago to the Huntington yards at New York were higher than the rates from Pittsburgh to New York. I showed this to Roberts of the Pennsylvania and told him, 'I can't stand it any more.' It did not seem to interest him, and I declared, 'All right, Roberts; you will send for me the next time.' Then I arranged to build the road to the coke ovens. I got a note from President Roberts saying, 'I want to see you.' I sent to McCrea and said I must have rates our competitors are getting."

"Thomas sent for me and said: 'Andy, you are a Pennsylvania man. Why do you fight us?' I replied: 'I thank you for asking that. Look at that,' and I showed him my plans for the road to the coke ovens. He said, 'I want you to quit on that coke oven road.' I said, 'I'll quit when you give us the lowest rates.' We made a little memorandum. Thomas and Roberts carried it out. We got no rebates others did not get."

### OUT TO SEA BY TRAIN.

Line to Key West Just Opened Forty-six Miles From Mainland.

Key West, Fla., Jan. 23.—An unusual achievement in railroad construction was turned over to the world when a passenger train steamed across seas from Knight's Key to Key West. The terminus is forty-six miles from Florida's mainland.

The trip christened the over water extension of the Florida East Coast railway and opened a three days' celebration, in which one of the foremost figures was Henry Flagler of New York, to whom is given credit for the engineering feat. For great distances between keys the rails are supported by stretches of steel and masonry.

Warships from Portugal and Cuba and vessels of the fifth division of the American Atlantic fleet are here for the ceremonies. Assistant Secretary of War Oliver represents President Taft.

### BY WIRELESS 3,000 MILES.

Messages Received at Norfolk From Mare Island Navy Yard.

Norfolk, Va., Jan. 23.—Breaking all former records for distance overland, a wireless message was received at the Norfolk navy yard from Mare Island naval station. The message was received by Operator Dempsey of the government wireless station direct from Mare Island. The message read: "Wireless communication with the coast and west coast is improving. Sig. Mayo."

This message is the first the government ever received direct from Mare Island, a distance of 3,000 miles. The message was sent entirely overland, and the distance is greater by several hundred miles than any other message ever sent.

### Shuster at Paris.

Paris, Jan. 23.—W. Morgan Shuster, who recently occupied the post of treasurer general of Russia, from which he was dismissed on the demand of Russia, has arrived here from Vienna.

### A Strategist.

"My baby cries all night and I don't know what to do with it." "I'll tell you what I did. As soon as our baby commenced to cry I used to turn on all the gas. That fooled him. He thought it was broad daylight and went to sleep."—Tit-Bits.

### In the Pie Belt.

You talk about your breakfast foods—Most all of 'em are fine—But give me any kind of pie. It's good enough for mine.—Yonkers Statesman.

### Their Habit.

"If a telephone concern were to go into bankruptcy I would not like to be one of the receivers."

### Encouraging.

"If I were your lips to kiss Would you tell your ma, sweet miss? 'I am not, sir,' answered she, 'A bureau of publicity.'—Boston Transcript.

### A Parental Sarcasm.

"Your daughter says she will marry me or nobody," said Baron Buech de Bantley.

"Yes," replied Mr. Cumrox, with slight irritation, "and I reckon she's going to do both."—Washington Star.

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