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THE WORLD'S WORK



MAY ^{TO} OCTOBER 1905

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THE WORLD'S WORK



VOLUME X

MAY, 1905, to OCTOBER, 1905

A HISTORY OF OUR TIME

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NUMBER I

The March of Events

THE only satisfaction that one can draw from the tragic climax of that ghastly panorama in the Far East is that the Battle of Mukden marked a definite step toward the cessation of fighting. For more than two weeks the two armies, containing from 700,000 to 1,000,000 men, battled almost continuously. Field Marshal Oyama, wielding a line of 100 miles in length by telephonic communication, hurled General Kuroki and his right wing against the Russian left, driving it back to the Hun River; simultaneously General Nogi and the captors of Port Arthur crossed the river below the railroad and crumpled up the other wing of Kuropatkin's army; and at the proper moment, with the relentless precision that has characterized the whole Japanese campaign, General Oku was launched upon the unsupported centre, breaking it and driving a human wedge through the southern side of the involuntary triangle into which the Russian commander's forces had been hammered. Instead of waiting for the spring, before which all the military tacticians and omniscient correspondents had prophesied that nothing important could happen, the "frost-bound" Japanese crossed the rivers on the ice; the blinding, stifling storm of yellow dust merely served as a shield for their advance; and against this resolute bending of the rigors of nature to their purpose, against the expectation of victory and superior

generalship, the dogged bravery of the Russian soldiers was of no avail.

The full story of this most appalling battle in the world's history is not even yet clear to the world, but Mukden, the ancient capital of Manchuria, of immense sentimental and strategic importance, is in the hands of the Japanese; the Russians lost probably 150,000 men, killed, wounded, and prisoners, besides 500 guns, 60,000 rifles, and an almost incalculable quantity of ammunition, provisions, horses, wagons, fuel, railway supplies, maps, and other military stores. By their own statement, their forces were equal in numbers to those of the Japanese. It was the final pricking of the bubble of Russian military reputation so assiduously fostered, and upon which the whole burden of autocracy has primarily rested.

GENERAL KUROPATKIN'S FAILURE

NO one can withhold a feeling of admiration for General Kuropatkin in the bitter hour of this calamity. A press despatch which deserves a place in history for its naïveté recorded that, being "in urgent need of mental and physical rest," he telegraphed the Czar, assuming full responsibility for the disaster and asking to be relieved of his command. His subordinate, General Linievitch, was appointed in his place, the laconic official announcement of the change being interpreted as a cutting rebuke for the former commander-



CARLO F. MORALES
PRESIDENT OF SANTO DOMINGO

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MR. THEODORE P. SHONTS

THE NEW CHAIRMAN OF THE PANAMA CANAL COMMISSION

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See 2 of Massachusetts ...

marched. In disgrace, General Kuropatkin retired as far as Harbin, but immediately returned to the front, at his own request, as head of the First Army, the position held a few days before by General Linievitch. It was the act of a hero, and it is easy to understand the enthusiastic devotion of his men.

To the plain men of affairs, however, the plaudits of the military experts for the mannerly course of retreat in which General Kuropatkin had been engaged, smack a little too much of art for art's sake. Prince Ukhtomsky's paper, *Dawn*, published recently an extraordinary report made to the Czar by General Kuropatkin in the fall of 1903, in which he stated that war was sure to come in the Far East and expressed the opinion that it was unnecessary to run any danger from the Triple Alliance on the West, or Great Britain in Afghanistan, by sending more troops to Manchuria, as Russia could easily handle Japan on land and sea with what she had there. Clearly, he was not entirely a victim of a situation made by others. It is just a year since he assumed the supreme command of all the forces in Manchuria, announcing bombastically before leaving St. Petersburg how he was to hurl the little yellow men back into the sea. In twelve months he lost more than a quarter of a million men, he lost Liao-yang, he lost Mukden, he failed in every offensive movement, he failed to relieve Port Arthur, and the remnants of his battered army had undergone a succession of disheartening defeats and withdrawals which would have utterly destroyed their morale but for the dogged endurance which seems the basic trait of Russian character. Whatever may have been the handicap upon him by the conditions at St. Petersburg, the fact remains that he proved inadequate for his task. And General Linievitch in succeeding him confronted a vastly more difficult problem.

THE MEANING OF MUKDEN

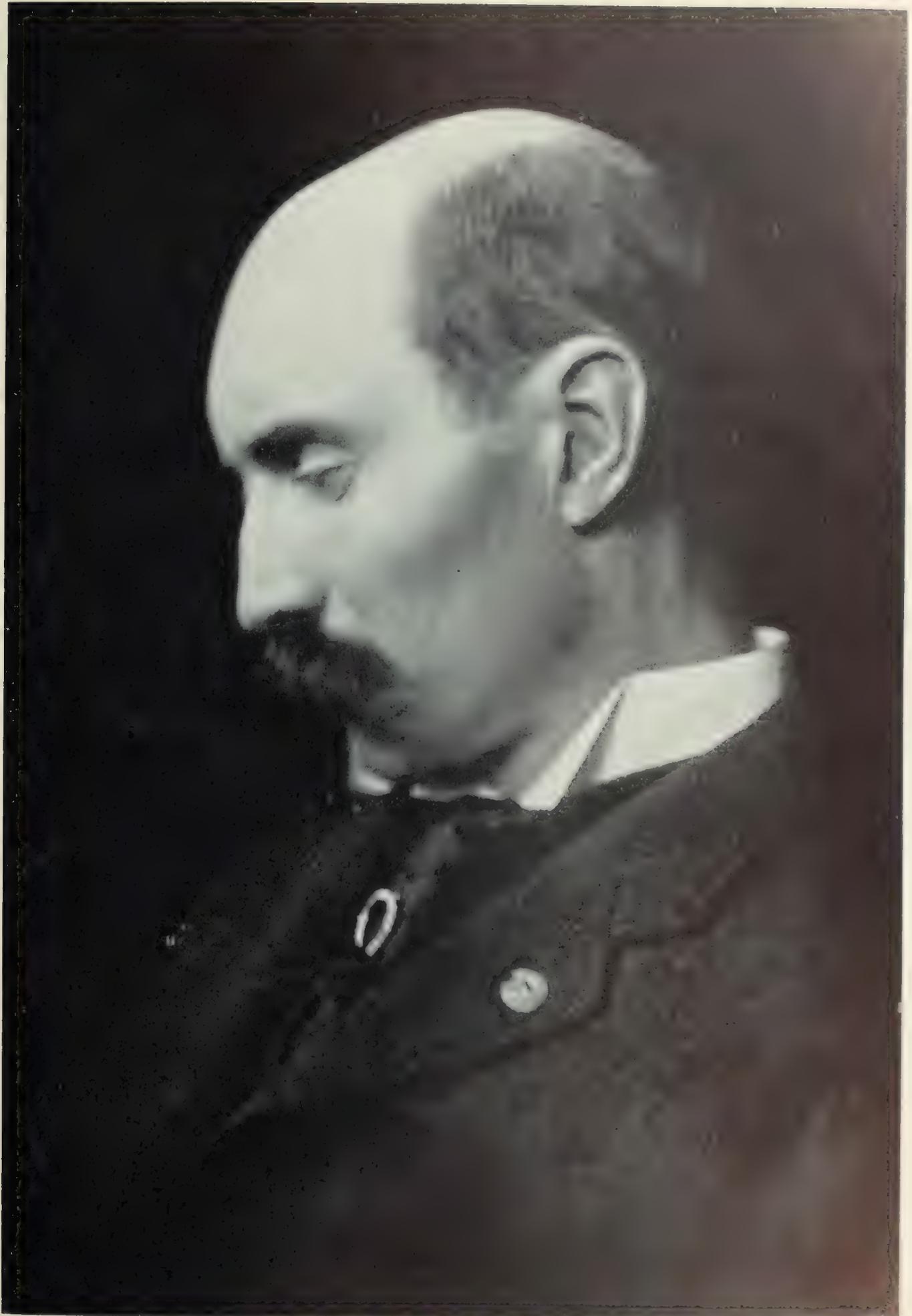
THE battle of Mukden marked virtually the end of what has been called the second stage of the war. Vladivostok is practically at the mercy of the Japanese, though it may hold out a long time. If they decide to go to Harbin, how shall the Russians see their way? In one word, Japan has conquered all of Manchuria that remains, as well as Korea.

SIGNS OF PEACE

AS this is written, the air is full of peace rumors—and following denials. It is quite possible that some definite arrangement may be announced before this comes to the reader's notice. In the light of present conditions, however, it would be rash to say that the war is ended—though the Czar's reported determination to continue at all hazards, and the new army of 450,000 men being formed, may have been merely diplomatic "jockeying" for better terms. That the already powerful peace party in Russia gained greatly in strength from the disaster at Mukden is obvious.

But there is much plausibility in the idea advanced by some of the best informed foreign observers, that Russia might have little to lose and much to gain by refusing to end the war formally, retreating beyond Lake Baikal, and recalling Admiral Rojestvensky's *Falstaffian* fleet as a guard for her home waters. This would avoid any cession of territory or payment of indemnity, which have been named in all the St. Petersburg reports as the two fundamental points of a peace treaty in Russian minds, the fighting forces could be reorganized about as well as if peace were made, and the Empire would to some extent "save its face" and avoid that open confession of military defeat so dangerous to an autocracy at any time and particularly with the volcanic mutterings of revolution already audible. The general belief among expert critics is that Russia's impelling necessity of reaching the sea, in order to work out the destiny which has become part of her fixed ideal, would make it impossible for her to remain content without at least another effort, and that peace, even if made, would be a temporary truce till she could gain strength to resume the conflict. Yet even this would be welcomed by a world weary of unnecessary carnage, and there are signs that seem to foretell it as plainly as the voice of the "warper" announces the coming of spring.

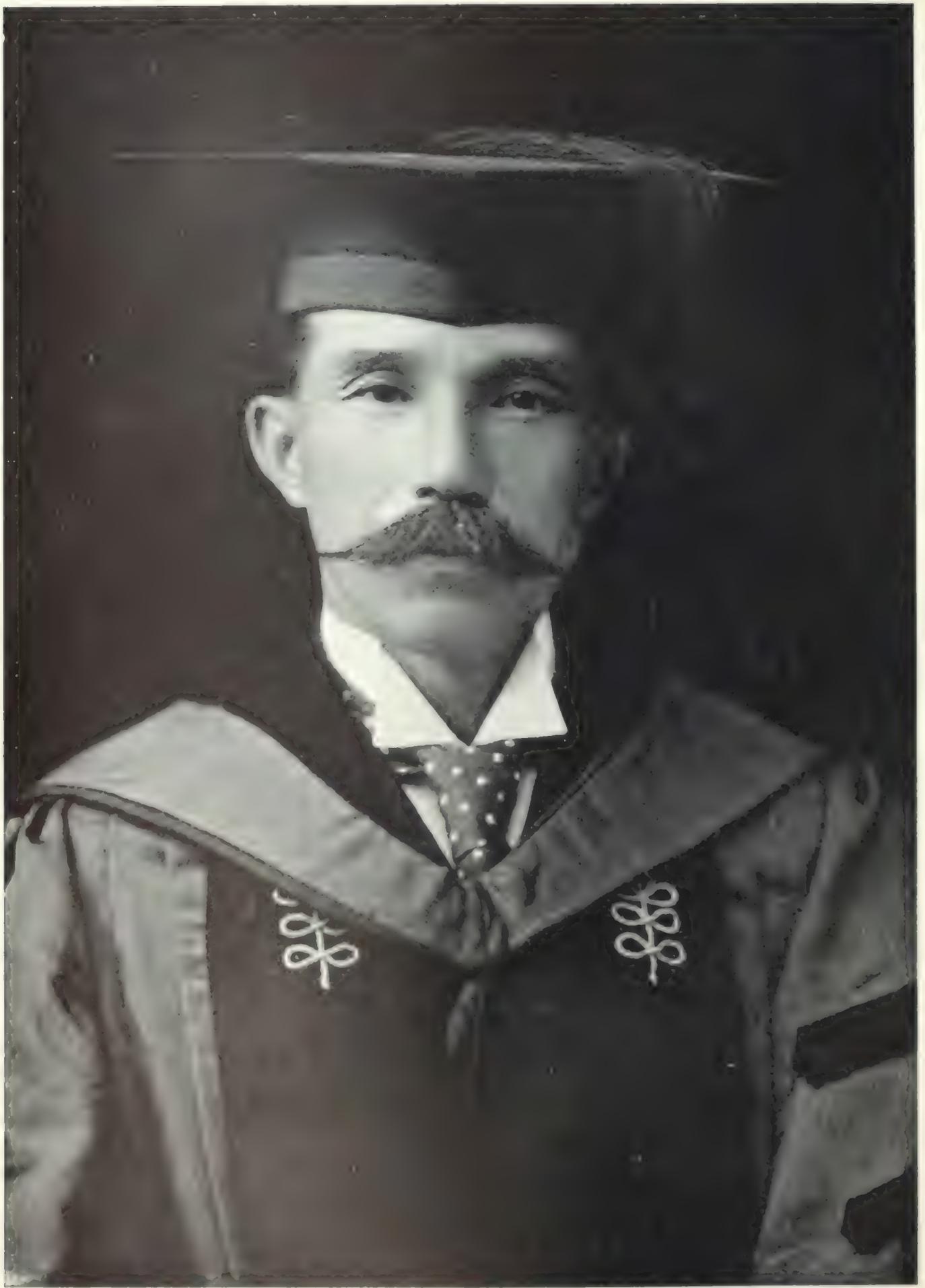
To begin with, the French bankers refused to take the loan of one hundred million dollars which had been negotiated by Russia—a most significant action which the latter government attempted to explain by announcing that the issue had been postponed. It is estimated that more than sixteen hundred millions of French money is invested in



Photographed expressly for THE WORLD'S WEEKLY

MR. JAMES FARLEY

WHO HAS MADE STRIKE-BREAKING A
BUSINESS OF NATIONAL PROPORTIONS



BARON BENTARO KANEKO, LL. D.

FORMER MINISTER OF JUSTICE AND COMMERCE IN MARUOJI'S CABINET AND NOW SPECIAL REPRESENTATIVE OF THE JAPANESE GOVERNMENT IN THE UNITED STATES. PHOTOGRAPHED IN THE CAP AND GOWN OF A HARVARD DOCTOR OF LEGIS

Russia, and it had been an open secret in financial circles since last summer that the Rothschilds and other great Paris bankers had been merely waiting for Russia to gain some slight victory to put on pressure to stop the exhausting struggle and safeguard their interests. The news of Mukden and the alarming internal condition of the Empire apparently convinced them of the uselessness of waiting longer—and with the “postponement” Russian 4’s dropped to the lowest point since the opening of the war.

St. Petersburg retorted that outside money was not essential; an internal loan of \$100,000,000 was floated, the banks taking half and the rest going “heaven knows where.” Though free from taxation and carrying five per cent. interest, the issue brought only 96. It is true that there is always the much-discussed gold reserve to fall back upon; but, however large this may be, it could not be materially reduced without affecting public credit. An extraordinary evidence of Russia’s aroused sensitiveness to public opinion and her realization of the influence of the press was afforded when M. Kokovsoff, the Russian Minister of Finance, cabled the *London Times* and invited that paper, as the most effective reply to its scepticism concerning the reserve, to send representatives to St. Petersburg and investigate for itself. Be this as it may, it is certain that millions would suffice only to continue the war for a few weeks on its former scale; and to have the slightest hope of success, Russia must redouble her efforts and spend at least months of high-pressure preparation. In short, she is facing the possibility of that financial exhaustion so confidently predicted, when the war began, for Japan—which easily arranged to place another loan of \$150,000,000, half in London and half in New York, just after the above occurrence, and had the gratification of seeing it over-subscribed eight or ten times, as well as of securing the money at four and one-half per cent.

Stubbornness and fanaticism and pride alike bow to this final argument of lack of money; and the warnings to Japan about the danger of future Muscovite vengeance in case the peace terms are too hard, contained in interviews with high Russian officials, all pointed to a growing realization by the Russian Government that the time had come to recognize facts.

THE PUBLIC ATTITUDE TOWARD WAR

WHETHER Russia’s decision be for peace or, as suggested, for a retirement behind Lake Baikal to recuperate without any formal admission of defeat, in the hope that the Japanese may be led on into the interior to destruction—every thoughtful man will rejoice to see an end of the bloody business. It must be due to a lack of imagination that the same people who would turn sick at sight of a man run over by a trolley-car, follow the detailed accounts of these colossal killings with little more than a thrill of excitement about the outcome of the contest. It can but be demoralizing to the whole world to read day after day the terrible record of two great nations, in this twentieth century, slaughtering the flower of each other’s manhood until all Manchuria has become a shambles.

When an “act of God” like the eruption of Mt. Pelee wipes out 25,000 human beings, the civilized community stands aghast; but it watches, with more than a trace of Roman zest at a gladiatorial combat, while human beings by the hundred thousand are slain in all the horrible ways which modern science has perfected, in order to settle a national quarrel. We call a land semi-barbarous where a man’s difference with another can be terminated only by the murder of one party; yet in international disputes the ultimate appeal is still to brute force. Surely it cannot be many more generations before the nations shall follow the example of the individuals and communities forming them, and erect a Court which shall do away with this vast squandering of human life and treasure and progress of every sort.

WHAT THE WAR HAS COST RUSSIA

A SENSATION was caused in St. Petersburg and throughout the world by the statement in the Russian army organ of what the War Office had accomplished up to March 12th. This showed that 13,087 officers, 761,467 men, 146,408 horses, and 316,321 tons of supplies had been sent to the front over the Siberian Railway, and was issued as a reply to scathing criticisms of incapacity. But the public seized upon it as an admission that nearly half a million Russians have been lost since the beginning of hostilities, and if this be true, nearly a third of the number must have perished from disease—a striking

contrast to the almost incredible success of the Japanese in sanitary control. It is estimated that a thousand millions of dollars have gone in the same dreary way; a whole navy has been annihilated, the internal loss is impossible to compute, but correspondents assert that "enough grain is thrown away alongside the railroads every week, owing to lack of transportation facilities, to cover St. Paul's Cathedral"; and the blow to national prestige is incalculable. It is a staggering total, even of the items now known. Hardly the least of the losses, intangible as it is, is the change from awe to ridicule which the world's attitude toward Russia has undergone. The official Muscovite seems seriously lacking in both a sense of shame and a sense of humor, and the other nations have had to hide their faces at sight of his blustering pomposity in the midst of slingshotful defeat, and such manifestations as the statement that official circles in St. Petersburg were encouraged and confident because of the "excellent reports" from Admiral Rojestvensky as to his—target practice!

THE REAL REVOLUTION

MEANWHILE, amid the speculation about the chances of a Russian revolution, one is apt not to realize that the nation is already undergoing a revolution. Contrast the situation a couple of years ago with that to-day and the magnitude of the change becomes at once apparent. The leading newspapers and magazines print articles against the war which would formerly have been their final utterance, and prominent individuals are hardly less outspoken; liberal papers spring up in St. Petersburg, gaining circulations of twenty-five thousand copies in a few weeks—and the censor does not blot out even criticisms of the Government, the preliminary censorship on books has been abolished and it is no longer possible for the censor to suppress a book absolutely on his own responsibility. The reforms come slowly but surely: the Ministry of Public Instruction has just begun to draw up a plan for compulsory primary education, a commission is considering methods of selecting the delegates promised in the Czar's rescript, the ministers have recommended the abandonment of the compulsory use of Russian in the schools of Poland, and the other brutal efforts to "Russify" that unhappy country: the conscription has

been suspended in Finland until 1908; and another gathering of delegates of the Zemstvos, scheduled for the end of April, will probably serve to hasten matters. Almost more important is the movement to make the Church independent of the State and help to break the hold between clergy and autocracy, who are now in combination to further their respective ends in a joint enslavement of the people. A plausible and circumstantial report makes the call for a national religious Assembly to further this and the work of M. de Witte, who is supposed to be working against the paralyzing tyranny of M. Pobiedonostzeff, the Procurator of the Holy Synod, and the rumor that the Procurator had resigned in anger was taken as an indication of the internecine struggle.

The Slav is awakening. The only question seems to be whether the new wine of knowledge will drive him to insurrection or whether he will be content for a time with the reforms which he will undoubtedly wrest from his masters. The war has done this at least: it has kindled a flame which can never die down again into the blackness of semi-barbarism in which so large a part of Russia formerly walked blindly.

ASSASSINATION AND UPRISING

THE avowed revolutionists find plenty of signs to encourage them in their belief that this movement is about to be accelerated by an outburst of violence. Following hard upon the murder of Grand Duke Sergius, March saw an attempt to kill the Chief of Police of Warsaw, Baron von Nolken, who escaped alive only because his assailant threw the bomb behind instead of under the carriage. Almost simultaneously a Russian governor of Viborg was shot by a Finnish workman. April began its record with the assassination of the Chief of Police at Lodz. The city of Yalta in the Crimea has been the scene of fierce rioting, which has spread to Sevastopol in the shape of incendiary fires. Roving bands of peasants continue to pillage and burn property in some forty-five districts; practical civil war was declared to exist in the Caucasus, in one district of which hundreds of peasants surrounded a monastery demanding that it be turned over to them. Latvia was proclaimed in a state of siege, and from the outside the whole peasantry seems harrying upon a Jacquerie.

The revolutionists have been printing incendiary newspapers and proclamations in Paris and Geneva by the tens of thousands, smuggling them across the line and distributing them broadcast. They apparently succeeded in starting among the ignorant moujiks an idea that the great landed estates were to be parcelled out among them—a proceeding which the latter have in some localities been anticipating; and the seriousness of all this has been increased a thousandfold by the terrible condition of many rural districts, for it takes little incitement to make a starving community forget the laws. In addition, 12,000 men were on strike in St. Petersburg at the beginning of April, and a graphic account of the city by a special correspondent of the *Outlook* showed clearly that the whole mass of the people is seething with discontent and apprehension, held in check only by the encircling bayonets. The clergy have for the most part obeyed the orders of the Holy Synod dutifully, distributing in the churches pamphlets which call upon the faithful to rally around the sacred autocracy, and in every way doing their best to quiet the peasants; and the fact that their efforts have made little impression shows how strong is the tide, for the Russian is of all people the most subservient to his parish priest. A notable instance of the break in the unanimity between Church and Government was an address in St. Petersburg itself by the Metropolitan of that city, supposed to be the mouthpiece of the Synod. It was a powerful Jeremiad, so disquieting to the authorities that they pronounced it a tocsin for a religious uprising against the whole educated class.

A READJUSTMENT OF WORLD POWER

WHATEVER may happen in Russia, or between her and Japan, no event of this generation is more largely significant to the whole world than the sudden rise of the latter country to the position of the "seventh Great Power," with a peculiarly strong position in all Far Eastern questions. Already the foreign offices are beginning to speculate upon the imminent situation when Japan shall have expanded from her home islands to Saghalien, Korea and Manchuria, with a dominant influence in the future of China. The *Spectator* voices this strikingly from the English point of view:

"Of the ideas, aspirations, and ultimate plans of that Power nothing, it may be said, is known; but—her capacities and her strength we now at least know something. We know that she can keep a secret for years, that her people will fight to the death at the word of command, that she has the European belief in science, and that she counts among her statesmen and soldiers men of the intellectual capacity to control and guide huge masses of trained men to any end she has decided on. No King thinks that he can conquer Japan; no statesman imagines that he can set aside her vote in the Pacific or the Indian Ocean as a negligible quantity. She may not govern China, but all the long-devised European plans for gaining dominant influence in China or in the Archipelago must, without her permission, be abandoned. No State can hope to make of Kiaochow a capital, or to announce that the valley of the Yangtse River is closed except to her own traders. The 'open door' has a terrible guardian; all Asia a potential advocate, whose voice if lifted, say, in protest that yellow men and white men must be treated alike, must at least be heard."

A suggestive forecast of some commercial effects of Japanese success was given by the remarks the other day of the head of a great transportation system to the Orient. "There's a great deal of talk about Russia's exclusion of foreign trade," said this gentleman, "but the people who expect that American commerce is going to find an open door in Manchuria under Japanese control will have a rude awakening. In fact, we never had any real trouble about getting goods in, with Russian mastery. There were apparently harsh restrictions, but trade flourished. What will happen if Japan has matters in charge is that we shall be greeted with effusive politeness, there will be much talk about liberty of commerce for all the world—and America and the other nations will presently find themselves facing a stone wall of secret preferentials for Japanese merchants, heavy subsidies and the like, which will enable Japan's own people to gobble up everything there is. This is not a theory, but a statement of what has already happened elsewhere."

SANTO DOMINGO AND THE SENATE

THE United States Senate took another step in the confirmation of its record as an obstructive body and in its struggle to extend its prerogatives in defiance of the President, by shelving the treaty with Santo Domingo, after amending it out of all resemblance to the proposed instrument. Like so many of the Central and South American

republics, Santo Domingo has carried a hopeless burden of debt, a legacy born of corruption, mismanagement, and thefts by adventurous foreign promoters, which each successive dictator has passed on with additions to his successor; the unpaid interest alone on the Franco-Belgian claims amounts to \$2,000,000; and, as stated last month, this treaty was designed to prevent these nations and the others who have been pressing for payment from being forced to violate our Monroe Doctrine by taking forcible action which might result in permanent occupation. It embodied the natural consequence of this doctrine—what has been termed the "Roosevelt corollary" to it: we were to collect the revenues of the island ourselves and apply a portion to the settlement of these claims.

This would be, of course, a most complicated task; we could hardly avoid pulling the chestnuts out of the fire for some very questionable owners, and there is more than a suspicion that President Morales wished our intervention to aid him in his political troubles. A vivid illustration of the sort of thing which goes on in such republics was given by the disclosure of certain negotiations carried on by a Mrs. Reader, a shrewd woman promoter, just before the formulation of the treaty, looking toward huge concessions to her company, in return for some mythical influence with this Government in the support of Morales. But it was a plain duty to do the best we could in setting in order the disgraceful state of affairs there, and it seems clear that the Republican majority saw a chance to put Mr. Roosevelt "in a hole" by tying his hands after he had committed himself to this policy.

The treaty is to come up again when the Senate meets for the extra session in October; and meanwhile, at the request of Santo Domingo, the President appointed two American collectors to receive the customs revenues and deposit 55 per cent. of them in a New York bank, looking toward the final ratification of the treaty. He also sent a financial expert to the island to study the whole matter in detail. Of course, this money cannot be apportioned by the United States until the Senate does confer authority for doing so; and this virtual adoption of the Sanders-Dillingham proposal upon which the treaty was based creates an unfortunate situation, since it is easy to imagine events at

any moment which would necessitate forcible intervention for which it might be hard to find any constitutional authority. There is no question that Mr. Roosevelt has the right to name Americans as collectors if Santo Domingo wishes; but with the usual revolutionary party ready to rise at any moment there may be trouble enough between now and the fall. The Belgian creditors, to whom more than half the debts are due, at once protested, though they had actually been getting nothing at all under their former excellent paper arrangement.

THE SENATE'S LOSS OF PUBLIC CONFIDENCE

MR. ROOSEVELT was elected President last November by the largest popular majority that any modern President has received. Since then, out of twenty-six legislative measures recommended by him, the Senate has passed two. It ratified the Newfoundland treaty; it killed by amendment the arbitration treaties to which Mr. Hay, our foremost statesman, had devoted his most earnest efforts. Do these venerable elders really understand to what a degree they have lost the confidence and respect of the people? The Senate has been built up as an enduring and unchangeable power, always grasping for new privileges, not directly responsible to the electors, concerned chiefly for its prerogatives and the protection of special interests. Connecticut has just sent a man thither who openly avows his belief in purchasing votes; Delaware is still partly unrepresented because a notorious corruptionist has bought enough of the state to prevent any one else from being elected; it is a standing gibe that a large proportion of our Senators represent, first of all, the railroads and trusts and powerful interests which bought them their seats—and their actions confirm only too plainly the tags which the public sees upon them.

An alert man of affairs went into the Senate chamber not long ago—a man with the natural respect for those in authority held by every right-minded person who has responsibilities of his own. It was during the trial of a Federal judge. "Why," he exclaimed indignantly afterward, "it was like a visit to an old ladies' home. A lot of senile graybeards who ought to have been Ostracized long ago sat about with their hands to their ears or paid no attention at all. The Republicans didn't

even stay in the chamber. And then, when the testimony taken in the House was brought forward, a tottering old gentleman rose and remarked that it was against the law to receive evidence given before the House of Representatives. Everybody knew the Judge was guilty—but they acquitted him."

Did the framers of our Constitution contemplate the erection of a body which could thus impress any fair-minded American? Doubtless they had in mind an assembly which should be stable enough to consider all matters before it with statesmanlike impartiality and freedom from sudden popular frenzies. The result has been a fossilizing bar to the public will. One Senator from Rhode Island has probably more influence to-day than all those from all the states west of the Mississippi. It is hardly an exaggeration to say that five men in the Senate control the fate of nearly every measure that comes before it. It is an anomalous and shameful state of affairs.

Fortunately, the remedy is in the people's own hands—and they are availing themselves of it as they realize the truth. One state after another is instructing its legislature in Senatorial elections; and there is hope in the general popular awakening that the coming decade will see a wholesome change in this tendency.

OUR TROUBLESOME NEIGHBORS

EXPANSION and the Monroe Doctrine have surely not made for peace and a quiet life in our diplomatic relations, and our tropical neighbors bid fair to furnish us with a continual series of problems. Venezuela is as unsound financially as Santo Domingo. President Castro's agent has apparently signed an agreement with the German, English, Dutch, French and Belgian holders of some \$26,000,000 worth of Venezuelan bonds to appropriate half of the customs duties at seven ports for the payment of interest and principal of these obligations—which would take perhaps fifty years. Thirty per cent. of the revenues at two other ports had already been set aside for other claims to be adjudicated by The Hague Tribunal. The fragments that remain will barely meet Venezuela's own most pressing needs.

So far, so good. But there are already large additional claims of United States citizens, and others are constantly arising

from President Castro's arbitrary acts. What is to become of them? And what will happen to our export trade to that country with the important customs houses in the hands of European agents? Further to complicate a bad muddle, there is personal friction between our minister and President Castro, and the latter, probably emboldened by the Senate's action in the Santo Domingo treaty, refused flatly to arbitrate the American cases against his Government, declaring they must be decided by the courts, which are notoriously his creatures.

The Federal court at Caracas justified Castro by charging that the asphalt company (the confiscation of whose property made the chief American claim) furnished funds and aid to the revolutionists under Matos; and it confirmed the President's annulment of the French Cable Company's concession, admitting, however, that the company had a case for damages. It is impossible to see clearly from the outside the reasons for events where internal scheming and the very existence of a government is usually mixed up with diplomatic negotiations; but President Castro has probably reached the limit of his rope in his efforts to play off one creditor against the other, and it cannot be long before something is done under the leadership of the United States to clear up the tangle into which he has got Venezuelan affairs. The long strained relations between Venezuela and Colombia finally reached a stage where the minister from the latter country left Caracas until matters could be adjusted.

Colombia, too, has its importunate foreign bond-holders who are trying to secure the good offices of the United States in securing "the recognition and payment by Panama of an equitable share of the Colombian debt"; but Secretary Hay declined to help them by withholding any part of the \$10,000,000 payment to Panama for the canal.

Hayti also is on the verge of one of its periodical revolutions, and the cruiser *Brooklyn* was promptly ordered thither. Altogether, one might well feel that the patience of the world and of the United States in particular should hardly endure these alleged republics much longer. Sooner or later somebody will have to end the farce of self-government in half a dozen such countries. There is as much justification for doing so as there is for jailing a drunkard who flourishes a revolver, or for

quarantining a small-pox patient—and the job will undoubtedly fall to us simply because we could not allow any other nation to do it. There will be "nothing in it" except the satisfaction of cleaning up one's surroundings. As for the results—Cuba and Porto Rico and Hawaii and the Philippines may not be in perfect order yet, but they speak for themselves—compared with Hayti and Santo Domingo.

OUR TRADE WITH OUTLYING TERRITORIES

A recent interesting statistical bulletin shows our commercial transactions with our various "non-contiguous" territories. These were in 1903:

| | <i>Imports from</i> | <i>Exports to</i> |
|-----------------|---------------------|-------------------|
| Alaska..... | \$3,787,307 | \$11,448,442 |
| Hawaii..... | 5,000,000 | 11,000,000 |
| Porto Rico..... | 1,000,000 | 11,000,000 |
| Philippines.... | 10,225,338 | 5,065,443 |
| Guam..... | none given | 100,000 |
| Midway..... | none given | 70,500 |
| Tutuila..... | 20,665* | 48,577 |

*Eleven months.

Other nations sell thirty millions of goods to the Philippines as against our five millions, and the United States furnished only a little more than half of their total imports, though it took seventy per cent. of their products in exchange of Alaska's gold.

DEVELOPMENTS AT PANAMA

DR. CHARLES A. REED, chairman of the Legislative Committee of the American Medical Association, upon his recent return from Panama, published serious criticisms in the newspapers of the sanitary conditions and the delays in construction. The Secretary of War and the President both censured Dr. Reed's action publicly—and it was doubtless an improper one. But it evidently helped to convince the authorities that the organization of the old Canal Commission was "inherently faulty"; moreover, the auditors who checked the accounts are said to have discovered great confusion and laxness in the system of accounting, and shortly thereafter all the members resigned at the President's request and the body was reorganized on a different basis with Mr. Theodore P. Shonts, president of the Toledo, St. Louis and Western Railroad, as chairman. It is understood that Mr. Shonts, Judge Morgan, governor of the canal strip, and Mr. John F.

Wallace, the former chief engineer, will be an executive committee of three in actual control of the work. The American people wish the canal to be completed as speedily and economically as possible and they have every confidence in the Government's ability to put the whole business of construction upon a satisfactory basis. An important forward step was taken in the securing of all but five shares of the stock of the Panama Railroad. The railroad's charter gave it large claims for damages in the event of a canal's being built, so its possession was essential.

THE MAN WHO IS TO CONTROL THE CANAL WORK

THE new head of the Panama Canal Commission combines great mental alertness and activity with a physique splendidly developed by well-living and constant exercise. He undertakes a task that will call for unusual administrative ability and a degree of physical endurance infrequently demanded by executive duties. Mr. Shonts was born in Crawford County, Pennsylvania, and was brought up in Iowa. Ever since boyhood he has been a typically alert and effective personality. Early in life he developed exceptional ability as an accountant and was employed by various national banks in Iowa as an expert to simplify their bookkeeping. Graduating from Monmouth College, Illinois, he became associated with General Francis M. Drake (afterward governor of Iowa whose daughter he married) in constructive railroad work. The first road constructed was the Iowa Central, of which Mr. Shonts is now a director. Afterward he built the Missouri, Iowa and Nebraska Railroad, and more recently he built and had entire charge of the Indiana, Illinois and Iowa Railroad. A number of years ago, finding himself in possession of an ample income, he retired from business, but after a few months, inactivity became irksome to him and he returned to the railroad world as one of the principal owners and president of the Toledo, St. Louis and Western Railroad, usually known as the "Clover Leaf."

Mr. Shonts is forty-nine years of age, in the very prime of physical and mental activity. The lines of his breeding follow very closely those of President Roosevelt. His father's father was a Hollander, and his paternal grandmother was of French Huguenot parentage and his own mother is Scotch-Irish.

The virility of these strains is shown in Mr. Shonts's personality and in his tremendous capability for result-bringing work. In the construction of railroads and as a railroad man, Mr. Shonts has had a comprehensive experience, in every step of the work from the acquisition of the right-of-way, through construction, operation, traffic and the general relations of a railroad to the public. There is probably no man in the United States more accurately informed on all the details of railroading. His experience on small roads and his connection with all branches of the service from construction to ownership have given him exceptional opportunities to grasp all the features of the transportation business. He is a powerful man, physically and mentally, and he has the characteristic of a strong man of forgetting neither friends nor enemies. He has been eminently successful in commanding the loyalty and best work of his subordinates, and is a thorough believer in the "square deal." With the prestige of a successful business career among the coterie of men whose business success is the pride of the Western country, and with a large private income, he has undertaken, for the love of "doing things," the most arduous and difficult task that has come to any man of his generation.

MR. HAY'S ILLNESS

MR. HAY went abroad to rest a month ago. The sensational reports of his illness were, like those of Mark Twain's death, "greatly exaggerated," but they served to bring afresh to the public's mind a realization of his achievements as Secretary of State. The United States occupies to-day an absolutely different position in the world's councils from that it held eight or ten years ago—and this has been mainly Mr. Hay's doing. He is a statesman of a calibre rare enough in American politics during the last century, and he has the confidence and good will of his countrymen to an unprecedented degree.

THE USE OF MR. LAWSON

MANY great reforms have come about through highly imperfect reformers—as when Henry VIII. gave England religious emancipation because he wanted to marry a third wife. And the scientists tell us that every creature, no matter how pestiferous, has its use in the great scheme.

Mr. Lawson, of Boston, has been protesting, with all the glibness of the shell-and-pea operator who assures his audience there is no chance for deception, that he wrote his vastly interesting serial story of the one honest man who fell among thieves, not to restore to Boston the laurel crown of mastery in best-selling fiction which Indiana long ago wrested from her, but simply because he is working for the people.

Now, there are those who assert that the "for" in this statement is superfluous. Indeed, certain unimaginative folk have declared that the whole "frenzy" is but a sublimely audacious piece of stock jobbery, a Napoleonic effort to assist the narrator in guessing correctly more than two times out of five which way the market is going. Mr. Lawson himself leaves room for such a conjecture: he says in his last virtuous burst of indignation that he has never once, "in thirty-six years of active business life," "taken from man, woman or child a dollar unfairly, much less dishonestly"; but adds that he has "played the game according to the rules"—and he has been showing us the rules these many months.

Yet even Mr. Lawson has his uses. His shrieks that a gigantic "System" is throttling the country have aroused public opinion to the consciousness that some people have been enjoying unjust privileges. We have not yet succeeded in discerning his seven men in buckram, but the last few months have seen efforts in every part of the country to safeguard that Square Deal to which these pages referred last month—the final reason for the existence of a Democracy.

KANSAS vs. OIL MONOPOLY

THUS, we print elsewhere a vivid account of the struggle in Kansas to give her producers a fair chance against the monopoly of the Standard Oil Company. It must be a long and bitter fight: the state refinery cannot be in operation till summer, the independent refinery handles only 200 barrels a day out of 40,000, and the many projects for new refineries are not yet financed; meanwhile the Standard threatens to move its headquarters to Indian Territory, tear up many of its branch pipe lines, and keep its pipes to Kansas City full of Territory oil all the time. Miss Tarbell, the magazine writer, has assured the producers that their only salvation lies

in a pipe line all their own to the Gulf, with facilities for shipping to Europe. The monopoly is confident; Kansas is determined. The company and its allies are being attacked by every legal method, but it is clear that the crux of the battle lies in making a market for the flood of oil, during the year or more before home refineries can take care of it.

CHICAGO AND STREET RAILWAYS

THE mayoralty election in Chicago, again, hinged upon a contest between the city and the street railway companies. Both the Democratic and the Republican platforms demanded city ownership as a remedy for the "intolerable" conditions which have made the "traction question" the storm centre of Chicago politics for ten years. The only difference was that the Democratic candidate promised immediate ownership, while his opponent offered a less spectacular solution based upon city ownership when possible, and satisfactory service meanwhile.

The election of Judge Dunne by the Democrats inaugurated one of the most remarkable experiments any city ever made in reclaiming misused franchises for the benefit of its citizens. Mayor Dunne is an extreme believer in municipal ownership, and makes the following optimistic claims of its advantages:

First, it reduces the cost of the utility; secondly, it increases the wages of the operatives; thirdly, it reduces their hours; fourthly, it gives more efficient service; fifthly, it totally abolishes strikes; sixthly, it leads to the permanent doing away with boodle, graft, corruption, whatever you like to call it."

He asserts that he has the greatest opportunity which ever came to a mayor in this country, and he proposes to force the street-railway companies to sell out their franchises at a fair price, raising the money by means of an issue of ten-year street-car certificates. It was announced immediately after the election that the Mayor had secured the "loan" of Glasgow's manager of municipal tramways as an adviser, and, radical as are his views, he has had the best expert advice from the start. The whole country will watch the result with keen interest, for if successful it may lead to a general adoption of Judge Dunne's very advanced "Municipal Ownership Creed" that "the people should own and operate every utility that permanently occupies public property."

STUDYING RAILWAY RATES

IN the matter of railway rates, too, the heaven is still working. The Senate Committee has just resumed its investigation of rates, to secure facts for its further consideration next fall of the postponed Esch-Townsend bill. If it can pass an enforceable law correcting, not rates in themselves, but the discrimination which includes rebates and more ingenious methods of unfairness, it will satisfy a demand which has been growing in strength for two decades.

MORE LIGHT NEEDED ON THE BEEF TRUST

COMMISSIONER GARFIELD'S report on the beef packers was a shock to every reader, the personal experience of every individual consumer throughout the United States having been of a nature which led him to judge the case in advance. The Commissioner reported that there was virtual control of the beef industry by the trust, but that their profits on their main business had averaged only about two per cent. during the last three years.

The report brought about Mr. Garfield's head the fiercest cyclone of popular protest and dissent that has been engendered by the act of any of President Roosevelt's personal appointees. Almost simultaneously the United States Supreme Court perpetuated an injunction issued by Judge Kohlsaat of the United States Circuit Court for the Northern District of Illinois, restraining the large packers at Chicago from longer pursuing their monopolistic methods. This suit was vigorously prosecuted by United States District Attorney Bethea, who has been promoted to the Federal bench by President Roosevelt, presumably as a recognition of faithful and intelligent public service. Mr. Bethea, by the way, secured his injunction as long ago as May, 1902, and although the offending packers had their case on appeal before the Supreme Court nearly three years, during the long pendency of which they continued to carry on their business in the old way, we have not heard of condign punishment being meted out to any of them for contempt of Judge Kohlsaat's solemn order.

Following closely upon the successful injunction suit in the United States Court at Chicago, the Attorney General of Missouri instituted proceedings against substantially the same packing interests for violating the

anti-trust laws of his state and secured fines, with costs, of \$5,000 each against the accused corporations.

But in spite of the plain verdicts of these two courts, Commissioner Garfield virtually acquitted the accused packers of all responsibility for the depression in the great cattle industry of the country on the one hand and the high prices of beef on the other.

While the chief element of the report in its assertive features is apparent timidity, it goes to the very verge of positiveness in such statements as this:

“The thorough investigation of profits made by the Bureau (of Corporations) shows that the profit of the packer per head or per hundred pounds of dressed beef is relatively small, and that it cannot exercise a very important influence either on the cattle raiser or on the consumer of beef. If the cattle raiser can get his animals killed and delivered to the consumer at not much more than \$1 a head over and above the actual operating expenses, he apparently has little reason to complain. On the other hand, if the consumer has to pay to the packer not over one-fourth of a cent per pound for dressed beef over and above the actual operating expenses, he has also comparatively little reason to complain. The packers are able to make a reasonable, perhaps a rather high, return upon their investment of capital, even at these low rates of profit per unit of product handled, simply because of the enormous scale of their business. The profit of \$1 per head would represent to Armour & Co. and Swift & Co. more than a million dollars a year each.”

The foregoing paragraph is the keynote of Mr. Garfield's report. Obviously the meaning of it is that he has not been able to discover any character or act of a combination between the Western packers.

Surely the Commissioner must have specially instructed his agents in the field—the men entrusted with the practical work of the year-long inquiry—at least casually to look into this vital question. In point of fact, there is excellent reason to believe that Commissioner Garfield did so instruct these agents and that they collected a mass of evidence bearing on this vital point. And this gives to Mr. Garfield's admonitory attitude toward the cattle producer and the beef consumer an unpleasing aspect.

It is not intended to assail the character, the competency, or the purpose of Mr. Garfield—his reputation for industry and honesty is firmly established—but there seems a probability of his having been misled by his

assistants or advisers. It is virtually impossible to reconcile the deductions of any two of the hundred or more tables of statistics and graphic charts that constitute the most puzzling and misleading features of the report. Nor is there agreement between many assertions of assumed facts. For example, in one place the packer's profits per steer is estimated at 80 cents, in another at 87 cents, and in another at 99 cents. These varying estimates are put forward as accurate mathematical deductions from actual operations of the packing industry as a whole. Mr. Garfield frankly admits, however, that in making them he relied wholly upon the statements and bookkeeping accounts of the packers under investigation—the parties directly interested, against whom the House of Representatives, responding to an almost universal demand and following closely the decisions of the courts, drew their indictment.

But it is unnecessary to multiply examples. The report does not give us real insight into the chief issues involved. Among these are:

(1) The relations between the railroads and the packers alleged to be in combination.

(2) The control exercised by these packers over the Union Stockyards Companies.

(3) The power wielded by the packers over the commission men to whom the cattle producer must consign his shipments in order to sell his product.

(4) The close and stiff lines of communication rigidly maintained between the packers and the banks which finance the cattle industry in the same manner as the banks financed and controlled the cotton industry under the ante-bellum system.

(5) The power to control absolutely the prices of live-stock through their command of these determining factors, and also to control the produce markets of the country through their ownership outright of the great bulk of the commodities that are dealt in on these exchanges.

(6) And last, but by no means least, how a small group of large packers in combination actually manipulate the meat prices of the nation through the power they gain by controlling more than 60 per cent. of the meats consumed in all the great centres of population. It is shown even by Commissioner Garfield that their control of the meat supply in some of the large Eastern cities amounts to more than 80 per cent.

Since the report appeared, grand juries have been collecting evidence in New York and Chicago, and there are plenty of signs of a public determination to get to the bottom of the facts about this far-reaching combination, whose operations vitally affect the daily life of the whole American people to a most unusual degree.

ACKNOWLEDGMENT

WE are indebted to the courtesy of the *Engineering Magazine* for the map of the Panama Canal published in our April issue with the article "Progress on the Panama Canal." It should have borne the legend "Reingraved from the original for the *Engineering Magazine*."

AMERICAN MILLIONS FOR JAPAN'S WAR

HOW LOANS AMOUNTING TO \$130,000,000 WERE FLOATED IN THE UNITED STATES
— BETTER TERMS FOR EACH NEW ISSUE—THE STORY OF THE NEGOTIATIONS

BY

BARON KENTARO KANEKO, LL.D.

EX-MINISTER OF FINANCE AND MEMBER OF THE CABINET OF JAPAN

YEARS ago, Japan foresaw the struggle that might be forced upon her, and undertook the systematic preparation that has since enabled her to wrest victory from a power supposedly so great that all Europe stood in awe of it. It was then that we—the government officers and their advisors outside of the Government—began to look about us for money.

We were not troubled about means to meet the usual internal administrative expenses. We knew that our administrative organization was so effective that we could actually cut down expenses in these departments for an indefinite time, give the money to war purposes, and yet not lessen the efficiency of the Government. Our monetary system had been made sound, and there was no danger there if we could provide means to meet our extraordinary war expenses.

What we had to take care about, therefore, was our credit. Our financial standing was good, we must market it where money was abundant and where those who had money would invest it in our bonds. There was "great argument about it, and about," but the dominant opinion was, that we had best go to England for financial backing during the time before we had fought out our fight and were able again to go our way without need of other people's money.

I confess that I was not of this opinion. I argued strongly that we should not confine

the offering of our bonds to England only; I told my friends in the business and the political world that it was not only London, but New York also, that ought to be made the base of our financial manœuvres, and I urged the same thing upon the Government in so far as I had influence. I was convinced that the United States was our friend, and further, that there was an abundance of money in the United States to make that country hereafter important in international finance. I was better acquainted with the United States than some of my countrymen, for I had been graduated from Harvard University and had kept myself informed upon American affairs. Moreover, I had recently returned from a visit to the United States, where I had had an opportunity to meet public men, financiers, economists, and business men, who did me the honor to talk freely about business and finances, and I had seen that the United States would surely stand in the important places of world finance before many years should pass. I believed that we need only convince the American people of the soundness of the investment we offered to have our loan taken up through the American banking houses.

Others, however, were of a different opinion, and my earnestness failed to convince them.

"You are sincere," they said to me. "Yes! But you admire the United States too much. You have been misled, and you

are overestimating their ability. You are too enthusiastic."

My countrymen were not to blame for thinking so; heretofore Europe has always handled international loans, and the European financiers were united in the belief that America could not handle such a transaction.

"Impossible," these European financiers said to us. "The United States is a borrower. It has great resources, yes. But they are not developed. We have always lent them money, and we shall have to go on lending them money for many years to develop their natural wealth. You would make a great mistake. You can not afford to do it."

The result was, that the Government decided to entrust the loan to English capitalists for negotiation; but I was right, nevertheless, and the course of events was to show it. The United States took half, not merely of the first war loan, but of every loan we have floated, and could have taken all.

As soon as we saw that war was inevitable, we hurried our financial representative to London. He found the London financiers ready to take up the loan at once, and in a short time the details were arranged. The English syndicate that contracted to supply us money was composed of Parr's Bank of London, the Hongkong and Shanghai Banking Corporation, and the Yokohama Specie Bank. On May 10, 1904, we issued bonds to the amount of \$50,000,000. This was the first Japanese war loan; the interest was 6 per cent.; the amount paid for the bonds was ninety-three and a half (London issue price); and the issue was secured by a lien upon Japan's customs receipts.

THE UNITED STATES IN WORLD FINANCE

By this time, the Japanese bonds were acknowledged to be good investments, and an American banking syndicate (composed of Kuhn, Loeb & Company, the National City Bank and the National Bank of Commerce), a representative of which was at hand, asked that it be permitted to take up half of the proposed issue, or \$25,000,000. This proposal was agreeable to the Japanese financiers, for by this time the ability of the United States to lend large sums, and the advantages of borrowing from her, had become more apparent to Japan than they had been five years earlier, when we first consid-

ered such possibilities. But the English syndicate was somewhat reluctant; its agents told us plainly that we should have to come back to them to furnish the money if we assigned any large part of the loan to the American bankers, and they added, very courteously, that they would make provision to have the money ready when we came. This time, however, the arguments for the United States prevailed, and we assigned \$25,000,000 of the \$50,000,000 to the New York syndicate. It was immediately subscribed, and the subscriptions amounted to \$100,000,000 more than the bonds.

The result was a surprise to some of my countrymen, who were still unconvinced, but perhaps it was the greatest surprise to the European financiers. They had foreseen no such outcome, and this triumphant entrance of the United States as a world power into international finance astonished them. To those of us, however, who had had an opportunity to study American resources, it was no matter of surprise.

PLACING THE SECOND AND THIRD ISSUES

In six months, we found it advisable to place a second loan, the amount this time being \$60,000,000. It was issued November 14th, at ninety and one-half pounds sterling in the hundred (London rates); and this time there was no question that the United States would take all the bonds that might be offered. The loan was therefore divided equally between the two syndicates. The Japanese customs receipts were pledged for this as for the first series. They are an ample guarantee. For last year (April, 1904-April, 1905), my Government estimated them at \$9,334,000, and for this year at \$10,000,000. Our foreign trade is increasing notwithstanding the war, and I regard the loans as absolutely secured by the pledge of these receipts.

The public evidently felt the same thing, even so early in the war, long before the fall of Port Arthur. Though the loan was placed in November—a month in which trade is at its height, crops moving, all industries most active, and money, therefore, least idle and hardest to get—more than \$60,000,000 were subscribed here, and \$150,000,000 in England. The United States would have taken all the loan.

The third war loan was floated March 28, 1905, at the low rate of 4½ per cent., the

bonds going to the subscribers at ninety pounds in the hundred. Again the United States took half (\$75,000,000). This issue is secured by a portion of the Japanese Government's monopoly of tobacco, which produced \$10,536,000 of revenue last year and is expected to produce \$16,000,000 this. There was no doubt about its safety, and the United States subscribed for \$525,000,000 worth of bonds, and England for \$750,000,000, although but \$75,000,000 worth were offered in each country! On the day the subscription closed, before a single certificate had been issued, Japanese third series bonds had risen two points upon the curb.

THRONS OF INVESTORS

In the early morning of the opening subscription day, I saw a remarkable sight. The subscriptions were to be received at the offices of Kuhn, Loeb & Company. Outside their doors, waiting the slow coming of business hours, a knot of men had already gathered. Others joined them—every train on the elevated road and every trolley car on Broadway seemed to drop passengers that threaded the chilly, draughty, narrow, downtown streets to the offices of Kuhn, Loeb & Company, increasing the crowd about their doors. Now and then a coupé or carriage stopped to deposit an elderly, clean-shaven clubman who meant to put his funds into Japanese securities, or a portly and flushed manufacturer or retired banker. Men and women swarmed on steps, sidewalk and pavement. Many grasped their subscription blanks, and not a few waited eagerly with ready bank-bills in their hands. Kuhn, Loeb & Company were not able to close until late at night because of the press of subscribers. I believe it was the same elsewhere; Boston asked for \$20,000,000 of bonds; Cincinnati for \$6,000,000.

I cannot tell with what satisfaction I saw my estimate of American resources justified. I think it something to be proud of that my country should be the first to perceive that the United States has become one of the world's bankers, and I certainly take pride in having been among those of my countrymen who had the good fortune to know the United States intimately and to be able to show Japan the resources it possesses.

I am proud, too, of the successful conduct of the negotiations. We have floated war loans amounting to \$260,000,000 with two friendly nations, at a rate which, as war loans go, is extremely reasonable—including the margin Japan must pay when she discharges the bonds. We have secured some \$236,000,000 clear cash, which is deposited in the banks of London and New York, providing our war expenses and perfectly protecting our gold reserve at home and making safe our internal commerce; and we have created a further tie between ourselves and the English-speaking nations. Our Government, likewise, has been enabled to conduct its operations unhampered by an empty war-chest, or by the fear of one. The credit of Japan is apparently higher now than it was before she incurred these debts. The moral effect upon our soldiers, too, of the successful negotiation of these loans is beyond estimation. They feel that their Government has the means to carry out its military plans, and their confidence is unshaken; and they know that the two great English-speaking nations are giving them, not merely sympathy, valuable as that is, but substantial support. They go forward, therefore, confident and courageous.

Yet another source of satisfaction is the increased knowledge of Japan implied by the ready sale of our bonds. The crowd I saw in front of the subscription offices was a crowd of teachers, merchants, executors, and retired manufacturers—the general run of people, as the American phrase goes. There were comparatively few speculators or brokers included in the distribution of the securities, for there were no securities left after the small subscribers had been satisfied. These hundreds of people had made inquiries about Japan, had learned what sort of people we are and what our resources are. They had come to believe in the future of Japan, or they would not have placed their small fortunes in our keeping. I have personally a feeling of the deepest gratitude and friendship to these friends of ours, and it is a feeling that the Japanese nation shares. The sympathy, the confidence, and the co-operation of the American people will not be forgotten while the Empire across the sea endures.

HENRY H. ROGERS—MONOPOLIST

AN INTIMATE STUDY OF THE VICE-PRESIDENT AND
ACTING EXECUTIVE OF THE STANDARD OIL COMPANY

BY

JOHN S. GREGORY

The foremost figure on the company's side in the Kansas-Standard Oil fight, described elsewhere in this issue, is Mr. H. H. Rogers. In this, as in the tale of Amalgamated and a dozen other great industrial struggles, Mr. Rogers has been a target for the bitterest criticism. For years he has really directed the Standard Oil Company—one might say he is the company. The following article does not pretend to give a complete view of Mr. Rogers, but is of interest in reflecting the intimate and personal side of one of the most discussed personalities in our business life.

If ever they should turn me out
When I have better grown—
Now hang me but I mean to have
A treadmill of my own.

A DARK-EYED boy in knickerbockers spoke these lines one day nearly fifty years ago in the little High School at Fairhaven, Mass. It was his favorite "piece." When he came to the words, "Now hang me," he stamped his right foot and his eyes gleamed with determination. The boy was Henry H. Rogers. When he was not in school he was earning fifty cents a week in odd jobs, such as energetic boys find to do about a town.

That boyhood wish uttered in the poem has come true. To-day Mr. Rogers has a treadmill of his own. He sits at a desk in a New York skyscraper, controlling the oil industry of the United States. He is the storm centre of vast financial interests. At his command and his manipulations, markets rise and fall and corporations tremble. He is worth as many million dollars as he earned cents a week in the bygone Fairhaven days.

When a boy, Mr. Rogers believed in the concentration of power. He organized his schoolmates for offensive and defensive purposes. One of the games was playing war. When he left school he became a clerk in the Union Grocery Store. It was one of a chain of stores throughout the state that, by means of combination, was able to buy goods lower than individual competitors and thereby

undersell them. This idea made a profound impression on him as he weighed sugar and counted eggs. It has been a cardinal business principle with him ever since. He has waged relentless business conflict and always marshalled his forces so that competition has been made impossible. Business with him is war. He is to-day the active head of the Standard Oil Company, around whose far-flung battle line a great industrial combat is being fought.

Stand in front of the Standard Oil Building at 26 Broadway any morning. Just before half-past ten o'clock, you will see a sturdy, broad-shouldered man with white hair and white mustache walking briskly up the steps. His dark eyes appear restless under their shaggy brows. His jaw is square and strong, and his cheeks are fresh and ruddy. At sixty-five, Henry H. Rogers is the personification of health and activity. Not one out of fifty people whose shoulders he has touched know that this man is the eagle-eyed and eternally vigilant head of a great monopoly.

Follow him into the building. An elevator whirls him to the eleventh floor. The door is scarcely snapped back before he has bounded out into the hall. To the right is an ante-room and on the door is the inscription:

NATIONAL TRANSIT COMPANY
H. H. Rogers, President

Behind this door, screened from the world by a barricade of offices, Mr. Rogers works.

The National Transit Company is the pipeline department of the Standard Oil Company, whose thousands of miles of pipe zigzag under a dozen states and transport millions of barrels of oil every year.

Part the group of messenger boys Mr. Rogers makes his way to his private office, less pretentious than the rooms about it. In one corner is a desk; in another stands a large safe. On the wall in a wooden frame hangs a report, faded and yellow, received in the Fairhaven School fifty years ago. As he sits at his desk Mr. Rogers can hear the dull roar of Broadway and sometimes the click of the stock tickers in the offices below. He can look across Bowling Green and see the waters of the bay gleaming in the sunlight.

Send in your card to him, and if you have an appointment, you will at once be shown into one of the half-dozen offices that flank the private office. The one in which most of Mr. Rogers's visitors find themselves, so far as appearances go, might be the lounging room of a New York club. Autograph letters of George Washington, Abraham Lincoln, Ulysses S. Grant, and Thomas B. Reed hang on the walls. On one wall is a row of push buttons. In this room you cannot hear the roar of the street or the sound of the tickers. It is very still. At the very minute of your appointment you can hear a door creak across the hall and a second later the door before you opens and Mr. Rogers stands before you. If your visit is personal, he will greet you with genial warmth and with a kindly light in the dark eyes. As you discuss the weather, or yachting, or some current happening, you can almost believe that you are talking with a mild-mannered man of affairs. But cross Mr. Rogers in business, meet him on the checker-board of trade, and his eyes flash, the square jaw becomes tight, and the mild-mannered man is the incarnation of power and fight.

Mr. Rogers sees many people every day, but he never allows himself to be interviewed. Some one once asked him, "How do you crowd so much work into a day?"

"I have been at it a long time," he said. "Besides," he added, "I only see people with whom I have business. And you may rest assured," he continued, "most of the people come here to get something, not to give."

Just then a messenger brought in some

registered letters and asked Mr. Rogers to sign the receipt.

"Take them away," he said, "I won't sign them."

Then he turned to the visitor. "That's one way I dispose of business. If the man who sent them can't trust Uncle Sam with the message, I don't want it."

The link, however, between Mr. Rogers and the world, is a remarkable private secretary. She is one of the most efficient and best-paid secretaries in the world. Her salary is not equalled by bank presidents in cities. She knows absolutely every detail of Mr. Rogers's business affairs and in his absence often acts for him.

When Mr. Rogers makes a gift to some charity (and he makes many), he says, "My secretary will give you a check for it." She has access to a bank account placed in her name by Mr. Rogers for just this purpose. His name never appears in the matter.

Mr. Rogers and competition are not friends. Some one once asked him if the consumer is benefited when there is not competition. Quick as a flash he said:

"If you and I were in the tailoring business, don't you think I'd try to squeeze out all the competition?"

Nothing is more characteristic of his business methods than his reply during the Standard Oil investigation in 1899, when he said: "As the man who sold two-cent cigars at sixty cents apiece in his shack in the middle of an alkali desert, remarked: 'We are not in business for our health.'"

Mr. Rogers has a keen sense of humor. Sometimes it is very grim. There was an example of it when he was put on the witness stand at Boston in the famous gas war waged there. Mr. Rogers had made a desperate fight for the gas control and had put millions of dollars into the struggle.

"What is your business?" was asked.

"I have been in the petroleum business for forty-five years."

"Anything else?"

"I was trying to think if I had been in the gas business," was his reply.

Mr. Rogers has made it a point to learn every detail of every large enterprise with which he is connected. Take oil for example. When he left Fairhaven to make his way in the world, he went to the Pennsylvania oil fields, to which speculators were flocking.

Everybody expected to make a fortune out of petroleum. Mr. Rogers had \$200, and he went into the refining business with a school-mate, Charles Ellis.

"Now look here," said Mr. Rogers when they were about to start, "I am going to learn the oil business. You run the office." And he did. He put on overalls and boots and worked at the refining stills. The result was, that when he became an oil refiner on a large scale, he could figure the business down to fractions of cents, and when he became head of the Standard Oil Company those fractions of cents meant millions of dollars.

Mr. Rogers works harder to-day than he did twenty years ago, and twice as fast as any of his younger subordinates. There is a tradition down at the Standard Oil Company about his vacations. A broker once said, "I heard that Mr. Rogers was going to take a vacation."

"Impossible," was the reply of a man near by, "the only vacation H. H. needs is a shave and a trip up the Sound."

Often Mr. Rogers entertains his friends on his yacht, the *Kanawha*. Once he took a party including Mark Twain and Thomas B. Reed to the West Indies. On the way back Mr. Reed had to leave the boat at Old Point Comfort to hurry by rail to New York to argue a law case. The yacht struck a storm after Mr. Reed left it. When he heard of it, he wrote Mr. Rogers the following letter (which is now framed and hanging in one of his offices), to which Mark Twain added a characteristic postscript:

NEW YORK, April 17, 1902.

Dear Mr. Rogers: I still think we had a most lovely trip and I am still grateful. I am told, however, that you had trouble immediately after I left, which leads me to counsel you not to take the yacht out except when you have on board persons of such weight with the community that they can keep the boat level.

The Colonel, Hilton, Foote, Dr. Rice and Mr. Twain are all well enough in their way—quite interesting people, but—they lack gravity.

Very truly yours,

T. B. REED.

This is well meant, but not well reasoned, for a yacht needs virtue as well as ballast. MARK.

Mr. Rogers has other interests besides making money for himself. He has found time to render a distinct service to American literature. The story of his friendship and

service for Mark Twain reveals a phase of his character that is little known. It began long before he knew Mr. Clemens.

Once, years ago, Mr. Rogers read "Roughing It." He liked it so much that he read it again. Then he read it to his wife and to his children. He said, "If I ever have the chance to help the man who wrote it, I will." And the chance came.

When Webster & Company (of which Mark Twain was a member) failed, every asset of the famous humorist, including the copyrights of his books, went down in the wreck. It was what is called "a bad failure." Mr. Clemens surrendered everything. Not long afterward, he walked into the Murray Hill Hotel one night with Dr. Rice, a well known New York specialist. A man with a white mustache was seated on a divan.

"There's a man you ought to know," said Dr. Rice, "and he'd like to know you. That's Henry H. Rogers."

Dr. Rice presented Mr. Clemens. Mr. Rogers knew of the Webster failure. He asked permission to be of service. In forty-eight hours he was managing the author's business affairs. He gave his time, worth thousands of dollars a day, to recoup the fortunes of a broken literary man. Into it he put all his business acumen and energy. He found that Webster & Company owed Mrs. Clemens personally \$65,000 cash lent from her own pocket, upon the firm's notes. He made her a preferred creditor, and to secure the claim gave her the copyrights of her husband's books. In this way the books were saved for Mr. Clemens. They have been his principal assets. They were worth more to him than the gift of half a million dollars in cash. Mr. Rogers saw Mr. Clemens safely through these trying business troubles. But he did not stop there. Ever since he has, with a few others, constituted himself a guardian of Mr. Clemens's business affairs. Last year he aided in consummating the deal for the publication of Mark Twain's complete works, which placed the author beyond financial care for the rest of his days. Out of that service has grown an affectionate friendship between the men, remarkable for its contrast—on the one hand the astute, vigilant man, with his finger always on the business pulse, and on the other, the lovable, dreamy humorist. They meet often, play euchre, and go on yachting trips.

Upon Fairhaven, the home of his youth, Mr. Rogers has lavished millions of dollars. He has made it an ideal town. He has built there a stone church and a fine public library. Within sight of the library is the Town Hall, imposing and turreted—another Rogers gift. Up the street is the Rogers School and near by is the Grammar and Manual Training School built by him. The Masons wanted a hall to meet in, so Mr. Rogers built them one. He has had ground broken for a new High School, and he is building a large public park.

Fairhaven has more good streets than any other New England town of the same size. Mr. Rogers built them. He is Superintendent of Streets in the town and he takes great pride in the office. He has an assistant who lives at Fairhaven and who represents him. But every time he comes to town he drives around inspecting the highways.

Everybody at Fairhaven knows Mr. Rogers. His friends and neighbors all call him "H. H." He stops them in the street and talks about old times. Until recently he used to sit around the stove at Snow's drug-store and swap stories.

When Mr. Rogers was not attending school and also when he was—he delivered a New Bedford newspaper to its subscribers on a small salary, and in this way became an early journalist.

"The way of it was this," reports an old resident of Fairhaven. "The paper was the *Standard*; so you see Henry began with the *Standard* and he's in the *Standard* line yet—oil added, with a big O. He heard that the carrier was going to quit his job, so he got some recommendations and went over and applied. Mr. Anthony, the owner, explained to him that he was starting a daily and already had forty-two subscribers, and Henry would have to carry the weekly and the daily both, but he would get seventy-five cents for the whole job. Henry took him up.

"Then Mr. Anthony said, 'Now, my boy, there's another thing: you can act as agent and get subscribers and have a commission—ten cents for every new weekly subscriber, and twenty-five for a daily.' Henry took him up, and went right out and scored one on the daily; turned in the money and called for his commission. That was soon fixed.

"What's the subscriber's name?" says Mr. Anthony. "Isaiah West," says Henry. Mr.

Anthony wrote it down on the list. Then he turned and says, 'How do you spell Isaiah?' Henry put it out with it, letter for letter, and no rebate anywhere.

"Mr. Anthony looked at him full of admiration and says 'You'll do! There ain't three people outside of the pulpit that can plow through that name and not get stuck.'

"Well, the subscriptions streamed in pretty fast, for Henry was 'tending to business. Pretty fast for four days, then Henry struck for a hundred per cent. raise on his weekly wage. 'What for?' says Mr. Anthony, surprised. 'You've doubled the daily in four days,' he says, 'and collected twenty-five cents on every new one. Come—what's the explanation?' 'It was a fifty-cent bundle before,' says Henry—'put it on the scales and see; it weighs a dollar's worth now.' 'Hanged if you *won't* do!' says Mr. Anthony, admiring him again. And he stood the raise like a man.

"Well, Mr. Anthony was telling these things around, about the boy's intellectuality and learning, and there was a doubting neighbor, who thought them pretty austere, over and went to Henry and says, 'Look here, how did *you* know how to spell Isaiah?'

"But Henry was always honest, and he answered up and says, 'I'm long sighted, and I *saw* him write it.'"

Every year until his mother died Mr. Rogers journeyed to Fairhaven for Thanksgiving dinner with her. She refused to live in his great house overlooking Buzzard's Bay, and remained in her cottage to which her son built many additions. He put in a telephone that connected her house with his New York office and home, and he spoke to her every day.

Mr. Rogers has never lost interest in the Fairhaven High School. He attends all the reunions and takes an active part in the business discussions. At one anniversary a mock session of the old school was held, and Mr. Rogers read a composition on "The Hen."

He has one son, Henry H. Rogers, Jr. Regarding his business training, Mr. Rogers has some characteristic ideas. He says, "I am not teaching him how to *make* money, but how to *take care* of it."

Mr. Rogers, in essence, is a confessed monopolist who believes that business is war, and that success is the reward of the hardest fighter.

The original sold at the sale of the Estate of A. T. Stewart, to Judge Henry Hilton for \$100,000, the highest price ever paid for a picture at a public sale in the United States. Now in the possession of the Metropolitan Museum of Art, New York City.



A MONEY TEST OF ART APPRECIATION

NEW YORK BECOMING A GREAT WORLD MARKET FOR PAINTINGS—THE IMPETUS GIVEN TO INTELLIGENT COLLECTING BY MR. THOMAS E. KIRBY, WHO HAS FOR MANY YEARS MANAGED THE MOST IMPORTANT SALES—\$66,000 FOR A PICTURE, NEARLY \$15,000 FOR A BIBLE, AND \$38,000 FOR A PERSIAN RUG—THESE PRICES AS A MEASURE OF AMERICAN INTEREST IN WORKS OF ART

BY

CHARLES H. CAFFIN

THE buying and selling of art objects is a great deal more than a sordid detail of commercialism. In our own city of New York it offers a liberal education. Up and down Fifth Avenue, and in the side streets adjoining it, there is a constant exhibition of objects of art, displayed in the windows or in the stores and galleries behind them. The exhibition is to attract buyers, but thousands can enjoy it without spending a penny. At frequent intervals a private collection is brought to the market, and the auction room for the time being becomes a gallery, free to the public or to be viewed for a nominal entrance charge. Wide, too, is the diversity of objects represented in these exhibitions—paintings, books, artistic furniture, tapestries, and the products of oriental craftsmanship, which, through carefully prepared catalogues, can be studied intelligently. And behind the interest of the objects themselves is the

fascination of the exciting chances of the auction room. Who will buy? What price will be reached?—these are questions of keen interest to the collector, and therefore to most people, for there are few who would not be collectors if they could. In this way the auction room attracts many who would never enter a museum.

The rise of the art auctions to their present importance in New York life has taken place during the last quarter of a century, dating from the Centennial Exposition. In this period came the beginning of the improvement in the public appreciation of the Fine Arts, and the introduction of European influence into American art with the astonishing progress that has resulted from it. The art sales have produced improved connoisseurship and a general diffusion of interest in things beautiful. Yet the direct impetus, which, assisted by these conditions, has made the art auctions



BLIND TOBIAS — J. F. MILLET

At the second sale of the picture of Mr. George L. Sneyd, this French picture

of New York as important as those of London and Paris, has been supplied by one man. It is the American Art Association that has reached the highest mark, and this association consists of two partners, Mr. James F. Sutton and Mr. Thomas E. Kirby. Mr. Kirby is the active partner.

A native of Philadelphia, he learned his business in the local firm of Thomas and Sons, at that time the most prominent auction house in the United States.

Into this big concern, Kirby, at the age of twelve, while still attending night school, was admitted as general utility man. At thirty he had worked his way through all the departments, filling successively every position in the office and salesroom and becoming thoroughly conversant with every branch and detail of the auction business. In the fall of 1876 he accepted a position with George Leavitt & Company, then the leading auctioneers in New York. Among the hearty good wishes which accompanied him from Philadelphia was the following piece of excellent advice from the art collector, Mr. Henry C. Gilboon:

Mr. Kirby," said he, "you will not be long in New York before you will be called upon to conduct public sales of paintings. In conducting these sales, do not attempt to criticize a painting you are selling, for, notwithstanding that you may be competent to do so, you must be content to think that your audience is also fully competent to judge of the merits of what you are selling. When in the rostrum, attend strictly to business, as you have heretofore done, holding the attention of the audience by fair and expeditious methods, thus serving the interests of both buyer and seller."

In the following year the house of A. A. Vantine & Company conveyed the idea of holding public sales of Oriental objects of art in various cities, and the scheme was entrusted to the management of Mr. Kirby. Having selected the goods which he wished to take, and prepared the catalogue, he rented halls in Washington, Boston, Philadelphia, St. Louis, and other cities; fitted them up artistically; arranged "first views" and receptions, and so successfully aroused public interest that more than a hundred and



"THE SHEPHERDESS."—J. F. MILLET

This picture is 14 inches by 9 inches, and brought the highest price ever paid for a single figure by Millet, \$22,500, at the sale of paintings in the collection of the late Mrs. S. D. Warren, of Boston.



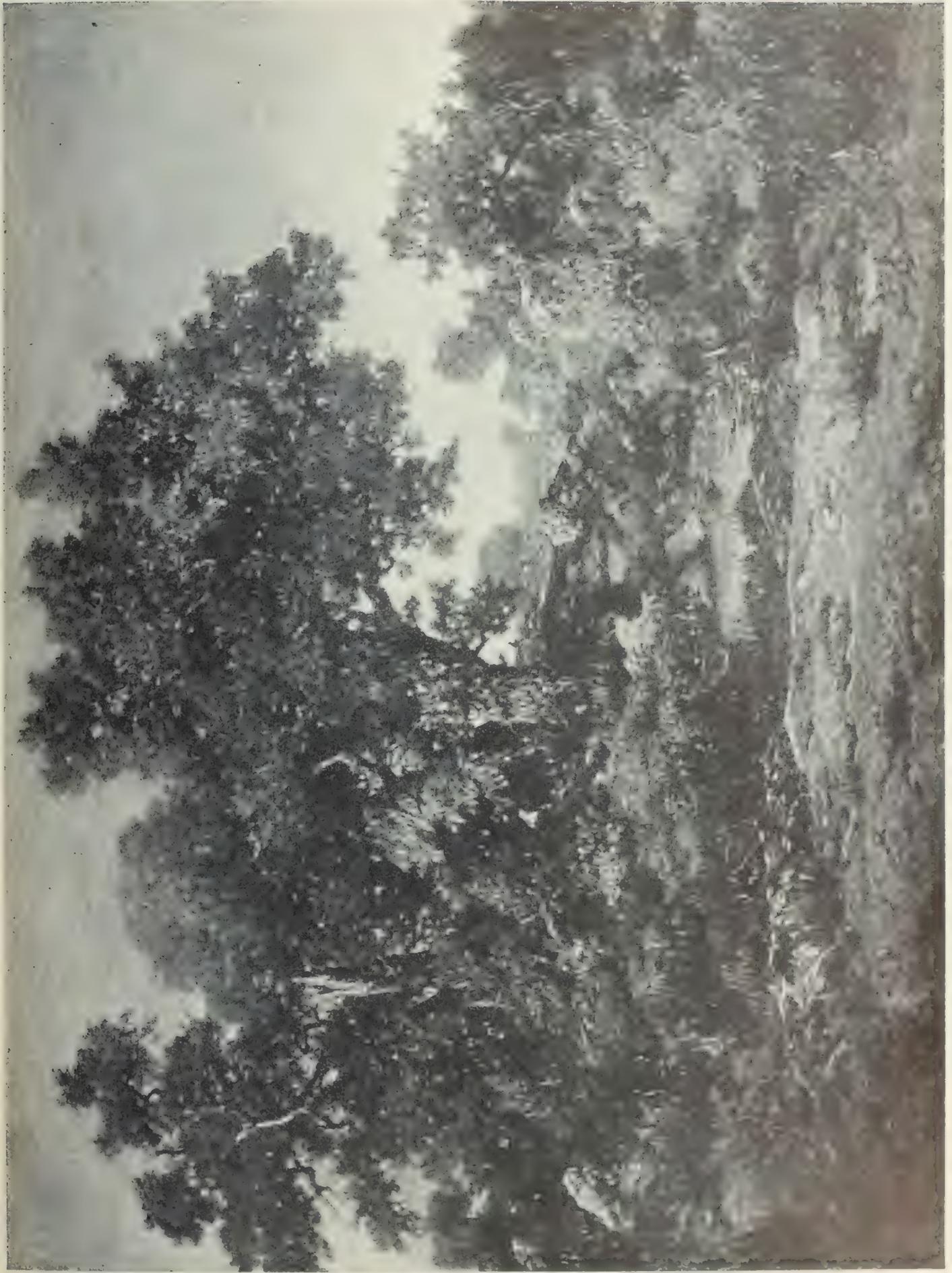
WILHELM GOEMING OUT OF THE FOREST.—ANTON MALVI
Mano, shepherd, with the gathering flock. At the point, Walters had one of his own sheep.

fifty thousand dollars was realized on the excursion. And these itinerant sales introduced to a large number of people, hitherto ignorant of it, the beauties of Oriental art.

Mr. Kirby shortly afterward became the partner of Mr. John Ortgies; and at their auction room many sales were held of Oriental porcelains, pictures, and other art objects. It was by one of these that a large turquoise vase brought the highest price up to that time recorded in this country for a specimen of Oriental porcelain. It was purchased by the late Mr. Charles A. Dana for \$1,700. Before the sale a heated controversy was started over this specimen. Several amateurs, one of them a noted collector, asserted that it was of modern fabrication. When the vase was offered at the sale it was greeted with applause. The starting price was \$500, repeated bids carried the price to \$1,000. Among the competitors was a well-known dealer who bought on order for customers. He raised the price to \$1,500, after which the competition settled down to a contest between

Mr. Dana's representative and a man behind the crowd in the rear of the room, who later proved to be a dealer acting on behalf of the amateur who had denounced the vase as modern. On the day after the sale Mr. Dana was offered \$2,500 for his purchase, and at the sale of his effects after his death, it brought \$3,300.

In 1882 the American Art Gallery was reorganized as the American Art Association, with Mr. Sutton, Mr. Kirby, and Mr. Robertson as partners. Its original intention was to provide galleries for the exhibition and encouragement of native art, with a department for the showing and private sale of Oriental objects of art, in the interest of which Mr. Robertson took up his residence in Japan and China. Exhibitions of American paintings were held for five years, from 1885 to 1889, and money prizes to the amount of \$50,000 were awarded, made up of contributions from the late W. F. Walters, Cornelius Vanderbilt, S. P. Avery, W. H. Fuller, B. Altman, Quincy A. Shaw of Boston, and



“CHARCOAL BURNER'S HUT,” THEODORE ROUSSEAU

At the sale of the William H. Fisher Collection this painting was bought for \$9,000, the highest price ever paid for an example of Rousseau's work. Now in the collection of Mr. George J. Gottard.



L'ÉMINENCE GRISE — J.-E. GÉROME

(This painting brought \$1,000 at the James A. Stillman sale, and \$20,000 at the Mrs. S. D. Warren sale.)

J. J. Little. The private sales of works contributed to the various exhibitions brought a total of \$460,580.

Meanwhile, in 1885, began a series of sales, that proved to be the most important ever held in this country. A committee, representing the Metropolitan Bank, then in liquidation, placed with the American Art Association for public sale, the collection of paintings formed by the late George I. Seney, which had been assigned by him to the bank. Until then no collection of like note had come before the public in New York, and as the time was one of financial panic, many collectors and dealers prophesied disaster. The press gave much attention to the event. Among the newspapers *criticism* was run by Professor Stillman, which asserted that the examples by Decamps, Cabanel, and Gérôme were fraudulent. Mr. S. P. Avery, who had sold the Decamps to Mr. Seney, proved to the satisfaction of everybody that it was genuine, and *public opinion* were fastening from Cabanel and Gérôme to testify to the genuineness of their pictures. The American Art Association brought suit against the paper; a sensa-

tion was started; crowds visited the galleries to see the labelled pictures, and Chickering Hall was thronged at the sale, which produced \$405,821. The paintings proved to be what Mr. Seney asserted they were, "gilt-edged" assets of the bank. Under the circumstances the suit was withdrawn. The American pictures, included in this sale, without exception were disposed of at a profit.

Then came the sale of the Mary Jane Morgan Collection, the largest ever offered in this country. A sumptuously illustrated catalogue was prepared, the first fine production of its kind issued here. Compiled under the supervision of Mr. Kirby, and largely written by him, it was favorably commented upon abroad, and the entire edition, sold by subscription, was exhausted before the day of the sale. The first view was attended by nearly ten thousand persons; during the exhibition more than one hundred thousand visited the galleries; and on the night of the sale Chickering Hall was so crowded that the doors had to be closed. Some record prices were reached—\$15,000 for Jules Breton's "The Communicants"; \$25,000 for "The Mis-

sionary Story" by Vibert, and \$12,300 for a single figure subject (8 x 11 inches) by Charles Bargue. The sale brought \$1,205,153.30.

If Vibert had been asked the day before the sale what he considered the intrinsic value of "The Missionary Story," he would have named an incomparably smaller sum than it brought. This sale, in fact, changed his merely comfortable circumstances to a prosperity which lasted many years. It must also have had an effect on the prices which Jules Breton afterward set upon his canvases. At the Seney sale his "Evening in the Hamlet of Tinistère" brought \$18,200, up to that time the highest price obtained for a single painting in this country; and now, a year later, the price has increased 150 per cent. Granting that some of this increase may be accounted for by a difference in the quality of the two pictures, a part, and we may suspect the larger part, is due to the growth of public interest in his work.

The next sensational sale was that of the Estate of A. T. Stewart, in which Meissonier's

"1807, Friedland" was sold to Judge Henry Hilton for \$66,000, the highest price ever paid for a picture at public sale in this country; and the "Horse Fair" by Rosa Bonheur to Cornelius Vanderbilt for \$53,000. Both pictures were presented by their purchasers to the Metropolitan Museum in New York.

This was the period of Meissonier's vogue, and at the subsequent sale of the James A. Stebbins Collection, "The Game Lost" (13½ x 10½ inches) brought \$26,300, the highest price ever paid for a cabinet picture by that artist. On the same occasion Gérôme's "L'Éminence Gris" brought \$13,700. It reappeared at the American Art Association in 1903, at the sale of the late Mrs. S. D. Warren's Collection, and the price reached \$16,000.

Certainly "L'Éminence Gris" is a fine example of Gérôme's art, but at the time of the Warren sale no one conversant with art matters would have said that the appreciation of Gérôme was on the increase. But a larger number of people by this time were taking a practical interest in pictures to the extent



"THE MISSIONARY STORY."—G. J. VIBERT

Which brought \$25,000 at the auction of the Mary Jane Morgan Collection. The sale of this picture was the beginning of Vibert's great success.

of learning theory, and Gerome, like Vibert—perhaps I may add Breton, and Meissonier, and a host of others represents a certain stage in the development through which the connoisseurship of the picture collector goes. He begins by buying what takes his fancy; then conviction of the personal enjoyment he



THE FAMOUS "OSTRICH EGG" VASE

The vase (presented to the Emperor by a woman) which was sold at the sale of the collection of the Emperor's collection in 1871.

can get from pictures succeeds fancy; and then it is apt to be something very different from a *conviction* that is likely to absorb his interest. Without doubt, the increased price on his "L'Enfermeur Dieu" indicated a great increase in the number of American picture buyers, which is equivalent to saying a con-

siderable growth of appreciation of pictures among the public.

At the second sale of Mr. George I. Searcy's pictures, which brought \$665,550, Millet's "Blind Tobias" brought \$40,500, and at a subsequent sale of the effects of Mr. Brayton Ives the Guttenberg Bible, in two volumes was sold for \$14,600, the highest price ever paid for a book in this country; and an Imperial Jade reached the record price for the United States, of \$4,200.

The Guttenberg Bible was, of course, an object of special interest, but the high price paid for it, reminds me of a conversation with a well-known dealer in old books, whose experience includes an intimate acquaintance with book sales both in this city and in England.

"It is not an infrequent thing," he said, "for a man to come to me and say, 'My doctor advises a vacation. I cannot afford to take it, so he tells me to take up some hobby. I have a notion to collect books.' 'Of any particular character?' I ask. 'Yes, concerning So-and-so. How much will it cost to cover the subject?' I give him a price and he says, 'Go ahead; that will cost me less than a trip abroad, all things considered.' By and by I write him that I have secured such-and-such books that he ought to buy. He asks, why? I tell him. And so by degrees he acquires a technical grasp of the subject he is interested in that equals an expert's. He makes himself a master of it to a degree that buyers in Europe, as a rule, do not begin to approach. Consequently New York is becoming a better market for choice books than either London or Paris. It is likely to become the market of the world; not by weight of money, but through the superior intelligence of American collectors."

The sale of the pictures belonging to the Estate of William H. Stewart, a Philadelphian, who had resided in Paris, was notable for the number of examples by Fortuny, whose "Choice of a Model" brought \$42,000. The catalogue was an *édition de luxe*, published in two volumes, one of the text and the other of illustrations. All the 128 pictures were reproduced in photogravure, printed on India tissue and tipped on Imperial Japan paper. It was the first illustrated catalogue of American production to be subscribed for by foreign connoisseurs.

The sale of the Estate of Charles A. Dana

brought the highest price ever paid for a Corot at public auction. "La Danse des Amours" sold for \$36,000. The highest price for a Rousseau was scored when his "Charcoal Burner's Hut" obtained \$36,500 at the sale of the William H. Fuller collection of Barbizon and Early English pictures.

Behind the dispersion of this small but excellent collection lies a little bit of what one may call, the romance of collectorship. Mr. Fuller, before he decided to sell his Barbizons, had bought one or two examples of Monet. When he was free of his old loves, he added to his Monets and bought no other pictures.

ican collectors begin by collecting for the sake of the pictures; they end by possessing pictures for the sake of themselves. One could name men who are buying pictures as they would buy stock, but they are in the minority. More and more men are buying every year, and their purchases have more to do with their individual selves.

Next in the annals of the American Art Association followed, after a year's interval, two sales of American pictures; that of the Thomas B. Clark Collection in which Inness's "Grey Lowery Day" brought the highest price ever paid for an American picture,



"A READING FROM HOMER."—SIR LAURENCE ALMA-TADEMA

Bought at the sale of the Henry G. Marquand Estate for \$30,300; a record price

Only two days before his sudden death I was talking with him in Durand-Ruel's Gallery at an exhibition of Monet's work. He said then that Barbizons, beautiful as they still seemed to him, were only pictures, while Monet gave him the real sense of out of doors. Moreover, I gathered from his conversation that, with increasing experience, he found an extra subtlety in the later artist's work; that it represented to him a further degree of æsthetic and intellectual enjoyment.

In two other well-known collectors I have found a growth of appreciation for Monet on similar grounds. I am not holding a brief for Monet; the point of more general interest is the indication of the growth of individualism in the collecting of pictures. Our Amer-

\$15,000; and the sale of the William T. Evans Collection, in which Wyant's "In the Adirondacks" was sold for \$8,000.

Among the notable events within the past few years were the sale of the Estate of Augustine Daly, including rare books, prints and autographs; the sale of the F. O. Matthieson Collection of paintings, and that of Mrs. S. D. Warren of Boston. At the latter, "The Shepherdess" by Millet, a small canvas, 14 x 9 inches, was knocked down for \$23,500, the highest price ever paid for a single figure subject by this artist.

The last of the great sales previous to the recent Waggaman sale, was that of the Henry G. Marquand Estate, at which Hoppner's "Portrait of Mrs. Gwyn" brought \$22,000;



"THE COMMUNICANTS,"—JULES BRETON

Presented by the Trustees of the Museum of Modern Art, New York City, at the request of the artist. The photograph is a reproduction of the original work of art.



"IN THE ADIRONDACKS," A. H. WYANT

An American painting which brought fame at the sale of the W. F. Evans Collection



THE GUTTENBERG BIBLE

At the sale of Mr. Brayton Ives's effects this volume brought \$14,000, the highest price ever paid for a book in this country. Now in the possession of Mr. James W. Edwards of New York City.

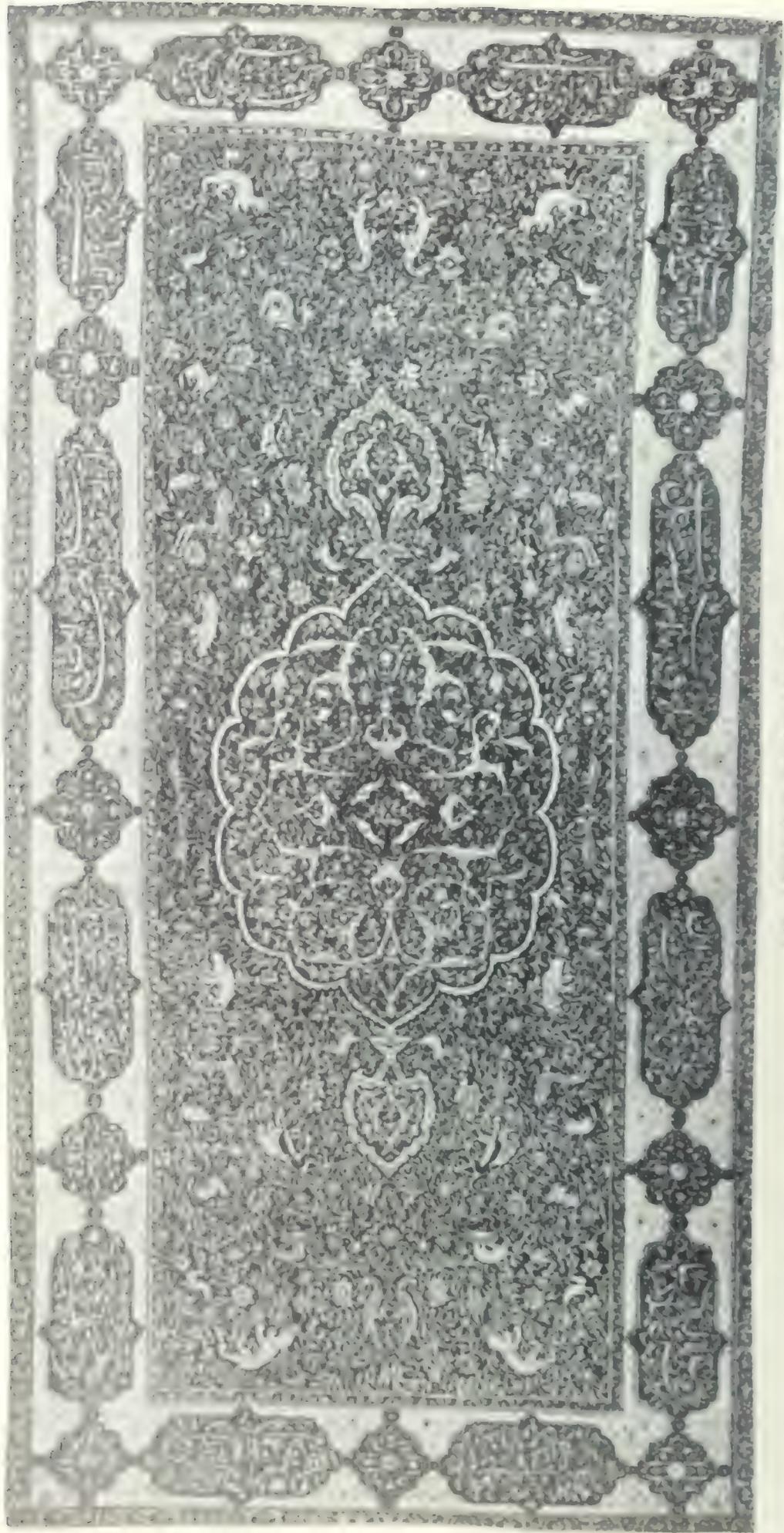


"PORTRAIT OF MRS. GWYN."—JOHN HOPPNER

This painting brought \$22,000 at the sale of the Henry G. Marquand Estate

Alma - Tadema's "Reading from Homer," \$30,300, a record price; and an antique Persian rug, 11 feet 10 inches by 6 feet 1½ inches, \$38,000, the maximum ever obtained in the United States for a specimen of Oriental weaving.

The catalogue of this sale is quoted as the finest publication of the kind that has been produced anywhere. Its compilation occupied a year, involving the services of many experts. Mr. Kirby himself wrote all the matter relating to the Oriental ceramics.



AN ANTIQUE PERSIAN RUG

Woven in the 18th century at Meshed, Persia, the rug is now in the collection of the Metropolitan Museum of Art, New York. It is of the type known as a "Kashan" rug. It is 10 feet 6 inches long and 6 feet 11 inches wide.

No one, unless he has had a peep behind the scenes, can realize the enormous amount of labor which has to be done, before the contents of a mansion such as that of Mr. Marquand can be presented to the investigation of the public with the complete intelligibility and magnificent display that characterized the Marquand sale. This is supplemented by the work of making arrangements and con-

His methods are not novel. Even the interesting and clever idea of making the first view an occasion of social importance was practised by Christie more than a hundred years ago. Mr. Kirby's originality consists, on the one hand, in being the first to introduce into this country a combination of the methods employed abroad, and, on the other, in carrying each of them nearer to perfection.



MR. THOMAS E. KIRBY

The greatest American distributor of art objects, to whom most of the credit is due for the rise of New York as an art centre

ducting the private view and the subsequent exhibition, and by sending forth judiciously extensive and continually varied advertisements. The reputation which the American Art Association has gained for the management of these details is due to the initiative and the personal direction of Mr. Kirby. His name will be just as much identified with the history of art sales in this country as Christie's is in England.

The time is not far distant when, through wealth and appreciation, New York will wrest from London and Paris their supremacy, and will become the chief centre of the art auction sales. By that time, it may be assumed that the culture of American buyers will be sufficiently advanced to take things at their face value, and to estimate the pictures of American artists in due relation to foreign ones.



MR. CHARLES S. MELLIN

The President of the New York, New Haven & Hartford Railroad

C. S. MELLEN, MASTER OF TRAFFIC

THE STORY OF HIS RISE FROM A CLERKSHIP ON A COUNTRY RAILROAD TO THE PRESIDENCY OF THE NEW YORK, NEW HAVEN & HARTFORD—HOW HE MADE THE NORTHERN PACIFIC—THE TACTICS OF A TRANSPORTATION ADEPT

BY

EUGENE P. LYLE, JR.

WHEN Mr. Andrew Kelly, labor leader, representing the firemen of the New York, New Haven & Hartford Railroad, appears before the president of the road, he confronts an unusually shrewd person.

"But, Mr. Mellen," he says, plaintively, urgently, "if we do this, now, will ye do that?"

His aim is to trap the employer into committing himself. He stands before the other's desk, rugged and earnest. The veins of a workman purple line his hands, his neck, his temples. His voice rises in an eager note, and there is guile in the snap of his eyes. The man seated at the desk, looking across and up at him, has none of the ruddy veins. He, too, has seen a life of hard work, but it has been the work of a tensely intellectual sort. His skin is white. His clothes indicate breeding, and the slight gesture of his hand is potent with the power of money. He has a high forehead, he is partly bald, a thin fringe of hair and his moustache are turning gray. The rounded heaviness of jaw and the keen eyes, cause one to look for severity. But as he sits there quietly listening to the man before him, he shows an interest and a frank willingness to deal openly.

"But will ye, Mr. Mellen?" repeats the insistent Mr. Kelly. Mr. Mellen is unstirred by the quick, unctuous tone. One wonders what might really stir him. He only continues to regard the labor leader with the look that seems so frank. And when he makes reply, it is in a voice that is always calm and soft.

"I will do this," he says. "I will think it over, and to-morrow you shall have my views in writing." This is typical of the unruffled business-like methods of an unusual railroad man. When, some years ago, he became president of the Northern Pacific

Railroad, he confronted stockholders who certainly did not contemplate spending enormous sums on improvements. Yet this is just what the new chief did, with a quiet fearlessness that left them gaping. But before long the railroad was storing up dividends.

When he returned East to reorganize the deplorably muddled New York, New Haven & Hartford, he faced a situation yet more difficult. A disgusted, almost a warlike public awaited him. Despite an ultra-conservative directorate, he said to the public, "Here, you are partners in this, too. Tell me what you want." Such an attitude in the representative of a hated monopoly was a sensation throughout New England.

However, throughout his career Mr. Mellen has said and done uncommon things, which often seemed unwise, but which were later justified, and proved his wisdom. Yet his elemental characteristic is industriousness. Each step in his advance may be explained by that. He began without special training, without more education than one could get at the little academy of Concord, N. H.; and he had no influence. He let pass the desire for college, and started to work as a clerk in the accounting department of the Northern New Hampshire Railroad. This was in 1869, when he was eighteen years old. Nothing was required of him more than penmanship.

His life now was at the tedious and unromantic period of investment, when year after year he gave toil and patience, and seemed never to advance. His opportunities at first were not tremendous, for the road for which he worked was a little "jerkwater" affair about a hundred miles long. But in the offices he learned all that offered about the financial phase of railroading. At home he studied and read, for he meant to have his education

after all. After three years he changed to the Central Vermont, still as clerk. In two years he returned to the Northern New Hampshire. Not until he was twenty-nine did he work himself beyond the narrow horizon of small country railroads. But within the little world in which he labored he had been equipping himself for a wider activity. His experience was varied. He had served as clerk to the chief engineer, then as clerk to the superintendent, then as chief clerk, and finally as assistant treasurer.

The Boston & Lowell Railroad, which now employed him, did not offer unbounded chances for a young man, but it at least afforded some. First, he was assistant to the general manager. He became auditor within the same year, and then superintendent; and by the fourth year he was general superintendent. At last, when almost at middle age, he could tell himself that he was "arriving."

As general superintendent, in his first position of large responsibility, he began innovations. It was not long before the old-fashioned railroad men about him were wondering if the unfurried new superintendent were crazy. Contrary to all tradition, he put on new trains. Yet his reason was simple; there were people to ride on them. Here was his first notable appeal to the public.

When his next opportunity came, he left New England and became assistant general manager of the Union Pacific, and then, after a few months, general traffic manager. For his achievements on the Union Pacific he was henceforth classed among the ablest "traffic men" in the country.

After four years, at the age of forty-one, he won the title so prized among railroad men, General Manager—on the New York & New England Railroad. In five months he was called to become second vice-president of the New York, New Haven & Hartford. For a long while the call to the New Haven was a mystery to him, but the reason for it was that the New York, New Haven & Hartford interests were afraid of him in a competing line. Presently he helped them absorb the road from which they had won him.

One day, in a five minutes' talk over the telephone, he accepted the presidency of the Northern Pacific. For months the directors of that great, crude, half-built system had been trying to find a leader. The task before them was too big for a traffic man. It was too

big for the usual railroad president. In fact, it was not straight railroading at all. The situation was this:

The Great Northern was the pet, the idol, of Mr. James J. Hill, and he could not bear to see a rival growing up beside the young and thriving giant. He acquired a gradual ascendancy in the Northern Pacific. Then Mr. E. W. Winter resigned from the presidency of the Northern Pacific because of Mr. Hill's policy. If the two roads could be frankly competitors, or as frankly joined, some of the difficulties would vanish. Moreover, the internal affairs of the Northern Pacific were quite enough to daunt almost any man. The property was not making money. The stock was quoted at \$17 a share, and holders would have been glad to sell out at 15. Wall Street despaired of ever seeing it rise. The railroad had passed through repeated failures and a receivership, and now it was "in the throes of reorganization." The rival Great Northern paralleled its lines from St. Paul to the Pacific coast.

Mr. Mellen took charge. He was very calm. There might have been a little tightening about the corners of the mouth. He had no idea of being chief in name only and really a subordinate of Mr. Hill. A voting trust headed by Mr. J. P. Morgan were his employers. One of the greatest railroad wars in our history followed.

Mr. Mellen began with the wretched road-bed itself. He made it into a well-constructed system. There were lusty young Westerners on his staff, but in the workshop which was his private car, he tired them all out, time and time again. Incessantly that private car moved over the prairies and swung round mountain curves, and incessantly those within were toiling. Once for thirty-three days they knew only twice the sensation of a hotel bed. The young men marvelled at the energy of their new chief and even at his influence over them. As one of them said, they did not get the idea that they were driven. But they seemed to become infected with Mr. Mellen's imperative craving to get things done. Meanwhile the placid New Englander worked on as unruffled as though days of sixteen hours' steady work made a pleasure excursion. This lasted for months. Then, after improving the line, the new president put on new rolling stock. He cut down operating expenses, and he increased freight equipment. The annual report of September, 1898, one year

after he had come, showed that the cost of running the road had been but 46.9 per cent. of the gross earnings. In railroad circles this was an astounding document, though in justice to Mr. Winter, the former president, students of the situation maintain that such results in so short a time must be credited in part to the history of the preceding ten years. Despite hard times, washouts, and floods, the former management had sown the seeds of prosperity.

The outcome, however, was delightful to the stockholders. But the new man in his quiet way was also doing a few of his customary unheard-of things. He saw that if his road were to be a success, it would have to fight. And to fight, it had to be fortified. Accordingly he inaugurated his "fearful" policy of spending money. With never a hint of the fighter in his soft voice and his calm attention to the routine of the office, he began to buy other roads. He bought the Washington Central, which had been lopped off the system during the receivership. He gathered in feeders from the wheat regions. He tapped even the rich mines of British Columbia. He built new lines, too. In a word, he disarmed the Canadian Pacific, the Union Pacific, the Great Northern. He was ready for long hauls, and he bid for them, and got them. Gradually the receipts increased. In 1903, when Mr. Mellen left the road, its annual report showed gross earnings of \$9,027 per mile, a larger return than for any other Western road except the Chicago & Alton. In 1897, when he took charge, the gross earnings were \$4,105 per mile. When he left, the net earnings exceeded this amount, being \$4,325 per mile.

From \$17 a share the stock of the road had gone beyond par, and was turned into the Northern Securities Company at \$130 a share.

Mr. Mellen did even stranger things. He voluntarily reduced passenger rates throughout Washington and Montana from five to four cents a mile, though in this mountainous country operating was exceedingly expensive. He did the same thing elsewhere. Nor did he allow Wall Street manipulation to influence his efforts to better the property, and when he left it was said that "he was regarded by the people of the Northwest as their bulwark against greed and dishonor in railroad affairs." And in these people, it might be added, he had good friends when fighting so hard against competing systems.

After eleven years Mr. Mellen could say that his work on the Northern Pacific was finished. But another task awaited him in the East. The New York, New Haven & Hartford needed him again, to accomplish a bit of exceedingly shrewd generalship, and back he came as its president. Though so powerful in its home State of Connecticut, the "New Haven" might at any time be unable to get coal, or freight, or, in a word, succumb to the strategy of the great trunk lines. But by now Mr. Mellen was not only known as one of "the best equipped and most experienced railroad men in the country;" he was unequalled as a strategist. Forthwith he began swift and silent marches, always suavely going about his ordinary work, and before the enemy could know what he was about, the New Haven occupied important new positions. One after another he bought in small lines. Often his object was not clear. Asked what he wanted with the New York, Ontario & Western, he merely said that it might come in handy as a means of defense some day. But he captured feeders which tapped the anthracite region, he captured the Poughkeepsie bridge, which means the only rail route across the Hudson between New York and Albany, he gained a lake port at Oswego, and finally, out of Buffalo he had his choice of connections for the great interior. The New Haven was no longer in the helpless position of a mere local system.

Preparation, evidently, is the backbone in any campaign of his. The fight is won before a blow is struck.

During the agitation among his firemen last March he had eight hundred men on the payroll, doing nothing. There was no strike. But if one had come, the firemen would have lost it, and they knew it. Mr. Mellen has made his way in great part because he is a fighter. He proposes what he thinks is fair, and if the other side does not agree, he asks consideration from no one.

The directors of the road, knowing his extraordinary tact, brought him to the New Haven, it is said, as their ambassador to the people, in a word, as their "jollier plenipotentiary." The railroad had an unpleasant reputation, and the public was in a mood no less ugly. Passenger traffic was constantly choked by freight feeders. Trains with a half-hour run frequently pulled in an hour late. There were not enough trains

and the service of these was intolerable. The engines were notoriously ready for the scrap heap, though if there were modern engines, it was said, the bridges would have given way under them. Then there were dangerous grade crossings. Yet there was no course. The situation was the scandal of the State of Connecticut. Stories were plentiful of franchise grabbing, of a servile Legislature that would disregard any complaint the powerful and insolent New Haven forbade it to consider. The public, however, is not always negligible. The directors perceived the need of an ambassador. Mr. Mellen came. He had not long to wait for the first grievance committee.

But he anticipated it. A banquet of welcome was tendered him at Hartford, and he was called upon to speak. Instead of the smug utterances everybody expected from the monopoly, he said, "My opinion of a railroad corporation is that it is simply a partnership between those who have and those who have not." His meaning was that the public were fellow directors. Continuing, he explained thus:

"Individuals furnish money, and the community makes a grant of rights. A railroad is entitled to earn proper returns for those who have invested in it, and the public should have ample facilities, reasonable rates, satisfactory service, and courteous treatment.

Cheapness of transportation is vital to the continuance of the manufacturing industries now located with us and to the establishment of others. No work is of greater importance to the consolidated railroad than a careful investigation of whether or not it is incumbent upon its management to do some of its business at a smaller margin of profit, even at a loss perhaps, looking for its reward in the general effect upon the whole situation, for prosperity cannot remain with it alone. It is your partner in everything, and it should be your partisan and advocate, the most potent and effective, and always alert in a situation fraught with many dangers to what is of the utmost importance to the prosperity of all of us."

The first grievance committee was the board of trade of one of the long-suffering suburban towns. The members eyed the new president as their enemy. The pulley of former managers had been to deny that anything could be wrong. In the well-groomed New Eng-

lander before them, in the rounded heaviness of his jaw and in the keen eyes that seemed severe, they felt the nerve which is backed by money power. When he began talking with them, as with business men in parley, they found no "smoothness." They wanted four tracks, electric equipment, elimination of grade crossings, more frequent trains, and lower fares. Conditions were unendurable. The freight business was so heavy that it had right of way over passenger trains. They had come to him for relief. They added that they were encouraged to do so by his remarks on assuming office.

Then Mr. Mellen promised them the four tracks as soon as possible. He later changed the plan to six. He would do away with the grade crossings. More trains would be put on when the four tracks were laid. The questions of irregular schedules and poor lighting he would consider later on. But he told them frankly that he did not think the fares unreasonable. There are those who still complain of the service—who would not? But Mr. Mellen has been steadily rebuilding or strengthening bridges, and he has averaged a new locomotive in commission for every two and a half days since he took charge. His directors are permitting the expenditure of millions in improvements.

Mr. Mellen applauded Mr. Roosevelt's fight on the Northern Securities merger, he supported him for President, and after the message on railroad rate regulation he declared his mind on the subject when some other railroad officers were crying out that the President's recommendations were dangerous and unfair. Mr. Mellen called at the White House, and afterward said:

"The railroads are themselves to blame for the existing conditions. Rebates and discriminating rates will have to be stopped. I think they are condemned by all sensible railroad men.

Public sentiment, which he (the President) represents more than any other man, is irresistible. I believe legislation is inevitable because the railroads are very far from agreeing among themselves and there have been abuses which the public is resolved shall not exist longer. This means some additional form of control to that which now exists."

That Mr. Mellen is big enough to change his mind is shown in his policy as to trolley lines. While second vice-president of the New Haven, he was opposed to them, but on his return from the West he appreciated that

conditions had changed. Perhaps, also, he saw in the trolley a competitor. At any rate, he commenced buying them in, and now the road has a formidable chain of them from town to town. Instead of being competitors, they are feeders to the parent system.

In his attitude toward labor Mr. Mellen gives the impression of fairness and open dealing. His subordinates in the office have instructions to bring any reasonable complaint to his personal attention. One winter evening, shortly after he had arrived home after a hard day's work, a tearful woman asked at the door to see him. She was admitted, and told her story. A train had left the track, and her husband, who was a section boss, had been discharged on account of it. But he was not altogether to blame, she maintained. The next morning Mr. Mellen told his secretary to look into the matter, and on investigation it turned out that possibly the engineer of the derailed train was trying to make up time and that the track was not entirely at fault. Accordingly the section boss was reinstated, and Mr. Mellen later received a letter from the

woman blessing him for the unalloyed merry Christmas her little ones had had that year.

Mr. Mellen has had very few labor troubles. His men generally like him. There is a sense of security reaching to every man under him. Several of the higher officers of his road have come at his call from other roads, and made sacrifices to do so. They know him to be a high type of the American railroad man, and they plainly show their loyalty to him.

They point out opportunities he had while on the Northern Pacific to make himself rich out of mines and lands, purely by using his knowledge as president of the road, and that he passed them by.

The long hours which Mr. Mellen used to work are now shortened somewhat. "He keeps better hours now," some one said, as though it were a reform he had pledged himself to. But by this time he can settle down, in a way, to a more even course of work. Besides, he has now a beautiful home in New Haven, and he wishes to spend more of his time there with his children.

CODDLING THEOLOGICAL STUDENTS

PROMISCUOUS AID FOR YOUNG MEN WHO WILL ENTER THE CLERGY—SEMINARIES BIDDING AGAINST ONE ANOTHER—THE BANEFUL EFFECTS OF THE SYSTEM ON THE STUDENTS AND ON THE CHURCH—THE RESULTS OF AN INVESTIGATION

BY

EVERETT T. TOMLINSON

IN an article in *THE WORLD'S WORK* for last December, I discussed the alleged decline of the Christian ministry. The figures and facts that were given, as well as the opinions expressed by many men who occupy positions that entitle them to serious consideration, have brought forth many responses; but the one element in the problem upon which almost every writer touched, whether he was upholding the positions assumed or objecting to them, was the so-called beneficiary system of aiding students for the ministry.

This fact should lead all who are interested to investigate afresh the claims, methods and results of the system. Is it wise to assist

the young men who are preparing for the pulpit more than the equally deserving, and perhaps equally poor, young men who are looking forward to the bar or the bench, or the profession of the physician or the surgeon? Why should the young theologian pay no tuition fees, when his own brother, perhaps, is compelled to pay fees in the law school or the school of medicine? Why should the one receive help and the other be compelled to help himself?

That many honored men in the pulpit to-day were aided in their student days and apparently received no harm from the gifts, is undeniable. But it is also true that there are many clergymen who have apparently

been injured by the help, and whose present chief claims to clerical authority seem to be manifest in a 10 per-cent.-reduction expression of countenance and the privilege of a half-fare ticket on the railroads. The success of the better men may be due, not to the system, but to an inherent manliness that survived in spite of it, and the failure of the others may have come solely because the men are what they are, and not because they have been unwisely assisted. That some of our theological seminaries are now discussing the advisability of establishing tuition fees indicates that the doctors themselves are not agreed on the point. The fact that other seminaries, after establishing fees, have suffered a diminution in students, or for self-preservation have been compelled to return to the former plan, is no less suggestive.

This article, however, is designed primarily to discuss the advisability of continuing indiscriminate aid for all students for the ministry. In some seminaries aid is not given promiscuously, but nevertheless, all students may be aided. Indeed, many seminaries openly advertise that no worthy or deserving student will be refused help and the definition of "worthy" or "deserving" seems to be very elastic. In favor of the present promiscuous aid, it is alleged that no man ever really does pay, or can pay, for his education. Even college students do not pay what their education costs. Men in college who have no thought of entering the pulpit receive aid from scholarships, and why should it "pauperize" the future great preacher, if, in his case, the aid goes a step farther?

The objectors admit that no man "pays" in full for his education. Endowments and scholarships, they agree, do help. Their objection is rather to a form of aiding that may not really help, and that, in some instances, works an injury. The problem becomes one of the kind of aid and the method employed. Unbiased college students, who have no thought of the ministry, declare that they are not favorably impressed by the results that they see in the ordinary clergyman assumed. It is maintained also that, the greater the number who can be educated, by just so much is the world made better. If education is to be found in the mere acquisition of languages, science or art, apart from character, then the problem is

easy of solution. But if other men may, perhaps, succeed without character, clergymen certainly cannot. If manhood, independence, self-reliance are weakened, no amount of Greek or Latin can compensate. If the Greek and Latin have been gained at the expense of the manliness, then in reality the man has not been helped but hindered. And the supreme purpose, at least supposedly, of the beneficiary system is the making of a man, not merely the easier acquisition of an "education." The pulpit is not made stronger, whatever its wealth of learning, if the qualities of the man behind the desk have been weakened by the "aid" that was given him. The favorite illustration of the defenders of the present system is that of the army and the students at West Point. Just as it is desirable and advisable for the country to train the leaders of its own military forces, it is fitting, they maintain, that the army of the Lord should provide its own leaders and look after their training from the earliest possible moment. That there is force in the argument every candid observer must admit, and if the comparison were applied in fact as well as in theory, perhaps every objection would be invalidated. But the application falls short. If the same care were taken in the selection of men that prevails at West Point, if something of the same discipline were demanded, if from the moment when a man entered a theological seminary he "belonged" to the body that supported him as the military student "belongs" to the army of his country, if the same demand were made upon him for a high grade of work, and if similar rigid tests were applied throughout his student days, then the major part of the objections to the workings of the system would be withdrawn.

But it is just in these particulars that the comparison fails. When the seminaries throw the onus upon "ordaining councils" and their professors declare they are not responsible for the quality of the students sent up to them by the churches, and that the most that can be expected of them is to do the best in their power with the material provided, any comparison with the methods of the army falls to the ground. The cadet is not "aided" as the theological student is, but from the moment of his matriculation, he is required to give a full equivalent for all that he receives. The "aid" is not indiscriminate,

and, in order to receive, the man is required to provide something more than a mere expressed purpose or desire to wear his country's uniform. The prize is not for the man who merely "strives" but for him who "strives lawfully."

Another assertion of the defenders of the system is that the world has need of workers, and the supreme problem of the church is to provide them. True, the work is vast and workers are demanded. Men who are not leaders, if they are placed in leading positions, become hinderers, not helpers. It is as necessary to weigh as to count. It is maintained also that most of the students for the ministry are poor. A saving of time and strength is therefore effected, if these men are protected from the necessity of laboring with their hands as Paul did, and are enabled to devote themselves unreservedly to the preparation for their life work. This argument has much to substantiate it, though the question again arises about the method by which the aid shall be administered. A prominent bank president said to me not long ago, that he did not know of an institution in New York in which the "brains of the concern" were not provided by men who started in life poor. Inherited capital has its place, and efficient service was rendered by men who had come from homes of wealth, but the real "brains," without which the business would suffer, were those of men who had begun in poverty. The statement is, at least, suggestive.

Would these efficient captains of industry really have been "aided," if the hardships of their early life had been smoothed away? Would the more than 80 per cent. of successful men in New York, who, it is said, are country born, have been made more successful, if they had been saved from the "hard knocks" of their earlier years? Do not a few of them tell with pride of their hard experience, and do not many declare that these very things were what made them?

Poverty in itself has no virtue, but in the attempt to save men from its effects lies the danger of a possible loss of strength. At all events, for a man to be aided, something more than the mere fact that he is "poor" should be required. Then, too, the problem is complicated by the men who are eager to aid. Some, earnest and sincere, have believed that, by investing money in theological students,

they are indirectly benefitting the world by ways from which they themselves were shut out. Others have had an impulse to save the Lord's anointed from undue hardship. Still others have perhaps thought that, in this way, they might atone in a measure for some of the questionable methods by which a part of their own wealth was acquired.

This is recorded, not to disparage the sincerity and generosity of many true-hearted people, but merely to explain some of the complex elements of the problem of properly aiding men who are preparing for the noblest and the most difficult calling to which any man can give himself. Lavish aid is not always generosity, and sincerity is not the supreme test of help. Promiscuous and indiscriminate aid often accomplishes things it was not sent to do.

First, there is the effect upon the seminaries themselves. The system has produced a condition of competition, of "bidding for students" that is demoralizing, to call it by no more suggestive term. One professor in a prominent theological seminary freely admitted the competition to the writer, and acknowledged its demoralizing effect; but he justified the action of his own institution on the ground that it was compelled to do as it did for its own self-preservation. The uncle of a brilliant young seminary student, himself a clergyman, informed me that his nephew, who was as shrewd as he was brilliant, after he had graduated with high honors from a certain Canadian college, pitted several seminaries in "The States" against one another for inducements to him, until at last he closed with an offer equivalent to \$700 a year. Within a few months a certain seminary president complained bitterly that five students who had practically decided to enter his institution had been "bought off" by another seminary and had been enrolled there. These facts are quoted to illustrate the naturally baleful effects of a system which reacts upon the very ones that employ it. And the effects are being recognized.

Recently the heads of a number of societies that were created to secure funds for the system, met in consultation to consider this very point.

Another effect of the system was recently referred to by a prominent college president—the bribing of students poor in spirit to prepare for a life work for which they are not

qualified. The result is ~~any~~ ~~to~~ ~~over~~ ~~large~~ ~~city~~ ~~whither~~ ~~the~~ ~~tribes~~ ~~of~~ ~~the~~ ~~churchless~~ ~~parties~~ ~~are~~ ~~seeking~~ ~~fresh~~ ~~pastors~~ ~~and~~ ~~even~~ ~~a~~ ~~place~~ ~~in~~ ~~which~~ ~~they~~ ~~can~~ ~~labor~~, men whom every prominent minister knows for they clamor at his door, who are not fitted for the work to which they have been "aided" and who by their training are unfitted for any other calling. Some one has blundered somewhere, sometime, in "aiding" such men. A severe test in the earlier part of their career might have been their greatest blessing, and have prevented unspeakable bitterness—though it could be traced to some good old saintly man, or to some grandmother Lois or mother Eunice who had patted the lad upon the head—when perhaps the "patting" might have been otherwise bestowed with more beneficent results—and who presented him to a "board" which promptly adopted him among its "beneficiaries." There is no tragedy more tragical than that of a mis-directed life. The effect of the system upon students who do not receive aid is no less important. Every minister knows that in his own church, no collection appeals so feebly to the college-bred man of his congregation as that for the society whose aim is to aid "deserving students for the ministry," even though the response to other worthy appeals is prompt and generous. Anyone who will take the pains to study the feeling among college students will discover a similar feeling there. The influence is not that every "beneficiary" is looked down upon, but that the system fails to produce confidence or respect among the closest observers of its workings. The effect upon the recipients of the aid naturally varies with varying temperaments and conditions. But can self-reliance be produced where there is no reliance upon self? Can independence be developed when a man is taught first of all to lean upon others? Can moral muscle be developed or the spiritual vertebræ be stiffened by the "aid" which saves from stress and strain? Would the same method, if employed in the case of the medical student, the law student, or the fledgeling teacher, produce better results than are now secured? Would the boy whose ambition is for a business career be "aided" if he were treated as the theological student is treated? To ask these questions is to answer them.

The demand upon the pulpit, is primarily for manliness, independence of character, and

loyalty. And are these qualities best developed by the promiscuous aid which creates first of all a sense of reliance upon others? Such a method may produce agreeable men, but they are followers, not leaders.

In the last analysis every man must be aided, but it is the aid which truly helps that must be secured. The suggestions which are here given are not entirely mine, but are the result of correspondence and consultation, and are presented chiefly as tentative modifications of the present system of indiscriminate and promiscuous aid.

1. It is practicable to abolish at once the existing bidding for students by the theological seminaries. The cure rests with the seminaries. Even "self-preservation" is not a sufficient excuse for a questionable practice. The need of the world is not that a specific seminary should exist, but that the students of every seminary should not be in danger of having their manliness undermined or even threatened.

2. Men of no special promise should not be unduly encouraged or aided. The occasionally startling success of some man who gave no indications of unusual success in his student days should not outweigh the failures that many times outnumber him. The in-born preacher cannot be held down, but the unnatural cannot be bolstered up.

3. As a rule men should not be the recipients of gifts. They should be helped, but not unconditionally. Some seminaries have already adopted this plan and their proflers of aid are all regulated by the scholarship, the labors, and the accomplishments of the student. The board of one great denomination now makes the recipients of the aid pledge themselves to devote at least two years after graduation to work in the Home Mission field as an equivalent for the help received. And the plan has much to commend it. Clinical work is as necessary in the theological seminary as in the medical school.

Common sense should not be left outside the gates of even the theological seminary, nor within its sacred precincts should sentiment be permitted to degenerate into sentimentalism. At all events before there can be a change in the quality of candidates for the pulpit, there will have to be a change from the present promiscuous and indiscriminate method of aiding poor and pious students.

PERU, KANSAS, WHERE THE STATE REFINERY IS TO BE BUILT

In the middle of the oil country



THE KANSAS OIL FIGHT

THE WORLD'S WORK'S FIRST-HAND INVESTIGATION OF
THE FACTS ON BOTH SIDES

THE STORY OF THE PICTURESQUE STRUGGLE BETWEEN THE STATE AND THE STANDARD OIL COMPANY—RAILROAD FREIGHT RATES INCREASED AS THE PRICE OF OIL WENT STEADILY DOWN AND THE STANDARD OIL COMPANY'S PIPE LINE NEARED COMPLETION—HOW THE PRODUCERS ORGANIZED AND MADE A CAMPAIGN FOR LEGISLATION

BY

ISAAC F. MARCOSSON

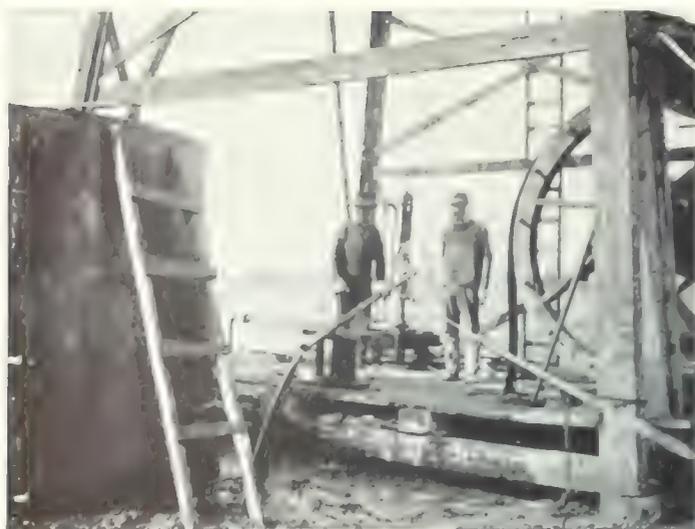
WH^Y is the State of Kansas building an oil refinery?" I asked Governor Hoch. He was striding up and down the floor of his office, his hands dug deep in his pockets. The tall sturdy figure stopped; he raised a hand impressively and said, "To establish industrial liberty. This movement is not Socialism, but an attempt to prevent monopoly and make competition possible."

Mr. O. A. Evans, Vice President and General Manager of the Prairie Oil and Gas Company (the Standard Oil Company's Kansas representative), had a different explanation.

"It is all due," he declared to me, "to the fact that inflated stock companies have sold stock promiscuously with the promise that the investment will yield big returns. The enterprise has not met with success. Now they are trying to blame us."

OIL IN KANSAS

For months Kansas has presented the unusual spectacle of a State fighting a monopoly. In no other oil-producing region, perhaps, does the industry touch so many people, for the reason that the majority of wells are owned by stock companies whose stock has



PUMPING OIL

been sold broadcast, often at from one to five cents a share. Seven out of every ten people you meet on the train or in the streets are stockholders in some company.

I visited Kansas at the very height of the oil agitation. The Legislature was in session at Topeka, enacting anti-trust laws; many of the independent oil producers throughout the oil belt had become organized; everywhere people were talking about oil. A great industry, developed to enormous proportions in a decade, which had enriched thousands, faced a crisis, and the Kansans, who are emotional, seized the moment to move against the concentration of corporation power.

Thirty years ago a farmer in Johnson county while digging for a well struck oil. His land was near the old Santa Fé trail, so he skimmed off the oil and sold it to passing teamsters for lubricating. He had touched the edge of that vast wealth of oil now tapped



HOW SOME OF THE OIL WORKERS LIVE

from Kansas to Texas. It was not until 1892 that Mr. W. M. Mills discovered crude oil in quantity while drilling for gas near Neodesha, in Wilson County. To-day near that spot stand the huge tanks of the Standard Oil Company, rising like steel citadels, each one containing 35,000 barrels of crude oil. Mr. Mills showed his oil to Guffy & Gailey, who were extensive oil operators in Pennsylvania. They not only leased his ground but hundreds



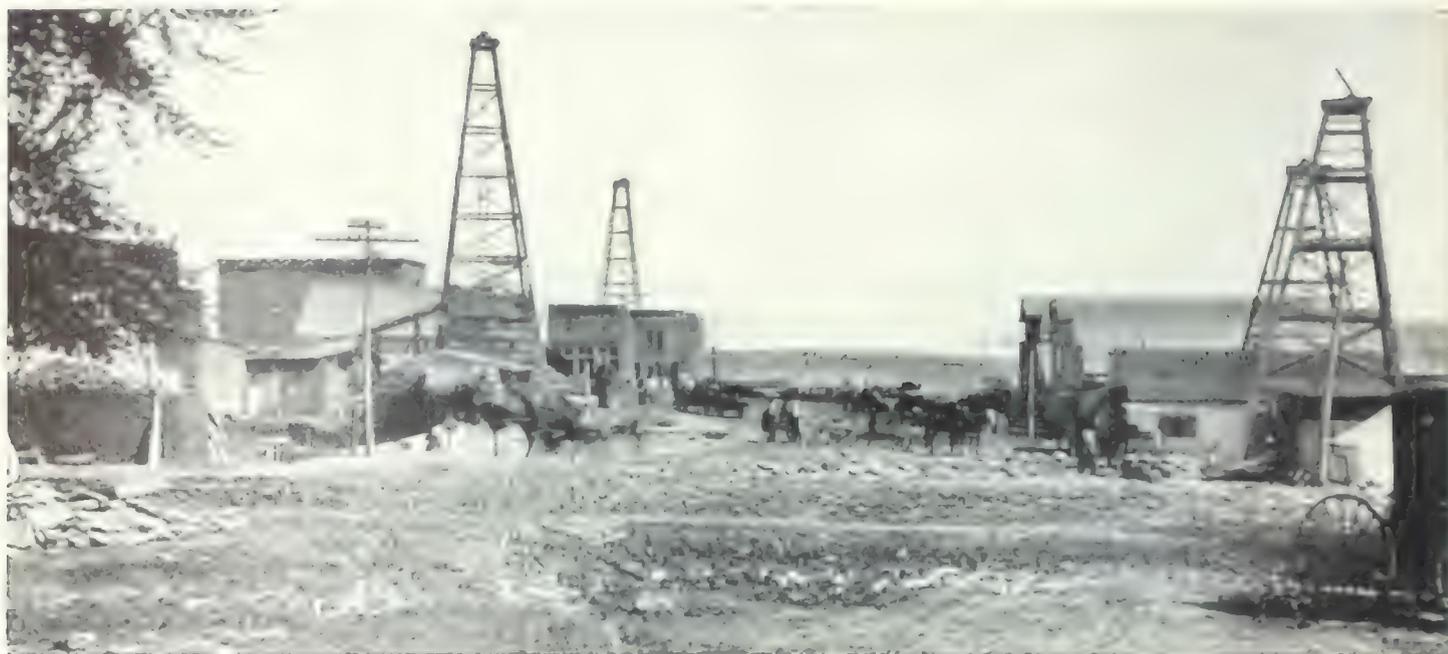
SHOOTING AN OIL WELL

of thousands of acres more in that section and drilled many wells.

Then the Standard Oil Company entered the Kansas field under the name of the Forest Oil Company—the Standard usually operates under different names in various States—and acquired the Guffy & Gailey leases. Wells were drilled and oil was produced. But there was no market. The Standard created a market by establishing a refinery at Neodesha with a capacity of



Photographed expressly for THE WORLD'S WORK by STOOD, Lupton
GOVERNOR HOCH OF KANSAS



A STREET IN A KANSAS OIL TOWN
Wells are drilled everywhere, even in front yards.

refining 500 barrels of oil a day. The refined oil was shipped in tank cars to Kansas City. In 1899 the market price of oil at Neodesha was seventy-five cents per barrel. On December 15, 1900, the Forest Oil Company was absorbed by the Kansas Oil and Gas Company, organized with a capital stock of \$30,000. All the shares but four were owned by Mr. W. J. Young, of Pittsburg, who has extensive Standard Oil interests. In 1901 the name was changed to the Prairie Oil and Gas Company.

Meanwhile gas had been discovered in Neosho County, which adjoins Wilson County. The authorities of Chanute, the county seat, decided to drill for gas to light the town, and

they found both gas and oil. The wells were leased to Mr. I. N. Knapp, who agreed to operate the wells for the city and give the gas in exchange for the oil. Mr. Knapp drilled many wells and got oil. He made contracts to furnish the crude oil for fuel to the Omaha Gas Company and the Kansas City Gas Company, and he shipped the oil in his own tank cars from Chanute. The freight rates, which subsequently played a significant part in the oil controversy, were 10 cents a hundred pounds from Chanute to Kansas City, and 23 cents a hundred pounds to Omaha. By the classification of freight the average weight of a gallon of oil was put at 6.4 pounds. Mr. Knapp's success in the



THE STANDARD OIL COMPANY'S TANK FARM AT NEODESHA
This installation stores 1,000,000 barrels of oil for the local markets. Each one contains 15,000 barrels.

Neosho field induced other operators to drill wells, and the Prairie Oil and Gas Company promptly laid pipe lines from Chanute to Neodesha and bought the oil. Then oil was discovered in large quantities in Chautauqua County. The town of Peru was found to be located on a vast oil pool. The Prairie Oil and Gas Company was paying \$1.15 a barrel.

Everybody went oil mad. Tall wooden derricks, each one proclaiming a well, rose on all sides. At Peru a well was sunk in nearly every back yard. The church yards did not escape, for both the town churches leased their yards to stock companies for one-eighth of all the oil produced. Even the township cemetery north of the town was leased. The rich flow of oil, coupled with the high price paid, attracted scores of producers from the Ohio and Pennsylvania fields where competition had been destroyed by the Standard Oil Company. Villages became cities. Chanute, Independence, even Peru, bustled with people. Hundreds of stock companies were organized, and the mails were flooded with circulars offering stock anywhere from one cent to one dollar a share.

In six months, five hundred companies, with a capitalization of more than \$5,000,000, were doing business in Kansas. Farmers grew rich from the royalties on the land they leased. They neglected to plant crops for fear of disturbing the creaking iron rods that crossed nearly every field, and linked power house with well and pumped the dark-green oil from the earth to the waiting tank. A net-work of pipe lines spread out over and under the country, running from hundreds of wells to the big black trunk line through which the oil poured on to Neodesha. The price of oil grew steadily. From \$1.15 the Prairie Oil and Gas Company raised it to \$1.18. On Thanksgiving Day, 1903, it sold at \$1.35, and on December 8th, it was \$1.38—the highest price ever paid for it in Kansas. The number of producing companies and individuals was 650; the number of producing wells was 1,590. The year's output had grown from 331,799 barrels in 1902 to 1,128,592 barrels for 1903. The oil belt now included the counties of Neosho, Wilson, Chautauqua, Allen and Montgomery and extended down to Indian Territory where there are some rich pools. The Indian Territory belt was now considered a part of the Kansas field.

The capacity of the Neodesha refinery was increased to 2,500 barrels a day. But that was only a part of the vast quantity of oil that was being pumped from the wells. The production was daily becoming larger. Then the Standard Oil Company built a refinery at Kansas City with a capacity of 10,000 barrels a day to take care of the increasing output, and the construction of a pipe line was begun, from the Kansas field to the big refinery, a distance of 116 miles. The refineries at Neodesha and Kansas City could only take care of 12,500 barrels of oil a day, and the daily output of the field by this time was averaging 18,000 barrels of oil. Then the Prairie Oil and Gas Company bought 126 acres of ground near Neodesha and began to build huge steel tanks, each one holding 35,000 barrels. They called it a tank farm. Other tank farms were started at Caney and Humboldt. Still the drillers drilled for new wells and the producing wells sent forth thousands of barrels a day.

The independent oil producers were making money and were happy and the Prairie Oil and Gas Company was buying the oil and preparing to take care of more.

THE BEGINNING OF THE TROUBLE

But everything was not to remain serene. The number of producers had increased, and the output grew every day by thousands of barrels. When the Prairie Oil and Gas Company began to buy oil, it made no discrimination about the quality of the product. Practically all the oil from the Kansas field had an asphaltum base, and was not as valuable for refining as the oil from Eastern fields with a paraffin base, from which there are hundreds of by-products. The Prairie Oil and Gas Company then drew an imaginary line between Wilson and Neosho counties from east to west. All the oil north of this line was designated as North Neodesha oil and was bought at twenty cents a gallon less than that from south of the line, which was called South Neodesha oil. Some of the larger pools were in the North Neodesha field. The company claimed that this oil was mainly suitable for fuel purposes and that they had no large market for fuel oil. There was a protest from the producers who demanded another test of the quality of the oil. Then the Prairie Oil and Gas Company began to buy oil by the specific gravity test.

The higher the specific gravity, the higher the price. A specific gravity of 30 was required of good oil. For every half per cent. under that, five cents was taken from the price. A great force of gaugers was installed in the field, and branch offices were opened at Independence where the pipe line headquarters were established. In the meantime, the Company had increased its capital stock from \$300,000 to \$2,500,000, Mr. Young, of Pittsburg, retaining his proportion of shares.

The price of oil began to tumble. On June 17, 1904, it had declined to \$1.03, and by July oil had went to 93 cents. It has been under the dollar mark in Kansas ever since. Still the Prairie Oil and Gas Company kept on buying and filling its vast tanks at Neodesha, Humboldt and Caney.

THE PART THE RAILROADS PLAYED

Then there was a coincidence. Summer had come to the oil fields, and the Standard Oil pipe line to the Kansas City refinery was nearly completed. In June every oil producer in Kansas was notified that on August 15th the freight rates on oil shipped in tank cars from Chanute, Neodesha and Independence, and other points in the field, would be advanced from 10 cents to 17 cents a hundred pounds. In addition, a new classification of oil was announced, increasing the average weight of a gallon from 6.4 pounds to 7.4 pounds. Coincident was another decline in the price of oil.

Under the old rates and classification, Mr. Knapp shipped a tank car of crude oil from Chanute to Kansas City for \$48; under the new freight rate and classification it cost \$74.35. But the Standard continued to ship oil in tank cars. Mr. Knapp could no longer ship crude oil to fill his contracts at Kansas City and Omaha. What was the result? I saw his tank cars standing empty on the railroad tracks at Chanute while his oil went rushing through the Prairie Oil and Gas Company pipes to the tanks at Neodesha. The advance in freight rates made it impossible for any Kansas producer profitably to ship crude oil out of the State. He had to sell it to the Prairie Oil and Gas Company, for the pipe line to Kansas City was now completed. The condition was absolutely the same as in the Ohio and Pennsylvania fields after the independent producers had developed part of the country.

The price of oil kept on tumbling. By the end of December it was down to eighty cents. Yet the Standard Oil Company made no reduction in the price of the refined oil, and this set many people to thinking. They began to wonder about the profits. The Standard was buying oil at 80 cents a barrel of forty-two gallons. Refined, this oil was reduced to thirty gallons. It is estimated that it costs 2½ cents to refine a gallon of oil, everything considered. The cost of refining this barrel of oil, therefore, was 75 cents. The Standard was selling the oil wholesale at 12 cents a gallon, or \$3.60. It was this discrepancy of \$1.85 between the price of crude oil and refined oil that helped to start the discontent which has ended in the present revolt.

Take the case of Mr. C. D. Webster. He was the only independent refiner in the State. His refinery at the town of Humboldt refined 200 barrels a day. He was shipping oil in tank cars to Kansas City until the increase in freight rates made it unprofitable. He also sold coal oil in tank wagons in Humboldt for 10 cents a gallon, whereupon the Standard wagons sold it for 9 cents. But the people bought Mr. Webster's oil.

Yet many large producers saw that too much oil was being produced. As early as last July, Mr. A. P. McBride, secretary of the Consolidated Oil and Gas Company, the largest producers in the Independence field, sent out a circular to all companies allied with his, asking them not to drill any more wells, stating that the steady decline in the price of oil was not encouraging. The Prairie Oil and Gas Company unofficially notified the producers that they were producing too much oil.

But the pumps creaked and the oil dripped into the waiting tanks. Everywhere throughout the field oil was piling up in tanks alongside the wells. The Prairie Oil and Gas Company was buying 17,000 barrels of oil a day, and the wells were producing 2,000 barrels in excess of that. The company continued to reduce the price. The producers said that the Standard Oil Company had the Kansas field at its mercy and was ruining the industry.

THE REFINERY BILL

But something was about to happen in the oil belt. At the November election the

Republicans elected Mr. S. M. Porter, an oil producer, to the State Senate. The price of his oil had declined with all the rest. He conceived the idea of a State refinery as a solution of the oil situation, which, the producers claimed, was intolerable.

"But why did you think of a refinery?" I asked him at Topeka.

"Because," he replied, "my plan was to create legislative competition and then other competition would follow. I wanted to encourage independent refineries in the State so that all the oil would not have to go to one corporation."

Senator Porter announced his plan for a State refinery. The country newspapers poked fun at it and said it was Socialistic. But when Senator Porter went to Topeka to attend the session of the Legislature in January, he had the Oil Refinery Bill in his pocket.

GOVERNOR HOCH'S ACTION

On January 9th, Mr. E. W. Hoch was inaugurated as governor of Kansas. He had left a country editor's desk to take the highest office in his State. Thirty years ago he had worked at a printer's case in Kentucky. He went to Kansas for his health and established a newspaper at Marion. He is broad of shoulder and resolute of face. He was speaker of the Kansas House of Representatives during the famous "War Legislature" of 1893, when the Populists, having elected a governor and Senate, undertook to run out the Republican representatives who had a majority. The Governor had called out the troops; cannon had been planted in the Capitol grounds and armed soldiers stood at the chamber door. But Mr. Hoch kept his seat. This was the kind of man who greeted the Kansas legislators when they assembled January 10th. He had been in the oil district during the campaign; he had read about Mr. Porter's Refinery Bill. In his message to the Legislature he said:

"Our oil interests are in jeopardy. Rather than permit the great monopolies to rob us of the benefits of the vast reservoirs of oil which have been stored by the Creator beneath our soil, I am inclined to waive my objection to the socialistic phase of this subject and recommend the establishment of an oil refinery of our own in our State for the preservation of our wealth and the protection of our people."

Both Governor Hoch and Senator Porter knew that Kansas had a successful precedent in State ownership. The twine factory at the penitentiary at Lansing had established it. Its experience was significant. Kansas raises more wheat than any other State in the Union and the farmers have to buy millions of pounds of twine to bind the sheaves every year. In 1899 these farmers were paying the twine trust an average of 18 cents a pound for twine. The price of wheat was low; they were not making any money. The farmers petitioned the Legislature for relief and the sum of \$150,000 was appropriated for a State twine factory. The constitution of Kansas forbids the State to enter any private business; so the twine factory, to evade the law, was established to give employment to convicts. The superintendency of the factory was left to the Warden and the Board of Directors of the Penitentiary. The convicts were taught to make twine. The next year the Kansas farmers were buying twine for 9½ cents a pound. Every implement store or cross-roads general store in the State was made an agency. The dealer bought the twine for 9 cents and made the half-cent for selling it. The Kansas farmer bought twine for three and four cents a pound less than his neighbor across the line in Nebraska. The factory soon began to earn money. Now it has a surplus of \$65,000, it has paid back the original appropriation of \$150,000 to the State; and it owns a well-equipped plant. The factory does not make enough to supply all the farmers in the State, but it has succeeded in bringing down the price of twine everywhere in Kansas to a reasonable figure.

HOW THE PRODUCERS MET

Two days after the Legislature met, Senator Porter introduced his Refinery Bill asking for an appropriation of \$410,000 for a State refinery. In the meantime Governor Hoch's message had been printed in every newspaper in the State. When Mr. H. E. West, an oil producer at Peru, read it, he said to himself, "Here is the chance for the oil producers." He telephoned to seven other producers, and asked them to meet him that night at his office. When they assembled he said:

"I suppose you have all read Governor Hoch's message. We need legislation to protect the oil producer. This is the time for

it. We must get the Refinery Bill through. To do it we must organize."

That night the Chautauqua County Oil Producers' Association was organized, and a call was issued for a meeting of oil producers to be held at the Throop Hotel at Topeka on January 19th. Two hundred producers attended. The Kansas Oil Producers' Association was formed with Mr. West as president and Mr. J. M. Parker, of Independence, as secretary. Resolutions were adopted declaring for a State refinery; for a bill making oil pipe lines common carriers; for a bill to prevent discrimination by corporations, and for a bill establishing maximum railroad rates. A committee of five members was appointed to conduct the campaign. Headquarters were opened in the Copeland Hotel, and the work began.

The first thing was to make the Refinery Bill constitutional if possible. Senator Porter frankly confessed that he had never written a bill before; so the producers set to work to have a substitute written. Senator W. S. Fitzpatrick, of Chautauqua County, helped Senator Porter rewrite the bill. The original bill simply empowered the Warden of the Penitentiary to construct a refinery and market the refined product. This seemed to be violating the State law prohibiting the State from going into business. What Senator Fitzpatrick did was to make the bill read: "For the purpose of providing proper employment for convicts confined in the State Penitentiary, the Warden of the Kansas State Penitentiary is hereby empowered by and with the advice of the Board of Directors of said penitentiary to erect an oil refinery at Peru, in the county of Chautauqua." Peru was selected because it is the centre of a rich oil-producing district where the crude oil is easily accessible for refining purposes.

The Refinery Substitute Bill was passed by the Senate by a vote of 20 to 8. Then it went to the House and there the fight began. The Speaker of the House, Mr. W. R. Stubbs, called it "wild-eyed legislation and Socialism."

But the Kansas Oil Producers' Association began a systematic campaign: first to arouse the people in favor of the Refinery Bill and then to secure the necessary legislation to back it up. They started a literary bureau. They published a four-page publication called "That the People May Know." They printed

extracts from newspapers favoring the Refinery Bill; they published a cartoon of Mr. John D. Rockefeller showing him watching the Kansas producer pump money through a Standard pipe line. Under it was the caption, "Easy money—for John." Another cartoon showed him holding an axe labelled "Dividends," while the Kansas producer ground it.

It required money to conduct this campaign; so the Kansas Oil Producers' Association taxed every well in the State fifty cents. A different kind of circular was sent out every day. One of them urged the people to prevail upon their representatives in the Legislature to vote for the Refinery Bill. "A square deal is all we want," was in every letter.

The Association got the names of people in every county; they reached everybody who was anybody, sending a circular or some kind of literature every day. Kansas has a good rural free delivery system. In three days they had communicated with 65,000 citizens. They did more than this. They mailed petitions to be signed by the people asking their Representatives at Topeka to vote for the Refinery Bill. The people signed them and sent them.

When the Refinery Bill came to a vote, more than one representative got up and said: "I am not particularly concerned about this Refinery Bill but I have a petition from my district asking me to vote for it. I vote yes." The bill was passed by a vote of 91 to 79. On February 12th, Governor Hoch sent the bill to the Legislature, signed.

WHAT THE STANDARD DID

The Standard Oil Company was not idle during the excitement at Topeka. They got some of the large producers to send telegrams to the legislators asking them not to vote for the Refinery Bill. The company reduced the price of refined oil four cents throughout the State. They were paying 70 cents a barrel for the crude oil. The people failed to see any virtue in their selling it for four cents cheaper, when they were buying it at a lower price than before. The reduction did not stop the agitation.

The Prairie Oil and Gas Company kept on building new tanks, extending its pipe lines and buying oil, but not as heavily as before. Two days before the Governor signed the Refinery Bill, Mr. W. J. O'Day, General

Superintendent of the Standard pipe lines in Kansas, Ohio and Indiana, sent a telegram to all the company officials, stopping all construction work on account of the agitation.

Three huge tanks were being built at Neodesha and ground had been selected for another. Miles of pipe lines were in construction. When the order came, all work was stopped. A thousand men were laid off.

The Kansas Oil Producers' Association construed this as a threat in view of the proposed legislation. The Prairie Oil and Gas Company kept on buying oil, however, and shipping it to the Standard refineries. They bought their oil mainly from the men who had not instigated the legislation.

THE ACTION OF CONGRESS

Then the battleground shifted temporarily to Washington. On the day Mr. O'Day's order was published, Congressman Philip Campbell of Kansas sat in his office near the Capitol reading an account of the oil fight in Kansas. The oil counties were all in his district. As a boy he had come to Neosho County from Nova Scotia with his father, a homesteader. The father died soon after, and the boy broke the prairie with a plow drawn by the only horse the family had. When he was twenty he did not know a verb from a noun. He began to study at night. The farm prospered; he went to Baker University. Then he studied law and was admitted to the bar. He got into politics and was elected to Congress. When he read Mr. O'Day's order he said: "That works a hardship for the oil producer. I must do something for him." The next day he telegraphed to Kansas for facts about the situation. The producers told him that the Prairie Oil and Gas Company had cut the price of oil until it was unprofitable to produce it and was discriminating against them. He spent the whole of the next night writing a resolution requesting the Secretary of the Department of Commerce and Labor to make an investigation of the situation in the Kansas field.

Congress was nearly over. The House had taken a recess during the discussion of the Military Appropriation Bill. Mr. Campbell went to the office of Speaker Cannon and said:

"Mr. Speaker, here is a resolution that I'd like to put through to-day. It means much to my people."

Mr. Cannon was chewing a black cigar. He looked up at the smooth-faced young Congressman and said: "My boy, that is a pretty hard thing to do."

"But it is necessary," insisted Mr. Campbell. Then he told his story of the Kansas oil situation.

"I appreciate your position," said the Speaker, "but this resolution can only come up by unanimous consent. I'll do all I can for you."

Just then Mr. Dalzell of Pennsylvania, a Republican leader, came in. Mr. Campbell told him his story. "I'll help you," he said.

Mr. John Sharp Williams of Mississippi, the Democratic leader, walked in. When he heard Mr. Campbell's story, he said: "So far as I can say, there will be no objection from my side of the House."

At noon the House met and Mr. Campbell secured unanimous consent to introduce his resolution and it was adopted.

The next day President Roosevelt, after a conference with Mr. Campbell and Mr. James Garfield, Commissioner of Corporations of the Department of Commerce and Labor, ordered Mr. Garfield to make an investigation of the Standard Oil Company in Kansas.

A week later I saw Mr. Campbell at Washington. He said: "I have received five hundred letters from all parts of the United States commending my action."

I asked Mr. Garfield about the manner of the oil investigation and he said, "There will be no detective work. The Department will make a frank and free investigation. I have been studying oil for a year."

THE CHAIN OF LEGISLATION

But while Congress was ordering an investigation of the Standard Oil Company, the Kansas Oil Producers' Association was busy at Topeka. The Refinery Bill had passed. It offered protection for the consumer. But more legislation was demanded by the Association, this time for the producer. Senator Fitzpatrick introduced a bill fixing maximum rates on railroads for the transportation of oil in tanks, barrels or tank cars. Then Senator F. Dumont Smith, who represented sixteen counties in Western Kansas in what is known as the "short grass" country, introduced the anti-discrimination bill, which prohibited any person or corporation from selling a commodity cheaper in one section of the State

than in another. This bill was passed. Senator Smith has no oil producers in his district, but he comes from Granger stock. His father was "Kewanee" Smith of Illinois, one of the fathers of the Granger movement. Senator Smith then prepared the bill known as the Pipe Line Common Carrier Bill, which made every pipe line in the State a common carrier like a railroad and subject to the authority of the State Railroad Commissioners. More than this, the bill specified that the owners of pipe lines must erect receptacles for receiving and distributing oil at any point indicated by the shipper. The bill also fixed a schedule of rates by which oil was to be transported. To complete the chain of legislation, the Legislature passed a General Railroad Bill, drawn by Senator Smith, which made it unlawful for any railroad to give a rebate. Within six weeks all these bills had been prepared, introduced, passed and signed by the Governor.

The Kansas Oil Producers' Association instigated a suit by the State against the Standard Oil Company, alleging that it had been doing business in Kansas without authority, and asking that a receiver be appointed. Suit has also been brought by the State against the Atchison, Topeka and Santa Fé Railroad, alleging conspiracy with other roads to fix prohibitive rates.

THE RESULTS OF THE LEGISLATION

The railroads obeyed. The Atchison, Topeka and Santa Fé Railroad announced an oil tariff in Kansas conforming to the maximum rate bill. Mr. C. D. Webster shipped a car of oil from Humboldt to Kansas City for \$27.50; the old rate was \$78.34. The drop is significant of the new condition.

Then the Prairie Oil and Gas Company announced that it would purchase no more oil under thirty degrees specific gravity. This meant the cutting out of a large part of the oil in the North Neodesha district. Mr. John O'Brien, Acting Assistant General Manager of the Prairie Oil and Gas Company, declared it was done because "This oil is only good for fuel, and we have no market now for fuel oil."

This action stimulated the determination to build independent refineries. Near Independence, in what is known as the Wayside Pool, the Robinson-Mott Company has started to build a refinery.

"Why are you building?" I asked Mr. Mott

"Because we believe the laws enacted by the Legislature will protect the independent refiner in every way. We can ship oil at reasonable freight rates and the anti-discrimination law prevents a corporation from underselling us at one point and charging a higher price at another." Other independent refineries are planned at Peru, Cherryvale and Paola.

Mr. Mott told me that he had made a test of the Wayside Pool oil for refining purposes and that at 28½ per cent. specific gravity it had produced a greater per cent. of kerosene than crude oil at 32 specific gravity from Chautauqua in the South Neodesha field.

PLANS FOR THE REFINERY

It was one thing for the Legislature to enact laws; it is another to see them enforced. At Topeka I asked Mr. E. B. Jerome Warrion of the State Penitentiary, who has managed the twine factory and who will have charge of the State refinery, about his plans.

"The appropriation," he said, "is to be issued in thousand-dollar bonds, and the money for them will come from the State school fund. Thus the bonds do not pass out of the hands of the State. We will spend \$75,000 for tanks and pipes, \$125,000 for a refinery, and \$100,000 for a dormitory for the convicts. The remaining \$200,000 will be a fund to buy oil and meet emergencies."

"Will you buy oil at a higher price than the Prairie Oil and Gas Company?" I asked.

"That depends on the market," he said.

"Will you sell oil cheaper than the Standard Oil Company?"

"We will sell oil as cheaply as it is possible to refine with a fair business profit. We will sell the oil as we have sold the twine. We will distribute it by agents throughout the State. It will mean cheaper oil for the consumer."

THE STATE'S RELATION TO THE REFINERY

But much of the interest of the oil fight centered about Governor Hoch. He had helped to start the whole refinery movement. In his office at Topeka I spoke with him about the situation. Outside a crowd of politicians waited for entrance and up stairs, the legislature was still in session. The Governor walked up and down as he talked.

"This whole movement," he declared, "is not to destroy competition. It is really an effort to promote competition. People say

it is Socialism. It is the opposite. We took the twine trust by the throat and compelled it to be good. Now we will do the Standard Oil Company the same way."

The Governor slapped me on the shoulder and said enthusiastically:

"They can't beat us."

"Is the State going into business?" I asked.

"In going into this enterprise," said the Governor, "it is not the purpose of the State of Kansas to monopolize the oil business. We will welcome private capital invested in independent refineries and throw around them absolutely every safeguard to make the investment profitable. And when private capital has filled the field with independent refineries, the State will be glad to retire from business."

I asked Mr. W. R. Stubbs, the Speaker of the House, who opposed the Refinery Bill, what he thought of the oil agitation and he said: "I maintain that the methods adopted by the State are too expensive. If the State can exist under those conditions the independent refiners will get rich. One of the reasons why I have opposed this bill is that I am opposed to any measure that will develop a man's property for him. I believe the State refinery will do the producer immeasurable harm, because the probabilities are that the Standard Oil Company will retire from the field. Then the producer will lose his greatest market."

"CHEAPER OIL FOR THE CONSUMER"

I went to Peru where the State refinery is to be. The Commercial Club of the town has presented a site to the State. Wherever I looked, the tall wooden derricks pointed skyward. Nearly every man and woman in the town is interested in oil. Most of the wells sunk in the back yards during the first flush of oil excitement have given out, but in the adjacent country the pumps were creaking.

Mr. H. E. West, President of the Kansas Oil Producers' Association, said, when I asked him what the result of the legislation and the agitation would be:

"We will have cheaper oil for the consumer. We will have independent refineries that will be able to ship oil at a reasonable rate of freight and meet the competition of a larger corporation. The policy of the producers' organization will be to maintain an organization and see that the laws are en-

forced and that the producer gets a square deal. We have developed the Kansas Oil field; we want the benefits. The State refinery will be operated on a margin of profit that will encourage the independent refiner instead of crushing him.

"We can sell the oil for fuel to take care of the production. Take Western and Central Kansas. There is little timber out there. The factories use coal. Under the maximum freight-rate bill, we can ship oil there for fuel. Three barrels of oil do the work of a ton of coal. We can ship this oil two hundred miles for \$2.45, cost of oil included. A ton of coal transported there would cost \$4.50."

THE FUTURE POLICY IN THE FIELD

All the oil was going to Neodesha; so I went there. In an office in a brick building in the middle of the town, a sturdy, smooth-faced man sat at a desk. He is Mr. O. A. Evans, Vice-President and General Manager of the Prairie Oil and Gas Company. Under his direction all the great steel tanks have been built.

"Has there been any discrimination against the Kansas producer?" I asked him.

"Does it look like discrimination," he replied, "when we have laid a pipe line to every good well in the field where there was a reasonable production to warrant the investment, and where the grade of oil warrants refining? The cause of all this trouble is the 'hot-air' companies. They feel that they must make a showing to their stockholders and it seems to be feasible to charge the blame to us. We are the only people who have taken care of the oil in Kansas and Indian Territory. Our work has been carried on at great expense. At one time we built a 35,000-barrel tank a day. We found that the development of the field exceeded our facilities to handle the product. We asked the producer to cut down. They only increased the output. Then we reduced the price. The Neodesha refinery can only handle a certain amount of oil. That is why the refinery was built at Kansas City. However, when the pipe line is built to Whiting, Indiana, where the largest Standard Oil refinery is located, there will be a further outlet for Kansas oil."

"How about your future policy in the field?" I asked.

"We will take care of all the oil we can

handle and take that which is desirable," he said.

I went to the tank farm just outside Neodesha. Here, covering more than a hundred acres, rose 124 steel oil reservoirs, gleaming black in the sunlight. Each one contained 35,000 barrels of oil. I climbed to the top of one and looked down at the gleaming petroleum. Oil was everywhere and everything smelled like oil. Wherever I looked I saw tanks. Within my sight were more than 4,000,000 barrels of oil, enough oil refined to last the city of New York for months. All this oil has been transported in pipes.

A THOUSAND MILES OF PIPE LINES

Go to Independence to the headquarters of the pipe-line department of the Prairie Oil and Gas Company; ask Mr. W. F. Gates, the superintendent of pipe lines, the location of any one-inch pipe on a twenty-acre tract in Wilson County and he will tell you. He can find in a moment any one of the thousands of pipes, large and small, that make up the 1,086 miles of pipe lines owned by the company in the Kansas oil belt. These pipes comprise that elaborate net-work of iron, radiating in every direction and making the highway of the crude oil from well to tank and refinery. At the Independence offices are maps that show the location of every foot of pipe in the field.

I asked Mr. John O'Brien what was the effect of the Pipe Common Carrier Law and he said: "It is impossible for any corporation to comply with it. To carry oil for anybody we would have to erect tanks everywhere. For example, if a man at Peru sold a thousand barrels of oil to a man at Osawatomie we would get five cents a barrel for carrying it, yet it would cost twenty-five cents to build tankage to take care of it until the purchaser needed it."

"And if you refuse?" I asked.

"That is for the State to decide," he replied.

THE STANDARD'S STATEMENT

On February 21st, the Prairie Oil and Gas Company, through its attorney, Mr. M. F. Elliot, submitted a report to Mr. Garfield, stating that the company has \$4,182,486.82 invested in oil-producing properties, pipe lines and tankage in the Kansas field. On January 1, 1905,

it owned 5,714,054 barrels of oil, stored in tanks. A year ago, the same day, they owned 718,757 barrels. During January the company bought a daily average of 25,601 barrels and delivered to refineries and cars a daily average of 10,175 barrels. The average amount each day therefore stored in tanks was, according to the statement, 15,426 barrels.

Mr. Elliot further stated, "As the quantity of oil is more than 15,000 barrels a day in excess of the quantity which can be marketed in the vicinity of the oil fields, in order to find a market for the said excessive quantity, it became necessary to build a line of pipe to Whiting, Indiana, at which place a large refinery is located and in operation." The estimated cost of this pipe line is stated at \$4,266,960. The total investment of the company in oil, tanks and pipes built and in course of construction is given at \$13,964,278.09. The report concludes with the statement that the Pipe Common Carrier Law is "impracticable" and that "if enforced will prevent the operation of such lines by the persons or corporations owning them."

THE FINAL RESULTS

What will be the final result of the agitation? On the face of the laws enacted, the Kansas Legislature has taken a definite step toward the settlement of the trust problem. This step consists of laws preventing discrimination in prices to crush competition, establishing maximum freight rates, penalizing the making of rebates, and making oil pipelines common carriers. But the constitutionality of these laws remains to be proved. The Standard Oil Company, as the statements of its representatives indicate, says that it is impossible to observe some of the laws. The corporation will not surrender without a fight. The highest courts must decide.

The State Refinery may, or may not, be a success. But it will tell people a great many things about the profits of oil refining that they do not know. These facts will aid to a better understanding of the methods taken by trusts to prevent competition. In essence, the chief merit of the refinery may be publicity.

The working out of the Kansas experiment, whether it be Socialism or not, will be watched as one kind of test of the case of the people against the monopolies.



By courtesy of Camp Fawcett

SUMMER CAMPS FOR BOYS

A RAPID INCREASE IN THEIR NUMBER—GOOD HEALTH, SOUND TRAINING, AND ENJOYMENT GAINED BY LIFE IN THE OPEN AIR—A PICTURESQUE AND HEALTHFUL SITE AND CAPABLE DIRECTION REQUISITE FOR THE BEST RESULTS

BY

WINTHROP TISDALE TALBOT, M.D.

THE ever-growing revolt against the tyranny of modern city life has found expression for boys in summer camping. Where twenty years ago there were three camps for boys, and ten years ago there were three score, there are now several hundred. Even in 1901 the Boys' Department of the Young Men's Christian Association reported 167 camps with 4,327 campers; last year there were more than three hundred camps and more than eight thousand campers. Besides these there were mission camps, city-settlement camps, choir camps, school camps and organized private camps, at least two hundred of them. These camps are placed on the borders of lakes, on the banks of rivers, on the sea coast—always near good swimming—and in them rich and poor annually find new life. Their increase is so constant and normal and democratic, that it has become a genuine movement in education, and not a "fad."

WHAT BOYS DO IN CAMP

Swimming and diving, rowing, canoeing and sailing are the favorite sports. Swim-

ming is most popular of all. The daily "soak" in the late forenoon is limited in time, depending on the boy and his physical condition, and upon the weather. Sometimes in the afternoon a "second soak" is allowed, especially after baseball games. One counsellor is in charge, another is in a guard-boat to see that no accident occurs, and the rest are in the water with the boys to teach them. Rules about the use of boats and canoes of course are stringent. Boys are required to prove their ability as swimmers in rough water before enjoying the freedom of the boats. After the swim, the boys love to lie out in the sun, and this daily sunbath is a potent means of storing up health and strength. The bare skins get brown and soft and silky, and there follows a subtle sense of general well-being which cannot be described. As aids to health, the Finsen light and the X-ray are mere make-shifts in comparison with the penetrating sunbeam which reaches bone and sinew, muscle and nerve, and the vital organs of digestion, excretion, and breathing, and make them almost glow with vitality.



BREAKFAST IN THE OPEN-AIR DINING-ROOM

The most appetizing of all places in which to eat

Nearly equal to swimming in popularity are baseball, tennis, running, jumping, climbing neighboring hills and mountains, fishing

trips, jolly games in camp, and amateur theatricals.

Reveill  sounds at seven o'clock, blankets



A TENT IN A BOYS' SUMMER CAMP

Many times comfortable and well as well as being inside of the summer.



ON THE ROAD FOR A LONG TRIP

By courtesy of J. S. Wilson

The insistence on sunlight for the body is shown in the light costumes of the boys

are thrown out to air, there are a few minutes of setting-up and breathing exercises, then a rush for the tubs or a plunge in the water, and breakfast follows. Next comes the



MAKING FRIENDS BY THE WAY ON A TRAMPING EXCURSION

The old man with the drum is a veteran of the Civil War

policing of the camp—for the work of the camp is done by the campers, with the exception of the cooking; old campers pride themselves on their ability to build fires, wash dishes, clean lamps, wait on table, and sweep and keep things tidy; and the contrast in handiness at home between camp-boys and their friends who have not been to camp



THE EVENING CAMP FIRE

In a night camp scene.

or water, fill up the afternoon. Supper is at 5:30; some lively games follow, and then the whole camp, not one soul missing—gather around the cheery blaze of the campfire for stories and far song. The fascination of that fire! It lingers vivid in reminiscent moments of the boys all through the long winter. The day has been an active one—evening prayers seem a fitting close. Before nine o'clock, with the soft, dreamy notes of "Taps," the camp is quiet for the night.

In general, this is the routine of the majority of camps. It is varied by excursions of a day, perhaps of a week, or longer, away from the camp on some tramping or fishing trip. The roughest experiences of these excursions give additional muscle and a friendlier fellow-feeling among the boys which cements more closely ties of growing friendship, and increases the common appreciation of the home-camp.

On Sundays, the camp hours, meals and



A CAMPFIRE—LADY ON

Ready to be started by the campers.

is striking and surprising to parents. An interesting talk by a counsellor or some wide-awake visitor upon athletics or the habits of plants or animals is followed by an hour spent in collecting, developing photographic negatives, or anything the making of a canoe paddle. It is then time for the swim. Dinner is at 12:30—a substantial meal; there follows a rest-hour when everyone takes a rest. Baseball and tennis, or short trips by land



A MIDDAY LUNCH

On a long tramping excursion.

doings are all different from those of the weekday. The Sunday talks and teaching constitute a clearing-house of mental and moral doubts and hesitations. The vesper service and the Sunday music are looked forward to through the week. Sundays inevitably become days of real and lasting value.

WHAT THE CAMPS DO

Even during the first tentative experiences with boys in camp, nearly twenty years ago, we found that the camps are, first of all, places for attaining a higher and simpler standard of living, for rounding off rough corners, learning to be considerate, to tell the truth and to govern the temper, for the simple reason that a boy who fails in these

behavior the camps are helped chiefly through their usefulness in making boys strong vitally, in improving their power of digestion, in increasing their lung capacity, in letting the sunshine pour upon every portion of their bare bodies. In camp a boy will gain noticeably in muscular strength, and will grow fast in bone and sinew; but the more experienced campers know that the long hours of early and sound sleep which follow a day of healthy, happy out-of-door life and work, supplemented by an hour of rest for the growing heart after the midday meal, will impart a degree of nervous vigor and power of resistance to fatigue and disease that competitive athletics and trials of endurance will fail to give.



IN MARCHING ORDER

By courtesy of Camp Idlewild

Long tramps through the woods are part of the exercise at a summer camp

ways is counted useless, and a counsellor who fails loses his authority and influence. If the director of a camp does not retain the respect of his boys, the camp fails; it is impossible for him to retain either respect or confidence unless his ideals are right; three or four summers will show him in his true colors. The relationship of director and boy is so intimate that unless a man is sincere, he had better not attempt to direct a camp. Moral standards of boys' camps are generally as high as the home standards of the boys in camp, or higher; because, as the campers constantly live together night and day, there is no hiding-place secure from the searching eye of some small boy.

In cultivating general morality and kindly

In most camps growing boys have at least ten hours of sleep at night and a half-hour or hour of repose in the early afternoon; their need for sleep arises of course from the constant tax upon the circulation and the heart of the growing body. The food which boys get at camp is often more appetizing than that at home, because camp directors make a business of studying the effect of properly prepared food and know what boys best thrive upon and enjoy. The most common fault is over eating. In the summertime boys do not gain as much in weight as in winter, because they are far more active and fat does not accumulate.

Beside the moral and physical upbuilding of the boy, the camps offer the best of all



By courtesy of Camp Tilden
REVEILLE AT SEVEN A.M.

The boys are in uniform at the summer camp.

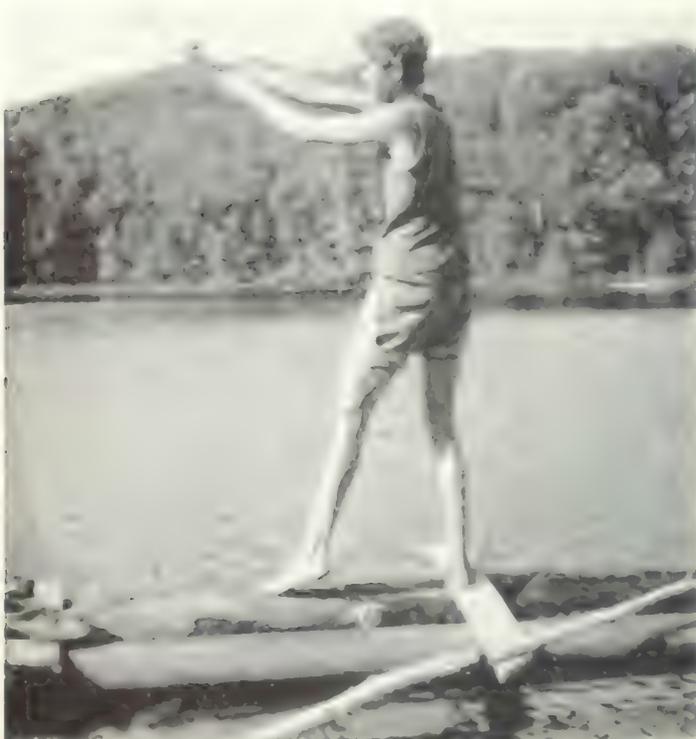


By courtesy of P. B. White
THE FOURTH OF JULY

The celebration of Independence Day is a popular holiday.

chances to study real life—the life of the starlit heavens, the voice of the thick woods, the lore of Nature. The city-boy is afraid at first of what seems to him silence—silence, because his ear is too ill-trained to hear the music of the soil and its dwellers: he talks much, objects, argues, discusses—a sign of nervous instability and long-continued strain, gradually he grows into harmony with the calm about him, and cheerful good nature replaces ill-temper and peevishness. He comes with a wrong conception of values; he has

an idea that the land is dependent on its cities; he learns that all the wealth of nations comes first from the soil. Two summers usually suffice to make him a lover of Nature. When he finds that it is the trappers and the farmers who alone can teach him the things he wants to know, he begins to think that somehow the words "jay" and "hussler" are misfits and he realizes that these slow-speaking, slow-moving, roughly-dressed men have learned truly to be self-reliant and independent, and that he must respect them.



By courtesy of P. B. White
A LESSON IN ANGLING

One of the many sports of which a child may enjoy at camp.



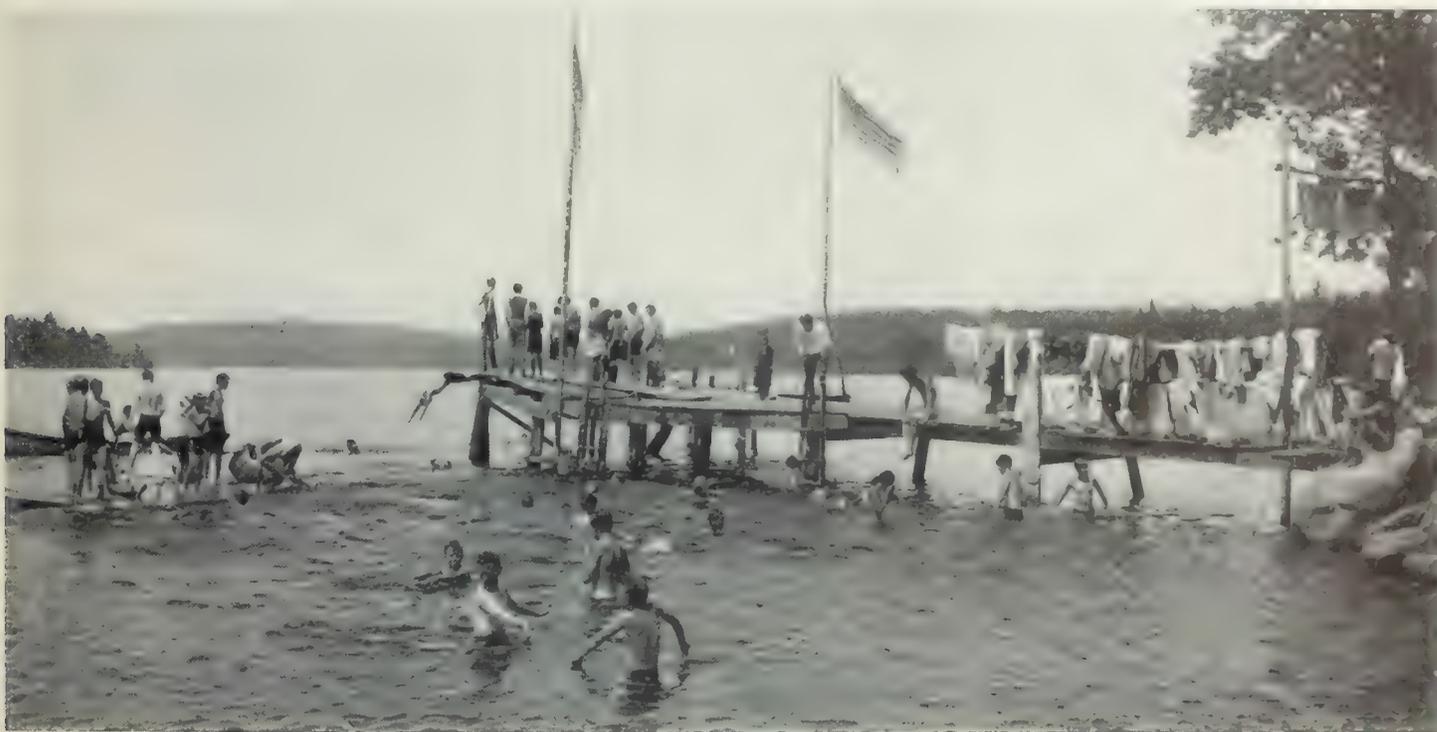
By courtesy of P. B. White
A FOREST EXCURSION

Through the forested hills of New Hampshire.

This broadening of the mental vision is supplemented now in most of the camps by giving boys tools to make for themselves paddles, canoes and the score of minor conveniences which campers find useful. Indians used to make themselves as comfortable as they could, they did not sleep on the ground—why should not white boys “imitate the best things of the best Indians” and learn to make bow and arrow, tepee and tomahawk, to hunt and fish and trap with home-made implements? So handicrafts nat-

the new experiences most keenly. He will gain more from his second summer than from his first, knowing the ropes and finding his special needs understood better by the director.

A camp should be selected the director of which is a man whom you know to be of right ideals, energetic and true in dealing with moral problems—for this is all-important. He should have a keen sense of fun, should be versed in wood-lore, resourceful, patient, self-controlled, and courteous. His



By courtesy of Camp Edgewood

SWIMMING IN THE LAKE

All the summer camps are located near water suitable for swimming, which is one of the main pleasures of camp life

urally offer a field of usefulness that is also pleasure for the boys in camp.

It is because camps appeal to soul and body, mind and hand in an interesting and satisfying way that they are spreading, and that your son is beginning to ask if he may go to camp soon; probably one of his friends was in camp last year and has been telling him about it.

CHOOSING THE CAMP

There are so many camps now that it is possible for almost every parent to find a suitable one within his means, where his boy can spend a part at least of two or more summers. The best period of a boy's life for him to be in camp is from the age of twelve to the age of seventeen, the most rapid period of body growth and the time when he enjoys

counsellors should all be grown men, preferably college graduates; undergraduates seldom possess enough self-restraint, experience and ability to work hard, to make their example worthy of imitation or their advice of weight. Boys of eighteen or twenty may be good leaders in sports but are not good counsellors.

The camp itself should be well located, on a height above the water to avoid dampness, commanding, if possible, a view of hills or mountains—a beautiful view exerts a potent influence on the *morale* of the camp. Boys behave better when they have beautiful views to look at. The sanitation of the camp must be strict and carefully planned. Any camp where the drainage is into the bathing waters should be tabooed. The water

supply for drinking must also be beyond any question as to its purity.

There should be a competent physician in the camp—it is not sufficient to have one some miles away, for accidents requiring immediate care are always liable to happen in the best regulated camp, and in addition there are questions arising continually on which medical judgment is desirable, regarding articles of diet, the length of the bathing time, the advisability of certain sports and trips and the like, which require the constant presence of a physician acquainted with each boy. No layman can be of so much service to the boys as a physician in aiding them to form good habits of personal hygiene.

Generally speaking, the older the camp, the more complete its equipment will be and the more chance each camper will have to gain from the life of the woods the experiences he most stands in need of. Nevertheless, a camp recently established, if forcefully led, will usually be a success from the beginning. In these days, the director of a new camp must have had experience as a counsellor in an established camp else he will make useless blunders and gain his knowledge at the cost of the boys committed to his charge.

Do not judge by hearsay of any camp, but get as much knowledge of it as you can at first hand. Make the personal acquaintance of the director and form an opinion as unbiased as possible of his character and aims. Learn all that you can of the location of the camp and its personnel, both as to counsellors and boys. If you are the father, visit the camp in person beforehand, if possible, but certainly once during the summer, bunking in with the boys. Camps which have nothing to hide will welcome the visit and suggestions from the father of any camper—especially if he can spin a jolly yarn at the campfire.

Of late the common knowledge and experience of camp leaders have crystallized into easily attainable form through camp conferences and the interchange of ideas, and mistakes in sanitation, choice of location and daily regimen, and the failure to obtain a good camp spirit are rarely reparable. Camp leaders welcome an opportunity to help those wishing to devote themselves to boys in camp, realizing that right-principled men are needed in the work, and that for every boy who goes into camp one summer, two will follow the next year.

An interesting outcome of the summer camps for boys is the establishment of similar camps for girls, of which there are a number ably conducted and successful—although the problems with girls in camp are essentially different, as well as more complex and trying.

Another striking and recent phase of camping for boys is the winter camp. In this the results are still more satisfactory than in the summer camp, because the good influences are of longer duration. In the winter camp such sports as skating, skiing, coasting, tobogganing and fishing through the ice take the place of summer sports, and book study can be made more effective than in school, because a more complete concentration of mind is attained through better bodily health.

In conclusion, the most valuable feature of the camp is its democracy. I know no camp where rich boys lord it over as in some private schools—would that there were no camps where poor boys alone are found. In camp, poor and rich lads stripped to their swimming trunks are on an absolute equality, the best man wins. Courage, generosity, goodwill, honesty are the touchstones of success in camp.



A SPIRITED GAME OF WATER BASEBALL

Copyright, 1911, by J. J. Moore



By courtesy of the *Street Railway Journal*

ELECTRICITY TRANSFORMING TRAFFIC

THE SUCCESS OF THE ELECTRICAL LOCOMOTIVE—RAILROADS SUPPLANTING STEAM TRAINS WITH MOTOR-EQUIPPED CARS FOR SUBURBAN TRAFFIC—TROLLEY LINES, WITH FREIGHT-CARRYING, DINING-, AND SLEEPING-CARS, OFFERING A NEW FORM OF TRANSPORTATION—THE TRUNK LINES AND THE TROLLEY LINES UNITING—THE TRANSPORTATION OF THE FUTURE

BY

BERNARD MEIKLEJOHN

WHEN the electric locomotive was under way on one of its trials that day at Schenectady, New York, when it "found itself," the steam locomotive of the Fast Mail was well in advance on a parallel line, its drivers going like mad, and the smoke trailing back in clouds. Did you ever ride in a trolley car whose motorman, with a grin, was overtaking a trotter on the road? Those strong forelegs of the horse were pounding the dirt with a brisk tattoo—but after all, the effort was pathetic. For the car did not limp with a shuttle motion. It purred and flew; and when it passed the horse it was sailing. That is how the electric locomotive, with an eight car train behind it, passed the steam locomotive at the New York Central's trial. It merely crawled by, for the speed was terrific—more than sixty miles an hour—but the steam locomotive was hammering the rails, while the electric

train was apparently sliding. It was sleek in comparison, too, for the steam locomotive was belching clouds of smoke and emitting jets of steam, and fuming, in general, with the effect that makes railroad tunnels a blot on our civilization. Slowly it was left behind.

The significance of the episode was not merely that the type of giant electrical locomotive, of which fifty are being built by the General Electric Company for service on the New York Central Railroad, proved its efficiency. For the trial in its larger meaning emphasized sensationally the transition now being made, wherever passengers are carried, to a new era in traffic. Railroads are being equipped with electrical power not only in the United States, but abroad, so extensively that the transportation to be furnished in the near future in and out of the great centres of population—most notably in the vicinity of New York City—will be practically as



Electricity Wins
Over the New York Central's Steam Locomotives in the New York State



THE NEW

A high-speed electrical passenger engine



THE FAMILIAR

A high-speed steam passenger engine

convenient as trolley service to-day. Trolley lines, meanwhile, are spreading so widely, and their service is expanding with such variety—in freight and baggage cars, smoking cars, dining cars, and even sleepers—that they are becoming more and more like the railroads. The locomotives now in use may not be doomed to the scrap heap; indeed, engineers declare that the railroads would have to carry twelve times as much freight as they do to make it advisable to discard them.

Steam, too, is still far cheaper to use than electrical power on lines remote from waterfalls or from cities where suburban traffic is heavy enough to provide a steady stream of passengers. But with heavy third-rail cars in the cities now conveying people by subways and elevated lines to the railroads, with electrical locomotives or motor-equipped cars prepared to rush trains to the suburbs, and with suburban and interurban trolley lines taking up the relay and reaching every



ELECTRICAL LOCOMOTIVES IN COMMON USE IN THE UNITED STATES AND ABROAD FOR FREIGHT SERVICE



WHERE AN INTERURBAN LINE CROSSES A FAIRROAD
 Showing how the railway right-of-way is being transformed into a road.

hamlet, a system is taking form that will soon permit anybody to go anywhere at almost any time—on electrically driven cars.

THE ELECTRICAL LOCOMOTIVE

Electrical locomotives have long been used for freight service, especially in mines. For a number of years they have been drawing passenger trains in the tunnel of the Belt Line Railroad circling Baltimore. Two important facts gave their use a recent impetus. It is still a form of purgatory to enter or leave

New York from the Grand Central Station, for a tunnel must be traversed that reeks so searchingly of smoke and gases from the locomotives that the windows of the trains must be tightly closed. Public clamor demanded relief. Meanwhile the Pennsylvania Railroad was planning to enter the city through a tunnel under the Hudson River. A passage through such a tunnel behind a steam locomotive was not to be thought of. The Elevated Railroad discarded its steam locomotives for electric trains. The Subway



A TROLLEY SLEEPING CAR READY TO LEAVE THE INTERURBAN UNION STATION IN COLUMBUS, OHIO



By courtesy of the *Street Railway Journal*

A BAGGAGE, EXPRESS AND MAIL TROLLEY CAR
ON A WESTERN TROLLEY ROAD



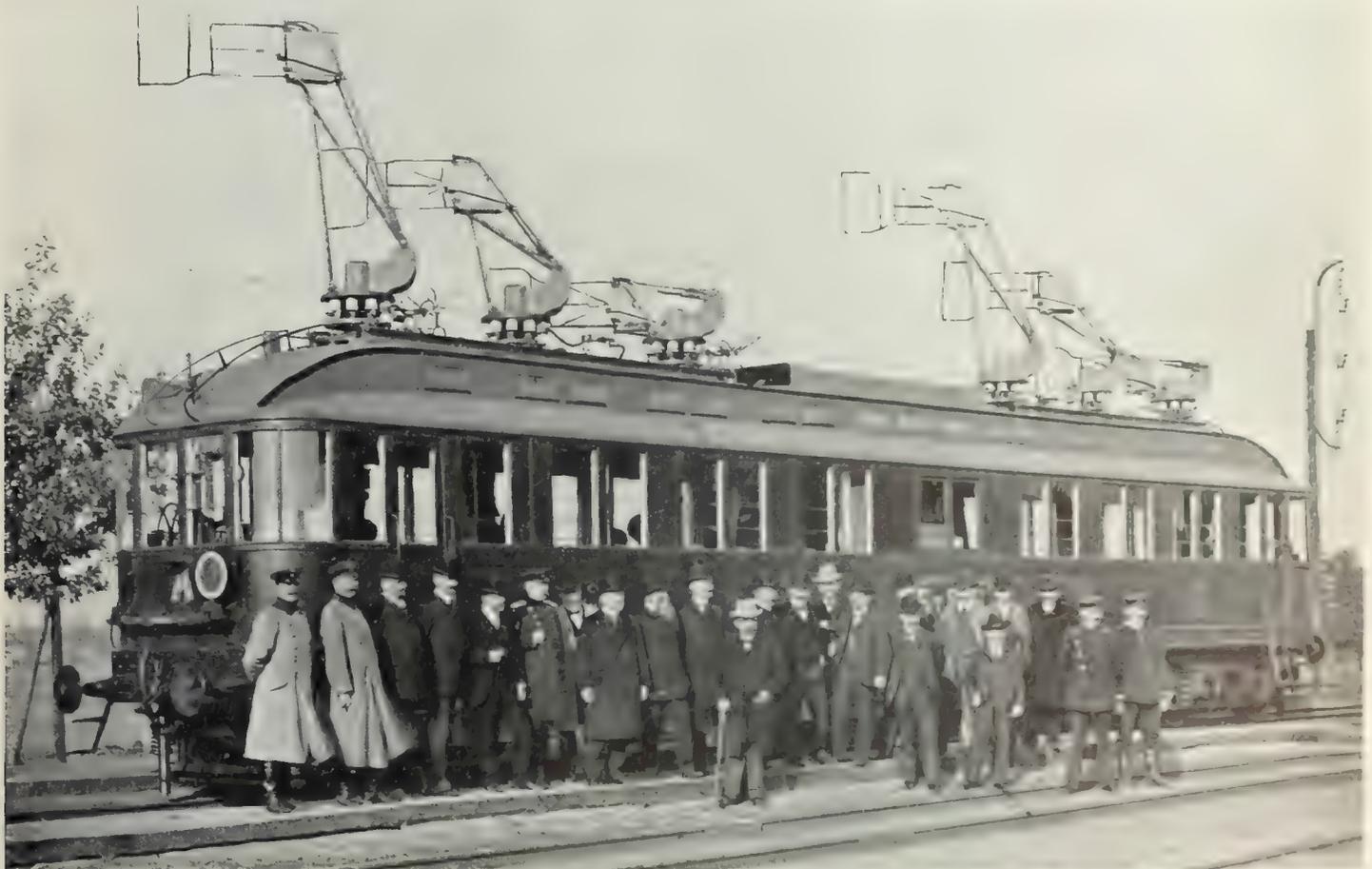
By courtesy of the *Street Railway Journal*

A COMPETITOR OF THE RAILROAD TRAIN—AN
INTERURBAN CAR

equipment was ordered—more electric trains. Electric trains promised to become the city's typical means of rapid transit, and neither the public nor any enterprising railroad could permit this convenience to stop at the portals of the railroad station. Moreover, the turbine engine to provide motive power for electric generators proved a cheaper and more convenient means of producing electricity than the old type of reciprocating engine. The public demanded better service; the engineers devised the means; the railroads were glad to make the needed improvements.

First, the New York Central Railroad set to work to extend its terminal yards and

welcome the new power. Fifth Vice-President Wilgus had been advocating electrification for years, and he was now given scope for his plans. Fifty electric locomotives were ordered, the first of which was successfully tested on November 12th. These locomotives will haul through trains as fast as sixty miles an hour between New York and Croton (thirty-four miles), on the main line of the Central, and between New York and White Plains (twenty-four miles), on the Harlem Division. For very heavy trains two of the locomotives—each of which weighs ninety-five tons and can develop 3,000 horse-power will be coupled together. On trials these locomotives have reached a speed of seventy



A HALT AFTER RUNNING AT THE RATE OF 135 MILES AN HOUR

A car on the Berlin-Zossen line with three trolleys—a form of equipment not considered commercially practicable by American engineers

million an hour, and it is estimated that their capacity for quick starting will enable them to make up between Croton and the Grand Central Station for the time lost in changing engines at Croton. Power will be furnished from power-houses equipped with turbine generators, and sent to the locomotives by the third rail system.

REVOLUTIONIZED SUBURBAN SERVICE

The terminal improvements at the Grand Central Station herald an equally significant



THE INTERIOR OF AN INTERURBAN CAR

abandonment of steam for electricity. The New York Central and the New York, New Haven & Hartford Railroads, both of which are at the terminal, have prepared to equip their suburban trains with electricity. President Mellen of the latter road has worked out a plan for electrifying the railroad between New York and New Rochelle at least, and perhaps for a longer distance. Nineteen blocks of buildings have been laboriously torn away from the land adjoining the tracks of the Central near the terminal, as shown in the accompanying illustration; and an extension to the station will be built where the electrical suburban trains of both railroads will be



A TROLLEY LUGGAGE CAR

received and dispatched on an underground level. There will be a commodious subterranean station, and the electrical trains will be handled much as they are in the Subway, to which there will be direct access. Passengers will be able to whiz up to Forty-second street at the end of their day's work in lower New York, step almost directly from the Subway trains to similar trains running at frequent intervals to distant suburbs, and reach the Connecticut State line almost as soon as they could ride up to Harlem three years ago behind the coughing "dinky" engines of the elevated.

The Long Island Railroad will have an electrical system in operation this summer



WHERE VOICES ARE REDUCED AUTOMATICALLY

A transformer house on an elevated line in Chicago

Here is a railroad that spreads its tracks all over Long Island. Over much of the territory it is paralleled by trolley lines. And as its business is almost exclusively passenger traffic, the conditions of operation do not differ widely from the conditions on the Elevated and in the Subway in New York. When the engineers of the Elevated discovered, as they shortly did, that electricity was a cheaper as well as a cleaner motive power than steam, what could be a better argument for electrifying the Long Island?

mitted itself to the replacing of one kind of locomotive by another. However, even electric locomotives may be for hauling freight trains, or through passenger trains, they do not give the flexibility that is one of the strong points of cars equipped with motors. The electrification of railroads has proceeded slowly, however, partly because a thorough transformation would necessitate discarding valuable locomotives. The adoption of motor-equipped cars would make it necessary to discard a good many passenger



PREPARING FOR ELECTRICAL EQUIPMENT

Removing nineteen city blocks in New York for the new terminal of the New York Central Railroad

So the turbines are now running, the cars are ordered, and, certainly by the autumn, commuters who live between New York and Jamaica will ride to and fro in electrical trains. The Pennsylvania, the West Shore, and the Delaware, Lackawanna & Western, will also enter New York with electric power.

But is the electrical locomotive or the motor-equipped car to be the type of engine destined to become as familiar to us as the steam locomotive? Neither the Long Island Railroad nor the Pennsylvania has com-

coaches, too. The first introduction of electric power on the New York Central, then, took but a short step forward—adding a new kind of locomotive to haul the old kind of car. But the new suburban system will mean new cars, and these will be motor cars. The trains will be made up as the Elevated and Subway trains are now made up—in trains with motor-equipped cars alternating with “dead” ones. The other railroads are considering similar equipment. It is even doubtful whether electric locomotives will ever run through

the Pennsylvania tunnel. But anyone who has ever seen the Subway and Elevated trains in New York, Boston, or Chicago has seen the train of the future as it will move within a radius of thirty miles of the greater cities.

In those trains the motorman's controller does not merely start the power on the leading car; it moves a compressed air device which starts the motors on every one of the live cars in the train at once. You may be

of future convenience that lie in the use of electricity for motive power.

Now all this means that the railroads are beginning to approach the trolley lines in their form of service. The movement is not confined to New York. The Colorado & Southern will have an electrical service running in and out of Denver very shortly, and for some time the New York, New Haven & Hartford Railroad has run electrical trains on some of its



A TROLLEY SLEEPING-CAR

Showing the comfort and interior for night riding

riding in the seventh car of the train; that car is as much a locomotive as the one on which the motorman rides. This mobility of the units in a train will make it possible for the railroads to adjust their service to the traffic in a way that is impossible for steam trains. A car can be dropped anywhere on the line, and it will still be capable of moving under its own power. It is necessary only to hint at this flexibility to suggest the possibilities

branch lines in Connecticut. Several English railroads are replacing steam with electricity, and at least one railroad in Australia. The passenger traffic, moreover, makes as heavy demands on the suburban railroads serving other cities as New York traffic makes. The Southern Pacific Railroad transports more than 18,000,000 suburban passengers every year to and from San Francisco, more than 25,000,000 suburbanites pass through the

union stations in Boston every year; and similar smaller armies besiege the terminals daily in other cities. Infrequent inflexible steam trains will scarcely be endured in these other places after the New York installations have proved successful. For anything but long journeys we have already outgrown smoky, cindery, "steam-cars."

EXPANDING TROLLEY SERVICE

Meanwhile the trolley lines are more and more usurping railroad functions. The whole street railway mileage of the country fifteen years ago was only a little more than 8,000 miles; now there are more than 30,000 miles of track, and the number of rides taken by each inhabitant in a year has doubled. Massachusetts, New York and California are netted with trolley lines. It is now possible to go from Portland, Maine, to New York by trolley without a break; and with slight breaks a passenger might go on beyond the Mississippi. West of New York the cars increase in size and speed, and multiply their facilities, till one reaches Ohio and Indiana, where the great interurban lines scarcely differ from the railroads in service.

Enter the trolley terminal at the corner of Illinois and Market Streets in Indianapolis. The station is not so complete a structure as a great railroad station, for the cars run in at one end and out at the other, but here are waiting rooms, a freight room, and a baggage room, a café, ticket offices and a rest room. You step into a long commodious local car, provided with smoking and toilet apartments, and the car is off. Or your destination is Dayton, Ohio, via the Dayton and Western Traction line. The car you enter might be a Pullman. The porter leads you to a comfortable wicker chair which you have engaged beforehand, and asks you if you will have lunch. The waiter serves you from a well-stocked kitchen such a meal as you might have in a Pullman buffet car, and when you have lighted your cigar in a cozy leather chair in the carpeted smoking room you are bowling away for a run of 108 miles that will take but a little more than four hours. You speed across country in a comfortable apartment with broad plate-glass windows and mahogany woodwork—for the car closely resembles a railroad coach—and as you look out across the flying fields your sensation is hardly different from that of riding in a train,

except that you smell no smoke and no cinders make you blink.

Nine interurban lines run out of this Indianapolis station for all towns of any importance within one hundred miles of the city. The cars arrive and start on schedule time. There is no more fuss and bother than in any city spot where trolley lines run. In Indiana alone the twenty-three interurban companies operate more than eight hundred miles of track all built within seven years. If all this mileage were put into a single track operated so as to be typical of the conditions now prevailing, it would reach from Indianapolis to New York. A trip over it one way would take less than thirty-nine hours at a fare of \$12.75, as against twenty-one hours by train at a fare of \$19. The line would follow its own right of way over a large part of the distance.

There is an unbroken stretch of interurban line from Corry, Pennsylvania, near the New York State line that runs through Cleveland and Toledo, up around the western end of Lake Erie to Detroit, and from Detroit on to Bay City, Michigan, on the north, and across the State to Kalamazoo on the west, 480 miles from Corry. When projected lines are completed connection will be made with Southern Ohio and Central Indiana systems. On the Jackson and Battle Creek line the cars have an "observation end," and cars equipped with lounging chairs in the smoking compartment are common. On the Lake Shore Electric Railway, which runs no buffet car, a caterer provides the passengers of the "noon limited" with lunch at one of the stopping places. The Columbus and Zanesville line runs sleeping cars with capacity for twenty-four passengers in the daytime and twenty at night. The cars have chair seats and footstools and individual reading lamps. Even electric cigar-lighters are provided in the smoking compartment. Herein lies another imitation of railroad methods. These sleeping cars are maintained by the Holland Palace Car Company on an arrangement with the trolley line such as the Pullman Company makes with the trunk lines. The speed made by "limited" cars with such facilities as these runs as high as forty-five miles an hour. In estimating the difference between service on one of these "limiteds" and on a steam train connections must be considered. But assume that one wishes to go from Indianapolis to

Zanesville, Ohio. The trolley car would start from Indianapolis at 7:10 in the morning and arrive at 6:30 in the evening. By train, because of difficulty in making connections, the trip would last from 8:10 in the morning until 8:20 in the evening. The fare by train would be \$6.95; by trolley \$4.70.

FREIGHT SERVICE BY TROLLEY

But it is not in passenger traffic alone that the interurban lines are following close on the path of the railways. Not only may you take baggage with you on many of the lines, but freight cars, milk cars, fruit cars, package expresses and even cars for transporting live stock are run, even in direct competition with the railroads. The Chicago, Harvard and Lake Geneva Railway exchanges business with the Chicago & Northwestern Railway and the Chicago, Milwaukee & St. Paul. One-third of the road's business is freight traffic. Freight is carried at the rate of five cents for one hundred pounds, though no package is carried for less than ten cents. It transports live stock shipments, and, in summer, it runs refrigerator cars for milk and butter. There is a "Lemon Growers' Express" to carry fruit between Los Angeles and Santa Monica in California. The lines terminating in Indianapolis, Cincinnati, Dayton and other great centres of the Middle Western web do a regular freight business. Of course, it will be a long time before electric railways will compete with the steam railroads in carrying heavy freight, but for providing farmers with a swift means of getting such farm produce as milk to market quickly, the interurban lines stopping at every cross road and lane have proved a boon to the rural districts.

The officers of one line running out of Dayton, Ohio, have enthusiastically undertaken to develop their freight business by developing the country through which the line runs. This road found a package express traffic not so profitable as regular freight business. Farmers, therefore, were invited to meetings where officers of a cold storage company in the city and officers of the car line made speeches to them, urging them to take advantage of information given by the United States Department of Agriculture, in order to get better crops, and suggesting that their garden truck could be marketed more speedily by the use of the trolley line than in any other way. This propaganda has moved some of the farmers

to change from producing grain, wheat and tobacco at from \$70 to \$80 an acre to garden truck for which they can receive three or even four times as much.

The Electric Baggage Company sends out of Cleveland twenty-two freight and baggage cars every day. The farmers send their milk, eggs and other farm products into the city and receive city goods in return. Service like this is enjoyed by the fruit growers outside of Buffalo and Detroit. In Southern California, the trolley lines not only serve the farmers but conduct an information bureau, where they furnish information to prospective settlers in order to encourage them to take farms along the lines. On one road in Ohio a freight agent calls up by the telephone the farmers along the route of his cars, inquires what they have to sell, and then endeavors to make arrangements for the sale, so that his road may have the business of transporting the freight. The Lake Shore Electric Company is doing its utmost to develop fruit growing in the district it serves.

It is estimated that 50 per cent. of the small freight business going to Detroit from the surrounding country is carried by the Detroit, Ypsilanti and Ann Arbor Road, which carries fish as well as other articles of food to market. On some roads baggage is not carried in the passenger cars but in regular baggage cars. The Lake Shore Road, for example, carries an average of 2,000 trunks a month, checked free, in cars in almost every respect like the baggage cars of railroads. On the Cleveland and Eastern Railway, as on many others, a regular milk business is done every day. Farmers drive down to the trolley line regularly and load their cans into the milk car, giving the conductor a twenty-cent ticket for every ten-gallon can. The farmers buy their tickets in large numbers and practically pay the fare of each can as it is loaded on the train. Nor is this kind of freight business confined to the interurban lines. In New York City package express cars run up and down on the Third Avenue line, and there is some discussion about running freight cars in the Subway. Chicago has in daily operation a subway line twenty-two miles long in which nothing but freight is carried. In most places the trolley lines have built up their business in competition with the railroads, not so much by offering lower rates as by furnishing shippers with a swift and flexible

service that railroads could not give, and often because they can reach shippers far from the main railroad lines. The most significant feature of the development of the freight business is that in some places, as on the Chicago, Harvard and Lake Geneva line, there is an interchange of traffic with the railroads.

RAILROADS JOINING WITH TROLLEY LINES

And here is a hint of the closely woven traffic system of the future. It was not until recently that the freight and passenger business of the trolley lines began to trench on the functions of the railroads. For a long time the trolley roads seemed fitted merely for the heavy and frequent passenger traffic of cities. But now that they are duplicating every feature of railroad transportation from high speed and luxury to heavy freight facilities, the railroads are beginning to feel their competition. The next step on the part of the railroads was inevitable. The Boston & Maine Railroad have acquired control of trolley lines in Massachusetts and New Hampshire; the New York, New Haven & Hartford Railroad controls 57 per cent. of the trolley lines in Connecticut; the New York Central has been buying trolley lines in Central New York and the Southern Pacific Railroad has secured a controlling interest in the vast system of street railways that cover Southern California. Men who have heavy railroad interests are said now to own the subway line in Chicago. In all these cases business wisdom will compel the officers of the systems to develop the trolley lines to help the railroads, and to develop the traffic of the railroads to help the trolley lines, so that both investments will be profitable. Here then, are the two typical forms of transit being welded into one.

INVENTIONS THAT MAKE FOR ADVANCE

The extension of this welded system to all parts of the country since it depends on the electrification of railroads will be delayed until some cheaper method of producing electricity is discovered than is now known, or until the great mass of through traffic becomes heavier. It is feasible now only within the suburbs of cities or within 150 miles or so of Niagara Falls or some other great cataract where electricity can be produced cheaply, as in California, for example,

where long distance transmission of electricity produced by waterfalls is carried further than anywhere else in the world. The development of the suburban systems now being installed has been brought about through the use of the turbine, which is especially adapted to turning electric generators.

The future extension of the interurban lines also may depend, in a measure, on the cheaper use of electricity. A very significant step has already been made in this direction. It has been loosely said that the United States is behind foreign countries in the development of electric traction, because a car has been run experimentally on the Berlin-Zossen line in Germany which has attained a speed of 133 miles an hour, which is faster than any electric car has run in the United States. But a glance at the illustration of this car shows a form of trolley construction that American engineers consider impracticable. This line employs the three phase system, which requires three trolley lines, making three points of contact for the electrical current. Furthermore, it has been possible to send electricity only at low voltage on American lines, because the car motors have been able to use only a direct current, which does not permit a high voltage.

But there is an interurban line projected from Indianapolis to Cincinnati which has been built and is now in operation as far as Rushville, Indiana. This line has an alternating current equipment. The substations necessary on other electrical railways, expensive to equip and operate, are here replaced by small transformer stations in which a high speed alternating current which is transmitted as rapidly as 60,000 volts is automatically reduced to the 1,100 volts used by the motors on the cars. These motors are of the alternating current type. For many years the Westinghouse Company has been endeavoring to build a successful motor of this type, seeing in it the solution of the problem of the cheap use of electrical power. Engineers all over the world are watching the operation of the line with the deepest interest, for in the success of the alternating equipment, which is now assured, is the germ of a marvelous expansion of the interurban railways. With the turbine engine, then, as the future prime mover and alternating current motors as the machinery for applying the power, the electrical future of traffic is assured.

THE CONFESSIONS OF A COMMERCIAL SENATOR

II

I GAIN POLITICAL CONTROL OF THE STATE AND THROUGH BUSINESS CONNECTIONS SECURE ELECTION TO THE SENATE BY FOLLOWING THE RULES OF THE GAME

A STUDY FROM LIFE

AFTER gaining the political control of my city made necessary by business operations dependent on franchises, I became the most influential citizen. I was Chairman of the Republican Committee, and raised all the campaign funds. My enemies called me "The Boss." The companies which I directed were the largest contributors to both parties; in fact, we kept the organizations alive between elections. And as time went on we became mixed up in State affairs.

All sorts of measures were constantly before the Assembly, and we found it necessary to look after the legislative ticket. I was frequently called to Washington to confer with the President and the Senators from the State. In connection with them I disposed of the Federal patronage, and gradually came to be influential in State matters and to be entrusted with the local campaign in national affairs. I had found it advisable to acquire an interest in one of the local papers. The paper was not only profitable, but we found it expedient to be able to mould public opinion and in this way protect our many interests from the assaults of sensational journals.

I began to feel the joy of power. Politics had come to envelop my business. I could not let go of one without letting go of the other. Under the laws of the State we could not secure perpetual franchises as is done in the East, and the council still retained a large measure of control over services and charges. After the fight with Mayor Ballantyne, whom we had driven into retirement, this fact became even more apparent to me. Ballantyne had created a lasting sentiment in the city that was hostile to the gas and street railway companies. The people criticised the services and opposed little extensions. We were put to many petty annoyances. Our property

was now assessed for taxation on the same basis as other personal property, but an agitation had arisen in the State to assess our franchises at their market value. This, if done, would cost us hundreds of thousands of dollars a year.

Things were slowly getting beyond my control. The Democratic party had enjoyed a taste of power, and the men with whom Ballantyne had surrounded himself were tarred with his opinions. Moreover, there was a growing tendency to vote independently in city elections. A sentiment for municipal ownership was growing in both parties. There was talk about regulation, reduced fares, and free transfers, and about cheaper gas. But we really had more to fear from the State Legislature, than from the city, for locally we had been able to control both parties, and so long as we could have convention nominations we had little to fear.

In the Legislature, however, we had been annoyed by the activity of Senator Bradley, the recognized leader of the Senate. He had secured the assent of the upper house to a measure abolishing nominating conventions and substituting direct primaries. He had carried on an aggressive fight for the taxation of all railroads, telegraph, telephone, street railway, gas and mining companies on their franchise value measured by the market value of their stock and bonds. He had worked this measure through the Senate along with the primary election law. This would have quadrupled the taxes on my mining and railway properties, and more than trebled the assessment of our street railway and gas properties.

In order to encompass the defeat of these measures we had enlisted in United States Senator Stillman who had come from Washington on an imperative telegram from me. Stillman was a brilliant speaker, and had

managed to acquire a large fortune as attorney for large corporations. We had retained him at an extravagant figure to protect our interest before the Assembly. Through his influence a hurried caucus of the Republican members of the lower house was called, and a resolution passed substituting a harmless taxing measure based upon gross receipts for the one Bradley had passed in the Senate. The caucus also declared against the direct primary bill. When Bradley's measures came over from the Senate, they were referred to a committee from which they could not be withdrawn except by the action of the House. In this way we pigeon-holed these matters, for if they had once come before the House public opinion would have forced their passage. Stillman had managed this with the members by threats, cajolery and promise of Federal patronage.

We had got through the Assembly with safety, but Bradley had now grown ambitious, and had recently announced his candidacy for the Governorship, and the farmers and newspapers in the smaller towns were supporting him. It was manifestly necessary to beat him in the convention.

I canvassed the situation carefully, and finally went to Washington. I called directly upon Senator Williams, the senior Senator from the State. He was an old man who had served the State continuously ever since the Civil War. His third term as Senator was expiring and he was a candidate for reelection before the Assembly to be elected in the fall. The affection and esteem of the people for his long service rendered the retention of his seat practically dependent upon his own wishes. He was one of the few poor men in the Senate. He supplemented his salary by literary work and lecturing.

I bluntly told him that I had come down to see about the candidacy of Bradley for the Governorship.

"You know, Senator," I said, "Bradley gave us trouble in the Assembly last winter. He introduced a lot of radical bills and is not safe. He's trying to throw all the burdens of taxation upon the rich and won't listen to reason. If he were permitted to pass his legislation, it would bankrupt a lot of corporations who have built up the State. Now, I came to find out how you stood toward him, for, of course, we can't permit him to have the nomination for Governor. With your in-

fluence we can beat him, and we have about decided to support John Martin, a banker, from the eastern part of the State, who is a conservative and reliable man and who has generously contributed to the party's success for years. With your help and that of Senator Stillman, we'll be able to defeat Bradley and nominate Martin, and I came to see you in order to explain the situation."

"Why," said he, surprised, "I fear I cannot help you. I couldn't do anything like that. I was in the same regiment with Bradley's father in the war. He comes from my own county and I have been proud to watch over the young man's career since he has been in the Senate. I know he is perfectly honest, and has always been a reliable party man and I think he has earned this nomination by his good work in the Assembly. I had intended writing letters to my friends throughout the State to help the young man. Further than this, when I was last elected he made the nominating speech for me for the Senate, and, in so far as I made any campaign, he looked after it for me. You can see, Mr. —, that I could not go back on him now, even though I were so inclined, and I am sorry that you feel toward him the way you do."

I urged all the considerations I could, but I was rather indifferent to his decision, for he had little practical influence. His popularity lay with the people rather than with the organization.

Moreover, I was maturing other plans. I had now accumulated a large fortune. It was constantly increasing and required political rather than business skill. Our street railway franchise made us secure for fifty years, and our earnings were increasing fast. Through Stillman I had met most of the leaders in the United States Senate. And as I looked about that body, I noticed that the majority of them were business men like myself. In fact, most of the Northern States were represented by men whose interests were identical with my own. The West was largely represented by mining kings, and the Middle and Eastern States had sent railway and street railway owners and men who had risen to eminence as railway attorneys. There were few Northern States outside of New England which were not represented by business men of my class. If those men could get into the United States Senate, why shouldn't I?

After learning Senator Williams I went immediately to see Senator Stillman.

"Stillman," I said, "we've got to beat Bradley for the nomination. He's dangerous, and if he carries his plan through, he will not only break up your control of your city but will tax our properties out of existence. We want you to use your influence to beat him in the convention. Couldn't you send for some of your postmasters and revenue officers and go over the situation? Martin is perfectly acceptable to us for governor, and he has backed you up in your campaigns."

Stillman agreed to send for his men.

THE CAMPAIGN FOR THE SENATE

That night I started home. I stopped off to see McGuire, who was the boss in the second largest city in the State. I had known him for a number of years, and in the preceding session of the Assembly we had used his influence to beat Bradley's measures. In his early days, he had been a paving contractor. He had drifted into the saloon business and was said to control the gambling outfits of the city. He owned a stone quarry and a brick works, and represented an Eastern asphalt paving company. His materials were specified in all paving and sewer contracts, and he had grown to be a man of financial as well as political influence. He had handled in the council the franchises for the local street railway company, which were subsequently sold out to an Eastern syndicate at a big profit, and he was said to be desirous of securing legislation from the next Assembly for the brewers' syndicate.

We speedily came to terms. He controlled the delegation from his county to the State Convention, and would make up the legislative ticket. I arranged that our delegation to the Assembly would back his measures, if he would support Martin for governor and me for the United States Senate. He abhorred Senator Williams, who had ignored all his recommendations in making Federal appointments, and had lost no opportunity to condemn his political methods.

To make things even more secure, I called a conference of the leading railway officials of the State. All the railroads had local attorneys to look after their interests in the counties through which their roads passed, and had great influence with the county auditors. I explained to them the dangers

of Bradley's election. We worked out a plan of campaign. I secured promises of substantial campaign subscriptions, but better than that, the roads actively entered politics themselves. They decided to get in touch with their local attorneys, and have them make a fight to be elected delegates to the State Convention and where possible run for the Legislature themselves. This was easy inasmuch as most of the local attorneys had been selected because of their political prominence. I took a list of their attorneys, and aided them in their campaigns. I was treasurer of the State Committee, and distributed the campaign funds myself.

On the convening of the State Convention, we had perfected our arrangements. We controlled the temporary chairman who appointed the committee on credentials which passed upon contesting delegations. The committee threw out a number of counties representing Bradley, and by this means we increased our majority on the floor. The committee on permanent organization reported officers favorable to us and, although Bradley made a vigorous fight, Martin was easily nominated and only ambiguous resolutions on taxation and election reform were incorporated into the platform.

The following November, the State ticket was elected by a large majority and the Republicans had an easy control of both houses in the Assembly. A few weeks before the Assembly convened, interviews with prominent politicians appeared in a number of the leading papers suggesting my candidacy for the Senate. These were backed by editorials to the same effect, saying that it was a business age and business men were needed to deal with the large affairs of the Nation. They said that our expanding trade, the necessity of a protective tariff and measures of this sort demanded that we have men of business experience in politics if America were to take her proper place in the family of nations.

On the convening of the Assembly, caucuses of the Senate and House were held for the nomination of speaker and clerk. These offices were most important to us. The speaker made up all committees, and the clerk, through his influence and his control of legislative matters, was able to be of great assistance in parliamentary ways. Our candidates for these offices were chosen with but

little opposition. The chief fight was to be over the legislation demanded by the brewers and over the United States Senatorship.

I opened headquarters at the leading hotel and announced my candidacy for the Senate. I called in the representatives from the country districts. I was sure of my own delegation and that of McGuire, as well as of some friends of Senator Stillman. I also set the wires in motion to New York and Chicago, and secured the support of railroad corporations, who suggested to their attorneys, of whom there were a half-dozen in the Assembly, that it would be a courtesy which they would appreciate if they would support me for the Senate. This was effective in most cases.

I had placed the outside conduct of my campaign in the hands of Buckley and McGann, whose experience in our many local fights stood me in good stead. I told them that I did not want to know what they did or how they accomplished it, but that my friends had raised a campaign fund of \$20,000 which had been deposited for their use, and that they might have some entertaining to do with some of the members.

I was soon certain of election. There was strong opposition, however, and pronounced indignation among the country members over the retirement of Senator Williams. Some bitter speeches were made in the caucus and many of the papers of the State opposed me with vehemence. But so long as I had the votes at my back I could ignore such voices—especially as they would be just as loud in my support as soon as the election was over. For the country newspaper subsists on political patronage. Its revenue comes from the publication of ordinances and the printing of party documents and political matter.

My name was the only one presented to the caucus: Senator Williams had announced that he would not be a candidate for re-election. Bradley had been on the ground looking after the candidacy of Williams. But he had no organization and nothing to offer to the men, for we controlled the State organization, had organized both houses and many men were willing to trade their votes for the Senatorship for positions on good committees, like Railways and Transportation, Corporations, Judiciary and City. Bradley made some disagreeable charges; said it was the first time in the history of the State that money had been

openly used in the election of a Senator and that the Commonwealth had now passed into the hands of a triumvirate of Bosses, Boodle and Beer.

But we had eliminated Bradley from State politics. He and his socialistic theories and high-sounding virtues had been discredited before the convention. Before the session ended, we were able to secure some much needed legislation permitting street railway, gas and electric lighting companies to consolidate. We also made it impossible for cities to grant competing franchises where grants had already been made to existing companies, and in this way made ourselves secure from companies organized merely to be bought out. As for the Brewery Syndicate, the legislation which it desired was harmless, and though there was some opposition to it, it was readily passed in the closing days of the session.

I had now reached the consummation of my ambitions. The United States Senatorship was the highest office in the gift of the people, for it was more permanent than the Presidency, and by the rules of courtesy almost equally powerful. It also put me in the best possible position to look out for my business interests. I knew that I could arrange with Senator Stillman so as to have control of the patronage in my end of the State and by this means I would be able to control the politics of my city and also the State Legislature. Even should the city get out from under our control, I could secure legislation from the Assembly which would block any attempted regulation, competition or the like. Moreover, through the control of the city and State organization, I could make the nominations for the bench and in this way secure men whose temperament or character I could rely on in case our franchises came before the court for regulation.

In this sense, the United States Senate was a vantage ground of supreme importance. No investment compared with it, for through it I could control all of the agencies which could injure or promote my business interests.

My election was received with approval by business men throughout the country and by those newspapers which were interested in the commercial advancement of the country. On the other hand, some of the Eastern papers, the mugwump sort who are opposed to all progress and are constantly attacking the things that have made our country what

it is, and who could do anything progressive, were pretty severe. But my long experience in politics had made me rather indifferent to what the newspapers might say. I had learned that the people have a short memory, and that success easily gilds public opinion.

THE RULES OF THE GAME

By this time I had learned two things thoroughly. One was, that if you want to get rich, get society to work for you. The other thing was, that this can only be done by making a business of politics. You cannot get very rich in any other way. I had an instinct for this fact as a boy. I had constantly followed this principle in all my business enterprises. I never got mixed up in retail businesses, nor in any manufacturing enterprises except one, and in that I was backed up by well-protected patent rights. I recently noticed that Mr. John D. Rockefeller says that the only way for a man to get on in this world is to save, to be economical, to "watch the gas bills." That's all very well if a man expects to spend his life as a bank clerk. It's good advice for a trust company to post in its windows and urge upon its depositors. It was probably all right, too, when Benjamin Franklin got out his Almanac; but this sort of philosophy won't make a man rich. No! Men don't grow rich by saving their gas bills any more than they do by working overtime for somebody else. The great captains of industry and the financial leaders of to-day didn't follow this road.

It's much the same way with competitive business. Just about the time you get a good thing started some one else comes along with something better, or hard times intervene, and cut off the profits, if they do not land you in bankruptcy. The fact is that the average business mortality in the United States is about 3 per cent. a year, that is, 100 per cent. every thirty-three years. In other words, a man has just a fighting chance of being in business at the end of his life if he follows such advice or enters the strictly competitive field of business.

And you cannot make a great deal of money, by that I mean millions, by just having a lot of other men work for you. Not but that there are great opportunities in manufacturing enterprises and considerable money is made in them, but they involve the hardest

sort of work, years of experience, an awful brain fag, with the odds pretty heavy against success.

The secret of great wealth is to make society work for you. If you are big enough, make the whole world work for you. If you cannot do that, be content to have the United States work for you. If that is impossible, get some city to work for you. Even the latter is a big enough proposition to put millions in your purse.

I had been content with a growing city, with occasional excursions into the State. If you own a franchise and can add a portion of a cent to your fares or a few cents a thousand to your gas, the return will come in at the end of the quarter in a way that will surprise you. This is the way to make millions.

An examination of the Blue Book of American millionaires shows a surprisingly insignificant number of merchant princes. There may be one or two in each big city, but no more. A somewhat larger number of manufacturers keep their place in this roster from year to year. They did not know this rule of the game—and achieved success by their own labors and that of their employees. But the big men, those you read about, the Napoleons of finance who have girded this country with railways, express, telegraph and telephone lines; the men who operate on a gigantic scale, have all made society work for them. The full beauty of this idea did not appear to me until I got into the gas and street railway business. I had a monopoly that everybody had to use. Every immigrant who landed in the city, every child that was born, made money for us. The census returns were a sort of trial balance indicative of our dividends. Earnings grew from 10 per cent. to 15 per cent. a year. The same thing happened to my real estate. Some property that I bought for \$3,000, when I first came to the city, now yields five times that sum in ground rents every year. It lies down by the Central Bank, and every ten years it goes up from 30 per cent. to 100 per cent. If the city ever has a million inhabitants, as its present rate of growth promises, that property alone will yield annually more than the salary of the President of the United States amounts to.

A piece of land in a rapidly growing city, a franchise, a coal, iron or copper mine, will permit a man to go abroad in his private

yacht and come back five years hence to find his land, franchise or mines more valuable than when he went away. Society will have been busy all the time.

It is this very fact that makes politics a necessary part of a big business. In any one of the big Eastern States it is worth millions to be able to control the party in power. All sorts of emergencies arise which require attention. In the city there are constant attempts on the part of the council to regulate, to reduce rates of fare or charges, to increase service or to invite competition. In a lot of Western cities there is much talk

of municipal ownership. Constant demands are being made on Congress or the legislatures to interfere with the operations of private business. And these demands can only be headed off by making a business of politics.

It's not thrift, prudence or the saving of gas bills that makes the millionaire, it's the getting possession of a monopoly, and then letting society work. With that in one hand, and with the other hand in politics, it is possible for one man to do more in a few weeks' time than a whole army watching its pennies, dimes and dollars.

JAPAN'S PEACE NEGOTIATORS

THE MEN WHO WILL TREAT WITH THE DIPLOMATS OF RUSSIA—HOW MARQUIS ITO, COUNT OKUMA, AND THEIR LIEUTENANTS ROSE TO POWER—AN INTIMATE ACCOUNT OF JAPANESE POLITICS AND OF THE REAL LEADERS OF THE NATION

BY

JIHEI HASHIGUCHI

SINCE Admirals Uriu and Togo surprised the world with their signal triumphs over the Russians at Chemulpo and at Port Arthur, the statesmen of Japan have been overshadowed in public interest; while the names of admirals and generals have been exalted. But now that the world is tired of the war, and rumors of peace are in the air, the statesmen, the stage managers of the gigantic drama, will again appear as the negotiators of the terms with Russia.

Russia's clever diplomacy has in years past played very successful games, and the Japanese diplomats have often fallen into Russian traps. To say nothing about the exchange, in 1874, of the compact strip of Saghalien Island for the scattered rocks of the Kuriles, mostly inaccessible, the part Russia played at the end of the China-Japan War was characteristic. Though Marquis Ito's Cabinet had vaguely apprehended some interference from some country in the arrangements, it did not know how the interference would come, despite the fact that it had such distinguished representatives as Barons Nishi, Aoki and Sone at St. Petersburg, Berlin, and Paris. Meanwhile, Russia, through her Am-

bassador, Count Cassini, now Ambassador to the United States, made a compact with China, whereby China was to take back from Japan the Liao Tung Peninsula, only to give it to Russia. Although it is still an open question whether it was a wise policy for Japan to yield to Russia's will as she did at that time, yet the fact remains that Marquis Ito did not know how to take measures to prevent the coalition of the three Continental European powers, before it was formed. He had waited for things to turn one way or another; and when things turned, he had to yield to the dictates of Russia.

Since then ten years have elapsed. Now the Japanese statesmen are confronted with a situation similar to that of ten years ago, but graver. Russia is endeavoring through every secret method to bring about a similar coalition of Powers, which she expects will use its influence in compelling Japan to come to favorable terms. Have the lessons the Japanese statesmen learned ten years ago been sufficient to make them diplomats of such order that they will avoid the traps the Russians are now laying? Will they be as successful as the admirals and generals?

In order to study the development of Japan's diplomacy, one must bear in mind the condition of the political parties. In Japanese politics, the influence of men from four of the feudal clans, Satsuma, Choshu, Tosa and Hizen, is paramount, for the members of these clans were the principal workers in the restoration of the Mikado's government to power in 1868. The domain of the Choshu clan was at the western end of Hondo. The clan was the hereditary rival of the Tokugawa Shogunate, which held the real power in Japan before the accession of the present Emperor, and its leader, the Daimio Mori, led the movement which finally overthrew the Shogunate. The retainers of Mori live in the memory of the Japanese. Their combined influence educated the junior statesmen of the same clan, among them Ito, Yamagata, and Inoue, who are among the elder statesmen of to-day.

The Choshuan, like the Athenian of old, is a man of cool head, eloquent, clever, fit to be a statesman. But his statesmanship lacks aggressiveness—he is prone to compromise when a political dispute arises. Marquis Ito, for example, who is the representative Choshuan, compromised with the commander of the European and the American fleets, when they were about to bombard Shiminoseki after an international dispute before the Restoration. He was not anxious to enter the war ten years ago, but was rather forced into it by the war party. It was Ito again who compromised with Russia when Russia interfered at the end of the war with China. It is said that he was rather opposed to this war with Russia. The Choshuan cannot be all in all. He supplies only a part, although a very necessary part, of the complete statesmanship that governs the nation. Among the younger Choshuans, Vice-Count Katsura, the present prime minister of Japan, and Baron Kodama, the Chief of Staff of Field-Marshal Oyama, stand as the most prominent.

The province of the Satsuma clan was at the southern end of Kiushu. It has been likened to Sparta. The Satsuman is in a striking contrast to the Choshuan. He is warm-hearted where the Choshuan is cool-headed. The eloquence of the Choshuan contrasts with the slowness of speech of the Satsuman. Where a Choshuan would refrain from showing his hand in a quarrel, the

Satsuman would long before have dealt a blow. The Satsuman does not compromise. He is a born fighter, and, as such, his personal influence in the politics of Japan carries great weight. The characteristic Satsuman was Saigō Takamori, whose personal influence was used to overawe the statesmen of the earlier days of the Restoration. But, in 1877, he raised a civil war, because his plan of punishing Korea was not adopted by the Government. He died in the civil war. Marquis Oyama is to-day the representative Satsuman. Among the younger Satsumans, Admirals Togo, Ito, and Yamamoto, and Generals Kuroki and Nodzu stand as the foremost fighters of Japan, while Matsukata, Nishi and a number of others are the statesmen from Satsuma.

The province of the Tosa clan was on the Pacific coast of Shikoku. The political influence of the clan is second to that of the two others. The Tosan is a man of ideas, tenacious of the principles he upholds. But he is not so shrewd as the Choshuan, nor of such weight as the Satsuman. Thus, the political influence of the Tosans neither increases nor decreases. Among the elder statesmen from Tosa, Itagaki, the organizer of the Liberal Party, and Goto, an organizer and many times a member of the Cabinet, are the most noted.

The province of the Hizen clan was on the Yellow Sea coast of Northern Kiushu. The Hizenians are represented by Counts Okuma, Soejima, Oki, and Yeto Shimpei. The clan's influence now depends almost entirely upon Count Okuma. Yet, as he is too proud to please the Satsumans and too shrewd to suit the Choshuans, he is isolated from the great political ring known as the "Hambatsu," the "favored clans," made up of the Choshu and Satsuma clans.

The Hambatsu have been in exclusive control of the government of Japan ever since the Restoration of 1868. Whenever appointments for offices have had to be made, the senior members of the two clans have used their influence in favor of fellow clansmen to the exclusion of the men from minor clans. The men of the minor clans protested. So the struggle between the Hambatsu and the non-Hambatsu has been the most important political manifestation of the Restoration era. It was against the government of the Hambatsu that the Liberal Party was organized

by Itagaki and his friends, and the Progressive Party, by Count Okuma and his friends; while other minor parties have been organized for similar ends.

THE STORY OF THE LIBERAL PARTY

The Liberal Party, the oldest of the parties, exercised a powerful influence in inculcating in the minds of the people the idea of democracy. Before the party was organized, Itagaki had been a member of the Cabinet. Finding that the government officials were arbitrary, he, with Soejima, Goto, Yeto, and a number of others, made an appeal for the establishment of a constitutional government. They were supported by men who were educated in the Western schools, especially in France. They were opposed by conservative men and men who had studied German principles of government. Doctor Kato Hiro-yuki, then professor of German Philosophy in the University of Tokyo, vigorously attacked the proposed measure on the ground that it was, as yet, premature for Japan. Itagaki, finding that his plan could not be carried out immediately, resigned from his office and founded a private school, in Kochi, Tosa, his native place, where he taught young men, who gathered from all parts of Japan, the principles of liberty and equality. Later he called a conference at Osaka to organize a party under the name of the Patriotic League, which was soon renamed the Liberal Party. Itagaki was elected leader. For nearly twenty years, the party has put a check on the plutocracy toward which the Japanese Government was inclined in the earlier period of the Restoration. But Itagaki made a fatal political error. In spite of the opposition of his subordinate party leaders, he became Minister of the Interior in Marquis Ito's Cabinet in 1896. The man who said, when he met an accident some years ago, "Itagaki may die, Liberty never dies!" has now practically lost his influence with his party.

OKUMA AND THE PROGRESSIVE PARTY

The Kaishin To, the progressive party, which was renamed the Shimpō To, is to-day one of the two great political parties. It was first organized in 1881. The history of the party is identical with the life story of its leader, Count Okuma. In spite of his isolation from the Hambatsu—

since he belongs to the Hizen clan—he has been able to rise to a position of influence. He has had more to do with the aggressive diplomacy of modern Japan than anybody else. He first became a diplomatic official of his clan government. After the Restoration of 1868 he became an official of the Mikado's government. He has been a terror to the representatives of the foreign countries at the Mikado's court. Once when a dispute arose between the Government and the foreign representatives, about the treatment of the Christians in Japan, Okuma had an interview with the British Ambassador Parks, to whom he said that the matter in dispute concerned only the Japanese Government, and that the foreigners had no business to meddle with it. Parks was infuriated, and declared that unless the Japanese tolerated the Christians in the country, Japan would see its downfall. They discussed the matter all day without a settlement. At the departure of Parks for home, Okuma said to him, "When you come to Japan, we will meet you with arms in our hands!" Parks is said to have declared, "So long as Okuma lives, Japan cannot be easily handled."

The commercial treaties between Japan and foreign countries, ratified by the Mikado's government in the beginning of Meiji, the period of the Restoration, were those which the deposed Tokugawa government had made with few or no modifications. They not only made no reference to import duties, but gave the foreign representatives in Japan extra-territorial rights to their quarters. They were disadvantageous in other respects. Several times attempts were made later to revise the treaties. Ito tried, Terashima tried, Inoue tried. They all failed. Okuma became the Minister of Foreign Affairs in 1889 and again took up the matter.

The Okuma treaties, before they were made public in Japan, were printed in the *London Times*. They provided for the participation of foreign judicial officers in trials of cases involving the Japanese and foreigners. This provision aroused the indignation of the Japanese people, who attacked it on the ground that it was unconstitutional. Okuma was opposed by all but the members of the Progressive Party. The opposition grew so strong that finally even the members of the Cabinet began to oppose the Okuma treaties. After the fiercest struggle between opposing

factions that ever took place in the history of modern Japan, Okuma was injured by a bomb hurled by an over-zealous politician, and lost one of his legs. Shortly afterward the Cabinet resigned, and the Okuma treaties were defeated. They had nevertheless done a great service, for they furnished the outlines of the Mutsu treaties which followed. The Mutsu treaties were substantially the same, with a slight modification regarding the participation of foreign judicial officers in trials in the Japanese courts.

Besides being a diplomat, Count Okuma was many times Minister of Finance. He established Government mints, where the coins that are current to-day are coined. He was half a dozen times Minister of Foreign Affairs and once Prime Minister. He opened a school in Waseda, Tokyo, for young men, which is to-day one of the few private institutions of higher learning in Japan. Its graduates are all little Okumas. The Shimpō To, the Progressive Party under a new name, is now led by Count Okuma and is known as the opposition party to the Seiyū Kai, the Constitutional Party, which has been organized lately by Marquis Ito and is friendly to the present Cabinet.

The utterances of the party leaders on November 26, 1904, on the occasion of the convention of the parties in reference to the diplomacy of the present Cabinet, show the attitude of the parties. Whereas Count Okuma openly criticized the inaction of the present Cabinet at a time when the Russians had been constantly violating the neutrality of China, Marquis Saionji merely referred to the necessity of the Government's taking independent action in protecting Korea and in developing China at this opportune time.

If any criticism can be made of Okuma, it is that he is too proud and too aggressive to be elastic when elasticity is required. As a result, he has too many enemies with whom he is always at war. But Count Okuma is the foremost diplomat of modern Japan.

ITO AND THE CONSTITUTIONAL PARTY

The Constitutional Party is the youngest political party of Japan. Its organizer, Marquis Ito, is the other of the two leading statesmen of modern Japan. Before the Restoration, while yet the Tokugawa government prohibited the people from leaving the country, he, Inoue (now Count) and three others, left Yoko-

hama for England in disguise—they cut off their queues, donned European garb, and boarded an English merchant vessel to Shanghai. Thence Ito and Inoue worked their way as sailors to England. They had not been long in England before they heard that the combined fleets of Europe and America were about to bombard Shiminoseki in Choshū, their own native province. They returned forthwith in order to make a compromise with the commanders of the foreign men-of-war in behalf of their clansmen, who were wholly ignorant of the strength of Western weapons. They explained how foolish it was to fight with primitive weapons against the Western fleets. They succeeded in bringing about the compromise. Ito has shown himself firmly convinced of the fact that there is something in Western civilization which is intrinsically superior to Eastern civilization. His first visit to England made him fear the power of Western nations. So, all through his political career, he has endeavored not to provoke the West. Whenever any dispute has arisen between his country and any of the Western nations, he has always been anxious to yield and compromise, just as he compromised with the commanders of the European and the American fleets.

In 1872, when Ito accompanied the embassy under Prince Iwakura to the United States and Europe, he made his first attempt to revise the commercial treaties of Japan. In an interview with the Secretary of State of the United States, he referred to the matter. The Secretary told him that "talking over the matter would not avail" and that "he would like to have the draft of the revised treaties submitted to him." Leaving the embassy at Washington, Ito and Okuma returned to Japan to discuss the matter before the Mikado. They were not successful in obtaining the Mikado's consent, but this attempt set a precedent for the later ones, one of which was successful.

When the embassy returned from their travels through America and Europe, the country was astir with the anti-Korean agitation. But the men who had seen what Western civilization meant, opposed the war on the ground that the country needed internal improvements more than anything else. The result of this disagreement with the war party was the civil war of 1877, in which the war party was defeated.

Ito then recommended a change in the form of government. When the first Cabinet was formed, he became Prime Minister. He recommended a revision of the constitution, and was appointed the chairman of the committee to make the revised draft. When he left the Cabinet, he recommended the creation of a privy council for the Mikado, and he became the president of the council. He was Prime Minister several times, and at other times filled other places in the Cabinet, always taking upon himself the duty of guiding the Prime Minister. Since the Satsuma and Choshu clans were the two important political powers, one representing militarism, the other civil government, it was for Ito, the Choshuan, to see that the Satsumans did not get the better of him and the other Choshuans. He endeavored, accordingly, always to win the confidence of the Satsumans.

After his diplomatic failure at the end of the China-Japan War, his influence declined. Up to this time, he had shown very little sympathy for any political party. But, through the experiences he had in dealing with the opposition of Itagaki and Okuma, he came to appreciate party influence. When the Okuma Cabinet came into power and Ito's political fortunes were at stake, he organized a new party on the platform that the existing parties were not worthy of their names. Thus, the Seiyu Kwai, the Constitutional Party, came into existence in 1899. Its power ever since has been dominant in the Japanese Parliament.

The star figure among the converts from the Progressive Party who joined fortunes with Ito was the late Hoshi Toru. He was a man of indomitable will and of extraordinary talent. He had been the practical leader of the Progressive Party. He became the practical leader of the Constitutional Party under Ito. But Hoshi had serious faults. He took a bribe from the Yokohama Harbor Improvement Company for services in bringing about the passage of a bill in favor of the company in the House of Parliament of which he was the Speaker. He was condemned by the nation as an enemy of Japan. His friends defended him on the ground that he took the bribe not for his private enrichment but for party purposes. But the anti-Hoshi agitation aroused public indignation to a high pitch, and finally Hoshi was stabbed by a fanatic in a Tokyo City government

office in 1901. His death was a severe blow to the development of party government. Since his death, the political parties in Japan have become tamer. Ito resigned his leadership of the Constitutional Party in favor of Marquis Saionji.

But, after all, the political parties of Japan are not highly developed. Most of them have risen and fallen with the influence of their organizers. It is the personal influence of men, not party influence, that counts in Japanese politics. Among the elder statesmen, some have very little or no political influence; others exercise political power, if not openly, then tacitly. They have followers who more or less implicitly obey the instructions of their chiefs. Ito's three most prominent followers are Barons Suyematsu, Kaneko and Ito (Miyoji).

MARQUIS ITO'S LIEUTENANTS

Baron Suyematsu is now in Europe as a representative of the Japanese government. He was educated in Cambridge University, where he studied political sciences, literature and philosophy. He was ambitious to become a statesman. After he returned to Japan from England, he was elected a member of Parliament for his native electoral district. But instead of continuing in his Parliamentary career, he accepted an invitation from Marquis Ito's Cabinet to become a subordinate government officer. He was later made Minister of Communication in Marquis Ito's Cabinet. He married Marquis Ito's daughter. Baron Suyematsu's character is many sided. He is at once a statesman, a scholar, and a man of letters. Let him write an essay on Greek philosophy and he would surprise many of the professors. His English translations of the *Genji Monogatari*, a Japanese classic, which is included in the *World's Best Literature* series, will convince readers that he is a man of letters. He now writes occasional articles in the English magazines.

Baron Kaneko was educated in Harvard University. After his return to Japan, he became a favorite of Marquis Ito, whom he calls "My Father," and who calls him "My Son." Baron Kaneko assisted Marquis Ito in revising the constitution in 1888. He became successively Minister of Agriculture and Commerce, and Minister of Justice. He is now in this country as a representative of the Japanese Government.

Baron Ito, until he was recognized by Marquis Ito, had been a mere officer in a local government. Marquis Ito advanced him until he became Minister of Agriculture and Commerce. He is now a member of the Privy Council.

COUNT OKUMA'S FOLLOWERS

Count Okuma wins his followers, not with favors, but by the strength of his character.

Among his followers, Yano Fumio is important. He assisted Okuma in organizing the Progressive Party. He wrote a book on the great Englishmen of the nineteenth century which netted him tens of thousands of yens, with which he visited America and Europe. After his return, he led the life of a literary man for a while, and then entered politics again. He became minister to China after the China-Japan war. He is not a great statesman. Oishi Masami is ambitious to be a diplomat. He has played a very conspicuous part in Japanese politics. He was once Minister to Korea. Ozaki Yukio is a learned man as well as a statesman. As a member of the Parliament he has distinguished himself for eloquence. He has been the editor of an influential Tokyo daily paper. Later, he became the Minister of Education in the Okuma Cabinet.

THE INFLUENCE OF YAMAGATA

Marquis Yamagata, however, the chief of the general staff, has more followers than anybody else. He is distinguished for his reorganization of the Japanese army. After a sojourn in Germany he introduced the German system of levy, and brought into the army all the able-bodied young men of all classes, instead of accepting only Samurai. He once said, "I am a soldier; politics is not my province." But he does exercise a great political influence. He twice became Prime Minister.

Among his followers are Vice-Count Katsura, the present Prime Minister; Baron Kiyoura, the Minister of Agriculture and Commerce; and Baron Sone, the Minister of Finance. Thus, the present Katsura Cabinet, which was formed in 1900, is supported in a sense by Yamagata's influence. The only members of the Cabinet who belong to the Hambatsu are the Prime Minister Katsura, the Minister of the Navy, Yamamoto, and the Minister of Army, Terauchi. Baron Yama-

moto is a Satsuman, while the two other are Choshuans.

Vice-Count Katsura was educated in a German military school. After his return, he assisted Marquis Yamagata in introducing the German system of levy. In the time of the China-Japan War he was in command of the Third Division in the First Army under Marquis Yamagata. He became the Minister of War in the Yamagata Cabinet. He won the reputation of being a statesman rather than a soldier. Thus he became the Prime Minister of the present Cabinet. He is an all-round man. He is not so conciliating as Marquis Ito; so, when the problem was agitating the minds of the Japanese statesmen, whether Japan should form an alliance with England or with Russia, he made up his mind to make the alliance with England, in spite of the fact that Marquis Ito was using his influence to bring about a Russo-Japanese alliance. The Anglo-Japanese alliance was made while Ito was on his way home from Russia.

One of the most noteworthy men in the present Katsura Cabinet is Baron Komura, Minister of Foreign Affairs. Baron Komura is a rare personality among the statesmen of Japan. He labored, and is laboring under a disadvantage because he does not represent a powerful feudal clan. Heuga is a remote province on the Pacific coast of Kiushiu, the reputed birthplace of Jimmu Tenno, the founder of the Japanese Empire. Just before the Restoration of 1868, it was governed by several minor feudal lords. Baron Komura was born in a Samurai family in the southern part of Heuga. He worked his way in a Confucian school. Later, he was sent by the Government, together with four others, to Harvard University. He stayed in Harvard for five years. After his return, he became the chief of the Bureau of Translation in the Department of Foreign Affairs. His ability as a diplomat was not recognized until he became the special envoy to China at the time of the China-Japan War. He showed great cleverness. When he realized that the Chinese government officers were not to be depended upon, he made preparations to leave Peking before he received the order from his Government to do so. After the war, he became the Minister to Korea, and then the Assistant Minister of Foreign Affairs in the Okuma Cabinet. He is strictly non-partisan. When he was in-

vited to join Okuma's party, he flatly refused; he said that he would rather resign. Afterward, he became Minister to the United States, and to Russia. He was Special Minister to China at the time of the Boxer troubles. When the Emperor and the Empress Dowager of China fled from their palace to a mountain region, he strongly advised them to return. The other diplomats in Peking nick-named him the "rat minister," signifying that he moved about cleverly, in spite of his short stature. When the Katsura Cabinet was framed, he became the Minister of Foreign Affairs. He is essentially a man of action.

Before the outbreak of the war with Russia, the present Cabinet had been criticized severely for its inactivity by both the Constitutional Party and the Progressive Party.³ But when the war began, and the Japanese won decided victories at Chemulpo and at Port Arthur, the nation gave the Cabinet unanimous support. Now, it is confronted with a perhaps more important problem to solve. There is

reason to suspect the actions of France and Germany, whose interests in the Far East are supposed to be at stake in the rise of an Asiatic nation.

The peace negotiations between Japan and Russia, therefore, have a far-reaching significance. The fate of the Far East will depend upon the manner in which the peace is concluded. To handle this situation, will require the utmost skill of the Japanese diplomats. But, from an authoritative source, it is learned that Marquis Ito and Baron Komura have been already appointed to carry on the negotiations. Vice-Count Katsura has not had the experience Marquis Ito has had in this work, and his ability as a peace negotiator has not been assured.

The consensus of public opinion in Japan points to Washington as the most appropriate place for the negotiations. The United States, by reason of her historical relations with Russia and Japan, can use her influence in a way that would not be offensive to either country.

THE FIGHT FOR TRADE SCHOOLS

HOW GOVERNOR DOUGLAS IS TRYING TO FOSTER THE DECLINING INDUSTRIES OF MASSACHUSETTS IN THE FACE OF THE UNIONS WHICH HELPED TO ELECT HIM

BY

FRANK W. NOXON

GOVERNOR DOUGLAS of Massachusetts, who, though a Democrat, was elected in a Republican State largely through the support of trades unions, found himself before the end of the first month of his term in a struggle with the State Federation of Labor through his advocacy of State-aided technical schools. Supported by manufacturers, city boards of trade, and a number of prominent citizens, he demanded that the State commit itself to the systematic development of skilled factory operatives.

To Mr. Douglas the introduction of higher skill into Massachusetts shops seems urgently necessary if the State is to maintain its position in manufactures. The distrust of the unionists is based, they say, upon the view that trade schools are largely unpractical, that

where they are practical they often send graduates to other States, there to help take industries away from Massachusetts, and that they glut the labor market with operatives.

The State is in a condition of arrested industrial development. The census of 1900 showed that only one State, Oregon, had a smaller percentage of increase for the decade than Massachusetts, in value of manufactured product. The percentages of gain for the largest factory States were in round numbers as follows:

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|---------------------|----|
| Massachusetts | 17 |
| New York | 27 |
| Pennsylvania | 38 |
| Illinois | 30 |
| Ohio | 30 |
| New Jersey | 73 |
| Indiana | 67 |

Of the leading twenty-one industries, five declined—carriages and wagons, clothing, cordage and twine, leather and lumber. Even the two great industries, the making of cotton goods and the making of boots and shoes, showed but a slight increase. North Carolina in the ten years had gained in cotton manufactures \$18,809,355, and South Carolina \$10,923,121, while Massachusetts was gaining only \$10,923,293. In the making of shoes, with a total annual product of \$117,115,243, Massachusetts in the ten years gained only six-tenths of 1 per cent.—a net increase of but \$77,343. This was while other States were making such net gains in shoe manufacturing as: New Hampshire, \$11,419,555; Ohio, \$9,441,126; Missouri, \$6,412,198; Pennsylvania, \$2,881,083; Illinois, \$2,678,018, and New York, \$1,924,427.

The astounding improvement in business in Massachusetts since 1900 (according to the annual State bulletins a gain of nearly 14 per cent. for three years, or at the rate per decade of more than 45 per cent.) may or may not show that lately the State has been relatively holding her own. If it has, the advocates of trade schools will still argue that the catastrophe is only postponed. "Massachusetts," they assert, "is not making coarse goods any better than other States which are nearer the raw material, the fuel, and the centre of purchasing population, and it is not making fine grades at all."

Mr. Douglas knew the boot and shoe business, and the facts appealed to him. The average product per boot and shoe worker in Massachusetts, according to the census of 1900, was \$2,079. In New York it was \$2,515; in Pennsylvania, \$2,500; in Illinois, \$3,163; in Ohio, \$2,409; in New Jersey, \$2,523; and in Indiana, \$2,424.

Only one factory in Massachusetts, at Lynn, makes any considerable number of shoes selling for more than \$3.50 at retail. Other factories formerly made such goods, but could not obtain the skilled workmen and were forced to give it up. In one large department store in Boston the superintendent of the shoe department told me that 95 per cent. of the money taken in annually for shoes was for goods not made in Massachusetts. Inquiry in other stores led to the rough estimate that of the boots and shoes of all sorts sold in Boston at retail, 15 per cent. are made in other States.

The demand in the United States alone for high grade shoes greatly exceeds the capacity of the factories. There are machines enough, but it is impossible to obtain skilled workmen to operate them. The New York, New Jersey and Pennsylvania manufacturers are importing foreigners for the work, men trained in the schools of Germany and France and experienced in German and French shops. This supply of workmen is not sufficient. The largest department store in the Middle West is said to have placed in Brooklyn last year two orders for women's shoes, one of \$65,000, the other of \$30,000, and the factories could not fill the orders.

Skilled workers are needed; Massachusetts manufacturers declare that the graduates of trade schools or the journeymen who took night courses would not replace a single workman now employed but would go immediately into the making of shoes not now produced in the State. Instead of endangering the jobs of the union workmen, they maintain, trade schools would create a new class of highly paid operatives, and provide all workmen with a new opportunity for advancement.

Mr. James T. Smith, superintendent of the Lowell Textile School, in reply to my inquiry whether graduates go to other States, says that out of 277 graduates of his institution up to June 30, 1904, forty-one are employed in other States. He adds that those who went to the South had come from the South and this efflux has now been checked by discontinuing Southern advertising and raising the tuition to non-residents. "In a few instances," says Mr. Smith, "Massachusetts graduates have gone South, but it is believed that they are all back. The principal of the Fall River school, his chief instructor in cotton spinning, an instructor in the Lowell school, and an assistant in design have all tried the South and returned."

The recommendation which Mr. Douglas made in his inaugural was that a commission inquire into industrial conditions and that the Legislature consider the feasibility of extending the State system of technical schools. For several years the State has had a law providing that when any city shall show a given number of spindles, the State will pay \$10,000 a year toward supporting a textile school for which the city or the citizens raise a like sum. A bill was introduced providing for a similar arrangement with such boot and

shoe cities as produce \$10,000,000 worth of goods annually, the State to duplicate any maintenance sum not exceeding \$25,000 a year raised locally for a trade school.

Boards of trade in Lynn and Haverhill and many newspapers favored the idea. The first sign of discord was given at a hearing on the disposition of the Franklin fund. Benjamin Franklin made the city a bequest which was to be invested for 100 years and then used for any public purpose the trustees might direct. The time is up, and nearly \$500,000 is available. Mr. Andrew Carnegie has offered to double it, if the trustees vote to use the fund for technical education. The plan most generally urged was to found a sort of Cooper Union, either independently, or as part of a coöperating trade school group to secure the additional benefit of the \$3,000,000 Wentworth legacy and the \$1,000,000 foundation of the Charitable Mechanics Association. Instead of this, the representatives of the unions proposed a Temple of Labor, where the unions could have their headquarters, with library, reading rooms, social facilities and meeting halls and offices. They opposed the trade school idea as contrary to union interests. Next, the Brockton shoe workers decided to start an agitation against trade

schools. They induced the State Federation of Labor to oppose the Governor's scheme at the legislative hearing.

The incident produced a sensation. The celebrated “flying wedges” of labor unionists who had worked for Mr. Douglas in the campaign had met before inauguration and in the presence of Mr. H. J. Skeffington, their organizer, a confidential agent of Mr. Douglas and an active member of the Boot and Shoe Workers' Union, resolved to make their political organization permanent and to oppose even Mr. Douglas in the future when at odds with him, as they had opposed Mr. Bates in electing Mr. Douglas.

It has been plainly evident for years that the coarse goods field in cotton was permanently leaving Massachusetts, and the Governor was able to command at the meeting the support of two Fall River textile union leaders, who said they did not believe organized labor would oppose technical education when it had been explained to them. The trade school party has since been engaged in a campaign of education. Upon the result of the effort to encourage technical training in shoe manufacture will depend the State's attitude in the future toward fostering other industries.

“STRIKE-BREAKING” AS A NEW OCCUPATION

HOW MR. JAMES FARLEY, THE “KING OF THE STRIKE-BREAKERS,” CREATED IT AND MADE IT LUCRATIVE—AN INSIDE VIEW OF HIS METHODS, GAINED BY JOINING HIS FORCES IN THE NEW YORK STREET-CAR STRIKE—THE NON-UNION MEN A DOUBTFUL CLASS TO ENTRUST WITH PUBLIC SAFETY

BY

LEROY SCOTT

AUTHOR OF “THE WALKING DELEGATE”

A NEW business—strike-breaking—has sprung into being from the disputes between capital and labor. Its creator is Mr. James Farley. He sat in a small green office in New York during the recent strike there on the subway and elevated railroads, a bald-headed, broad-shouldered young man of thirty-two, shouting orders into a

telephone, listening to reports of lieutenants and responding with quick commands. For the week the strike lasted he was commander-in-chief of an army of 5,000 strike-breakers, the sole manager of a property worth \$200,000,000, responsible for the safety of 1,000,000 daily passengers. And ten years ago he was a detective making twenty dollars a week.

He has a long, lean head, semi-circled by a fringe of brown and grey hair, big cheek bones and a heavy chin. Remove a horse-shoe set with diamond brilliants from his tie, and his clothes might be the lay garments of a clergyman. The most striking quality of his personality is his colorlessness: a pale face, lustreless grey eyes, a mechanical, impersonal voice and an almost languid manner. He talks in a low, uninterested, nasal drawl, which under very moderate excitement can mount to a metallic, painfully distinct shout—suggesting how the rest of that languid personality can become energetic when real business is on hand.

Seated in his office, a cigar going all the while (fifty to sixty black Havanas a day are his allowance) he told me how he had come to take up strike-breaking professionally, and acquainted me with the details of his business. He left home—he is an up-state New Yorker—at fourteen. He was first an attendant in the billiard room of a hotel at Monticello, New York, then bartender, night clerk, day clerk, and at eighteen its manager. The hotel business was too slow for him, and at the age the college man first enters his university he became a detective in New York City. In 1895 he was on the Brooklyn street-car strike in charge of fifteen special officers. Later in the same year he was timekeeper over two thousand strike-breakers in the street-car strike in Philadelphia. His experience on these two strikes set him thinking. Detective and employment agencies then furnished workmen, each agency (half a dozen might have supplied men on a strike) controlling its own men, the company exercising general management of the situation. With all these heads the result was chaos. Mr. Farley saw an unexploited field—his great chance. An expert strike-breaking general, having under his command an army of experienced workmen whom he could throw into the positions vacated by the strikers—such a general could demand almost any fee for taking entire control of a strike and breaking it.

He saw his career. He would be a strike general. He decided to specialize on street-car strikes, and he determined to know his new business from the bottom up. He gave up detective work at four dollars a day and became a conductor on the Atlantic Avenue line in Brooklyn at a dollar and sixty cents a day. That job mastered he became a motor-

man, then an oiler in the engine-house, then a fireman in the power-house, then an inspector; and then he was taken into the office. These shifts were readily made, for the management was acquainted with his purpose. In two years he felt he had completed his course in the school of strike-breaking; so he graduated himself and began to look for clients.

He established a detective agency and divided his time between private detective work, in which he is still engaged, and helping to break strikes. At first he did nothing more than supply small groups of strike-breakers. Then he supplied larger groups, and began to gain a larger and larger share of the management of strikes. Three years ago, at the street-car strike in Providence, Rhode Island, he first attained his present rank as a strike-breaking general with absolute power, superior even to the president of the company. While the New York strike was on I happened to mention August Belmont to one of his men. "Who the — is Belmont?" he demanded, putting on a blank look. "Farley's runnin' this road."

He has been in thirty-five strikes and has not lost one of them. When he is engaged to break a strike (usually weeks or months before the strike begins, for the company sees it coming; at the time of the New York strike he was under contract to manage one in San Francisco expected May 1st) he makes a study of the local situation, and decides upon his campaign. In the meantime he collects his strike-breakers, and holds them in readiness near the city where trouble is expected. In the case of the New York strike he held a large body of his men in Philadelphia and threw them into New York the day before the strike began. The union men stopped work at three o'clock in the morning; his men began at four. If he cannot get together enough of his regulars (three-quarters of the New York strike-breakers had never served under him before) he advertises in the principal cities for experienced street-car men, saying that they are wanted for a new line soon to be opened. Many of the men employed in Western cities to break the New York strike did not know their destination or the real character of their work till they reached Philadelphia.

Mr. Farley has thirty-five thousand men enrolled, and he keeps in communication with seven or eight thousand of them.

From twenty-five to one hundred applications are received every day. If the experience is sufficient and the reference proves satisfactory, a time for examination is set, and the applicant appears before him. If the applicant passes the examination—a very lax test if men are badly needed—his name is entered on Mr. Farley’s books, and he goes away to wait till he is summoned. When the strike is on, a card is sent him. If he wants to come, he comes; if not, he stays at home. If he comes he usually has the privilege of retaining his job. A number of Mr. Farley’s best men have regular positions which, according to private agreement between Mr. Farley and their employers, they are licensed to quit on “leave of absence,” and which are open to them on their return.

Mr. Farley is now getting the financial returns he dreamed of when he conceived his new business. According to his usual arrangement, the company pays him five dollars a day for each man he furnishes, pays the men’s traveling expenses both ways, and boards and lodges them during the continuance of the strike. Mr. Farley pays some of his men \$2.50 per day, some \$3, and some \$3.50, and some of his lieutenants and department superintendents—he has thirty or forty steadily employed—large annual salaries. The difference between five dollars a day per man and what he pays the men represents Mr. Farley’s daily profits. He had about five thousand men on the New York strike, three-quarters of them at \$2.50 a day. His income for handling that brief strike was equal to the annual salary of President Roosevelt. Besides his earnings from the active management of strikes, he receives annual fees from several companies as retainers to manage their strikes in case they have any.

He considers that in every strike he has managed the employers have been in the right. “I’ve turned down more than one case offered me because I thought the men’s demands were just.” He has no especial dislike for unions. He regards them as necessary. He has no especial like for employers. The disagreements between the two give him his business opportunity. Strike-breaking is purely business with him.

It was a desire for an intimate view of the rank and file of the strike-breakers, and the circumstances under which they worked,

that led me on the first day of the New York strike to join the line that stood waiting before the building where Farley’s men were being enlisted. There were perhaps a hundred of us in line. I passed it several times on later days—it was never smaller. After standing for an hour in the dingy little street, a group of us were admitted into the hiring headquarters—a large wareroom. One by one we were taken into a little side-room for examination—and presently my turn came.

“You are a street-car man?” demanded the examiner.

“Yes.”

“Where?”

I had had no idea of the character of the examination, but the answer came of its own accord: “Chicago.”

“On what line?”

“Lincoln Avenue.”

“Motorman or conductor?”

“Conductor” was a safer reply, so I gave it.

“How long?”

“Six months.”

“This ain’t no afternoon tea. You know what you’re goin’ in for?”

I knew. The examiner gave me a push that sent me among the accepted men. “All right. I’ll pay you \$2.50 a day.”

That was the examination. I was approved as one to be trusted with the lives of New York citizens. Men were needed—badly; the cars must be kept running. As for the safety of passengers—“Keep the cars going!” is the rule of rules in breaking a street-car strike.

We were strange bed-fellows—made bed-fellows, as I afterward learned, chiefly by the misery of unemployment. There was a sprinkling of the upper grade of hoboes; a large number of cheap “sports”—devil-may-care young fellows, whose ideal of life seemed to be a week of work, a week of the Bowery; a considerable proportion of workmen with the strained look of the man long out of a job; a few men whose appearance indicated that their last employment had been as clerks or bookkeepers. For two or three hours we begged pipes of tobacco and cigarettes from each other, recounted stories, said what we’d do to the striker that slugged us (blank his soul!), told of great times when we had started in Saturday night with a week’s pay and finished Sunday morning

begging for carfare, and stood on the outside of the crowd in shrinking, clean-shirted aloofness. Presently we formed in double line, marched to the nearest elevated station, guards at our side, and an hour later were picking our way through the drizzling darkness across the elevated yards toward the One Hundred and Forty-fifth Street barn.

The barn—a block long and half a block wide—had been a great repair shop a few days before. Now as we entered we found ourselves in a great barracks. The greasy spaces between engines and machines were covered with cots, two feet wide, built to last a week, placed side by side with a narrow aisle separating the feet of one row from the head of the next. I prayed for a wide aisle at my head.

We were checked off and told to get our dinners. The dining-room was the space between two rows of the little red-and-black steam engines. The hundred-foot table was of bare pine boards nailed together; the chairs were two long benches. A rush, and we were all seated and clamoring. Plates were brought us, but no knives, forks or spoons. Next the bespattered, shirt-sleeved waiters hurried up with platters of potatoes and corned-beef and cabbage. "Hey, you Waldorf-Astoria grub-chasers," shouted the man beside me, "fetch us some tools!" But before the "tools" arrived the platters were moving along the lines. Reversion to the original species was quick and easy; grimy fingers reached out and lifted off slices of the corned-beef. I helped myself with my pocket-knife, which I shared with my two neighbors. Presently a case knife was allotted me with which I secured "axle-grease" from the common plate, transferred meat, cabbage and potatoes to my mouth, and stirred my coffee. The coffee was without milk, and had a strange mineral taste—due, as I afterward learned, to the liberal presence of saltpetre.

After dinner (on later days the meals were better) we sought places to sleep. I found an empty cot between a lathe and a drill, and was about to take off my clothes when one of the men shouted: "First man up's best dressed!" Many of my fellow strike-breakers looked none too honest, and I decided to profit by the hint—sleep dressed and continue to wear my own clothes. Before I could lie down, a man, grimy and with

whiskey-veined face, came to the cot and searched under the blanket for something he had forgotten. I discovered he had just vacated the bed in which I proposed sleeping. And then I discovered that all the cots had at least two occupants a day, and that a man was extremely unlikely to have the same cot twice.

I was considering the advisability of remaining up all night when something I saw decided me—two little brown spots moving along the white wood of the cot-rail. I shrunk away precipitately. A man on his elbow in another cot saw the cause of my retreat and laughed. "That ain't nothin' brother," he shouted over. "In a week your bed'll be an automobile!"

The work of a strike-breaker is hard; but much harder, to the novice, is just being a strike-breaker. We were all targets for scorn and hatred—I especially, for the reason that, compared with the others, I was conspicuously well dressed. I had jeers, grimaces and shaking fists from all sides; from men and boys in the street; from women and children, some hardly more than babies, leaning out of uptown tenement windows; from girls in the windows of downtown shops. It is an uncomfortable sensation, that of being spat upon. But I did not blame them.

Early in the morning two well-dressed men boarded my car, empty at the time, and as soon as the train left the station signalled by winks and nods for me to come in. I went in to them. They were union men. "I know you need the coin or you wouldn't be doing this," said one in a conciliatory tone. "If you'll quit your job and come over to our hall, we'll show you a good time, give you all the money you expect to make out of this, and pay your fare to the town you come from." Their purpose, as he told me, was to draw off Farley's strike-breakers and so tie up traffic on all the struck roads. I evaded their persuasion, and turned them upon another gateman, a cheap "sport." "Go on wid vouself—not much!" he cried. "You'd git me downstairs an' kick me him' out!" But a few stations ahead I saw them leave the train with him between them.

Three more times during the morning I was offered money to quit work. In the afternoon the strikers were wearing a different manner. Groups of union men stood constantly about me on the platform of the cars.

They offered me no physical violence; they were under pacific orders from their chiefs. But I suffered all manner of verbal violence. When one striker stopped, another began; frequently there was a cross-fire from two or three. I was a rat-souled, stone-hearted, sin-stained, putrefying scab, and a thousand other varieties of scab that are unprintable. If any man believes the English language is weak in terms of hate and loathing, five minutes as a strike-breaker in the centre of a group of strikers will cure his delusion. The object of the strikers was to make me so ashamed of myself, and so uncomfortable, that I would desert from Farley's army. They succeeded in making me uncomfortable; upon desertion I had already determined, and at One Hundred and Fifty-fifth Street I left my car and was walking away when the starter caught my arm. "Take the back car again, and we'll get this train right out," he said. "I won't do it. I've had no sleep for thirty-six hours, and have been on duty for twenty." "Some of the boys have been workin' for twenty-four; you're all right," he coaxed. "Come on. You're good for another trip."

I shook off his hand and started away. As I went down the station stairway I wondered if there were strikers below who would recognize me and "kick me linin' out." But there were none.

The strike-breaker is often regarded as a hero, fighting upon principle against unionism. There may be such strike-breakers, but during my study of them, which lasted through the strike, I failed to find one. There was practically no strong anti-union feeling among the strike-breakers—even among Farley's regulars. "We're after the coin"—that was the common principle that made them strike-breakers, though their reasons for being after it varied greatly among the three classes into which they can roughly be divided:

First—There was a small percentage of experienced street-car men, who had served under Farley before, and who had no desire for permanent jobs. They did not wish the union harm, but the strike gave them a chance to make "big pay" and see a bit of the world—and there they were.

Second—A great number of men were driven to enlist by the lash of want. Through their incompetence, or through a shortage of work, they were out of employment; some

had had no regular employment for months, some none for years. Men from all the large cities told the same story of "no work": "There's no place like New York for starving"; "Since the Fair closed there's twelve men for every job in St. Louis"; "You can't stand two minutes on a Philadelphia street without some man asking you to help him out"; "If there's any prosperity in Chicago, we ain't seen it." With them it was a choice between strike-breaking and empty pockets and empty stomachs.

The majority of men in this class were very much ashamed of what they were doing. They regarded strike-breaking as low work; they felt they had sunk in undertaking it even temporarily. Each decent-looking man I spoke to said practically the same: "You'd never catch me doing this dirty work if I wasn't up against it good and hard"; and almost invariably they justified themselves with "If I wasn't doing this somebody else would." The word "scab" hurled at them was a stinging humiliation.

There were a few college students in this class, after money to help pay their college bills. I met one theological student; "A week of this life and I'll be cured of the ministry," he told me. Also there were many ex-union street-car men who had lost their jobs in strikes, perhaps years before, and who because of their strike-records had been unable to get a position in street railway work. They saw their only chance to get back into their trade was to take a job during the strike when no references were asked.

Third—There was a very considerable proportion of the strike breakers, indifferent equally to unionism and non-unionism, who ranged from a moderate moral shabbiness down to the hobo and blackguardly ruffian. The motive and character of a large part of these are summarized in the remark of one young fellow, made at dinner and applauded by his neighbors: "I want to pull out just one week's pay. Then—oh Lord! What a ——— of a time!" Another man, a motorman in my crowd, before starting on his first trip, said with an oath, "I don't take no train out till I get a bottle o' whiskey," and went down to a saloon and got it. Many of the men from the West proclaimed that they were "bad men" and had notches on their guns.

The policemen who guarded the buildings in which Farley's men were lodged and fed,

lumped the strike-breakers off as a "hull bunch", and several of my fellow strike-breakers, men in the second class, made substantially the same characterization of their new companions. But this, of course, was quite a damning damnation. A number of the more respectable looking of Farley's regulars with whom I talked concerning the quality of the strike-breakers, stated that

about half the men—one said sixty per cent.—were a "tough outfit." My own estimate of the number in the third class was not so large as that. However, I estimated that two-thirds of the men engaged in breaking the strike were either undependable, incompetent, or of bad character—utterly unfit for employment involving the safety of human life.

JAMES H. HYDE

THE PERSONALITY OF THE YOUNG MAN WHO CONTROLS THE EQUITABLE LIFE ASSURANCE SOCIETY

BY

LINDSAY DENISON

A YEAR or two before his death Henry B. Hyde, the father of James Hazen Hyde, said of himself:

"I can go from my house through the crowded streets to my office and never be recognized by a single one of the thousands of people I pass."

It is to be doubted whether any newspaper-reading individual in the city of New York could help recognizing James Hazen Hyde meeting him face to face. Portraits, authentic and unauthentic, sketches in costume and the crudest of cartoons have traveled each other for space in newspaper columns. Yards of description and of discussion and of estimate of Mr. Hyde, his personality, capacity, and influence have been published. Not all of this necessity comes out of the quarrels in the great insurance company of which he is vice-president. Much of it comes out of the actions and the utterances of the man himself; certainly he is never so much at ease with himself as when he is prodded most by the curious.

This peculiar equanimity of Mr. Hyde under public observation, has drawn out the question from an unfavorable critic: "What could you expect from a life insurance agent in the third generation?"

Mr. James Hazen Hyde's grandfather entered the life insurance business as an agent of the New York Mutual Life Insurance Company in Boston and was promoted until he was New England agent of the company. Henry B.

Hyde, born in 1834, was by 1857 cashier of the New York Mutual Life and within two years had suggested so many new plans of his own invention to the administration of the Mutual Life that it was deemed advisable to repress him. In that year, twenty-five years of age, Henry B. Hyde founded the Equitable Life of New York. One of the most insistent charges against James Hazen Hyde is that he is too young for his responsibilities. Yet his father when he founded the company was younger by four years than James Hazen Hyde is now.

At the very beginning of James Hazen Hyde's career he lacked the stimulus of necessity. Life never stood over him with the homely old formula, "Root, hog, or die!" There was time and means in abundance for him to get acquainted with the world before he enlisted in the fight for standing room. Where the youth of Mr. Hyde lacked that spur which had driven his father forward—the same disposition to early activity of mind was there—in James H. Hyde it seized on French language and literature. At an age when his father had been overwhelmed with ideas and plans for insurance, James Hazen Hyde (with the insurance business apparently perfected before he reached it) fed his mental appetite with everything that was French. Everything that he has done in his brief business career or at home must be considered with due regard for that French saturation of mind.

Nothing that he has done or is doing in these days will not bear a translation out of the French attitude of mind into the American.

Most young Americans who go to Paris, more than plentifully supplied with spending money, come back with a certain stock of experiences of no great intellectual value. Those who are acquainted with Mr. Hyde's associations in Paris and his ways of occupying his time there are united in the assertion that never was a young man less alive to the opportunities for out-and-out frivolity. He sought out the people through whom he was enabled to meet and to know the litterateurs, the singers, the actors and the artists. To an energetically industrious study of French language, literature, and history he added the determination to live as a Frenchman lives.

At Harvard, where he was a member of the Class of 1898, Mr. Hyde was inconspicuous enough until he began to develop his enthusiasm for the better appreciation of French literature at the university. He joined the "Cercle Française de l'Université Harvard," and practically supported it. He extended this society into the "Alliance Française," an organization of similar purpose, but much broader field. Only recently did he resign the presidency of the Alliance, which the French government had appreciated by making him a Knight of the Legion of Honor. Mr. Hyde's reason for resigning was that "increasing business cares demanded his attention"—this, it is well to observe, before the friction within the Equitable Company became known. A year ago, through a fund supplied by Mr. Hyde, Prof. Barrett Wendell of Harvard delivered a course of lectures at the Sorbonne, "reciprocating French courtesies to America."

One who made a rather careful study of Mr. Hyde in his college days, a study initiated by a curiosity born of the young man's enthusiasm for French, arrived at these conclusions, which nothing which has occurred of late has at all disturbed: that James Hazen Hyde was quite without vicious tendencies or tastes; that he was sincerely and earnestly interested in the French language—and that he deliberately planned the use of that enthusiasm to make an important figure of himself in the world and especially in France; that Mr. Hyde was prudent, not to say "close" in everything that pertained to the expenditure of his college allowance—and that now and then, when an expenditure seemed extrava-

gant, it was always followed by a compensating advantage of fame or more substantial social or educational benefit to Mr. Hyde; that the young man was possessed of a self-confidence surpassing anything that had developed under the observer's eye even in the Harvard undergraduate world.

With these estimates in mind, the Cambon banquet, which it has been so variously stated was paid for by Mr. Hyde, was paid for by the advertising department of the Equitable, was intended for the advancement of the company's interests in France (but was finally paid for by Mr. Hyde), and which cost somewhere between \$6,000 and \$25,000—may be less puzzling. We have established Mr. Hyde's sincere and heartfelt affection for everything that is French—but the young man of practically unlimited income, letting no dollar escape except to make room for something more valuable or equally valuable, why should he overlook the commercial usefulness of his French enthusiasm to the company which is the source of his wealth? And if the company was to profit, why should not the company pay the bills? We are told that they do these things, at least, but little better in France.

But as to Mr. Hyde's willingness to provide liberally for his own enjoyment and that of his friends, let us take the testimony of M. Jules Huret of the *Figaro*, after a visit to Mr. Hyde's Long Island home:

"Mr. Hyde's country villa is in a country of melancholy grandeur. It is a sort of old-fashioned wooden chateau built in colonial style. Here he keeps the greater number of his horses. He is reputed to have the most splendid stables in America. There is a special room devoted to the harness, spotless and shining as table silver. In a case are curbs, bits, bells, stirrups and whips. There are carved wooden cases, containing a veritable museum of old stirrups, postillion whips and hunting horns, and a great hall for carriages of which I counted twenty-eight different kinds.

"The stables are ruled over by François Guillot, a true Parisian, who served W. K. Vanderbilt for ten years. A lady visitor to the stables admired one of the horses extravagantly, and Guillot turned to her and said simply and earnestly: 'You will only have to tell Mr. Hyde the horse pleases you; I am quite sure he will give it to you.'

Mr. Hyde has his office in the stable—a room full of telephones and electric bells, furnished with fine carpets, old mahogany furniture, sporting photographs and prints, coaching trophies and hunting horns. Next to his office is the kitchen, which permits him and his guests to dine when the whim seizes them and have supper in the stables more freely and gaily than in the chateau. I remember a very festive supper that we had there with the thermometer outside at always zero, where ladies donned old postillion hats or bull-fighter bonnets and blew hunting horns while everybody danced the cake walk."

Let us consider this Gallicised young American, as his affairs stood when his father, Henry B. Hyde, died in 1899 of ailments due, directly and indirectly, to overwork. The will of Henry B. Hyde put the Hyde stock, the controlling power of the Equitable, into the hand of a body of trustees, all of them men concerned with the administration and policies of the Equitable. When the present Mr. Hyde reached the age of twenty-five years the number of trustees was to be reduced to three, of whom Mr. J. W. Alexander, Henry B. Hyde's trusted friend and lieutenant, and his successor as president, was to be one. Gen. Louis Fitzgerald was to be another, and James Hazen Hyde was to be the third. This trust was to continue until Mr. Hyde reached his thirtieth year next June. General Fitzgerald retired and Mr. Alexander and Mr. Hyde together replaced him with William H. McIntyre, who had grown up in the Equitable's service. It is explained elsewhere in this magazine how the approaching termination of the trust created the present disturbed situation. It is clear that Henry B. Hyde never dreamed that Mr. Alexander and James Hazen Hyde would ever divide in policy and in financial affiliations as they have now done.

It may be gathered from what has been said of Mr. Hyde that he is not without a certain pride of repaite amounting possibly to vanity. That same pride extends to the detail of personal appearance. Mr. Hyde's manner of arranging his hair, the cut of his clothing and the colors of it, are all of a sort to make his fellow men turn and look at him. It is inconceivable that one should desire to be looked at unless one has a good opinion of one's self; it is still more inconceivable that

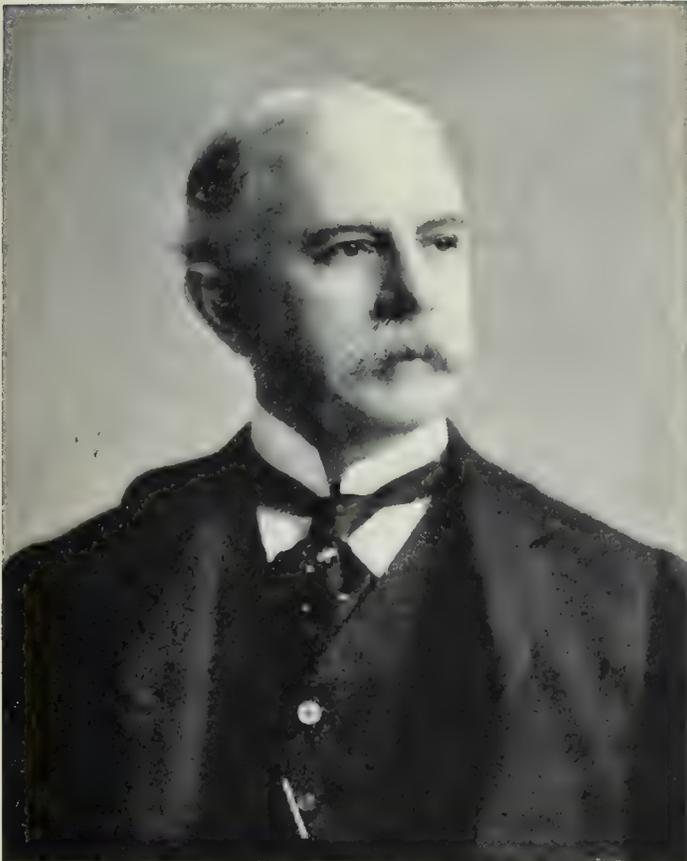
one who comes down town, of an excited Equitable morning, behind a cab horse decorated with violets can spend much time in trying to understand the point of view of others. The calm ignoring of the public state of mind regarding Mr. Hyde implied in that conspicuous and extravagant effort to increase the æsthetic values of street travel, means far more to the student of the young man's personality than a lavish expenditure on a Louis XVIII. ball.

To a young man of whose mental attitude these are the outward symbols, the appeal made by the proffer of friendship and cooperation from some of the most experienced and most seriously regarded men of financial affairs in this country was one which the least vain of us may understand. When Jacob H. Schiff, of the Kuhn-Loeb banking house, August Belmont, and E. H. Harriman volunteered as friends and counselors to Mr. Hyde—is there great wonder that he threw off the chaperonage and guardianship of Mr. Alexander (which could not but be irksome to one of Mr. Hyde's high and independent spirit)? At the time of writing, Mr. Hyde seems to have committed his battle quite thoroughly to the hands of these gentlemen. But there are not lacking rumors from the council chambers that he now and then rebels even against their direction.

The writing of a treatise on insurance as a profession, of magazine articles on coaching in France, attendance at his office during banking hours every day and often for several hours more, an extreme devotion to coaching and driving, and an almost constant attendance on the opera, the French drama and like diversions in their seasons, would seem amply to fill out Mr. Hyde's quota of waking time. But a consideration of none of these items helps in making up an answer to the final and most important question: How strongly would Mr. Hyde stand out if he stood by himself? How really competent is he to direct, unaided, the heavy responsibilities which have come to him? Because, in the last analysis, it is by his ability to select advisers by the exercise of his own judgment, that he must stand or fall. The facts regarding Mr. Hyde, as they are presented here, are at the service of the weighing and reasoning faculties of each individual reader.

MR. JAMES W. ALEXANDER

President of the Equitable Life Assurance Society



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MR. JAMES H. HYDE

Vice-President of the Equitable Life Assurance Society



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THE MASTERS OF INSURANCE FINANCE

WHO THE MEN ARE THAT PLAN THE BUSINESS CAMPAIGNS AND HANDLE THE MILLIONS OF THE GREATEST COMPANIES—A MEASURE OF THE INDIVIDUALS TO WHOM TWO-THIRDS AS MUCH WEALTH IS ENTRUSTED AS TO THE SAVINGS BANKS

BY

I. S. GRIM

THE attitude of the policy-holder toward the life insurance company to which he pays premiums is usually impersonal. He regards the company as a machine which will, on his death, make certain specified payments to certain specified persons; or, if he has an endowment policy, make certain profitable returns to him after he has paid a certain number of premiums. It is as if he pushed his premiums through a labeled slot and the results dropped out in the fulness of time and after a slow clicking of the inner works of the insurance device. So much the rigid supervision of the law has done for the insurance business. The men whose names are printed in his policy and under the newspaper advertisements of the

company are names to the policy-holders and nothing more.

Nevertheless the insurance company, as we have been waked up to realize, is about our biggest form of financial activity. Its assets are much more directly derived from the people than are the assets of the great banks, which represent directly a comparatively small number of rich depositors. The banking business is under the supervision of law, too. But few of the clients of a bank have the complete disregard for the individualities responsible for the management of its affairs that is to be found among the clients of an insurance company.

It is in the days of unrest that the personality of the leading men in an insurance



Mr. JOHN A. DEPAUL
President of the New York Life Insurance Company

company begins to come under scrutiny. There has been discord, for instance, in the affairs of the Equitable Life Assurance



Mrs. JOHN W. GILLETTE
President of the Mutual Life Insurance Company

Society. An awakening of policy-holders' direct interest has been the outcome. The strengthening of confidence in the insurance companies will grow out of a study of the working spirit of each company, their history, their financial associations and their personalities.

Until the friction in the Equitable was disclosed by the machinations of a Wall Street group which felt the control of the company's great reserve resources slipping out of its grasp, there were many policy-holders who did not know that Mr. Henry B. Hyde, the founder of the company, was no

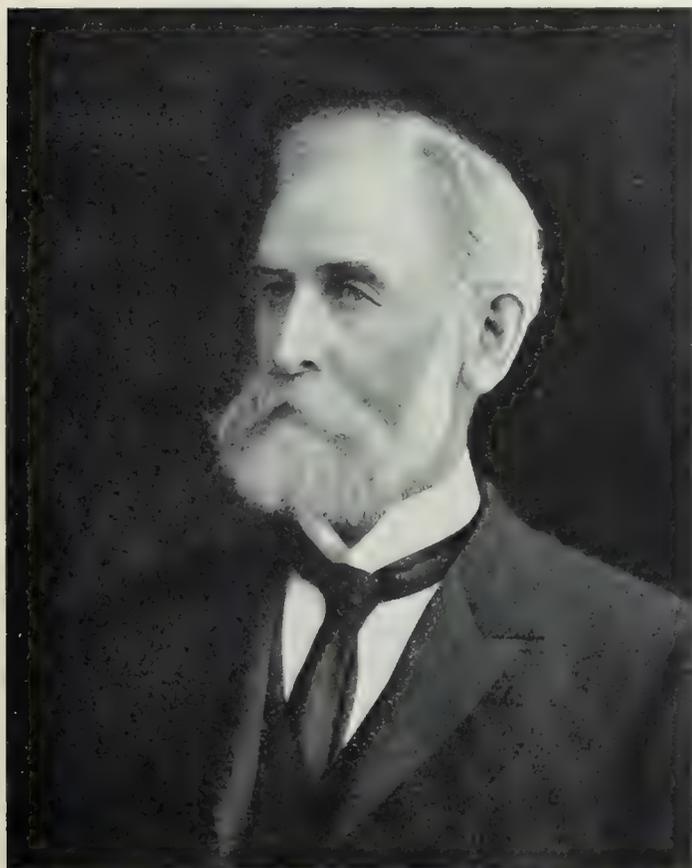


Dr. WALTER R. GILLETTE
General Manager of the Mutual Life Insurance Company of New York

longer living. His name appears today in almost every place where the names of the officers of the company are published by the company. It appears before the name of Mr. James W. Alexander, the president of the company, followed by the word "Founder." Mr. Henry B. Hyde died in 1899, he died possessed of a majority of the capital stock of the company. It is reported that Mr. Hyde made certain of the controlling interest very soon after he heard that the notorious Wall Street founder, Napoleon Lees, had planned to include the Equitable in some of

his unscrupulous operations. When Mr. Hyde, the founder, died, he left this stock to his son, Mr. James Hazen Hyde, who was just out of Harvard College and was but twenty-three years old.

The possessions and responsibilities of the company were too enormous to be put unreservedly into the hands of a boy. The elder Hyde therefore tied up the bequest in a succession of trusts to terminate when the young man should reach his thirtieth birthday, in June, 1906. He made Mr. James W. Alexander one of the trustees. Mr. Alexander was made president of the



Photographed by Davis & Sanford

U. S. SENATOR JOHN F. DRYDEN OF NEW JERSEY

President of the Prudential Insurance Company of America

company succeeding Mr. Henry B. Hyde, and through his trusteeship voted the Hyde stock, so that he was not only president in name but was in part regent and dictator. Mr. Alexander came into the Equitable because of an inheritance of gratitude. When Henry B. Hyde formed the company, it was through the Rev. Dr. J. W. Alexander, pastor of the fashionable Fifth Avenue Presbyterian Church, that men were found to furnish the capital. Mr. Hyde made the pastor's son, the present president, the secretary of the company. The association



Photographed by Pirie McDonald

MR. GEORGE T. DEXTER

Superintendent of Domestic Agents, Home Life Insurance Company

of the elder Hyde with Mr. James W. Alexander was of the closest; the posthumous



Photographed by A. M. ... N. Y.

MR. GAGE F. FARRELL

Second Vice-President of the Equitable Life Assurance Society



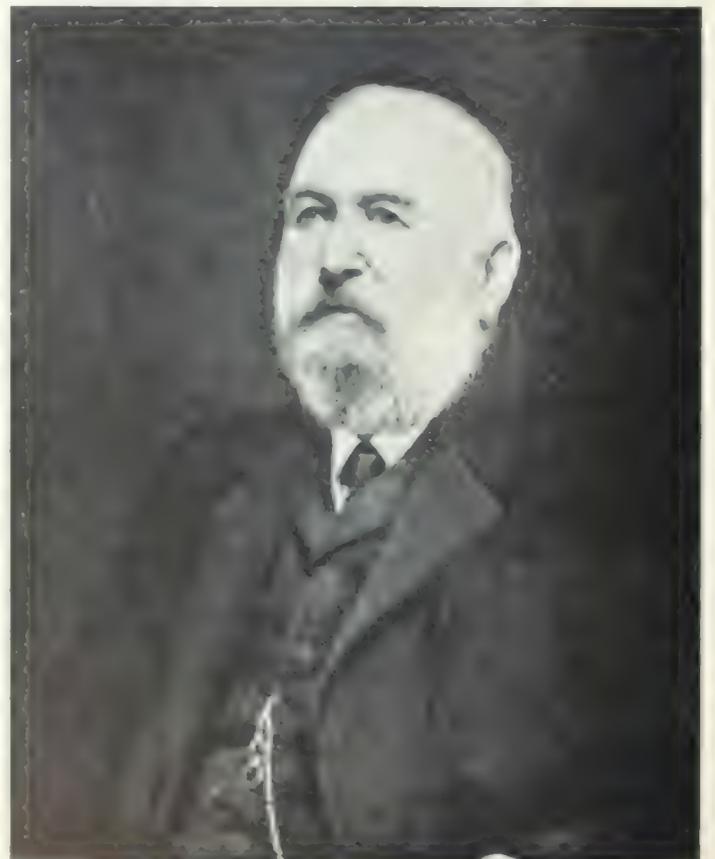
FRANCIS O'NEILL
 MR. GEORGE L. HYDE
 President of the Equitable Life Insurance Company

trust imposed by the founder on his associate is an indication of the degree of his confidence. Mr. Alexander is a graduate of Princeton and a leader among its alumni. He was for four years a practising lawyer before he joined fortunes with the Equitable. The wealth which has come to him with the growth of the company has been used in part to gratify the tastes which one might expect to find in a man who was for eight years president of the University Club of New York—the tastes commonly attributed to a scholar and a gentleman. His associations with financiers have brought him into counsel with the men whose influence is known in the markets and exchanges as the "Morgan crowd." Mr. Alexander follows duplex of personality; he seeks the quiet ways in social as well as in educational and business affairs. Since the death of Mr. Hyde he has been the supreme voice in the Equitable. And if he had not come to look upon it as depending on his guidance by the continued success, he would not have been quite amenable to the general laws of human nature. The approaching maturity of his trust when the control of the company through its stock must come into the hands of the founder's son, would not have caused Mr. Alexander to measure the time as

young Mr. Hyde's personality was at complete variance with all of Mr. Alexander's ideas of what he would like that personality to be.

Mr. James Hazen Hyde came easily to rules. With a tremendously impressionable and active mind, he became enamored of France on a school-day visit abroad. It is a saying of those who criticize him that he is more a Frenchman than an American. Certainly in this generation no man of twice his years has done as much to advance the appreciation of French literature and art in the United States—and not all of our youthful millionaires by inheritance have shown diversions which tended in the least toward scholarship or literature.

If matters were to take their course, according to Henry B. Hyde's will, the control would pass from the one side to the other a year from this July. It is not remarkable that Mr. Alexander and his friends should feel that no greater calamity could come to the corporation, and that no means of preventing it ought to be neglected. The stratagem of mutualization suggested itself. It was in effect that the laws of the society should be changed so that the directors of the company should be elected by the policy-holders or the holders of policy-holders' proxies, rather than



MR. STEPHEN H. HUGHES
 President of the First National Mutual Life Insurance Company

by the stockholders, for Mr. Hyde had complete control of all stockholders' elections. Under the mutualization plan, there would apparently be a free fight for votes between the two cliques. But actually, as was shown in the sketch of Mr. Gage E. Tarbell in *THE WORLD'S WORK* last month, the victory would lie with the side which enlisted the allegiance of the manager of the agency force, Mr. Tarbell, the all-powerful means for the collection of proxies.

Here came into the strife the personality of Mr. Tarbell, the second vice-president of the Equitable, and the head of the agency bureau. Mr. Tarbell is a man of broad and daring methods in campaigning for business. As head of the western bureau of the Equitable before coming to his present position, he had made a record for apparently extravagant expenditures in exploiting the company's interests, which almost invariably proved profitable to the company in the end. He is compared to a general who may always be counted upon to win sweeping victories with a large army, but who would be wiped out of existence with a small army at his back. He knows how to win largely by the calm acceptance of large preliminary losses.

This superficial outlining of the positions and the aspects of the men now most prominent in the Equitable Life Assurance Society gives a standard for gauging the interest which may at any moment attach to the personality of the men at the head of any of the great life insurance corporations. A difference in the policy of management between the officers of a company is likely to portend a general awakening and a stirring up of ideas out of which improvement is almost bound to come to the policy-holders.

Mr. John A. McCall, the president of the New York Life Insurance Company, came to his place as the result of an outrageous scandal which culminated in 1873, in the displacing of President William H. Beers. An agent in South America was charged with misappropriating large sums of the company's money; it was discovered that the famous Dinkelspiel brothers, solicitors, sometimes drew \$100,000 as advance commissions—putting the company in the position of gambling on the chance that the Dinkelspiels would live long enough to pay back the advance. Public sentiment forced a change of management.

Mr. McCall was chosen to head the reform. He was born in Albany. He grew up among politicians. Albany was a university of the higher politics in those days. Tilden and Manning and the bygone Democratic aristocracy were in their prime. Mr. McCall's father, who had attained prosperity as the proprietor of a saloon where politicians gathered, wanted his son to succeed him. The son would have nothing to do with the saloon business. He went into insurance as a bookkeeper for a Connecticut agency at Albany, after a brief experience in the Albany assorting house for state currency. Political associations brought him into the Insurance Department, where he became highly regarded for efficiency and industry. He was thirteen years a deputy superintendent of insurance and an examiner. Governor Cleveland was asked to make him Superintendent of the Department and declined to do so, having a candidate of his own in mind. The other man's name was sent to the Senate for confirmation and then the Governor learned that nearly every Democratic senator had asserted that no other nominee than Mr. McCall would be approved; Mr. McCall's appointment was thereby forced. Mr. McCall held the office for three years. Those were sad years for crooked insurance companies. One of the reasons New York State to-day is clear of openly corrupt companies is that Mr. McCall drove them all out and made it impracticable for any new ones to grow. He used all the resources of his political acquaintance to get at their inner workings, and no technical excuses availed as a defense against him. Mr. McCall united the integrity of the banker with the cold intuitions of human nature which are characteristic of the really great politician. He went from his office at the head of the New York Insurance Department, declining a re-appointment, to the Equitable Life Assurance Society, where he became comptroller. When the storm broke over the New York Life in 1892, it was unanimously conceded that Mr. McCall was the one man who could retrieve the good name of the company. He knew where every rotten spot was, why it was so rotten and how deep the rot extended. The position of the company to-day is evidence of the wisdom of those who selected him.

Mr. McCall is classified as one of the Morgan group; he is regarded as the statesman of the insurance world. He has never ceased

to apply his knowledge of political methods. His manner of meeting men and of setting them at ease with him and themselves make it impossible for the newest acquaintances to read his personal character. The first intimations of the friction in the Equitable are said by some investigators to have come from a source not very remote from him.

The history of Mr. George W. Perkins, the second vice-president of the New York Life, suggests the potentiality of Mr. Tarbell in the event of a contest for power between Mr. Alexander and Mr. Hyde in the Equitable. When Mr. McCall came to the presidency of the New York Life, he made it a condition of his acceptance that the office of third vice-president should be created for Mr. Perkins. Up to that time Mr. Perkins had secured \$40,000,000 new business for the company as an agent. "We cannot do business without that man Perkins," said Mr. McCall.

Mr. Perkins had begun his business career at fifteen as an office boy for his father, who was the manager of the company's Ohio agency. He was promoted until he was at the time of the creation of his office as third vice-president, Inspector of Agencies. He continued as the head of the agency force. He made the solicitors of the New York Life into a thoroughly organized army of skirmishers with an insatiable greed for new business. His most prominent quality is an ability to persuade people to do things his way. He has all of the irresistible wiles of a Baxter Street clothing salesman with none of the salesman's obviousness or repulsive traits. Finding an obstinate opponent, Mr. Perkins has more than once circled around until his antagonist has found himself the hottest advocate of Mr. Perkins's original position. He has, beside his acuteness of mind, a warm smile which is his most potent weapon.

But with all Mr. Perkins's easy-going manners he has a furious capacity for work. Heavy as were his duties in the management of the agencies, he had time for other responsibilities. He went abroad as a diplomatic officer of the New York Life in its effort to conciliate the insurance authorities of the German Government, and accomplished more than any one else had ever believed possible. He undertook the floating of the first Russian loan ever placed in this country, and floated it. The Spanish War came on, and he planned

the New York Life's patriotic and philanthropic declaration suspending all clauses which excused the company from payment of death losses, in case of the enlistment of a policy-holder as a soldier. Mr. McCall openly declared it the policy of the company to use Mr. Perkins, who was elevated to the office of second vice-president, as its representative in the management of various corporations with which it had affiliated interests. If Mr. McCall was the premier of the insurance world, Mr. Perkins became the New York Life's foreign secretary.

Mr. Perkins was invited into the Morgan firm. Some cautious souls thought that his acceptance of the offer showed too openly the friendly feeling between the Morgan group and the company. But Mr. Perkins and the head of the house ignored the criticism. He became the diplomatic agent of the Morgan house. Did the venerable and obstinate Mr. Russell Sage feel himself roughly used in the United States Steel flotation and threaten revenge by offensive litigation? Mr. Perkins called on Mr. Sage and the incident closed in smiles and handshakings. Did that burly swashbuckler, Mr. John W. Gates, disturb the profitable calm of the street with his Louisville and Nashville corner? Mr. Perkins called, and the entire situation was turned over to J. P. Morgan & Company to be straightened out peacefully. We do not hear as much of Mr. Perkins as we did a few years ago, but he is not idle; it may be that he has merely adapted his methods to some new purpose.

Mr. Richard A. McCurdy is the despair of the writers of fugitive biography. He does not like to see himself in the public prints. He objects vigorously to the publication of his photograph. (It will be observed that no portrait of him appears with this article.) These traits do not arise from timidity. Mr. McCurdy sets high value on the privilege of attending to his own personal business free from the supervision of the rest of the world. He invites scrutiny of the Mutual Life Insurance Company, of which he is president. He sits in his office every day, quite accessible to anyone who has any business with him as president. His subordinates have a tradition that the inner soul of Mr. McCurdy is the soul of a boy overwhelmed with good spirits and that his painstaking efforts to keep his home personality out of his office make him seem

unreally austere and cold. He was born in 1835 in New York. His father was the most influential director of the Mutual under the Winston administration. Mr. McCurdy was graduated from Harvard, studied law, and entered the law department of the Mutual in 1860. He became vice-president of the company in 1865. On the death of Mr. Winston in 1885, Mr. McCurdy became president. From the very beginning he showed a benevolent tyranny in the administration of the affairs of his office; to-day there is no change in the conduct of the company's business in any field, there is no alteration in the terms of its contracts, there is no little detail of business which does not pass before Mr. McCurdy before it is put into operation. He is not only the head of the company, but is the head of every department in it.

Several years ago Dr. W. R. Gillette was the medical examiner of the Mutual. He came to be regarded as one of the "strong men" of the company. Mr. Gillette was promoted to be a vice-president of the company and works now directly under Mr. McCurdy. It is said, jocularly, that Mr. McCurdy has no second in command—the next in authority is the seventh or eighth. President McCurdy owns such large estates in the vicinity of Morristown, N. J., that he is called in envy "the Duke of Morristown." He is unostentatiously generous to the neighboring churches and charitable institutions. There is a little story illustrative of the human side of Mr. McCurdy, which may or may not be true, but certainly confirms the estimate of his personality formed by the men who work under him:

A promoter of a certain talking machine desired, for advertising purposes, to place a sample machine in Mr. McCurdy's office as a substitute for a stenographer. Mr. McCurdy got rid of the agent by keeping the machine. He dictated no letters into it. At the end of the day (and it had been a hard, trying day) Mr. McCurdy watched the last clerk depart from the office with a sigh of relief. He summoned the messenger who usually stays until the president leaves, and sent him scurrying over to Broadway with an order for a dozen wax records to reproduce brass band march tunes, "rag-time" melodies and popular songs. The messenger did the errand and was sent home. But a clerk returning for a forgotten parcel reported to his companions

next day in whispers that he had found the stern and austere president sitting before the machine at dusk, revelling like a child in the toy which chance had brought him.

The list of the companies in which Mr. McCurdy is a director or trustee, suggests that in so far as he has affiliations in Wall Street they are the same as those of Mr. Alexander and Mr. McCall.

The story of Mr. John F. Dryden, president of the Prudential Life Insurance Company, of Newark, N. J., is rather different from that of any other man in the list of life insurance presidents. Mr. Dryden now sits in the United States Senate. He is regarded as about the most powerful political individual in New Jersey. He has come to that place with the aid of a company which he has built up from next to nothing. Mr. Dryden, who left Yale without graduating, because of ill health, read in 1865 a report of Eleazar Wright, Insurance Commissioner of Massachusetts, condemning the Prudential Insurance Company of London. Mr. Dryden had studied insurance with a considerable academic interest; he thought Mr. Wright was entirely mistaken. He wrote a paper to controvert Mr. Wright's arguments and then tried to get a number of capitalists to supply him with the capital to show that an industrial company conducted along the plan of the London company was not only practicable, but just and profitable. The capitalists would not listen to him. Mr. Dryden went to Newark in 1873, and there found kinder listeners. In 1875 he founded the Prudential, with a number of New Jersey men of capital as fellow incorporators. He was the secretary of the company at the beginning. He began work with three clerks, and with \$200 in the company's working treasury. A great share of the clerical work he did himself. The company appealed to wage-earners who wanted but little insurance and who paid their premiums in weekly instalments of ten cents or more. By his mastery of detail and his industry Mr. Dryden made the company go. He became its president as soon as his fellow directors realized that the success of the company was going to rest with him and with no one else. The Prudential now employs 20,000 people. Mr. Dryden found himself gravitating into politics. There is apparently something in the New Jersey atmosphere that drives men of great businesses into politics

in self-defense. Mr. Dryden was elected to the Senate of the United States in 1902. He was one of the principal organizers of the Public Service Corporation, the lighting, heating and transportation monopoly which has \$2,000,000 in capital stock and is the most formidable aggregation of franchises that the citizens of any one state ever had to deal with. Mr. McCall developed out of politics into insurance. Mr. Dryden grew out of insurance into politics. His power is already felt in the Senate as that of a man direct in plan, adroit in action and of the utmost suavity and grace of manner.

The president of the Prudential's principal rival in the field of industrial insurance—the Metropolitan of New York—is John R. Hegeman. The Metropolitan, when Mr. Hegeman became its secretary in 1870, was a little casualty company formed by the proprietors of a great lithographing business in New York for the benefit of their employees. The company outgrew the lithographing company's control. Mr. Hegeman, who had been for four years an accountant in the Manhattan Life Insurance Company, was brought into the reorganized Metropolitan as secretary. Within four months he was made vice-president. He was the real executive officer of the company, and the fact was recognized in 1891, when he was elected president. Mr. Hegeman has spent most of his life since he was twenty-two years old inside the Metropolitan's offices. He himself is authority for the statement that he has "never had time to attend a theatrical performance or go to an opera." It cannot be said of him that he takes his pleasures seriously, because no one who knows him has ever seen any reason to believe that Mr. Hegeman, even in these days of his maturity and wealth, has any of the normal pleasure-loving impulses with which most men's lives are lightened. He is a business-machine. Mr. Hegeman's financial affairs, like Mr. Dryden's, are for the most part with New Jersey corporations and are rather outside of the more public stirrings whose strife is carried on in and about Wall Street.

The John Hancock Insurance Company of Boston, which, though it was not designed to be an industrial company, has come to occupy a considerable part of the industrial field, is under the administration of Mr. Stephen H. Rhodes, who was Insurance Commissioner of

Massachusetts for five years, after serving for some time as a deputy commissioner. He, too, had some political experiences. The people of Taunton once elected him mayor, and he served a term in the state Senate. His career is frequently compared to that of Mr. McCall.

Two of the smaller companies of New York which have made their own substantial growth without accumulating such huge reserve funds as have the so-called "Big Three," are the Manhattan and the Home Life. Mr. George E. Ide, the president of the Home Life, came to his office out of a conservative old New York bond house. He is a graduate of Yale of the type that attains scholarship as a means to appreciating life at its best, rather than as a means to deep erudition. The Home Life was founded by the substantial mercantile family of Lows in Brooklyn, and has required little more than conservatism of its officers.

There are parts of the Northwest where the payment of premiums to the Northwestern Mutual Life Insurance Company is as much a part of the routine of every farmer's life as is the payment of his public taxes. Its agents are so distributed that they canvass not only every town but every element in the towns: one visits the saloons and the clubs and fraternal lodges; another finds applicants for insurance in the churches, missionary societies and literary assemblies, and still another devotes himself to traveling among the farmers, accumulating friendships by the excellence of his advice in agricultural affairs and accumulating business out of the friendships for the company. At the head of this comprehensive and effective organization is the venerable Henry L. Palmer. He was born in Pennsylvania eighty-six years ago. He went from the common schools into a law office, moved to West Troy, N. Y., and practiced law until he was thirty. Then he moved to Wisconsin, where he went into politics, serving several terms in the legislature, one as speaker of the assembly and two as Senator. He was Democratic candidate for governor in 1853. In 1873 he was elected judge in Milwaukee County, but resigned after a year to become president of the Northwestern, of which he has been the guiding spirit ever since.

These are the men who manage some of the greatest American insurance companies.

THE SENATE PLOT AGAINST PURE FOOD

A PURE-FOOD BILL PERSISTENTLY BLOCKED BY A MYSTERIOUS OPPOSITION—THE SENATORS WHO FORM IT AND THEIR MOTIVES—HOW FOODS ARE ADULTERATED AND WHAT CAN BE DONE TO STOP THE PRACTICE

BY

EDWARD LOWRY

ONE afternoon at a hearing before a committee of the National House of Representatives a man in the rear of the crowded chamber came forward and asked to be allowed to speak on the bill under consideration. Apparently none of the lawyers or representatives of manufacturers who were present knew him.

"Whom do you represent?" asked the chairman of the committee.

"The people," was the unexpected response.

"What people?" asked the chairman incredulously.

"The people of the United States."

The congressmen burst into open laughter. "I am sorry that we can't spare you any time," began the chairman curtly. "We have a number of gentlemen here representing special interests affected by this bill, and we must devote what time we have to them."

The man who sought to present the public's views withdrew while the congressmen were still chuckling. This incident may help to explain to the uninitiated why the pure-food bill, that has been in Congress for nearly twenty years, in one form or another, has never become a law. The special interests who might be hurt by its passage, the makers of adulterated and misbranded foods, have chosen to stop it in the Senate.

It has not been a difficult feat. Special interests are too strongly entrenched in that dull chamber to fear hurtful legislation unless the public demand for relief is aroused and organized. The enemies of a pure-food law have not had an aroused public conscience to combat. The one notable thing at all the hearings on the various measures that have been brought forward has been the clash of private interests. The men interested in whiskey bottled in bond have fought the rectifiers; the pickle makers, the manufactur-

ers of preserves—and all have fought a pure-food bill.

Food legislation has had a peculiar history. The agitation was begun by consumers. The bill which was originally passed was promoted by the Grange and by the people at large. Gradually the makers of pure food products became interested in such legislation, and finally the officials of the states have begun to exert their influence toward securing a national pure-food law. Through all the history of this legislation the opponents of the bill have never come out into the open. But that there is a strong underground opposition to any such law is proved by the effectiveness with which it is stopped by running against a dead wall in the Senate.

THE SENATORS WHO OPPOSE THE BILL

The masked opposition to the bill last winter was most puzzling. Not until the session was well under way did the Senators in charge of the bill realize that Senator Aldrich was against them. They gave up all hope of its passage as soon as the news came to them. Senators Lodge of Massachusetts, Hale and Frye of Maine, Kean of New Jersey, Wetmore of Rhode Island and Penrose of Pennsylvania, in the skirmishing on the Senate floor, showed themselves opposed to the passage of the bill. Mr. Spooner of Wisconsin and Mr. Platt of Connecticut withheld their favor from the bill because of its construction. From a legal viewpoint, both of them, excellent lawyers that they are, saw grave objections to the measure in its pending form. These Southern Senators are aligned with the opponents of the bill, because they hold that it infringes on the states' rights belief which they cling to: Senators Morgan of Alabama, Bacon of Georgia, Bailey of Texas, Blackburn of Kentucky and Carmack of Tennessee. Some of the North-

west Senators are but lukewarm in their support. It is difficult to assign definite reasons why some of those that oppose a measure which every one, except those to be punished, acknowledge to be both desirable and necessary. In Mr. Lodge's state, for example, there is a pure-food bill slipped throughout the country as usual. The cynical might suggest that he was playing his usual rôle and protecting his fishermen. Testimony has been adduced that fine "imported French sardines" are caught in large quantities off the coast of Maine and shipped inland to appease the hunger of an indiscriminating public. This might account for the attitude of Senators Hale and Free. Senator Kent of New Jersey is a corporation man, and there are corporations in New Jersey preserving and canning fruit, or what purports to be fruit. It would be no difficult matter in the present condition of affairs in that state to obtain senatorial influence to uphold them in their evil doings. Senator Wetmore of Rhode Island of course is against the bill because Mr. Aldrich did not want it, but just why Senator Aldrich held it up this winter no one seems to know. The ostensible reasons were that the session was short, that the great supply and appropriation bills had to be considered, and that the Swayne trial was long drawn out.

Senators McCumber and Heyburn pressed the bill on the Senate's attention whenever opportunity offered, but with small success, and it finally degenerated into a mere stop-gap and time-killer to take up the odd moments between important bills that were destined for passage. Bills are not passed on the floor of the Senate but in cloak rooms and committee rooms and in private conversations where influence can be brought to bear and strokes made. Some of the Senators were in a rather odd position that made them lukewarm and not actively for the bill or aggressively against it. The Illinois and Michigan Senators and others from the Middle West fruit-growing states found themselves between two opposing interests. Some of the manufacturers by their states are making a pure product and are heartily in favor of any national legislation that would compel their competitors to do the same thing. The adulterators, on the other hand, bring influence to bear against the bill, so that a man like Senator Burrows, for instance, might find three wealthy corporations whose

support he might value urging upon him the necessity of securing the passage of a pure-food law, while three equally wealthy and politically important fruit packers were insisting that he fight such a measure. In such a case he would do, as he has done this winter, sit on the fence and say nothing. A pure-food law will be introduced immediately after the opening of the next session of Congress and its friends will put aside all other legislative business until their pet project has come to a decisive vote.

THE WILES OF ADULTERATORS

Despite all the testimony that has been brought forward, comparatively few consumers realize to what an extent foods and drugs are adulterated and misbranded. Most of the spurious products are sold in states other than those in which they are manufactured or produced, and about three-fourths of the states have enacted stringent laws against the sale of foods containing deleterious ingredients and against false branding or coloring articles of food intended to deceive, and for the regulation of the sale of foods, drugs, and dairy products. The producers of food products suffer immeasurable hardships and wrongs when their honest home-made products, their butter, fruits and jellies, syrups and sugars, come into competition with counterfeits whose cost is slight and whose selling price is perhaps in some cases ninety-five per cent. clear profit. Strawberry jelly is most commonly made of glucose and timothy seed, and colored with aniline dye. Cigars are frequently sold as Havana though made from tobacco grown in Virginia, Kentucky or Missouri. Furniture made from Wisconsin bass-wood is polished and sold throughout the country as mahogany. Syrup composed of glucose and cane syrup is sold under a maple syrup brand, though it does not bring a maple syrup price. Cottonseed oil is sold as olive oil, though it does not bring the price of the genuine product.

A wholesale grocer related this incident under oath. "We all know that yeast powders do contain some ingredients that are very injurious to health. Every large manufacturer of these powders has a chemist. The chemist has a formula which he gives out to the manager of the manufacturing department. I once received a case that gave out the odor of ammonia so strongly that I could

smell it all over the store. I wrote to the manufacturer of it and his chemist came down the next day, and, as soon as he smelled it, he asked me to box it all up and return it. He tried to explain that his foreman had been bought up by his competitors and had purposely put in too much ammonia. That was his excuse; and he is still with that company."

There are certain concerns in the United States which buy up enormous quantities of apple cores, apple parings, cheap apples that have fallen from the trees, etc., and make tons and tons of jelly from them. They put that body jelly away until there is a demand for jelly of a particular flavor, and then they make it up as required—raspberry, strawberry, currant, or whatever else—all out of the same tank. They put in color and flavor to suit.

The Senators were shown one afternoon a little book called "Hints to Liquor Merchants," telling the unscrupulous barman how to imitate any particular brand of liquor. Here is the recipe for Irish or Scotch whiskey: "To forty gallons of French spirits at proof or ten degrees over add four ounces of Irish or Scotch whiskey oil and one gallon of our white prune juice." Here is old Holland gin: "One ounce of Holland gin oil dissolved in a pint of alcohol and added to forty gallons of French spirits will make a very fine Holland gin." French spirits is cologne spirits and there is no odor or taste to it. It is the cheapest ordinary high wine.

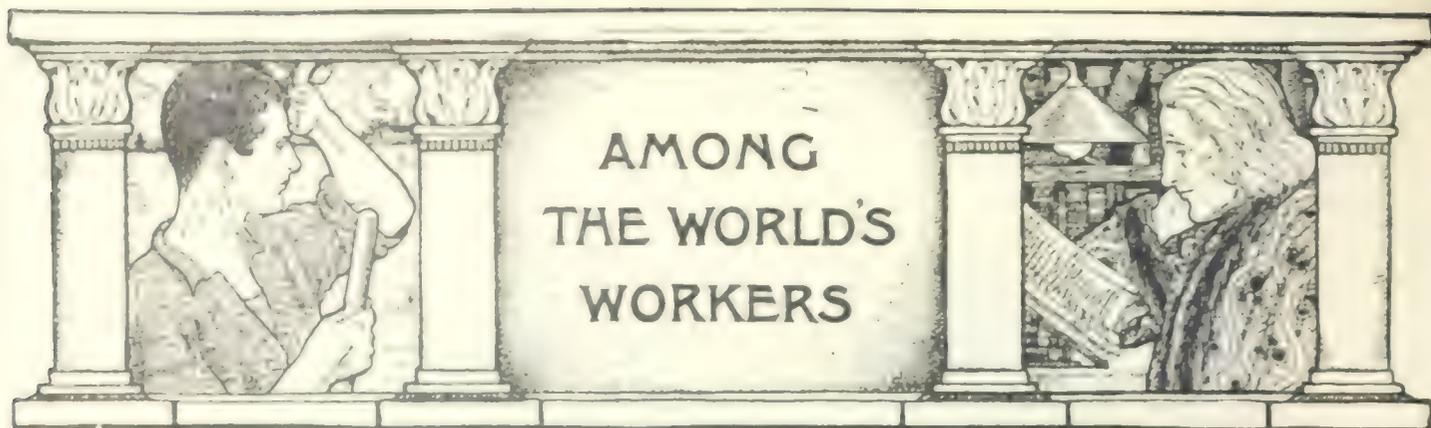
WHAT THE PUBLIC DEMANDS

And so it goes. Some of the makers of impure food products have the hardihood to defend their practices on various curious grounds, and some of them have told Senators that if they "undertake by law to make all people perfectly honest in their dealings you have got a very large job on your hands." They defend the misbranding and adulteration of foods with so-called harmless substitutes on the ground that it puts certain products which in their pure state are dear within reach of the poor man. So eminent a person as Dr. R. G. Eccles, one of the editors of the *American Pharmacopæia*, has declared over his own signature that "To advocate the use of preservatives is to advocate in behalf of pure foods. Perishable foods subjected to delay in other than cold storage transportation, or delay in packing in the absence of cold

storage, cannot reach the consumer in a pure state if preservatives are not used. Scarcely a month passes that somebody is not reported killed with impure food and dozens have been seriously injured by it, and always because that food did not contain preservatives."

The cream of tartar and the alum baking powder manufacturers are aligned in two camps, but both are opposed to any bill that will force them to print on their tins the composition of their powders.

In all of the states where pure-food laws are in operation the quality of the food stuffs imported into the states has been vastly bettered. Manufacturers in large numbers came to Washington to appear at the various congressional hearings, and all of them declared that they had been put to no end of trouble by the state pure food commissioners. Their ketchups, preserved fruits and all tinned goods have been carefully inspected and where preservatives and adulterants have been used the goods have been rejected. One point that all the food makers dwelt on was the lack of uniformity in the laws: the pure-food commissioner of Michigan, for example, allowing the sale of preserves that would be barred by the commissioners in South Dakota and Kentucky. These arguments against the bill are, when analyzed, the strongest reasons in its favor. All of the state officials who have given any study to the question, chemists and others, recognize the need for some uniform national law that will prevent the sale of such goods as have been described in this brief sketch. Importations of foreign food stuffs are carefully inspected by government agents and if found to be other than what they purport to be are rejected. Government inspection has practically stopped the sale of impure imported olive oil and wines, with which this country was flooded before this government barrier was raised. No one can defend a system which prevents impure foods from foreign countries coming in and yet allows native manufacturers to sell such poisons as they may choose in the guise of food stuffs. Conditions have become so intolerable, and knowledge of the deceptions employed by makers of food products is becoming so widely disseminated, that it seems only a matter of a short time when reform will be demanded so strongly that the obstacles in the Senate may be overcome.



HOW TO MAKE A GOOD FOREMAN

ONE day Mr. H. H. Vreeland, president of the New York City Railway Company, received a letter from a New York clergyman complaining that Conductor No. _____ on the Broadway line had not been courteous. He wheeled in his chair, pushed a button, and a boy appeared.

"Get me the report of Conductor _____ on the Broadway line," he said.

In three minutes he held in his hand the complete record of this conductor from the minute he was examined by the company's surgeon. The report showed that the man had been with the company five years, and that he had never been rebuked for misconduct. In view of this record, he was only reprimanded. Mr. Vreeland was able to find out that conductor's record in three minutes because he has introduced a system of reports which touch every one of the 15,000 men in his employ and which make a basis for promotion in the service.

Thirty years ago Mr. Vreeland was a section hand shoveling gravel on a Long Island railroad. His foreman had no system and discharged men at will, often without cause. He determined that if he should ever have charge of a large number of men he would establish a system to make good foremen. This is what he has done with the New York City Railroad Company. When he took charge of the system nine years ago there had been strikes and labor disorders. Only ten per cent. of the employees had been with the company two years. The ranks were filled with new men. Thousands were discharged every year. He said:

"I am going to find out why men are discharged. No man is to go without sufficient reason."

What he did was to make himself head of a labor department. He ordered every foreman to keep a record of every employee. If a man was discharged, the report must

show the cause. Often men who were discharged complained to the president. He always investigated. Frequently he found that there was no just cause and the man was reinstated. It made the foremen careful and it made the men realize that whatever they did came to the notice of the president. Mr. Vreeland compared the reports of foremen. When he found one discharging a hundred men a month and another only discharging ten and getting more service he investigated. Often he found that the foreman was inefficient, whereupon the offender was forthwith discharged. A man from the ranks was given his place.

Last year the records of the company showed that eighty per cent. of the employees had been with the company for five years. The men, knowing that their records were kept, have become more careful of their work. The system has enabled the company to maintain the merit system in which efficiency is rewarded by promotion. Seventy per cent. of the foremen and superintendents have risen from the ranks. There has not been a strike since Mr. Vreeland took hold.

An incident during a strike on another transportation line in New York shows the loyalty of the men. On the morning this strike began, several hundred of the New York City Railway employees were on leave of absence on account of illness. Every man who was able to walk went to headquarters. Many insisted on going to work, although physically unable. Yet other transportation lines were offering premiums for services. It simply proved that the men were anxious to serve their company in an emergency which was taxing it to the limit.

"Why do you go to so much trouble to develop foremen?" was asked Mr. Vreeland.

"Because," he replied, "the foreman means everything to us. He means me, because he represents me in everything."



THE LATE JOSEPH JEFFERSON—ONE MUST BELIEVE ACTOR
—TAKES JOE BRIDE HIS LAST RIDES, AT PALM BEACH, FLA.

(See Page 10)

THE WORLD'S WORK

JUNE, 1905

VOLUME X



NUMBER 2

The March of Events

AS this is written, the world has for weeks been waiting expectantly for news of the great naval battle in the Far East, upon which so much is at stake. Admiral Rojestvensky's fleet, after an apparently aimless wait of months in Madagascan waters, until it had been dismissed from the public mind and was believed to be under orders to return to Russia, suddenly appeared off Singapore on April 8th. With no effort at secrecy, the admiral then proceeded into the China Sea, following the usual trade routes, although this meant that his every movement would be promptly cabled to the four quarters of the globe. With the pitiful tendency to patch up their punctured vanity with any available scrap of consolation, which official Russia's representatives have shown ever since the war began to reveal their inadequacy, the Admiralty at St. Petersburg promptly announced its great satisfaction at the "bold, direct manner" in which Rojestvensky was "carrying out the objects of his voyage"; and a letter was published from a captain with the fleet proclaiming that all were "determined to die in the approaching conflict." Whatever the outcome, it is difficult for an unemotional observer not to believe that it might have been wiser to determine to cause the enemy to die, and then to strain every nerve to make the attack under the more favorable conditions of unexpectedness. As a suggestive contrast, not an indication of

Admiral Togo's whereabouts appeared in print. On April 12th the Russian ships reached Kamranh Bay, Cochin China, a French port, in and near which they lay for ten days, taking on coal and provisions, and communicating with the home government. Japan very naturally made strong representations to France at this flagrant breach of neutrality, which was the more exasperating to Tokio because it had been believed that in Madagascar the French authorities had permitted similar improper proceedings, though keeping ostensibly within the letter of the law; and the growing anger of the nation, breaking out into open assertion that France was an enemy, threatened to bring out serious international complications. Even when Rojestvensky left this harbor, he went only forty miles north, just outside of territorial waters; and by the end of the second week in May he was still near this spot, Port Dayet, and had apparently been joined by Vice-admiral Nebogatoff's division which he had left behind, since the latter was reported on May 10th to have been sighted off the Bay of Saigon—in which case a junction would have been effected almost immediately. During the waiting period several Russian torpedo boats, presumably from Vladivostok, made a momentary diversion of interest by a dash along the northern shores of Japan harrying the coastwise shipping and burning their captures.

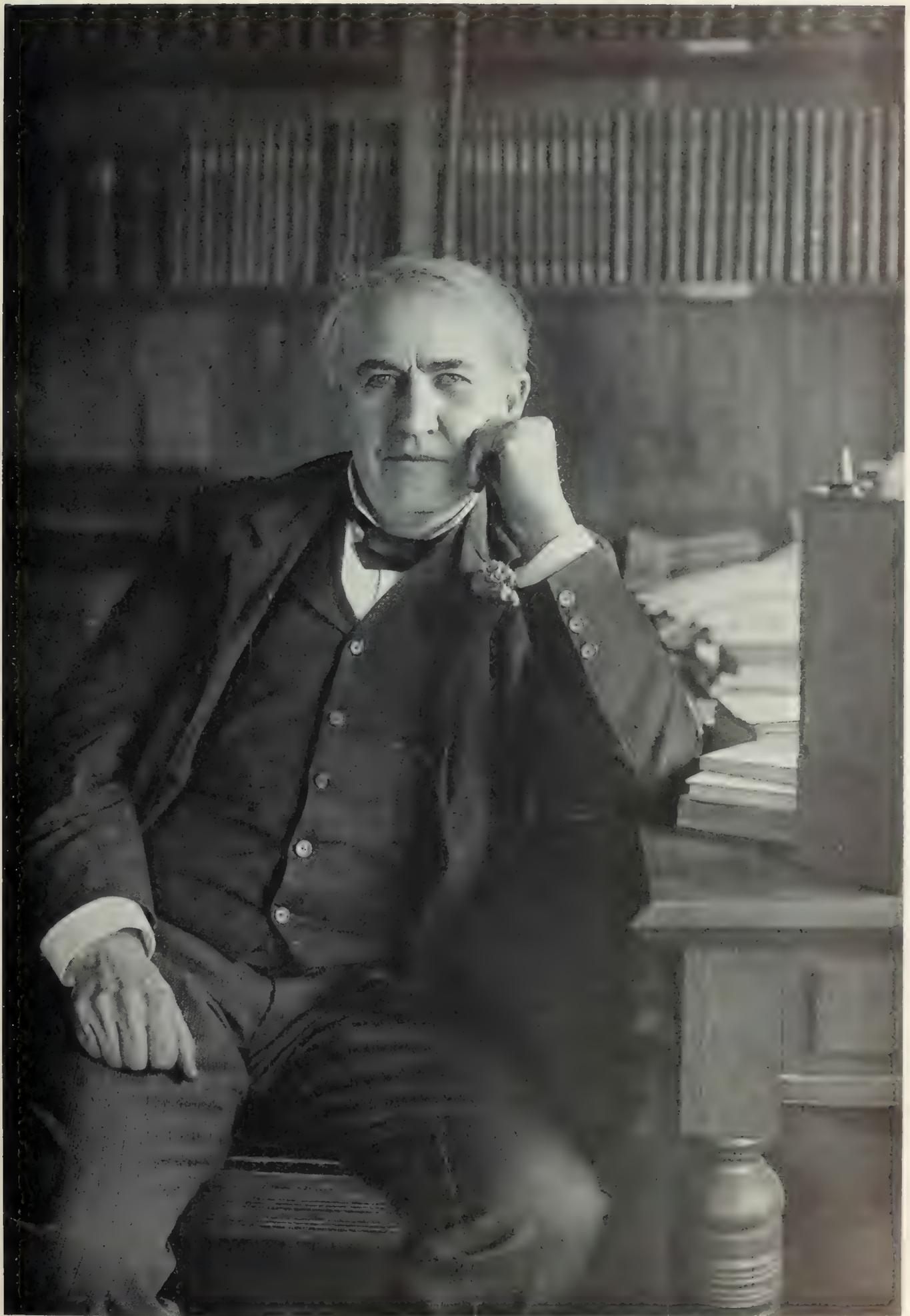


MR. RUSSELL SAGE

WHICH CHANGES IN MUSEUM METHODS HAS BECOME A TRADITION

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See page 107



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MR. THOMAS A. EDISON

**THE GREATEST OF THE INDEPENDENT INVENTIVE GENIUSES.
HIS NEW STORAGE-BATTERY IS ON THE TABLE BY HIM**

See page 6280

ROJESTVENSKY'S DAZZLING CHANCE

IT is idle to speculate on the possibilities of what may be settled before this is printed—though the damage caused to the Russian fleet by the typhoon which ravaged the coast of South China early in the month may delay the conflict, but it is certain that few men in the history of the world have had such a dazzling chance to retrieve an overwhelming national disaster as had Rojestvensky. Command of the sea and the consequent alteration of the whole balance of the war on land; an incalculable strengthening of the Government's hand at home; possibly the very existence of autocracy itself: these are among the prizes he had a chance to pluck—and conversely these formed the necessity which must have lain upon him with crushing responsibility. To have an opportunity to make history on such a scale as this, and to be the last hope of one's country, are burdens that demand larger qualities than any Russian leader has yet shown in this war.

A LULL IN THE LAND OPERATIONS

IN Manchuria nothing happened during the month except skirmishing between small parties a hundred miles north of Tie Pass, and an apparent turning movement by the Japanese east of Kirin, their line stretching along a front of 150 miles. The experts, however, all predict another battle in the near future. General Linevitch's most conspicuous achievement seems to have been to draw tears from the eyes of his soldiers, drawn up in line during the Easter celebration, by passing down the line and "saluting each soldier with a kiss"—the incident "serving to increase their boundless worship of their gray-headed leader."

Meanwhile it was stated semi-officially in the *St. Petersburg Hunter Gazette* that General Kuropatkin's request to receive the same salary as when he was commander-in-chief—\$72,000—had been denied, and that he had been allowed only \$34,000, the amount paid Grand Duke Alexis to Viceroy. The Russian papers, too, commented with emphasis upon the latest issue of the Army Register, which still located various Russian regiments at Port Arthur, with General Stessel in command. Another official publication announced that the Committee of the Far East, under Alexieff, was proceeding daily with the elaboration of plans for administering Manchuria and the Kwantung Peninsula, a school sys-

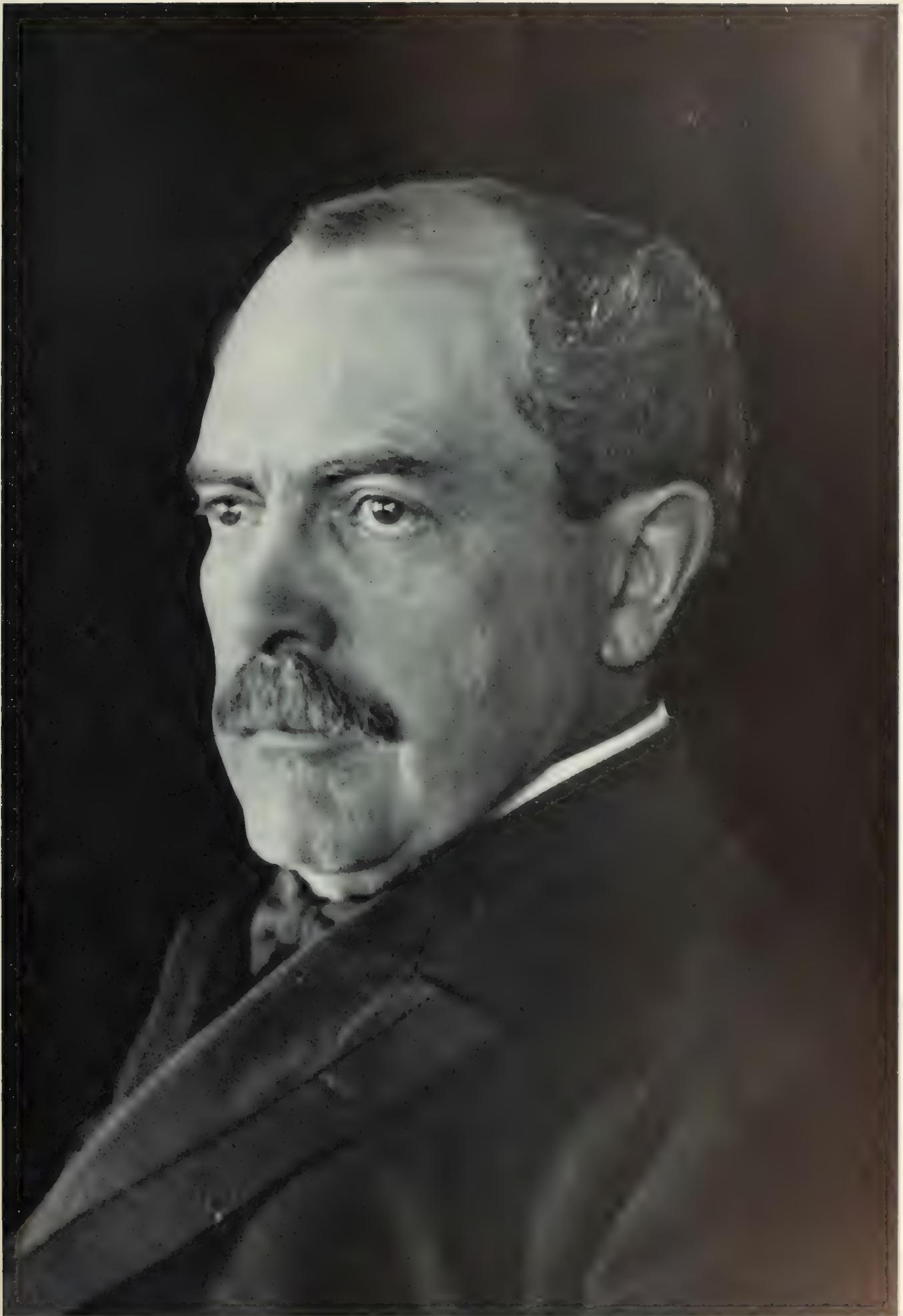
tem for Port Arthur was completed late in April (three months after the fortress fell), its execution being placed with the Minister of Education with authority to "temporarily suspend" the system; and at the same time the appointment of two justices of the peace for Port Arthur was gazetted! Like the giant in the fairy tale, Muscovy seems still unaware that its head has been cut off.

ANOTHER RUSSIAN TRAGEDY

UNHAPPY Poland had another unforgettable object lesson of the meaning of "Russification" on May 1st. A procession of several thousand workmen was passing along the streets of Warsaw in the usual May Day parade, when the soldiers, who had been stationed throughout the city in anticipation of trouble, first charged into the crowd and then fired upon it, killing thirty-one persons. Bomb throwing and savage clearing of the streets by Cossacks, armed with sabres and whips, followed, and when the day ended, fully a hundred people had been killed and wounded; at Kalisz the congregation in a church began to sing patriotic songs: the police and troops entered and a fight resulted, three being slain in the sacred edifice; at Lodz a woman looking out of the window was wantonly shot by a soldier, and three days later Cossacks fired into a group of people who were singing revolutionary songs on the steps of a church, killing seven. The net result was to leave all Poland in an uproar again, with many thousands of workmen on strike and the Social Democratic party calling for a general uprising.

THE CZAR GRANTS RELIGIOUS FREEDOM

IN Russia proper the expected disorders did not occur, possibly because of the timely Easter proclamation, granting for the first time religious freedom, and remitting \$45,000,000 of debts owed by the peasants to the Government for advances to the village communes during the recent stringency. In spite of the silence of the ukase on the subject of the Zemsky Sobor, to which all Russia has been eagerly looking, this prospect of liberty of conscience was hailed as the most significant event since the emancipation of the serfs, and the first evidence that the promises of the Christmas rescript would be carried out. The Church dignitaries had contended that religious freedom already existed; but while all



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MR. EDWARD F. DUNNE

RECENTLY ELECTED MAYOR OF CHICAGO ON A PLATFORM
OF MUNICIPAL OWNERSHIP OF THE STREET RAILWAYS

(See page 605)



MR. WILLIAM H. TAFT—SECRETARY OF WAR

WHO WAS THE ACTING PRESIDENT OF THE UNITED STATES AND THE ACTING SECRETARY OF STATE DURING MR. ROOSEVELT'S ABSENCE FROM WASHINGTON ON HIS RECENT HUNTING TRIP, AND WHO MANAGES PHILIPPINE AND PANAMA AFFAIRS

religions were tolerated, nobody could leave the Orthodox Church without forfeiting all civil rights: a convert to one of the many sects, for instance, could neither inherit nor own property; and it is stated that hundreds of thousands have been deprived of their belongings and even exiled to Siberia for such changes of belief. The adherents of the "Old Faith" number nearly seventeen millions, and include many of the wealthiest merchants of Moscow; their altars had been sealed up for twenty years, and they had been subjected to unceasing persecution. When the Czar, accepting the statement of the Metropolitan Antonius that "you cannot hold strange children in the Church against their will," abandoned the historic policy of crushing conquered provinces into national unity by a rigid prescription of religion, there was a dramatic scene in Moscow. These "Old Believers" gathered there to celebrate Easter in churches which had been closed for a generation—to find many priceless paintings and relics spoiled by the mold and dampness of years. The decree not only removed the disabilities of all Christian sects, but also gave equal rights to some millions of Mussulmans and Buddhists, who were "to be called pagans no longer." Only the Jews were exempted from the provisions of the act, nothing at all being conceded to them.

The continued anarchy in the Caucasus brought about the appointment of an agrarian commission under M. Goremykin to aid and advise the peasants; but it is admitted that no practical results can follow for months.

UNREST AMONG RUSSIAN PROFESSIONS

A NOTABLE recent development has been the concerted action for liberal movements among the professional men of Russia. Pan-Russian congresses of lawyers and professors, assembling at St. Petersburg in defiance of the authorities' prohibition, adopted radical resolutions calling for "a complete reform in the organization of the government."

The congress closed its deliberations by the formation of a National Professional Reform League, which is to join the lawyers, doctors, teachers, engineers, and so on into an organized body with the avowed object of securing a representative Parliament and a responsible Ministry.

A week before, 1,300 doctors from every

part of the Empire gathered at Moscow and demanded the cessation of the war from a sanitary standpoint, asserting that the poverty and ignorance of the people and the depleting results of the struggle made it out of the question for them to take proper precautions against disease, and were preparing the country for a vast epidemic of cholera—thus ignoring the police orders against injecting political matters into their deliberations. The journalists, too, met and adopted resolutions looking to a continued agitation for a legislative assembly.

A suggestive illustration of the hardships of the more enlightened Russians was given in the case of the famous musician, Rimsky-Korsakoff. He was removed from his professorship in the St. Petersburg Conservatory because of expressed sympathy with the striking students; and when the students at the conservatory began an agitation to have him restored to his position, a hundred of them, male and female, were arrested and sentenced to a month's imprisonment.

NEW PREPARATIONS FOR WAR

JAPAN met the announcement that Russia was starting 140,000 more troops to join the 200,000 she had left in Manchuria, and had ordered \$35,000,000 worth of arms and ammunition from a single French firm, with the news that her own army would be increased to 1,000,000 men by next fall; immense quantities of stores were accumulated along Oyama's line of communication, so that in case of a disaster to Admiral Togo's fleet the interruption of the transport service would not affect the army; and early in May a fifth war loan of \$50,000,000 was placed in Tokio, almost the whole issue being taken at a premium. The national spirit was only hardened into fresh resolution by the solemn three days' ceremonial in Tokio, upon the enshrining in the Spokonsha Temple of the names of their 30,866 soldiers and sailors killed prior to the Battle of Mukden.

JAPAN AT WORK IN MANCHURIA

JAPAN'S commerce has followed hard upon the heels of its victorious armies. Less than two months after the latter battle, trains were running from Liao-Yang to Mukden over a temporary bridge spanning the Hun River; and regular train service from Port Dalny to the Manchurian capital followed

immediately. Thousands of soldiers have been employed in clearing Mukden and the battlefield, to guard against disease when warm weather arrives, and all the sanitary precautions so successful in handling the army have been enforced. Besides finishing the Central Railway through Japan itself, many locomotives have been ordered for both Manchuria and Korea; leaving Seattle on a single steamer; trade is beginning to flourish at Liao-Yang, and already there have been circulated \$25,000,000 of war notes on a par with the silver currency. The article printed elsewhere in this issue by Mr. J. Gordon Smith, who was the war correspondent of a London newspaper, shows from actual observation how well justified were the ideas advanced in these columns last month concerning the methods by which Japan will virtually shut out trade competition from Manchuria. It is only fair to say that, as Baron Kaneko has recently pointed out, there should be a great increase of American trade with Japan itself. He says:

"The reason is plain. We have to depend on America for raw materials, and you have to depend on Japan for raw materials. Our cotton fortunes depend entirely upon American raw cotton. We must depend on you for tobacco leaf. We look to you for breadstuffs, for iron and steel, cast, bar, and sheet iron, and machinery. These things we cannot make in our country.

"On the other hand, we send you raw silk—you cannot raise it. We give you about \$5,000,000 worth of tea each year. In other things which never compete we provide your country, and the balance of trade is worked out by these means."

TRANSFORMING KOREA

IN Korea an astounding transformation is going on. Sixty thousand Japanese civilians have already poured in, forming a line of settlements from Fu-San to the Yalu; railways are being built, harbors improved, lighthouses built, and land reclaimed; everything is quiet in spite of the fact that there is the smallest possible show of armed force; Japanese gendarmes have taken the place of the Korean police, bringing about a state of law and order never known before; Japan has charge of the mails and of telephones and telegraphs, has the fishing rights in all coast waters and the right of entrance for her vessels to inland waters; most of the foreign "advisers" to the Emperor have been replaced by Japanese; and in every way the "Visions of the East"

are commercializing and stirring up the lately unknown Hermit Empire—to the material benefit of all concerned except the Emperor and his court of parasites, soothsayers, and favorites, whose barbaric and corrupt rule is forever at an end. In the light of the marvelous rapidity with which Japan has already established a business grip upon the region, it seems hardly possible that she can fail in the long run to absorb permanently both Korea and Manchuria.

THE PRESIDENT'S VACATION

MR. ROOSEVELT returned to Washington the middle of May, after a characteristic vacation in the Southwest. The adoring cowboys of Oklahoma and Colorado were hardly more enthusiastic than the crowds who applauded his vigorous speeches all through democratic Texas; in spite of severe storms the President was reported by one of the party to have had "more fun than a schoolboy," riding forty or fifty miles a day, hunting wolves with a pack of forty dogs, and shipping back eighteen skins to Washington as mementos of his success, establishing "Roosevelt luck" still more firmly by making a new "record" of six bears and two bobcats in ten days—five of the former, including one monster, being bagged in two days—and in every way showing the same ardent and virile impetuosity which long ago captivated the imagination of the American people. There may seem little connection between bobcats and politics, yet it is safe to say that each manifestation of Mr. Roosevelt's personality gives him a firmer grip on the popular affection; and at present, as *Harper's Weekly* has pointed out, in analyzing the Democratic doctrines promulgated at various Jefferson Day banquets, it is questionable if any "organized national opposition" to his policy exists. This condition will make an interesting situation when the Senate obstructionists meet again in the fall, confronting the President's bold hacking of public opinion and a new House of Representatives, elected last November by the same dominant Roosevelt feeling.

THE CHICAGO STRIKE

BEFORE starting home Mr. Roosevelt agreed to receive a deputation of the striking seamen in Chicago, who plunged that city into wild disorder during late April

and early May. Chicago has been the scene of many bloody riots during strike agitations, but it has seldom known a more lamentable state of affairs than on May 2d, when a desperate fight in the heart of the business section resulted in killing one man and wounding 150 more. The struggle had been on for a month, beginning in a sympathetic strike for the benefit of the ready-made garment workers. The latter seem to have had real grievances; child labor and continuous work for a wage of from \$5 to \$10 a week reappeared when their places were filled by non-union workers; and their efforts to ameliorate their wretched state deserved public backing. The teamsters were drawn in as the most effective weapon which their more powerful associates, the Special Order Clothing Makers, could wield in their behalf. The bitterest enmity had long prevailed between these unions and the employers; and the latter seized the chance to deal a crushing blow to organized labor in a battle where they saw they would fight under peculiarly favorable conditions. The initial success of the union men in tying up deliveries from the stores and express offices, and in intimidating cabs and carriages from taking shoppers to the boycotted places of business, had emboldened them to more and more outrageous interference with public rights. Non-union drivers, white and negro, had been pouring into the city, and the arrival of "Strike-breaker" Farley, with his recent successful record in New York, drove the strikers to a desperation which was intensified by an injunction, granted by Judge Kohlsaas, against interference with the wagons of seven petitioning express companies. The employers had organized and completed plans for doubling their deliveries next day, and at their request Mayor Dunne (whose own personal efforts to arbitrate the strike had failed) had sworn in one thousand special policemen to aid in keeping order. The successful delivery of four wagonloads of coal to a factory was the spark to the flame. The thousands of strikers set upon the non-union laborers savagely and even assaulted a number of peaceful citizens not connected in any way with the disturbance. For hours a pitched battle raged, with the inevitable result that the police eventually cleared the streets. Fierce rioting continued the next day, the ill-omened anniversary of the terrible Haymarket dynamite outrage in 1886; and on

May 6, half a dozen blocks from the scene of that memorable tragedy, a bomb was thrown under an express wagon, but fortunately failed to do any damage. After that it made no difference whether the disorder was handled by city authorities or whether the State or Federal troops were called in; the strikers had lost any chance that they might have had left of securing the public sympathy without which their cause was hopeless. Their expressed wish was that the President might consent to arbitrate the matters at issue, but they themselves made this out of the question and received instead some plain words from him about preserving order. It seems to take many bitter experiences indeed to teach organized labor that the resort to violence is suicidal.

VENEZUELAN DIPLOMACY

MR. ROOSEVELT returned to other complications more directly his own. Mr. Herbert Bowen, our minister to Venezuela, who had been carrying on negotiations with President Castro in the situation outlined last month, which had become more and more strained, made a sensation the last week of April by forwarding to Washington charges of personal corruption against his predecessor at Caracas and present superior, Assistant Secretary of State Loomis. Mr. Bowen declared that his hands were tied in the asphalt case before the Venezuelan court, because President Castro had in his possession a check for \$10,000 paid by the New York & Bermudez Asphalt Company to Mr. Loomis while he was representing the United States at Caracas; that this and other similar transactions were known to all the foreign diplomats; that Mr. Loomis had bought up a claim against Venezuela and tried to collect it through his official position; and that he had agreed to bring about a settlement of a \$10,000,000 Venezuelan debt for the payment of \$1,400,000 to himself. The Assistant Secretary at once denied all the charges explicitly and in detail; and they were on their face quite incredible. Apparently the utmost that could be said was that, as an ambassador, he had possibly been thoughtlessly indiscreet in permitting his country's chief claimant to perform a mere banking operation for him in the lack of other facilities. The immediate effect of the charges was to cause a readjustment of our South American

diplomats, Mr. Charles Russell going from Bogota to Caracas in place of Mr. Bowen, and Mr. John Barrett being transferred from Panama to Columbia—a change which called for peculiar tact on his part, since the latter country is still very bitter over the Panama affair. The whole incident seems to have been a piece of Machiavellian stageground "diplomacy" on the part of President Castro, who had been working through skilful agents to discredit both Mr. Loomis and Mr. Bowen, for whom he has an equal dislike. It should not have the slightest effect on the position of the United States, for it was not needed to make this country realize what a shifty and unscrupulous trickster we have to deal with. There is no disguising the difficulty of the situation, for, with a responsible and honorable government, the Venezuelan demand that we should respect the jurisdiction of that country's courts would be eminently proper; yet there is every reason to believe that President Castro is using this grandiloquent talk about national rights, and unfair aggression by a larger power, as a blind but utterly unjust confiscation of property.

SECRETARY TAFT "ON THE LID"

MR. ROOSEVELT delighted the paragraphers and made the whole country smile by remarking, as he was starting on his trip, in reply to some question as to what would happen about the Venezuelan and Dominican questions with Secretary Hay and himself both away, that he had "left Taft sitting on the lid." It was as happy a phrase as a choice. In his expanded duties, Mr. Taft once more proved himself a man of force and good judgment, quite capable of "running the whole show" during the interim. The Secretary of War has a happy combination of quiet effectiveness, jolly humor and hard business sense which render him one of the most successful cabinet officers we have had in a long time.

THE DISSENSIONS IN THE EQUITABLE

IT is to be hoped there is no fault in the statement that the main effort of the Fryck Committee, appointed to investigate the Equitable Life Assurance Society, has been to close the whole matter up by securing the resignations of the chief officers. It would be unbelievable that they could so misunderstand the situation but for the fact that

the convention of Equitable agents from all over the country looked an equally self-centred misapprehension of the public temper during their deliberations in New York City. What they did was to present to Mr. James H. Hyde a request to resign from the company—which he promptly refused to do, adding that he heavily resented their misguided action; and the main burden of their conclusion was that, whatever happened, there must be an end to the disclosures which were ruining their business. Now every rational person must feel a sympathy for any body of men whose livelihood, amounting from \$2,000 to \$200,000 a year, is imperilled; but the welfare of the agents is as nothing compared to that of the 600,000 policy holders, many of whom depend upon their holdings in the Equitable for their families' entire future support; and nothing could do so much permanent harm to the cause of life insurance as the failure to publish the whole truth regarding the extraordinary developments and circumstances in connection with the management of the society. It makes comparatively little difference what is the outcome of the quarrel among the officers of the company; but if the most far-reaching co-operative financial effort of modern times is being exploited for their own ends by the trustees or managers of the Equitable, or any other company, instead of being managed as claimed, in the sole interest of the members—then the time has come when the public knowledge as a guide has surely come.

MR. HYDE'S DAMAGING ADMISSION

MR. ALEXANDER has denied that he ever knowingly received any profits from the underwriting syndicate of "James H. Hyde and Associates," who bought large blocks of bonds and sold them to their own company at advanced prices. Mr. Hyde and his lawyer not only admit that this was done, but declare it was perfectly proper; and when the transactions were disclosed to the public, the former refunded \$67,000, the amount he received from such operations to the society, merely because he wished the directors to decide his part. Every one of the millions of American policy holders wants to know if this amazing claim of the Equitable's vice-president represents the general state of mind among those responsible for investing insurance funds. Anything more flagrantly

opposed to the whole theory of mutual life insurance would be difficult to conceive—to say nothing of the manifest impropriety under any circumstances of such action by a director. It is safe to say that not one out of the great army of people who have invested their savings in Equitable policies ever dreamed of such a state of affairs; it is more certain yet that the Equitable would never have had its \$400,000,000 of assets or its \$10,000,000 of actual cash surplus, above all present or future claims, had the claim been made, which Mr. Hyde and other stockholders now advance, that this surplus is the property of the stock owners. The company and its representatives have ever met the objection that it was a stock concern by pointing out that the \$100,000 of stock was limited by law to 7 per cent. dividends, so that it was absolutely on the same footing as its rivals. Mr. Alexander's position in this matter, that the surplus belongs ultimately to the policy holders, is the only one that any Equitable official could honorably hold, since the company's operations otherwise would be little short of obtaining money under false pretenses.

THE COST OF INSURANCE

IN the light of statements made by those on the inside, too, how can one any longer justify the notable discrepancies between the estimated "dividends" and those which have actually been paid? Here are three cases in the largest concerns, verified by the companies themselves: The Equitable estimated in 1885 that a certain twenty-payment policy would produce a dividend of \$610.35; it did pay, in 1905, \$266.45. The New York Life in a similar case paid \$271.25 where it had estimated \$911. The Mutual paid \$173.32 per \$1,000 on a fifteen-payment policy where it had estimated \$232. There is no doubt that the insurance people are sincere and correct in ascribing this reduction mainly to the declining interest rate and to burdensome taxation; but if one-half of what the officers of the Equitable have said about each other is true, there has been a waste and improper diversion of funds which would materially affect this result. This is fundamental. "Dividends" represent a return to the policy holder of the surplus charged by the company, above what it is estimated his insurance will cost, in order to make itself abundantly safe. Nothing could be more harmful than

the idea that the cheapest insurance is the best; yet by these revelations every policy holder becomes convinced that he and his fellow members have been paying just as much too large premiums as are represented by the profits of directors and officers on the companies' transactions.

THE ABSURDITY OF STOCK CONTROL

UNTIL the Frick Committee reports the result of its investigation into all the charges of loans to directors, employment of relations or friends, improper payments of society funds, manipulation of Equitable money for the benefit of trust companies controlled by directors, and the like, no general summing up can be made; but enough has been shown already to prove that it was high time for the light to be let in upon the details of management. If any reasonable person had the slightest doubt that the Equitable had reached a place as a great national institution where it was absurd that any stock interests should longer have a controlling voice in its affairs, Mr. James H. Hyde himself has removed that doubt.

Between this investigating committee of directors, the half dozen insurance superintendents who have been stirred to action on behalf of their states, the stockholders' suits, the policy holders' suits which have been springing up like mushrooms, and the repeated applications for legislative interference, we shall undoubtedly get at the whole truth. Then the only permanent basis on which the Equitable can build anew is one that will eliminate the stock interests on a fair basis, and vest the control in the policy holders themselves, under carefully devised safeguards (which must eventually apply also to all other life insurance companies), against allowing undue power to fall into the hands of the officers through proxies. Life insurance has long claimed to be a "sacred" business; it has appealed to the best sentiments of society; its extraordinary extension has been mainly due to the "mutual" principle supposed to underlie all the great companies; it has become a factor for incalculable good; and it is inconceivable that the present disclosures can do anything but help to restore it to the ideal condition of a vast co-operative effort, run solely for the benefit of the people who compose the different societies.

THE SQUARE DEAL AGAIN

WE called attention in these pages last month to the significant recent awakening of public conscience and the evident determination of the country to give every citizen that fair show which is the proudest boast of the believer in our institutions. Some months ago we commissioned Mr. Rowland Thomas, the winner of the \$5,000 prize in the *Collier's Weekly* competition, to make a study of certain violations of this principle, not from the standpoint of an "exposure" but of presenting the whole case fairly and showing the conditions which brought about the injustice toward one individual or corporation in favor of another. Mr. Thomas's first article will probably appear in the July issue of this magazine. Meanwhile, in the instances given last month, there should be added several manifestations of this same determination in New York.

A LIGHTING MONOPOLY

NEW YORK CITY had long suspected that it paid too much for light, and the dissatisfaction culminated recently in an investigation of the Consolidated Company. It was speedily discovered that the lighting situation was absolutely controlled by the combination, that some of the constituent gas companies were operating under expired franchises, and that the monopoly's profits last year were 17.4 per cent. of its value as reported to the Tax Board. The result was undoubtedly to give a great impetus to the long-discussed project of a municipal lighting plant. For the time being, the accomplishment consisted in a recommendation to the Legislature that the price of gas be lowered from a dollar to seventy-five cents a thousand feet, and that a similar reduction of one-third be made in the rate for electric lights; the report also advised the establishment of a State Lighting Commission to supervise the whole matter in the future, as the railroads are supervised. The last provision passed the Assembly, but the powerful lobby defeated the cheap gas bill, a Democratic Senator being "induced" (over night) to change his position on it. If the city should be fortunate enough to get the right sort of men on this gas commission and on the similar board of water control, it would be in a fair way to solve two of its most pressing problems.

LOWER TELEPHONE RATES

FORESTALLING similar action, the New York Telephone Company caused the abandonment of the campaign against it in the state Legislature by announcing a reduction of 20 to 25 per cent. in rates. There is much evidence that business men will still pay far too much for indispensable telephone service, but the Merchants' Association decided it was wiser to be content for the present with this material concession.

BETTER BUILDINGS

NEW YORK has also been endeavoring to safeguard the people in non-fireproof theatres and flimsy tenement houses. Urgent need of the latter was shown by the collapse of eight new tenement houses which had been passed by the building inspectors—three of whom were subsequently dismissed—and District Attorney Jerome startled the theatre-going public by announcing his discovery that thirty-five out of fifty-eight theatres were not recognized as fireproof by insurance underwriters.

REMOVING A JUDGE

THE Judiciary Committee of the New York Assembly, which had been inquiring into the charges against Justice Warren B. Hooper of the Supreme Court, recommended unanimously early in May that he be removed from the Bench for various improper uses of his influence, to his personal advantage and to the detriment of others. Such an action is fortunately most rare in the United States. Manifestly, an incorruptible, impartial and high-minded judiciary is the only cornerstone upon which a nation can erect a structure of equal rights for all.

PRESERVING THE ADIRONDACK FORESTS

FINALLY (in a list which could be extended almost indefinitely) a determined effort has been made to enforce the law against timber depredations in the Adirondacks. It was discovered that millions of feet of lumber have been stolen from state lands by the treacherous device of paying a nominal fine far below the value of the wood. Thus one man took 1,000,000 feet of lumber, had himself "informed upon," paid a mere 200,000 cents a cord—and kept the wood!

THE NEED OF ENFORCED LAWS

THIS last suggests the obvious conclusion that, in the pursuit of this ideal of fair play for all, it is folly to spend the bulk of the effort in getting new laws instead of carrying out those that exist. It is startling to reflect that half a dozen public officials, like Mr. Jerome and Mr. Folk, have in the last few years won a fame that stretched to every portion of the country, merely because they enforced the laws. The very multiplicity of statutes, many of them freaks, has been a powerful agent in breaking down respect for law in general. With haphazard and often inequitable taxing methods, what business man to-day makes the same statement to tax commissioners that he does to his bank or to himself? He probably is a man of probity: the fact is simply that, as a practical and effective worker, he has a contempt for the whole legal system of taxation, and this seems a sufficient excuse for evading it. Nothing is more baffling to the effort for justice and equal rights than this disregard of legislation, which might almost be called characteristically American; but happily there are many signs that as a people we are realizing the dangers of such an attitude.

A SAMPLE OF FREAK LEGISLATION

AN admirable illustration of the sort of law making which is not only silly but vicious in its effect upon the public mind is afforded by the Indiana statute against cigarettes. The legislators of that state, becoming alarmed over the prevalence of cigarette smoking, allowed their emotionalism and the efforts of fanatics to carry them into passing an ordinance prohibiting the sale or giving away of cigarettes, and forbidding anyone to own or keep papers used in their making. Both Wisconsin and Michigan have since adopted similar laws. Of course, the first test case showed that the latter provision could apply only to dealers, and a test of the measure's constitutionality will doubtless be made. It is inconceivable that such an infringement of private liberty should stand, and certainly the whole effort is most ill-advised. In England they have more sense of perspective, for the endeavor there is to prohibit the use of cigarettes by boys under fourteen—a very sensible plan that is in force in some states here.

THE TEN-HOUR DAY UNCONSTITUTIONAL

A VERY different case of the same general tendency to reckless legislation was brought out by the rather sensational decision of the United States Supreme Court that the New York State law forbidding bakers to let their men work more than ten hours a day, or sixty hours a week, was unconstitutional, inasmuch as it interfered with the free exercise of the right of contract between individuals. Justice Harlan, in a dissenting opinion, called the decision the most important of a century, and its influence must be far-reaching in curbing the unreasonable encroachments upon personal freedom of which union labor has been guilty. The decision apparently does not apply to all trades. It might be that in many occupations, where the public health or welfare is put in jeopardy by overlong hours (such as railroads) the Court would hold it constitutional to limit the working day. Nor does it affect the restriction of hours of employment on public works. What it does do is to nullify that section of the law which makes it a crime for a baker to work more than ten hours, whether he wishes to or not. It is a sort of warning, a danger signal, to the labor organizations and all others, that the individual has certain inalienable rights which cannot be legislated away from him.

OUR SUPREME COURT

THERE is something most impressive about the finality of Supreme Court verdicts, even when, as is so often the case nowadays, the Justices are divided. During the month of May the Court was clearing up the cases before it, handing down opinions each Monday until practically all of the forty matters in hand were settled. These verdicts may cause financial panics, or end the dispute between gigantic hostile interests in favor of one side; whatever the effect, no one thinks of questioning the pronouncement. As a correspondent of the New York *Evening Post* well says:

“Justice Miller once said that the Supreme Court had ‘no army, no navy, no purse, no patronage, and no officers except its clerks and marshals, and they are appointed by the President and confirmed by the Senate.’ And yet without these weapons its edicts are obeyed when it curbs the action of Presidents, annuls the laws of Congress, or sets limits to the powers of the Federal Government.

The important collection of illustrations depicting building questions are introduced through the discussion some general aspects of the national bill at The Hague and also through discussion of what the nations of the world will think as regards the the Atlantic cotton-cultivation which questions are very interesting and important in view of the fact as well as from which they are derived.

An almost unique experience was the presentation to the Court last month of a petition signed by a hundred corporations and as many business men, who believed that the judges were in a decision last January, involving some highly important and long-established principles of mining law. They therefore asked for a reversal of the case.

THE REAL RAILROAD PROBLEM

AMID the Congressional inquiries into railroad rates and practices, and the general flood of talk about railroad questions, it is healthy to be reminded that the true problem is the inability of the roads to satisfy growing demands of traffic. The *Manufacturers' Record* has gathered some suggestive statistics on the subject. The number of tons moved per mile increased from 65 billions in 1899 to 94 billions in 1907, and 170 billions in 1904. At this rate, 1913 will have over 300 billions of tons to be carried. Are we likely to have double the present transportation facilities seven years from now? Even today the railroads are blocked with freight, so that it would often be quicker to transport smaller freight a couple of hundred miles than to send it by rail. The chances are that this condition will become worse, and the car famines and congestion of coast will be repeated, unless the railroad managers take a broader view and plan more for the future than they are doing at present. That some of them are awaking to this fact is shown by the order placed early in May by the Baltimore & Ohio for seven steel freight cars to cost \$10,000,000.

THE SOUTH BUILDING RAILROADS

IN connection with the above, it may be noted that the South is doing an extraordinary proportion of the new railroad building at present. The *Geography* gives the following suggestive table of miles of railroad actually being constructed or about to be built in various parts of the United States:

| GEOGRAPHICAL DIVISION | Value Construction, 1908 | |
|------------------------------------|--------------------------|-------|
| | Miles | Miles |
| New England States | 47 | 654 |
| Middle States | 411 | 75 |
| Central Northern States | 600 | 670 |
| South Atlantic States | 1,235 | 1,147 |
| Gulf and Mississippi Valley States | 1,700 | 800 |
| Southwestern States | 1,000 | 1,000 |
| Northwestern States | 528 | 1,041 |
| Pacific States | 932 | 1,000 |
| Total | 7,193 | 9,217 |

This is very significant of the mood with which the Southern States are coming into their own, commercially speaking. They have had of late years enormous crops of cotton, mostly at good prices; the manufacturing development has been almost incredible; their mineral and forest wealth is just beginning to be fully exploited; the Southern farmer is learning much about agricultural productivity, is putting in silos, and is taking advantage of the wealth of knowledge which government scientists have gathered for him; and with money to invest, it is natural that the primary need for better communication facilities should receive large attention. The Panama Canal, too, looms large in the mind of railroad builders: Southern extensions and Gulf port terminals will be necessities for the systems aiming to share in the greatly increased export trade which this new route to western South America, to the Pacific, and to Asia, must produce. All told, it looks as if the South and Southwest would in the next decade rival the bewildering advance of "the Wonderful Northwest."

A NORTHWEST NUMBER

THE last named section is to be the subject of a special issue of this magazine in August, apropos of the Lewis and Clark Exposition at Portland. The exposition is, of course, mainly interesting us as an indication of the great empire that is developing along the shores of the north Pacific, and Mr. Walter H. Page, the editor of *The World's Work*, has for two months been traveling through that region, studying the people and its possibilities at first hand. The impression made upon him is best indicated by the following extracts from some of his letters: "It's very invigorating—this state of Washington. It is immense. It has everything and people of the best stock. It is the

coming new part of the world. Spokane, Lewiston, Clarkston, Yakima, Zillah, Seattle, Bellingham, Tacoma, Everett—I've been to these, and to Vancouver across the line; and I've been on water and by wagon to lesser places—seen orchards, herds, sawmills, mines, wheat, irrigated places—every sort of thing—shipping, salmon canneries, millionaires, country hotels, clubs, private life, sky-scrapers (buildings and trees), ships loaded for New York, Liverpool, Yokohama, Australia—everywhere. Men are making fortunes faster than in any other new part of the United States, and more sorts of men. But there is no frontier. It is civilization.

"These people here follow the men who are doing things. They have less regard for politics than we have. I've lost track of national and Eastern events. The papers and the people are local. Everything is looked at here from this coast point of view. They know and like the President; but they don't know nor care for any other man in politics. It's mainly J. J. Hill and local business men that you hear most about.

"Alaska and Asia cut a big figure. Twenty millions of gold is coming as the winter's yield to Seattle (weekly boats all winter to Skagway). A ship sailed this morning with a two-million cargo to the Orient—that's what they talk about.

"Washington and Oregon are big—no doubt about that. A conservative man told me at the club in Seattle yesterday that in ten or twenty years Alaska will have 1,000,000 people, and Seattle (as its port) 1,000,000—how soon depends on the rapidity of opening Alaska by transportation. In Vancouver a railroad president showed me plans for railroads now under way that will make a new empire up toward Alaska. Big things!

"Every Yakimayak is 1,000 miles from every Takomish—immense distances! I took a little excursion on a man's private car last week to see one of the great gateways to the Pacific (there are a dozen of 'em), and it took us a day and a part of a night to go, just as long to come back, a colored man and a beef to feed us; and all that. I've got to go tomorrow on a new railroad to get a big story—to the foot of Mt. Rainier—saw mills moved about in the woods, a mill to a tree (you can't get the tree to the mill)—the whole

camp lighted at night by electricity; and so on to the end of the chapter."

BREAKING A RAILROAD MONOPOLY

EVENTS are shaping which promise to break the monopoly in Pacific railroad routes, planned and almost achieved by Mr. Edward H. Harriman. The leading spirit in the fight against this control of the transcontinental routes is Mr. George J. Gould, president and chief owner of the Missouri Pacific Railway, the Denver & Rio Grande, the Texas Pacific and other smaller railroads in the West.

During the month of April three Wall Street banking houses bought from the Western Pacific Railway \$50,000,000 of its first mortgage bonds. The latter is a comparatively new company, which plans to build a line from Salt Lake to San Francisco, closely paralleling the Central Pacific and the San Pedro, Los Angeles & Pacific, both under the control of Mr. Harriman. Contracts have been let, and it is expected that within three years the new line will be in operation.

This is a great step toward freeing the West from the domination of the Harriman interests, beneath which it had almost fallen. As pointed out in a recent article in *THE WORLD'S WORK*, Mr. Harriman holds in his hands the Union Pacific, the Oregon Short Line, the Central Pacific and the Southern Pacific; he owns a half interest in the San Pedro Route; and he has representatives on the boards of the Atchison and the Northern Pacific. Only the Great Northern has been free from his influence. The Western Pacific will be the second independent route.

Closely following this underwriting of bonds, Mr. Gould resigned as a director of the Union Pacific. He had been in that company since it was reorganized, in 1897. His resignation, according to his own statement, was due to the fact that he could not build a competing line and still remain an associate of Mr. Harriman.

Since the article referred to above was written there have been many events bearing upon this Western railroad situation. Mr. Hill has won his fight for the distribution of the Northern Securities Company, leaving himself and the Morgan interests in control of the Great Northern, the Burlington and the Northern Pacific. Mr. Harriman has sold out a large part of his minority interest in the

Northern Securities Company. Messrs. H. C. Frick and H. H. Rogers have been elected directors of the Atchison, Topeka & Santa Fe, in furtherance of the plan to bring that road more closely into sympathy with Union Pacific policy. The San Pedro Route has been opened to traffic, under Harriman's auspices. Lastly, the Western Pacific bonds have been taken at good prices, the public subscribing more than \$125,000,000 to take up the \$50,000,000 of bonds. The making of railroad history in the American West has been rapid indeed in the first six months of 1905.

MORE CARNEGIE MILLIONS

HAVING given \$40,000,000 for libraries, and supplied, besides eight million foreigners, one-fifth of the entire population of the United States with access to books, Mr. Carnegie apparently became impatient with the mere \$20,000 a day needed to fill such requests, and announced in April his determination to aid the smaller colleges more freely. In accordance with this plan, he speedily increased the sum of his gifts to fifty such institutions to a total since 1900 of \$8,000,000. Even this increased outlet proved insufficient apparently, for just before his departure for Europe the last week in April the announcement was made that he had given \$10,000,000 to provide retiring pensions for teachers of universities, colleges, and technical schools in the United States, Canada and Newfoundland—"without regard to race, sex, creed, or color." It is a magnificent benefaction, affecting a class of men and women devoted to the most important and least rewarded of all professions. Moreover, it cuts both ways: for it not only insures a competence for faithful teachers who have reached the age limit of sixty-five, or are physically disabled, but it makes for efficiency in cases where consideration for professors who have outgrown their usefulness retains them in positions which should be filled by younger men. The fund has been placed in the hands of a board of trustees with very full powers, holding office for six years.

It is estimated that about one hundred institutions of learning, with some 350 educators, eligible now or in the near future as beneficiaries, will come under the scope of the gift.

MR. ROCKEFELLER'S DIFFICULTIES IN GIVING

THE plaudits from distinguished educators which greeted Mr. Carnegie's loosened purse strings emphasized sharply the awkwardness over the much-discussed \$100,000 contribution to missions made by Mr. John D. Rockefeller.

Nothing would be easier—or more unprofitable—than to elaborate an unending web of fine-spun casuistry upon the question of the Congregational Board's accepting the gift he offered. The truth is there could be no question in the Committee's minds, for the organization had repeatedly solicited the money, and it had been partly allotted when the motions began. Yet the gentlemen who lifted up their voices against taking it did a public service. The issue was not one of "tainted money"; these men believed that the Standard Oil Company, and Mr. Rockefeller, represented peculiarly the spirit of money-making at any price to the other man; they were convinced that this company had in its long history repeatedly violated the laws of God and man in order to crush competition. Even granting that the facts about this are difficult to ascertain (though there is a wealth of sworn testimony confirming their view), it is certain that ninety-nine intelligent citizens out of a random hundred believe the same thing. Can such an acceptance fail to strengthen these ninety-nine—that is, the whole community—in their realization that the possession of a vast amount of money obliterates from the minds of their fellows any real consideration of the methods by which it was obtained? Is there any result of our magical industrial development more fatal than this to the efforts to give every man a fair chance? Laws are futile in the face of public opinion. So long as the great body of Americans tolerate, envy, lag from, the men who have heaped up wealth by unjustly depriving others of their opportunity, the "square deal" will be a chimera, a dream of theorists. And it was because these ministers perceived that this action must have an insidious effect in leading the great body of our citizens still farther from an active sense of the brotherhood of mankind that their voices were raised. A visionary, impractical ideal, this? Perhaps so. But it is, after all, the vital essence of everything said and done by a certain Nazarene, who by it mightily changed

the course of the world some nineteen centuries back. If the Church is not to hold this ideal before the eyes of the world, absorbed in making a living and the ambitions that grow from that primary duty, it might be difficult to justify its very existence. It might not be amiss to add that our ministers really need not go so far from home to find

the evil of railroad and other "rebates": the clergy themselves, as a class, are the terror of railroad passenger agents and many others from whom they demand reduced prices. With all possible allowance made, there is an excellent chance here for a "protest" from high-minded ministers, based on facts of which they have the fullest knowledge.

THE PUBLIC'S STAKE IN THE TRUST COMPANIES

[THE WORLD'S WORK publishes every month an article in which some timely and vital subject of the financial world is taken up]

WITH the rapid growth of trust companies comes an increasing need of public scrutiny of their business and of safeguards in their management. There are now more than a thousand trust companies in the country and there is at least one in every state and territory. For five years their number has increased three times as fast as the number of national banks, and their resources have grown more than four times as fast as national bank resources. There are still five times as many national banks as trust companies; and the banks have resources of more than \$6,500,000,000 as against the funds of about \$3,200,000,000 controlled by the trust companies. But institution for institution, when averages are struck, the trust companies show greater individual wealth. The one thousand trust companies have assets, on the average, of \$3,000,000 each as against the \$1,250,000 apiece of the five thousand and more national banks.

The growth of the trust companies to this position of financial strength has taken place largely since the Spanish War. If it continues at its present speed it will not be many years before the trust company will be the typical American banking institution. Already the banks are feeling the pinch of trust company competition; and if the trust companies exhibit enough stability to go through a serious period of panic as successfully as they went through the depression of a year ago, their greater freedom of operation

will give them an advantage that the greater security of the national bank system will scarcely offset. The national bank system has now had ample time to display its good and bad qualities, and the noteworthy growth of the trust companies hints at some of its lack of adaptability to the varied needs of American business. But its greatest advantage—its theoretical stability, due to the restrictions under which its operations are carried on—the public has not yet insisted that the trust companies shall imitate, though there is a growing feeling that some legal restrictions on trust companies like those on banks would make our banking structure firmer.

Not long ago the national banks in the New York Clearing House refused to permit any trust companies that would not maintain a reserve as high as the banks considered wise to make any more exchanges through the Clearing House. All but a few declined to give the required guarantee; and the trust companies practically left the Clearing House in a body. This action of the banks was perhaps partly due to jealousy of the growing business of their rivals; but it was due in part also to the fact that the former, with their 25 per cent. reserves were daily, in good times and in bad, engaging in co-operative clearing house dealings with institutions that perhaps did not carry a cash reserve amounting to 5 per cent. of their deposit liabilities. Practically this arrangement was safe enough, for trust companies have failed even less frequently than banks, but on principle—for it

is the theoretical margin of safety that makes the strength of a national bank—the banks were keeping company with lighter craft.

It would not be just to ascribe the looseness of methods to the trust companies. In Massachusetts, for example, a law was recently passed to require those which did a regular discount business and held money on deposit subject to check to hold a reserve of 5 per cent. in cash against these deposits. It was found that no trust company doing a commercial bank business was in the habit of holding less than this. A similar respect for sound business principles has been shown elsewhere. In 1900 and in 1901, when the great wave of industrial expansion was sweeping over the country and money was in active circulation and not difficult to get, trust company cash reserves ran low. But when the depression followed, and business conditions began to look more doubtful, the reserves mounted steadily until last year they exhibited a comfortable margin of safety, considered by almost any standard. The present enlightened temper of the public, however, as shown in a demand for safer methods, and for policies more considerate of society, in life insurance, railroad and street railway management, calls for at least a safe minimum of publicity and of regulation in all institutions whose success or failure affects the whole business world. The more light thrown, then, on trust company methods, in no critical spirit but purely for public information, and the more attention legislatures give the companies in the interest of the public, the better assurance there will be that this new form of national banking which is growing so fast will maintain its stability.

One difficulty that stands in the way of adequate and easily accessible knowledge about the companies is that they are state institutions. They are governed by varying regulations and are not under the Comptroller of the Currency. Thus no complete record of their condition exists in any practicable form. A difficulty in the way of uniform regulation is that they do so many different kinds of business, from writing insurance to dealing in securities, that a rule applied in the interest of safety to one would be unduly harsh applied to another. Yet it is just this variety that makes the whole system worthy of more examination than has been given it.

New York is of course the trust company

stronghold. There are 180 companies in Pennsylvania to New York's 80; but although the Illinois Trust and Savings Bank of Chicago is the largest concern in the country, and the Provident Life and Trust Company in Philadelphia is the fifth largest, every other one among the ten with the largest resources is a New York City institution. And the thirteen largest New York trust companies in New York City have resources amounting to more than half as much as the resources of all the national banks in the city—\$710,000,000 as against \$1,400,000,000. But the huge trust companies are not confined to New York. Providence, R. I., alone has two with combined resources of more than \$60,000,000, and at least seven other cities can show one or more with \$20,000,000 each. So strong have been the New York companies, however, and so rapidly have they grown and taken on regular banking functions, that here perhaps the scrutiny of the trust company system has been closer than anywhere else except in Massachusetts, where state supervision of all activities has been brought to a higher point than in other states. The New York State Superintendent of Banks said in his last report:

"While not subscribing in the remotest degree to any implication which this criterion may suggest, that the condition of the trust companies is not safe and strong, I am yet far enough in accord with it to have never quite liked the idea that a trust company should be organized merely to do the business of a bank, and to hold that in respect to taxation and to the requirement of keeping a legal reserve trust companies and banks should stand nearly upon the same footing."

He then goes on to point out that the action of the New York Clearing House in endeavoring to compel the trust companies to keep satisfactory reserves resulted in failure. His conclusion is definite. The report says:

"It is therefore recommended that the Banking Law be amended so as to require that trust companies keep a reserve against their deposits—those located in the City of New York a reserve of 10 per cent. of their deposits, at least one-third of which shall be in cash; and those located elsewhere a reserve of 15 per cent., at least one-half of which shall be in cash."

This recommendation is surely conservative enough. Of course banking conditions in other states are not so exigent as they are in New York, but the problem of legal reserves is certainly worthy of attention in other states.

The trust companies count as reserve not only cash on hand but also cash on deposit in national banks. In a summary of the condition of reserves in 958 trust companies throughout the United States, the *Wall Street Journal* not long ago showed that on an average 26 per cent. of the total deposits is kept as reserve—a higher figure than the legal reserve required of banks in the New York Clearing House, the highest reserve required in the country. But the statement showed also that of the \$615,000,000 that made up this total reserve, \$501,000,000 was on deposit in banks and only \$114,000,000 was maintained as cash in hand. This \$501,000,000 on deposit in national banks was, of course, protected only by the reserve the banks themselves maintain, so that in the last analysis trust company reserves have been much lower than the figures would seem to show. This applies only to the principle governing what a reserve should be, for, practically, funds on deposit in banks are accessible at any time to the trust company that has deposited them and thus really stand as reserves.

A very notable fact about trust company methods, however, is that there has been a steady growth since 1901 in the percentage of cash reserves to deposits. In 1901 only about 2 per cent. of the deposits was held as reserve, and the amount is now about 5 per cent. There is a wide difference, however, in the practice in different cities. In New York the percentage is less than four; in Chicago it runs as high as fourteen, though it is true that the New York trust companies keep much of their cash on deposit in the great New York banks where they can readily get it on call. Practically, then, even in New York City the trust companies are on a stable footing; but whether legal safeguards as protection against possible future depressions would not be a wise concession to a public demand is at least a question worthy of consideration.

This matter of legal reserves is the fundamental trust company problem in view of the fact that practically all the trust companies now do a commercial banking business. Indeed, a commercial banking business is becoming the typical trust company activity. But there are other points about trust company business that are worthy of attention. The recent publicity given to insurance

affairs has given the public a clearer idea than it has ever had before of the ramifications of financial interests. It has been shown that the men who direct the railroads and the great industrial corporations also control the national banks and the insurance companies. The same group of financiers that have a hand in these institutions also control the largest trust companies. In New York City, for example, the Morton Trust Company, the Equitable Trust Company, the Guaranty Trust Company, the Mercantile Trust Company, and the United States Mortgage and Trust Company are affiliated with the Morgan interests and with the great insurance companies. There are other groups of the larger trust companies both in New York and elsewhere with similar financial relationships. In some cases, as with the Equitable Trust Company, a trust company is controlled, if not by a great insurance company, at all events by the men who control a great insurance company. These connections with great interests have had a direct bearing on one of the important trust company functions. They throw light too on one of the reasons why the trust companies have grown so rapidly.

No other financial institution has offered a better vehicle for the successful disposal of securities than the trust companies. They not only invest largely in securities in the form of purchases for clients in carrying on the activities of trusteeship, but to a far greater extent than is permissible for national banks they buy securities in large quantities for their own investment. The trust companies in the eight largest cities in the country, for example, hold securities to twice the amount of those held by all the national banks in those cities. By the purchase of stocks and bonds the trust companies have done an important service in helping the country's industrial development, and they passed through the recent period of low prices for securities with no serious damage. At the same time, involved as they thus are, in the fortunes of incorporated business enterprises of all sorts, they are in a position in which more state supervision and regulation would increase their financial health, if they continue to become more and more typically banks of general business, though wider in their scope than the national banks, and at the same time investors in fluctuating stocks and bonds.

THE PURSES OF NATIONS

THE PRODIGALITY OF MODERN GOVERNMENTS—INCOMES OF THE WORLD'S RULERS AND THEIR MINISTERS—BANKRUPT STATES

BY

ARTHUR HARRIS

ONE of the great complaints of modern times is the heavy and continually increasing cost of living when compared with the state of things which prevailed in the not very remote past, and if this is true of private individuals it is doubly so of nations.

Thirty years ago the revenue and expenditure of Great Britain were less than one-half of what they are to-day, and in the period between 1880 and 1899, before the war in the Transvaal affected the country's balance sheet, the annual increase amounted to 11 per cent. In 1881 the revenue raised per head of population was \$11.50; in 1889 this average had increased to \$13 per head; and yet both these years were normal ones, showing a slight surplus of revenue over expenditure. Only quite recently attention was drawn in Parliament to this matter.

The same phenomenon is observable to a greater or less degree in practically all the countries of the world. Between 1877 and 1900 nearly all the European Powers doubled their expenditure and many trebled it. Enormously enlarged armaments are usually held to be responsible for this growth in the expenses of Continental nations, yet we find that Switzerland, whose constitution forbids the maintenance of a standing army in the Federal territories, nevertheless increased her annual outlay in the period named from about \$7,000,000 to more than \$10,000,000. Russia more than doubled her expenditure, Germany, Norway, Portugal, and Roumania did likewise, and there is not a single instance of a reduction having been effected. Italy and Spain seem to have advanced the least in this respect, the annual expenditure of each of these countries being, in 1900, only about one-sixth more than it was in 1877. France augmented her yearly outlay by almost exactly one-third.

Russia habitually spends more money

each year than any other nation in the world. In 1902 she expended more than \$1,400,000,000, an excess of \$604,100,000 over her revenue. This kind of thing has gone on for some years past in Russian finances, about fifty million dollars being regularly added to the national debt every year. In 1901 the total debt amounted to about \$3,190,590,000, and practically a quarter of the revenue is now annually absorbed in interest upon this charge. What the financial position of the Czar's government will be upon emerging from the present expensive war one does not care to contemplate.

Great Britain came second in 1902 with its expenditures at \$673,585,000, but of course the expense of the war in South Africa was then at its heaviest, and in the same year the national debt increased from \$1,708,374,000 to \$3,879,495,000, surpassing the sum owing by Russia at that time. Last year the aggregate liabilities of Great Britain were \$3,801,000,000.

The following table shows in round numbers the total sums expended annually by the principal countries of the globe according to the latest available returns:

| SUMMARIO | |
|-----------------|---------------|
| Austria-Hungary | \$545,440,000 |
| German Empire | 116,700,000 |
| Italy | 215,000,000 |
| Japan | 140,000,000 |
| Belgium | 100,000,000 |
| Turkey | 50,000,000 |
| France | 15,000,000 |
| China | 60,000,000 |
| Denmark | 20,000,000 |
| Portugal | 50,000,000 |
| Sweden | 40,000,000 |
| Roumania | 40,000,000 |
| Norway | 20,000,000 |
| Spain | 20,000,000 |
| Serbia | 10,000,000 |
| Montenegro | 5,000,000 |

REPUBLICS

| | |
|--------------------|---------------|
| United States..... | \$629,370,000 |
| France..... | 693,097,000 |
| Argentina..... | 76,404,000 |
| Brazil..... | 46,315,000 |
| Chili..... | 37,217,000 |
| Mexico..... | 31,458,000 |
| Switzerland..... | 21,380,000 |
| Uruguay..... | 16,713,000 |
| Venezuela..... | 6,192,000 |
| Bolivia..... | 3,499,000 |
| Paraguay..... | 986,000 |
| San Marino..... | 87,000 |

These figures show that the administration of the United States, with her 3,000,000 square miles of territory and 76,149,000 of population (1900 census), costs only \$69,000,000 more than the government of the German Empire, which occupies but 208,427 square miles with a population of 56,345,000.

Of course a heavy item in the expenditure of all non-republican peoples is the annual sum voted for the maintenance of the monarch. The German Emperor appears to enjoy the heaviest Civil List of any constitutional ruler. The figure is \$2,916,000 a year, compared with \$2,284,000 allowed to the King of England, but to this amount must be added an annual grant of \$97,200 to the Prince of Wales, \$48,600 to the Princess of Wales, and \$8,748 each to the King's three daughters.

The following table gives the Civil Lists of the various rulers as far as they can be learned:

| | |
|--------------------------------|-------------|
| Austria-Hungary..... | \$1,857,000 |
| Belgium..... | 641,000 |
| China..... | 1,093,000 |
| Denmark..... | 292,000 |
| Egypt..... | 1,241,000 |
| Greece..... | 257,000 |
| Holland..... | 324,000 |
| Italy..... | 763,000 |
| Japan..... | 1,458,000 |
| Montenegro..... | 36,000 |
| Norway and Sweden..... | 91,000 |
| Russia (Imperial Cabinet)..... | 16,082,000 |
| Spain..... | 1,642,000 |
| Servia..... | 233,000 |
| Turkey..... | 3,860,000 |

In the case of the Sultan of Turkey the sum stated is that estimated to be drawn by him on the Treasury, and does not include the very considerable income derived from crown lands and other properties. It is calculated that about one-third of the richest land in the

Turkish Empire is owned by the crown, and these possessions are not subject to taxation.

When compared with these figures, the annual sums allowed to presidents of republics appear insignificant. Some of the salaries are:

| | |
|--------------------|-----------|
| France..... | \$116,600 |
| United States..... | 50,000 |
| Chili..... | 17,500 |
| Uruguay..... | 36,500 |
| Salvador..... | 14,600 |

The principal public debts of the world, according to statistics published for 1903-4, were, in round figures:

| | | Annual Cost of Service |
|-------------------|----------------|---------------------------|
| Argentina..... | \$ 892,174,000 | \$30,624,000 |
| Austria-Hungary.. | 2,871,987,000 | — |
| Belgium..... | 562,598,000 | 23,970,000 |
| Brazil (1902)... | 397,110,000 | — |
| Chili..... | 112,630,000 | 5,989,000 |
| China..... | 274,590,000 | 14,580,000 |
| Egypt..... | 494,991,000 | 17,515,000 |
| France..... | 5,697,669,000 | 256,230,000 |
| Great Britain.... | 3,323,846,000 | 114,381,000 |
| German Empire.. | 698,863,000 | 18,881,000 |
| Greece..... | 138,140,000 | 6,287,000 |
| Holland..... | 469,286,000 | 14,124,000 |
| Italy..... | 2,481,034,000 | 133,941,000 |
| Japan..... | 257,108,000 | — |
| Mexico..... | 170,449,000 | — |
| Portugal..... | 861,153,000 | 21,560,000 |
| Roumania..... | 270,945,000 | 16,671,000 |
| Russia..... | 3,190,949,000 | 116,532,000 |
| Sweden..... | 92,383,000 | 3,202,000 |
| Spain..... | 1,880,820,000 | 80,445,000 |
| Servia..... | 106,769,000 | 3,926,000 |
| Turkey..... | 826,200,000 | 12,488,000 |

From the foregoing table it will be seen that France has the largest national debt in the world, and its service absorbs annually more than half the revenue of the Republic.

Turkish finances are in so delightfully hazy a condition that it is believed the Government itself does not know the exact amount of the floating debt, the figures quoted being in the nature of an estimate, and not including the revenues conceded to the bondholders of the Ottoman Debt.

The developed resources of a number of countries are quite inadequate to enable them to make any attempt to reduce their indebtedness or, in many instances, to pay the accruing interest. South American republics are notorious in this respect. In 1872 the Foreign Debt of Peru amounted to \$153,478,800, but no interest was paid after

1876, and in 1889 the accumulated arrears stood at \$11,760,000. Then the Government conceded to the bondholders all the state railways for forty-six years, together with certain guano deposits, mines, and lands, on the condition that it was to be relieved of all responsibility for the loan.

If Costa Rica duly discharged her liabilities the national debt would apportion about \$110 per head of population, but no interest has been paid for many years, and there are now \$113,100 arrears due on a debt of about \$1,720,000.

The Government of Honduras has paid no interest on the external debt of that republic since 1877, and in 1900 the principal and accrued interest amounted to more than \$57,480,000.

Guatemala has in recent years made a number of arrangements with her creditors for paying the interest on the external debt, but has consistently defaulted on each occasion. In 1901 Venezuela had an external debt of more than \$19,440,000, besides \$2,886,000 arrears of interest, but nothing was being done to discharge this. Bolivia, Ecuador, and Paraguay are (or have been within recent years) all defaulting states.

Spain has twice been insolvent within the past half century, once during the revolution of 1868-1874 and again in 1900 at the close of the Colonial and American wars. Turkey made default in 1870, and in 1881 came to an arrangement with her creditors whereby it was agreed that the national debt should be reduced by about one-half. Under the administration of a council of foreign bondholders, the service of the Turkish Debt has since been fairly satisfactory. Greece declared herself bankrupt in 1893 and did not come to terms with her creditors until four years later. Gold and silver coins have practically disappeared from this state, none having been minted since 1884.

The rate of interest required on loans to all the foregoing countries ranges from 14 to 26 per cent. Portugal, Austria-Hungary, Roumania, Columbia, Uruguay, and Italy also have to pay from 9½ to 10 per cent. interest on loans abroad.

It is calculated that, in proportion to their resources, Spain and Portugal are the two most heavily burdened of European nations, as their consolidated debts amount to 75 per cent. of their estimated joint national capitals.

The following table gives the proportions, per cent., which the public debts of some of the leading countries bear to their estimated national capital:

| | |
|--------------------------|--------------|
| Spain and Portugal | 20 per cent. |
| Russia | 17 " |
| Austria-Hungary | 17 " |
| France | 12 8 " |
| Holland and Belgium..... | 6 " |
| German Empire | 6 " |
| United States | 6 " |
| Great Britain | 2.5 " |
| Norway and Sweden | 2 " |

In the payment of Ministers of State many Continental nations admit of no preference. Belgium pays her eight ministers \$4,100 each a year. Unlike the speaker of the British House of Commons, who receives a salary of \$24,300 a year, the Presidents and Speakers of both the Belgian Chambers are unpaid, but the deputies receive \$800 per annum each while they hold their seats.

The French ministers receive \$11,700 a year each, and may reside at their respective ministries. Spain allows her ministers of the crown \$5,800 yearly. In Germany the Chancellor of the Empire receives a salary of \$30,900 a year, and the emoluments of Ministers of the Interior and of Foreign Affairs are \$15,000 a year each. Two other ministers, with the Postmaster General, the Presidents of the Imperial High Court, and the Secretary of the Imperial Treasury, are paid \$7,300 a year each; and the President of the Imperial Railways \$4,900 a year. In addition to these salaries, all the German officers of State named are provided with official residences.

Of the American republics Argentina pays her Ministers of State \$16,500 per annum and her senators and deputies not less than half as much—i. e., \$8,225 per annum. Chili's five ministers receive \$5,800 a year each.

Compared with the above standards, the salaries paid to English statesmen appear very liberal. England has seven ministers, including the Premier, in receipt of \$24,300 per annum, two receiving \$21,000 a year and seven \$9,700 yearly.

It is not customary with the English to pay the members of the Legislature, but this is done in a number of other countries. France allows her senators and deputies \$1,800 a year each. Roumania and Brazil also pay their legislators yearly salaries.



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THE CHURCH'S BLIGHT ON RUSSIA

THE PEASANTRY IN THE SHACKLES OF SUPERSTITION—POBIEDONOS-TZEFF, THE PROCURATOR OF THE HOLY SYNOD, THE GREATEST OBSTACLE TO POPULAR FREEDOM—A PRIEST-RIDDEN NATION

BY

PERCEVAL GIBBON

"So when the soul looks up to Thee,
She shudders, seeing by Thy side,
The leprous likeness of a bride."

SWINBURNE.

WHEN Ivan builds a house, Paul opens a store. Then comes the pope a-begging."

This is one of the many half-plaintive, half-cynical proverbs in which the common people of Russia expose the sores worn in their flesh by the burden of the Church they serve so loyally and yet know so well.

Russia knows but one Church—the Ortho-

dox or Greek Church—and devotion to its forms and compliance with its exactions are throughout the Empire the first test of loyalty. It is the one national institution of the country. Where politics penetrate, individual opinion, biased by ignorance, diversifies every theme. Industry has its phases and its proper place, and the army is—like fate—a thing to recognize but not to handle. The Church, though, is universal, and the normally religious temperament of the Russian, surviving strongly in spite of the activity of its civilizing influences, is its best buttress. Through all

departments of life, from the flutter of intrigue that froths about the person of the Czar to the meanest littlenesses of village life, its leaven is a force of supreme potency, and its pontiff is a power that all authorities must conciliate. St. Isaac's Cathedral in St. Petersburg and the minarets of the country chapel are alike monuments and tokens of an influence that is supreme in Russia.

By far the most important section of the population in Russia is the peasantry, the great inert mass of the common people.



M. TOLSTOY

The Emperor of the Holy Church, and the Emperor of the Russian Church.

Recent sociologists who have given thought to Russian affairs have come to agree with Count Tolstoy that, whatever destiny may hold in store for the country, whatever its ultimate fate is to be, must come from this untried host. They watch intently its shaping, its growth—and meanwhile the Orthodox Church, upon which the autocracy of a spell-bound, or unguessed, or uncalculated evil, and stealing its weapons from under its hands. Its methods are those of the Roman Church of the Middle Ages, and its work in this direction is the gravest movement that has countenanced in Russia to-day.

The peasant, to begin with, is an ignorant

unparalleled and bestial. It is not easy to convey to Western minds an idea of the mental blackness in which these men and women live and die. Ninety millions and odd of them neither read nor write, and this is but a small thing in comparison with what remains. The peasant that works on the land knows nothing of the land. "He tills a stretch of ground and sows wheat, but he never thinks of reaping till it is dead ripe, and half the good stuff rots in the rains." He is afraid of the dark—groveling, stupid, and inarticulate. He dies without curiosity, and there are scores of millions of him balanced eternally between mere hunger and real famine.

Upon these people the Church has laid both its hands, and every village has its wooden church, gay with painted domes and needle spires, cluttered with tawdry ikons and altar furniture. Religion in Russia is beset with observances, the rubric is wearisomely elaborate, and one has but to watch the devotions of some daunted, half-annual moujik to recognize how keenly wise were those priestly statesmen who cast a veil of mystery about the service of God and fogged the strait and narrow way with incense smoke and the glamour of gorgeous ritual. The man cowers before the waxen faces of painted saints, makes the intricate Russian sign of the cross, and carries out all his fetish observances with just that dreary mechanical resignation which renders sterile his labour in the fields. He is under a stern obligation to conform to custom in all these respects, but the Church observes its limits and lays no moral duty whatsoever upon him. He may come to church drunk, as his priest does, if he likes; he may live in whatever irregularity he pleases; but the crossing must be done, the ikons must be honored, the fasts kept, or he is a marked man, a seditious example.

The fasts have a prominent place in the observances of the Orthodox Church. They are frequent and long, and it is on record that the mortality rate throughout the country shows a large increase toward the end of each of these terms of abstinence. Indeed, they are so rigorous that in the country districts they have clearly contributed to the low vitality that characterizes the peasant. A Russian journalist of Moscow gave me an account of a case of grim hardship he had observed for himself. In a certain famine



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THE CEREMONY OF BLESSING THE APPLE

The priests escorting the Bishop at the Kremlin, Moscow

district, a man was found on a fast day going homeward with a pocket full of potatoes. He explained that his children were starving, and that these potatoes would feed them for the first time in two days. He made this explanation to a police officer who stopped him, and was forthwith arrested and detained until the fast was at an end, lest he should be "tempted" to eat and give to others in defiance of the day.

It is not only the clergy who work to make

the Church universal in Russia. The legislating authority backs them to the extent of disabling any member of the Orthodox Church to change his religion. For merely entertaining the project of so doing he may be condemned to a penance which the penal authorities will enforce; if he carries it out his property can be claimed by his heirs, his civil rights forfeited, and himself exported to Siberia. Formerly, those who ~~seceded~~ were sent to the Caucasus, which is now the

home of many millions of dissenters, who represent the best and most moral section of the Russian peasantry. The Dukhoborts, or "Spirit-possessed," are among these and have achieved prominence of a dangerous kind by refusing military service. Mr. Geoffrey Drage, in his authoritative book on "Russian Affairs" says definitely: "The more moral portion of the Russian peasantry are as a rule to be found among the dissenters," and Prince Galitzin, who visited the Caucasus

an intermediary between the material and the spiritual. I have often wondered, in some little Russian church, busy with the traffic of conscientious worshippers, just what the big, bulky-shouldered moujik imagined was the purpose of his posturing and gabbling and how far he attributed to them an occult and unholy power. The old Welsh stories of my childhood—of witches killing cattle and so on—would recur, and I have a conviction that these poor, blind souls see in the ikons only



THE LEAVE-TAKING OF THE CHURCH IN THE KREMLIN IN THE CITY OF TULA

(Nevsky II. is supposed to be religious, otherwise)

to report on conditions obtaining there, discovered in the prevalence of dissent no less than in the superior enlightenment and in the mental enfranchisement of the people, so grave a menace to authority that he urged the discontinuance of the practice of exiling dissenters to Southern Russia.

The official concern of the Church among the peasantry, then, is to preserve the principles of the sanctity of the autocracy. It has deserved loyalty from its adherents, for these never question its authority as a link and

claims that can hit back, and in their dim dety no more than a terror to be gratified. It is quite the natural outcome of this insistence on ceremonial, and it achieves far more than would any abstraction of principle or any code of ethics in gaining a hold over the minds of the people that can be employed as the clergy see fit.

The ceremonial side of the system has a curious effect upon the status in the community of the individual priest. "Upon meeting a wolf or a pope or the devil, spit



HOLDING A SERVICE ON THE FIELD IN HONOR OF THE RUSSIANS KILLED IN BATTLE

thrice and so avert the evil chance," runs a common aphorism. The pope or priest, is no more than the lackey who serves the altar, a gross implement in a ticklish trade. No consideration attaches to him save when about

the business of his office. He is often a drunkard, almost always ignorant, generally a cadger and a beggar. The common run of parish priests are quite unlettered; the authentic voice of intonation and a vocation for an



PRIESTS HOLDING A PRAYER MEETING IN THE CAMP BEFORE MUKDEN

A "wonder-working" holy picture is used in the service

unlaborious and unproductive life are their sole qualifications. They are rapacious, immoral, and intemperate. I myself have seen a sacrament administered by a bloated man who was too drunk to stand without support. Yet that sacrament was in order. The moujiks asked nothing of the priest—only the words and forms of the spell or incantation or whatever they held the ceremony to be.

There is a dismal tale which I have told before in another place. It was given me as authentic, to illustrate the condition of the priesthood of the Orthodox Church. Let it be

and in the wrestle, the little loaf crumbles at last, and the sick man closes his eyes with a sigh of despair, awaiting death and damnation.

Where the priest is of this type, priestcraft is out of question. That is to be looked for at the head of affairs where the subtle brain of the Church pulses in high places. The Procurator of the Holy Synod, M. K. P. Pobiedonostzeff occupies a place in the Russian Orthodox Church of not less supremacy than that of the Pope in the Roman Catholic Church. Its aims, its methods, its organization and its vitality, all owe them-



A RELIGIOUS PROCESSION IN THE STREETS OF ST. PETERSBURG.

a picture. A hut, in which a man lies dying, sodden with fear lest he may pass ere the last sacrament be administered to him. The bloated, long-robed pope has come, and the gear is laid ready; but ere he will get to his work and unburden the poor soul he will have an enhanced price for it. The wife of the dying man comes from the side of the squalid bed and pleads with him. He loves and is obdurate. Then a son will compel him, and they fight about the room, while the sinking patient stares from his pillow. The priest seizes the bread and tries to break it, for broken bread may not be blessed, while the son of the dying man grasps his arm to save it,

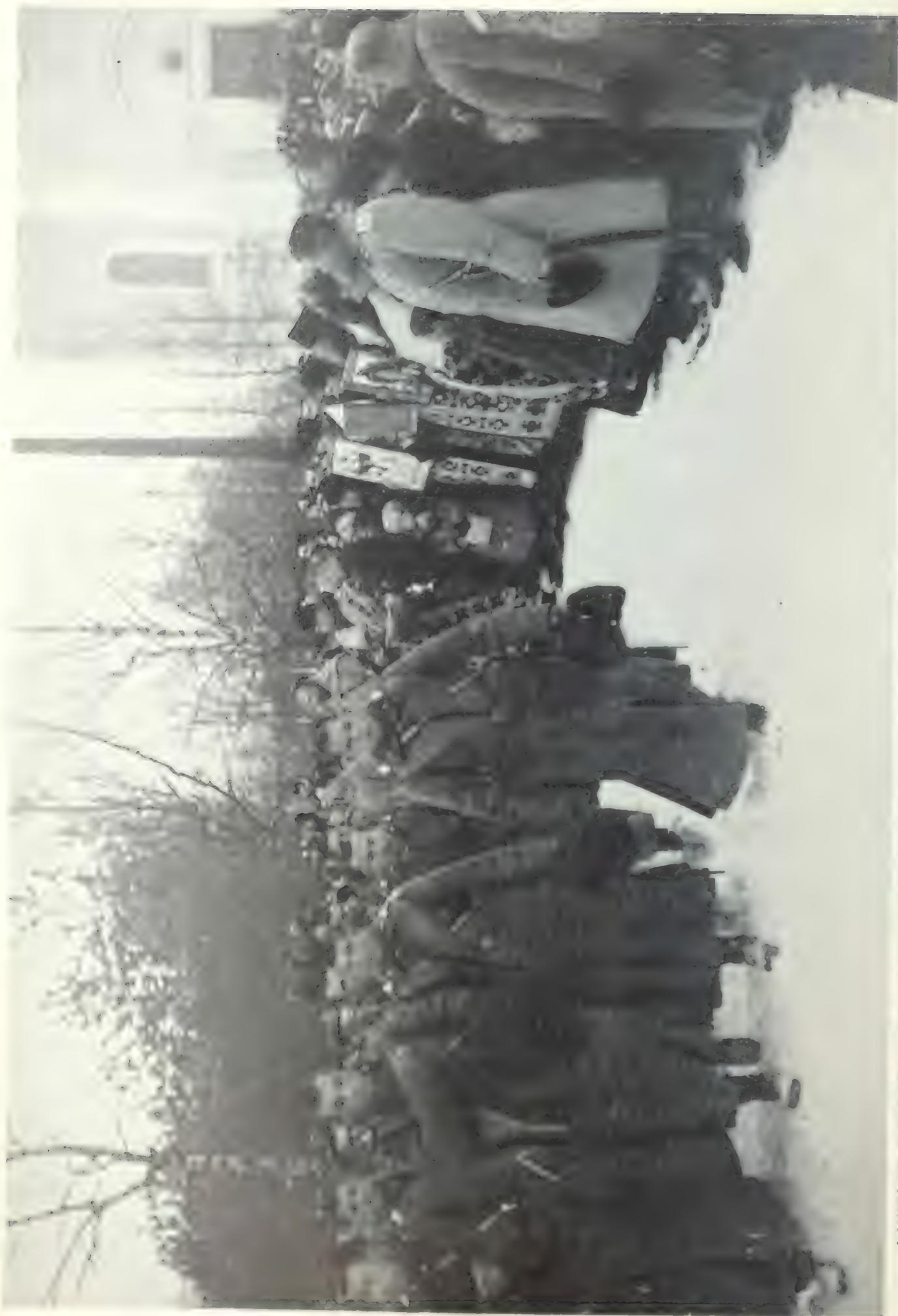
solves to him, to the discreet and ruthless energy with which she wages his uncompromising propaganda.

He is the trumpeter and champion of the autocracy, one of the few men of culture and learning who have adventured into print as vindicators of a system abhorrent to the Western mind. In his frank and forceful book "Reflections of a Russian Statesman" he puts forth a ringing condemnation of such institutions as a secular state, Parliamentary government, a free press, trial by jury, and popular education. "Faith in abstract principles," he says, "is the prevailing error of our time." He bundles the characteristics



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THE CZAR HOLDING UP AN IKON (HOLY PICTURE) TO BLESS SOLDIERS DEPARTING FOR THE FAR EAST



THE DANCE TRUPE IN THE COURTYARD OF THE HOUSE OF THE CHIEF

of Western civilization and condemns them all. "This is Russia," he says in effect, "and Russia is a phenomenon to be treated by no methods applicable elsewhere." In brief, as one of those responsible for the conditions that are forced upon the Russian Empire, he is the apologist of all those conditions, and confirms without remorse his share in them.

He is one of the most remarkable figures of the age, the real force behind the throne. He was born in 1827, and took the shortest road to political distinction by winning the chair of Civil Law at the University of Moscow. He was tutor to Czar Alexander III. and afterward became his most favored adviser. Alexander valued before all things sincerity, and M. Pobiedonostzeff would seem to have been convinced enough in the views he adopted and has so widely expressed. Since then, he has never discarded the influence he gained in the councils of the Empire, and his exalted position enables him readily to reach the ear of the Czar with advice that has weight.

The influence and the policy of Pobiedonostzeff were easily traced when the present Czar, soon after his accession, crushed the hopes of Poland for freedom of conscience. The accession of the young Emperor had been awaited with tremblings and hopes all over the Empire. Alexander III. had been compelled to curtail liberties and frustrate reforms by the reaction occasioned by the murder of Alexander II. Nicholas was known for mildness; in him millions of waiting people saw a coming deliverer, the Messiah that should bring salvation to stricken Russia. But about him was the stern platoon of interested grand dukes and officials, and among them Pobiedonostzeff, the logical fanatic, the rabid logician. A grim council for Nicholas, weak as he was and is, a hysterical and ineffectual man, a complacent, ill-informed ruler. Russia stretched hands of appeal to his new-found power; stricken Poland faltered in its hopes. Tver, prostrate under oppression, petitioned for the restoration of legal order. Forthwith he answered, and the words that killed the bud of aspiration were those of Pobiedonostzeff. The hopes of Russia were "senseless dreams"; he would protect the principle of autocracy as his father had done. A *Te Deum* was celebrated in the Church of Our Lady of Kazan to mark his determination, and the people stooped again to their burdens.



FATHER LAMISCHEFF

One of the high dignitaries of the Greek Church



VLADIMIR, A HIGH OFFICIAL OF THE GREEK CHURCH

In the robes of his office



THE CEREMONY OF BLESSING THE PEOPLE
 In connection with the coronation of the Emperor, with the Emperor
 at Moscow

It is, therefore, only natural and consistent that Pobiedonostzeff should be the assistant and colleague of that school of Russian politicians which aims to produce uniformity of creed and condition. His religious views were admirably suited to furnish a moral backbone to the "thorough" policy of M. de Plehve. The Pontiff and the Minister had at heart a single principle, that of the soundness and righteousness of the autocracy. The persistent and ineradicable nationalism of the Jew found in both of them suspicion and alarm. Wherever the prejudice of ignorant priests has fomented the *Judenhetz*, or Jew-baiting, among the people, de Plehve has been found on the side of violence. When the Kishineff massacres of 1903 were brewing, he sent instructions to the Governor of Bessarabia to refrain from the use of arms should any disturbance arise. The result is a blot on history, and in one who has gained a comprehension of the relative status of the priest and the official in Russian life can associate M. Pobiedonostzeff from a share in the disposition which everywhere led to the persecution of the Jews.

Theoretically, religious freedom obtains in Russia, and was affirmed as a fundamental principle and institution by the Czar's famous manifesto; actually, the State Church is as absolute in its own sphere as the Czar

is in his. The history of Russia is a chronicle of martyrdom. Of late years, religious proselytizing has been carried on in the Baltic Provinces with a vigor and an unscrupulousness of method which sully the very name of tolerance and of the Orthodox Church which falsely professes to practice it. Lutheran clergy have been suspended on the most meagre pretext; the multiplication of churches prohibited; and a variety of disabilities heaped on those who resisted invitations of popes to change their faith. I count among my acquaintances a gentleman of Finland, a solicitor, who was presented one day with his passport to Moscow. He had received no warning that it was to be handed him, and it omitted to provide for a return journey. He was simply decanted into the heart of Russia, a man without employment, to gain a livelihood as best he might. He was clerk in a hotel when last I saw him.

The Dukhobortsi, of course, have suffered often and grievously. Even before they came into conflict with the law of the land by refusing military service they were a prey to all the forces of persecution with which the Orthodox Church is armed.

In 1898, some hundred and ten of their leading people were exiled to Siberia, while to those who had been granted leave to



COMMUNISTS ENTERING THE TERRIAN CHAPEL
 MOSCOW



IKONS ON AN ALTAR IN A FIELD CHURCH OF THE RUSSIAN ARMY IN THE FAR EAST

emigrate, the conditions were made so severe that emigration would have been impossible had not assistance been forthcoming from Quakers in England and America. The

Armenians in the Caucasus, who resisted doggedly all attempts to trap them from the faith of their fathers, form another large section of victims. Prince Galitzin went so



THE PRINCE IS OMNIPOTENT, EVEN AT DRESS PARADE

far as to recommend banishment to Siberia of two Archimandrites, of whom one was private secretary to the Patriarch. Their schools have been closed, their churches sequestered, and their societies ruthlessly suppressed throughout the South. Yet they are the best citizens (and the richest) that

Church, as a community of believers, cannot and must not detach itself from the State," writes M. Pobiedonostzeff in his book, and in truth, it not only clings close to, but is one in spirit and in purpose with the autocracy. It is a dreadful thing to say, but a true one—that only by the growth of irreligion, like that



CELEBRATING THE BIRTH OF A RUSSIAN REGIMENT ON THE FIELD OF BATTLE

turbulent region contains, and have no crime save a language and a tradition of their own.

Unbending sternness, a dark and little narrowness, and the power of an elemental force—all these things are of the nature of the Orthodox Church of Russia. "The

flamboyant atheism that puffed the French Revolution to a blaze, can the great slave land come by its own. It is over the body of the priest that the peasant will strike at the prince—the priest that fashioned a God to awe him with a menace of perdition.



THE GOLDEN COACH CONTAINING THE BETH TO THE RUSSIAN THRONE

Illustration from the magazine of the Russian



FORESTING THE PRAIRIES

THE ASPECT OF THE PLAINS CHANGED BY TREE PLANTING—FARMS MADE MORE VALUABLE AND TOWNS MORE ATTRACTIVE—STATES GIVING AWAY TREES BY THE MILLIONS—ACRES PLANTED IN A DAY BY THE GOVERNMENT—THE FAR-REACHING EFFECTS OF ARBOR DAY

BY

CHARLES M. HARGER

ARBOR DAY has almost ceased to be an event, but the thick groves and shady parks on the prairies beyond the Mississippi River show its effect. Formerly groups of children dug holes and planted saplings in yards; now whole acres are systematically planted in a single day by agents of the Government, railroads or communities. Extensive forestation has not only made home life more attractive, but has increased the value of entire districts.

Tree planting in the plains country began with the "tree claim." Twenty-five years ago the Government agreed to give any settler a quarter section of land (160 acres) if he planted several hundred trees and kept them growing for several years. Many home seekers planted the most worthless portions of their claims in cottonwood twigs. The trees grew, but the settlers cared for them in a merely perfunctory way until they secured titles to the Government land. They then neglected the trees. The groves they planted made small progress. Climatic conditions were unfavorable, too. That is why to-day there

are so many scrawny groups of wind-twisted, ungainly saplings in the Middle Western country.

In the settlement of lands nearer the Mississippi River, where the climate is more favorable to vegetation, the trees planted by the homesteaders rise to considerable height. They vary the monotony of the plains, but they represent so many acres of farm land sacrificed for a title to a claim.

In many Western communities, however, forestry work has assumed large proportions. As fast as the hills of the East and of the Northeast are being denuded, the plains of the West are being clothed with trees. The desk of Mr. R. M. Wright, State Commissioner of Forestry of Kansas, is daily heaped with letters from farmers in the barren sections of the state, asking for trees. "I receive so many requests," he said, "that I cannot even file them. Every spring one million young trees are distributed throughout the western part of the state. There is rivalry among the farmers for the honor of setting out the greatest number."



USABLE SOILS IN NEBRASKA BEFORE TREE PLANTING WAS BEGUN

One farmer recently wrote to Mr. Wright: "Those black locust trees you sent last spring have done very well. Send me one hundred catalpas and four hundred more black locusts." This farmer irrigated his grove.

The movement for extensive tree planting, however, began in the towns. Twenty-five years ago far-seeing men, engaged in building

There was no waterworks system in use then. Men had to carry pails of water from wells or cisterns to water the box elders, cottonwoods and maples. But the mayor encouraged them by example and precept and he compelled the city government to do its part. To-day, viewed from a height to the north, the city appears as if set in a forest.



LUXURIANT TREES GROWN FROM THE BARE SOD

(The J. Sterling Morton Farm, Nebraska City, Neb.)



A PLANTATION OF GREEN ASH IN KANSAS

The row of trees are from 1870 to 1880

up towns in the West, insisted that there be something besides houses in the new municipalities. In one frontier town the mayor called the citizens together and told them it was their duty to beautify the lawns and streets.

"I own more lots in this city than any dozen persons," he said, "and no one can buy a lot from me unless he contracts to set out trees along the highway."

Graceful branches meet above the driveways and ordinances have become necessary to compel the trimming of trees sufficiently to allow pedestrians a right of way.

Next came the improvement of farms. There were no orchard and lawn trees on the prairies, but many of the farmers came from the forest-dotted lands of Indiana and New York or from the pine-crowned hills of Pennsylvania. They soon set out rows of hedger



VIEW OF TREELESS PRAIRIE



A TWENTY-SIX-YEAR-OLD TREE
In York County, Kansas



A COTTONWOOD GROVE
In the Arkansas Valley

and trees, not only for comfort, but because it came to be understood that a farm with trees was worth more per acre than one without them. Often the groves have absorbed so much soil-strength as to demand thinning.

One of the greatest present needs of the West is intelligent understanding of how and when to prune ornamental trees and shrubs.

All this was in the lowlands. Out on the high plains such success was impossible.



THE COTTONWOOD GROVE PICTURED ABOVE, FOUR YEARS LATER



PRUNING AN OSAGE ORANGE TO PRODUCE FENCE
POSTS

To-day there are many towns containing a thousand or more people without a shade tree. But modern methods of overcoming climatic obstacles are being discovered and some progress is being made.

Thirty miles from a railroad, on the pasture lands of northwest Kansas, I once saw a ranch headquarters set high on a hill facing southward. A more barren prospect could scarcely have been found for a dwelling, but the owner was a tree-lover. He placed a windmill at the top of the hill to draw moisture from the inexhaustible sheet-water supply far below. From a reservoir the water was run through tiling down the hillside, irrigating in its course a hundred elm trees—probably the only ones



LAWN THERE AT THE HOME OF THE LATE
J. HERLING MORTON

within fifty miles. When I saw them recently in their third year, they were sturdy and vigorous and were transforming the barren hillside into avenues of verdant beauty.

The prairie states that maintain forestry stations distribute trees free to settlers who will care for them. Frequent bulletins are published giving advice on varieties and on methods of cultivation. The Bureau of Forestry at Washington coöperates heartily. Its agents are still scattered throughout the Western states studying tree-growth and the conditions of topography, soil and climate. All this is to determine if trees can be grown generally, where they can be grown best, what species can be planted, how to cultivate them, and what results are to be expected.

The Government's part in bringing about new forest conditions really begins with protection. Vast areas of woodland reserves are set aside, chiefly in the mountain states. The encroachment of herds and flocks is prohibited. Lumbering is restricted. The latest report shows 63,095,254 acres of land already withdrawn from settlement. Two of the reserves, comprising nearly five million acres, are in Alaska; the others (fifty-one of them) are in the United States, scattered over thirteen Western states and territories. If they redeem arid land only to the extent of their



ASPECHU PINE PLANTATION AT SMITH CENTRE, KAN.
Sixteen years old

own area, through either preserving or increasing moisture, it would mean 373,337 new farms of 160 acres each. The addition of agricultural and timber wealth, of course, would be also valuable.

California is well in advance of other states in this work because of the need of water for irrigation and of the need of providing against floods, which are held back by tree growth. Public sentiment has upheld liberal control of forest-lands. As early as 1897 thirteen reserves were set aside. More than 28,000,000 acres, or nearly one-fifth its area, is under forest cover; and members of the Government Bureau have examined 21,000,000 acres of this land since July, 1903. By the end of 1905, the entire area will have been covered, and a state forest policy, looking to protection from fire, waste and irremediable denudation will be formulated.

The most notable forestation work is in the Dismal River country of northwest Nebraska, a section of sandhills on which vegetation is scant and the land practically a waste. Anything approaching cultivation seemed out of the question. Yet Government forest experts found that small jack pines would grow in the little hollows and little valleys, where prairie fires had not worked havoc. The Dismal River Reserve of 86,000 acres, situated between the Dismal and Middle Loup Rivers, was surveyed, and a tree nursery site chosen near Halsey. Twenty-one seed-beds were prepared, each 7 feet wide and 136 feet long, and with a capacity of 20,000 seedlings. A roof of woven picket-fencing set on posts furnished partial shade. Seed was gathered in New Mexico and in the jack-pine forests of Michigan and Minnesota. In 1903, the Niobrara Reserve of 126,000 acres, lying between the Niobrara and the Snake Rivers in Cherry County, was started under similar conditions and on the same plan.

Attempts to grow the seed by sowing them on the surface of the sandhills failed, and seedlings, taken from the protected seed-beds in April, were set in shallow furrows plowed in a wandering course along the slopes and valleys. A workman can plant 1,000 trees a day. Last year approximately 300,000 trees were put out and the spring of 1905 will see from 500,000 to 1,000,000 more added to the supply. The plan is to plant 1,000 acres a year for seventy-five years. It is expected that by the end of that period the

trees first planted will be ready for timber cutting. The portion laid bare will be replanted. Before that time—perhaps, in twenty or thirty years, as the thinning-out process begins—an income from firewood is expected. In forty years posts, poles and railway ties may be available.

On a sandhill jack-pine plantation on a ranch in Holt County, Nebraska, where three-year-old forest-grown seedlings eight inches in height were planted in 1891, the average tree-height now is more than sixteen feet. The trunks are straight as arrows, and the shade is so dense that only in the more exposed places is there an undergrowth of weeds or grass. Forestry Bureau agents say that it has already begun reproducing, and that the annual growth of individual trees in the plantation is fully equal to that in any of our natural forests.

This forestation means much to a practically treeless region. While it is scarcely likely that the experiment will materially influence the climate any more than did the scattered tree-claims of a quarter century ago, it cannot help being a valuable object lesson. It will appeal to the settlers as an achievement that can be duplicated on their own premises. If tiny conifers can hold sturdily to life and make a satisfactory growth in so arid and forsaken a section, the possibilities for more favored locations must be appreciated by dwellers on the open lands.

Besides the Government's efforts in forestation, communities are adding to the beauty and utility of public grounds by systematic tree culture. The city of Los Angeles, Cal., has 3,000 acres of brush land called Griffith Park, to be converted into a commercial forest. This will be the first instance in the United States of a city creating a forest, though the practice is quite common in England, where forest parks have not only furnished pleasure grounds for the people, but have been more than self-supporting through their timber output. Four Government experts spent last summer making a comprehensive planting plan for the forest, completing their work in September. The city's plan is to make the park productive through the sale of mature timber.

In the newer towns of the Southwest, particularly in Oklahoma, where new cities have been established on the bare sod and have become thriving communities of 6,000 to

25,000 people in less than a decade, there is much tree planting. A striking instance is at Perry, Oklahoma, a prosperous little city of about five thousand people. For many years there was a barren square in the midst of the town, from which the dust was whirled by the summer winds and driven against the store buildings surrounding it. A public-spirited citizen, Postmaster W. T. Little, went before the officials of the town and made an earnest talk on the need of a more attractive spot in the centre of the place. "If you will pay for the actual expenses," said he, "I will give my services free and set the square into trees and see that they are properly cared for." The offer was accepted. The square was thoroughly plowed and harrowed, and made like a garden. Mr. Little sent to Wisconsin for tiny elm seedlings and planted them at short intervals in rows like corn. They were carefully cultivated and grew sturdily. Then they were thinned and the surplus sold to the citizens of the town for enough to reimburse the treasury for all expense incurred. Hundreds of trees went to adorn country school-yards. The square is now a beautiful grove with blue-grass starting in the shade. The trees are the pride of the community and their increasing beauty has proved an inspiration to the citizens in home adornment.

Two years ago a block of ground owned by the Perry School Board was planted with 15,000 American white elm and soft maple seedlings. Many of them are already five feet high. In the process of thinning, one-twentieth of the seedlings have been sold for half the cost of the whole lot. They are to be cultivated ten times a year for five years. Those in the public square were cultivated six times a year.

"The city cemetery looks like the abandoned wastes of the Santa Fe Trail," said Mr. Little to the town council one day. "It is a shame and disgrace. If you will let me ornament it with trees I will do so on the same terms as I did the public square."

This offer was also accepted. Now there are 5,000 evergreens growing in the cemetery, promising it a beauty rarely found in the cemeteries of the maturer towns of the West.

So widespread has the sentiment for tree growing become that the Territorial Legislature has before it (with every probability of their becoming laws) two bills to encourage

forestation. One provides that a farmer who maintains a three-acre grove of trees, planted, trimmed and thinned as directed by a public officer, shall have for ten years a 10 per cent. reduction of the taxes on a 160-acre farm. The other authorizes cities to plant trees at public expense in parks, streets and cemeteries.

The railway companies have become tree planters on a large scale. Some of the great systems crossing the plains plant trees around their stations. Others engage in practical forestry work to provide ties, poles and timber. The Illinois Central Railway has planted two large areas of catalpa trees, one at Harahan, Louisiana, and the other at DuQuoin, Illinois. The plantation at Harahan comprises 200 acres. In the spring of 1902, 110,000 catalpa trees were planted there. The trees have been cultivated three seasons, and will be for three seasons more, besides receiving careful supervision for fourteen years longer. At DuQuoin the plantation consists of 150 acres on which 100,000 catalpas were set out in 1903. These trees have not made such rapid progress as those at Harahan, owing to the colder climate. It is expected that the wood produced will be more valuable; though it will require five to eight years longer for the northern-grown trees to reach marketable size. The results obtained from the experiment have been so satisfactory that the company contemplates putting in another plantation at some point midway between the two maintained at present.

Twenty-five years ago, H. H. Hunnewell, of Boston, a director of the Fort Scott & Gulf Railway (now a part of the Frisco system) planted 640 acres of trees on his own land in Crawford County, Kansas, and 640 acres on land belonging to the company. More than \$100,000 worth of timber has been taken from the railway tract during the past year.

The Atchison, Topeka & Santa Fe Railway planted large areas of trees in Kansas thirty years ago, but Mr. J. P. Brown, Secretary of the International Society of Arboriculture, on investigation found that a majority had been destroyed because proper protection was not given and because the tracts were small and scattered. Some were in station yards. Somewhat similar results (and for the same reasons) have attended the planting of trees by the Burlington system through Nebraska about thirty-three years ago. The Louisville

& Nashville Railway is attempting forestry work along its lines in the South. It has plantations at points in Florida, Alabama, and Illinois.

A Government forestry agent who has been working in Nebraska inducing the farmers to devote a portion of their land to woodlots estimates that at the time of settlement less than 3 per cent. of the state's area was wooded and three-fourths of that was along the creeks and river valleys of the eastern portion. The remainder was in the canyons of the Western ranch lands. Now the trees are encroaching on the prairie. On one farm a field under cultivation ten years ago is now covered with a dense growth of small timber;

on another, the forest has extended up a ravine two miles beyond its limit of twenty-five years ago. The state has now more than 200,000 acres of timber land.

The first attempts of the West at tree-growing were chiefly to modify climate; later efforts have been for shade, fruit and timber. It may be that finally the humid climate so greatly desired will be secured by this means, as the physical aspect of the West is brought to resemble more closely the East's landscape of woodland, orchard and tree-dotted lawn. In essence, extensive tree planting has changed the physical aspect of the large areas, created a new timber industry and made ugly places sightly.

CHICAGO'S STREET RAILWAY WAR

A FIGHT OF MANY YEARS AGAINST CORPORATE MACHINATIONS—HOW THE CITIZENS BECAME AROUSED AND COMPELLED A PROGRAMME OF MUNICIPAL OWNERSHIP

BY

PHILIP P. FROST

CHICAGO has come successfully through the preliminary skirmishes of its struggle with a one-hundred-million-dollar street railway monopoly. What Chicago has been through other cities must go through if the present drift of events continues. Even the National Government confronts, in its railroad rate problem and the still unobtrusive discomforts of telegraph and express monopolies, the same fundamental conditions which have here come to demand a termination in municipal ownership.

THE NINETY-NINE YEAR FRANCHISES

Chicago's experience with street railways began in 1858 with twenty-five-year franchises to two horse-car companies, with provisions for purchase by the city after the expiration of the franchises. Fares were limited to five cents. As the City Council was then found to lack constitutional authority for such grants, the terms of the agreement were, six months later, embodied in an act of the Illinois Legislature. Another company was incorporated on similar terms two years afterward, and within five years the provision

for a five-cent fare was successfully evaded by multiplication of ownership and by a division of territory among several companies. Early in 1865, when the franchises had nineteen years still to run, the companies made a sudden raid on the Legislature, and in spite of a tremendous popular uprising, and over Governor Oglesby's veto, the life of the companies was extended from twenty-five to ninety-nine years. Chicago was in a ferment, and out of the popular excitement came legislation, constitutional changes, and charter provisions safeguarding the rights of municipalities and limiting the term of all future grants to twenty years.

When the twenty-five-year term originally set expired in 1883, the question on the validity of the "ninety-nine-year act" arose. The feeling occasioned by its passage had had ample time to die out, for neither side cared to risk the chances of an immediate settlement in the courts, and so the City Council finally granted a twenty-year extension of the original twenty-five-year grant, and postponed the evil day of reckoning until July 30, 1903. The companies continued on their good

behavior, and cable and trolley systems were in due time installed. The cost of the improvements was added to the capitalization, and generous dividends were paid. Annual dividends of 12 per cent. have been paid since 1883 on the capital stock of the Chicago City Railway Company, which now amounts to \$18,000,000, more than one-third of which is said to be water. This is indicative of the general condition of the street railway business of the city.

THE COMING OF MR. YERKES

The coming of Mr. Charles T. Yerkes to Chicago, his purchase of the control of the North and West Side lines and his multiplication and complication of their securities, foreshadowed another conflict. Mr. Yerkes, who was somewhat lacking in experience of Chicago, in 1895, with eight years between him and a reckoning with the people, organized a second great raid on the Legislature. History repeated itself. As in 1865, a bill giving these roads an extension of their franchises was easily pushed through the Legislature, and Governor Altgeld, like Governor Oglesby, vetoed it. The people were again awakened. The Municipal Voters' League came into existence in 1896, and when in 1897 Mr. Yerkes tried again to push the bill through he met with a surprise. The Governor was now "safe," but in the face of a "Committee of One Hundred" armed with arguments and personal influence the Legislature dared not pass the bill. The Humphrey Bills, increasing all street railway franchises in Chicago to fifty years, were defeated.

While the victors were shaking hands the "Allen Bill" became a law—authorizing the City Council to make fifty-year grants. The dazed citizens, thus outflanked, had no choice but to hasten home and attend to the city government. They had learned their first valuable lesson, that private monopolies never grow weary, never sleep and are never satisfied. Eternal vigilance became a habit with them, while under the leadership of Mayor Harrison the City Council stood firm for two years against extensions of street railway franchises. Meanwhile the people of Chicago grimly set themselves to bring about the political ruin of the supporters of the Allen Bill. In 1899 the bill was repealed. It was in 1899, also, that Mr. Yerkes turned over his holdings to the newly

organized Chicago Union Traction Company and retired from the field.

THE CITY ASSUMES THE OFFENSIVE

Thus far the contest on the side of the city had been waged by a few hundred public-spirited, well-to-do business and professional men, and had been purely a defensive movement to ward off the grabbing tactics of the companies. With four years still ahead of them before the existing franchises should expire, they realized the necessity of carrying the war into the "enemy's" territory, of putting the traction interests on the defensive. They set out then in 1903 to make the companies abandon all claims under the "ninety-nine-year act" and improve the service, and to provide for the ultimate municipalization of the lines, if such action should seem expedient to the people of Chicago. Without this last provision the city would have no means of compelling fair dealing.

To carry out this programme the support of the whole people was of course indispensable. The reform Mayor and the Council worked in harmony with the volunteer forces. The Harlan report on the situation in 1898 was followed in 1900 by a report of the Council's Street Railway Commission, outlining an act which would empower municipalities to own and operate their street railways. This bill the 1901 Legislature killed in committee.

Meantime a committee of the Civic Federation, which had been given access to the books of certain companies and had examined them with the help of Mr. E. F. Bard, an expert accountant, published its report in "Municipal Affairs" for June, 1901. Enormous profits were shown to have been secured by the franchise holders. In one instance the returns on capital invested reached "an average of 44.63 per cent. per annum for sixteen years." The sums involved were well up in the millions. In 1902 Mr. Bion J. Arnold, an expert consulting engineer employed by the City Council, reported that the value of the real property underlying the \$117,000,000 of Chicago street railway securities was \$26,684,907, and that a new, ideal system—of subways downtown, with first-class surface lines outside the loop district and the latest and best electric equipment throughout—would cost, all complete, about \$90,000,000, a sum about equal to the water

in the stock, the difference between what the people were paying for and what they were getting.

The situation developed a new element. The Referendum League of Illinois, organized in 1901, succeeded in 1902 in bringing before the people for vote a proposition "For ownership by the city of Chicago of all street railroads within the corporate limits of said city." To the surprise of all concerned the vote went five to one in favor of municipal ownership. This made a profound impression and greatly strengthened the Mayor and the Council in their resolve not to grant any extension to the companies' franchises until the way was absolutely clear for the inclusion of a clause permitting the city to buy the roads under certain conditions. In 1903 their persistence was rewarded by the passage of the Mueller law, and the way was at last open for negotiations looking toward an ordinance renewing the franchises, which should properly safeguard the people of the city, for the act authorized municipal ownership.

The Chicago Union Traction Company had, meantime, allowed its equipment to deteriorate, perhaps hoping thereby to goad the public into renewing their franchises in return for improvements. The city had demanded underground trolleys inside the loop district and on the old cable lines; the companies wanted overhead wires. As the city would not surrender to their wishes the company practically suspended improvements, and sat down to wait.

But it had happened that when the company had leased the various Yerkes lines of the North and West Sides it guaranteed strangely generous dividends on their inflated stock. When municipal supervision grew irksome the company drifted into the hands of receivers appointed by Judge Grosscup of the United States Court. Judge Grosscup's regard for the sanctity of a "contract" forbade that he should inquire too closely into the identity of the holders of that profitable subordinate stock which ate up the dividends. The city was enjoined from collecting regularly assessed taxes and exacting certain transfer privileges. The company was thus enabled to meet its obligations. Overhead wires were installed on certain tracks, and some new cars were ordered purchased, so that the physical situation was more improved than hurt by the receivership.

In his instructions to the receivers in June and July of 1903, however, Judge Grosscup upheld the validity of the "ninety-nine-year act," and declared that it covered all franchises and grants since made, as well as those in force at the time of its passage. But that fall a pamphlet, the last work of the late Henry Demarest Lloyd, the author of "Wealth against Commonwealth," entered the field. It had been gathered through a summer's laborious search among dusty files of reports and records, and it glowed and scintillated with his intense conviction and his personal brilliancy. Headed by a "Traction Emergency Call" by the Chicago Federation of Labor and by the Municipal Ownership Convention, it reviewed the situation and the history which led up to it. It then outlined a plan for striving toward the accomplishment of municipal ownership at the earliest possible date. Means of forcing the companies to terms were pointed out, and the pamphlet ended with a brief survey of the world-wide significance of this local struggle. It was a call to arms.

THE CAMPAIGN FOR MUNICIPAL OWNERSHIP

On April 5, 1904, one year ago, Chicago voted as follows on the question of ownership of street railways: For, 121,957; against, 50,807. In the face of this the summer was employed by the City Council in framing, in consultation with the slightly subdued representatives of the street railway interests, a "Tentative Ordinance," giving to the Chicago City Railway Company another twenty-year extension with provisions for improved service, and reserving the right of purchase of the company's property by the city at the end of thirteen years on the basis of the appraised value of the tangible property. Naturally some of those who had fought grabs at Springfield and trickery at home for so long, who at last had the people behind them in a demand for immediate ownership, were opposed to this. They feared what unexpected meanings some future court might read into the most carefully worded ordinance, they feared the lapse of public vigilance and the inevitable raid on the Legislature which would follow, they saw in any "settlement" by franchise only the beginning of new abuses, new litigation, the beginning of another fight. A solemn promise of the company to die in thirteen years was not satisfactory.

When the parties lined up for the 1905 campaign the Republicans were for "municipal ownership" under Mr. Harlan, the Democrats for "immediate municipal ownership" under Judge Dunne, the Socialists for municipal ownership under Mr. Collins. "Enthusiasm" was displayed by the three sides; "confidence" was shown. Mr. Harlan discussed the seating accommodations of the fire stations and vigorously attacked "hold-up" men and loan sharks. After some delay he said that he was not in favor of the "Tentative Ordinance." He was the "safe and sane" candidate; all the papers except one supported him; his watchword was "A Square Deal for Everybody." Judge Dunne, on the other hand, had a definite programme—immediate municipal ownership by immediate condemnation proceedings. He left all the other issues to Mr. Harlan and stuck to this one. While all this was going on, certain Wall Street interests behind the Union Traction Company were ostentatiously taking over the \$18,000,000 stock of the Chicago City Railway Company at 200.

But the really important and significant recent change in the traction situation came when, at quarter of eight o'clock on the evening of March 20th, the reading clerk of the City Council began a communication from Mayor Harrison, followed at once by the reading of an ordinance which fired the aldermen with tense excitement and sent the watchdog of the railway interests in frantic haste to find a telephone and warn his employers. Hardly was the vote announced when Mayor Harrison was signing the document, hardly was the ink dry before Corporation Counsel Tolman was rushing toward the court room in the next building, where Judge Mack of the Circuit Court of Cook County awaited him. A few moments later the judge was speaking:

"Mr. Clerk, you will show that this bill is filed in this court at 8:19 o'clock P. M."

And so at last, after forty years, the validity of the "ninety-nine-year act" was formally presented to a state court for judgment, for the ordinance commanded the Corporation Counsel to institute suit against the companies.

So much for the politician's, the lawyer's, the "influential citizen's" side of it. What of that 322,373d voter of Chicago who rides to work every morning and home every

evening, whose nickels have built up the millions of the traction magnate and whose ballot is behind the Mayor and the Council?

Come to Chicago, into the very heart of the city, the great "Loop District" where business and pleasure centre, the square mile which is pre-eminently "Chicago," "the city." A few lines of large handsome cars show what sort of service the traveling public here is paying for. On other streets where the rule against overhead trolleys in the skyscraper district is enforced, the single-truck trolley cars of less up-to-date design are being hauled as cable trailers or dragged at a snail's pace by teams of slipping, straining horses. If the season were winter you would undoubtedly enjoy the privilege of seeing a horse down under the front platform of a heavily loaded motor car somewhere on Dearborn or Adams Streets, where this cruel and needless makeshift is practised. Turn from that to the cable.

Through three tunnels under the river from the North and West Sides, and up two avenues from the South, cable trains enter the loop district, circle a few squares and return. Each "train" consists of a small open grip-car, one or two trailers; on one or two lines an occasional trolley car, and on others, as an additional rush hour accommodation, a venerable horse car hauled as a third trailer. The grip-car takes a firm hold on the cable, the slack of the couplings is jerked out with the smoothness characteristic of freight service, and the relic of a far distant past leaps from repose to full speed at one bound. In winter a small stove occupies a seat near the centre of each car and disseminates coal gas and warmth in inverse proportion to the demand.

The car turns sharply to the right and we confront, two or three hundred feet away at the foot of a steep incline, the granite-faced mouth of a tunnel. Down the car goes held by the slack of the cable, and, as it approaches the archway, you observe that the same incline continues down through a white-washed bore lighted by occasional incandescent lamps. Then daylight fades, the rumble of train and cable echoes from brick walls, the foot of the descent comes in sight far below and gradually approaches. The air is dank, a mingled odor of tar and sewage grows steadily stronger, perhaps the sound of falling water heralds a leak which comes dimly into view, spatters on the car roof and passes.

Then the train swerves and enters a single-track passage with low roof of iron close on the tops of the cars, the air grows more chill, on all sides is the sound of dropping and trickling water, the roof and walls gleam wet in the light of hissing arc lamps recessed in niches beside. Then the slack of the cable heaves and pulls, the couplings rattle, and shortly the car swerves back to the left into the double-track bore, and far up at the end of a long incline daylight appears. You breathe a sigh of relief.

These things are a part of the every-day experience of the voters of Chicago. When Mr. Yerkes made his first raid on the Legislature, ten years ago, these cable lines were obsolete and other cities were abandoning better installed plants in favor of electric service; at intervals, since, great victories have been won in the fight for a fair settlement franchise, the voter has supported the men he felt to be honestly trying to serve the city—and there are the old cars yet, those same old cars, ten years older, and the tunnels and the loops. Patience with the system of private ownership and operation has been slowly wearing out, but instead of this leading to

impatient demands for concessions to the companies, as they had hoped, it has developed a strong drift toward municipal ownership.

The companies would be glad to sell—at their own price. Whether this, for \$30,000,000 worth of equipment, would be less than \$100,000,000, remains to be seen. The certificates would sell readily, but would they be accepted in amounts greatly in excess of their secured value? or even if they are, how will the city have gained by buying franchises which, legally, never cost the companies a cent? The law allows an issue of certificates of a face value 10 per cent. in excess of the cost of the property, which would provide from \$2,500,000 to \$10,000,000 for maintenance. Would this be sufficient?

There is still a hard fight ahead to obtain control of the lines on any just basis of payment, a harder fight than any which has gone before, perhaps, and a trying period of reconstruction still to follow. Chicago is not ready for such an undertaking, and no man knows this better than the voters who have declared for it. Perhaps that knowledge may prove no slight advantage in the struggle, no unimportant aid to final success.

HOW CHICAGO WILL DO IT

BY

EDWARD F. DUNNE

MAYOR OF CHICAGO

IN the fulfilment of my platform pledges so often repeated in my pre-election speeches, I will endeavor to bring about ownership and operation of the street railways by the people of Chicago. I promised that if elected mayor I would immediately take steps toward that end.

The day after my election I cabled to Glasgow asking the Lord Provost of that city to give to Chicago for a few weeks the services of his tramway manager. I wished to obtain at the earliest possible moment the benefit of the wisdom and experience of a man who had been successful in the administration of municipal street railways. This request was acceded to by the municipal authorities

of Glasgow. The manager of their tramways is to come to Chicago to lend us what counsel he may from his practical knowledge of the large undertaking.

Two days after my inauguration as mayor I appointed a special counsel in traction matters in the person of Mr. Clarence S. Darrow, who has been one of the leaders of the municipal ownership propaganda in Chicago for years, and one of the ablest lawyers at the Chicago bar.

From other practical men I have sought and am seeking advice and gathering the information necessary to the work preliminary to the operation of street railways by the city.

I pledged myself to the people of Chicago

that, in the event of my election, I would use expedition to carry out their will as expressed at the polls. Twice the people of Chicago have voted in favor of municipal ownership. In this last election they voted against the granting of any franchises to any street railway company.

The people of Chicago, with the emphasis of repetition, have declared that they want to own and operate their own street-car lines. My duty, therefore, is clear.

Municipal ownership of public utilities is not new in Chicago. For nearly half a century Chicago has owned and operated its water-works. It has paid for the equipment of this system some \$38,000,000. Out of the surplus earnings of the water fund it has loaned \$5,000,000 to the sewer department. It is giving to the people of Chicago probably the cheapest water of any city in America. There is to-day in the water fund a cash surplus of nearly \$1,000,000.

The city of Chicago has one of the largest municipally owned electric street lighting plants in the world. This plant is operated by the city and it is being extended from year to year. The cost of street lamps has been reduced from \$125, as charged by private companies to the city when the plant was first constructed, to about \$54 per arc lamp per annum. Chicago is operating, and has been operating, both of these departments as well as her police, fire and educational departments without scandal, graft or corruption; and Chicago can operate its street-car system with the same measure of success and satisfaction to the people.

I am aware that a great task lies before me in realizing to the people their demands with reference to the street-car systems. The largeness of the task, however, I believe, consists in bringing about the establishment of the city's ownership. I have no fear of the result of the city's operation of street cars once the ownership of the properties is acquired.

The cities in other countries have demonstrated the practicability of public operation of street railway lines. In 146 cities of Great Britain, in many cities of Europe and Australasia municipal ownership and operation of street-railway lines has been undertaken with complete success. Street-car service under municipal operation has been in every case improved. It has resulted in lower

fares, in better wages and shorter hours to employees. It has, in short, made the operation of the street-car lines serve the convenience of the people instead of the profit-making of the few.

The chief objections to municipal ownership and operation of street-car lines are two. The first of these is that it would tend to build up a great political machine. This objection is made without full consideration of the existing conditions or the safeguard of a civil service law which would be rigidly applied. As a matter of fact the street-car employees of Chicago are now in politics. There are few of them who did not receive and do not hold their positions through the aid of political pull. Under the civil service of this state these employees would be freed from political bosses and could not be dismissed without cause and only after a trial before the Civil Service Board. The army of street-car employees in Chicago will continue to be a part of a political machine until it comes under the protection of the merit system provided by the civil service law.

The other objection to municipal ownership that was raised in the last campaign was that the city had no money with which to buy the street-car systems. It is undoubtedly true that the city has not the ready cash, and I know of no city in Europe that had when it undertook the ownership and operation of its street-car systems.

Chicago has, however, under the law the right to borrow money secured by the properties acquired. The certificates issued under this law do not become a general debt, but rest solely upon the earnings and the tangible property of the municipal lines. As a further security, the right is given of foreclosure and a twenty years' franchise in case of default in payment either of the interest or the principal.

The doubt expressed as to the ability of the city to raise money by means of these street-car certificates or income bonds has been by this time removed. We shall be able to finance the undertaking.

There remains therefore only the task of putting the city in possession. This task is now being approached with as much expedition as possible. I shall bend all my efforts to this end. With the support and encouragement of the people of Chicago, I have no doubt of the success of the undertaking.

A BUSINESS STREET IN LIAOYANG

The shops of the Manchurian merchants are indicated by the sign-posts ornamented with scroll-work. In the booths the goods for sale are small articles, nearly all of Japanese manufacture.



JAPAN'S CLOSING OF THE OPEN DOOR

NO SATISFACTION FELT IN THE OUTCOME OF THE WAR BY MERCHANTS IN THE ORIENT—SIGNS OF A JAPANESE EFFORT TO MONOPOLIZE MANCHURIAN TRADE—HOW IMITATIONS MADE IN JAPAN ARE ALREADY OUSTING AMERICAN GOODS

BY

J. GORDON SMITH

FORMERLY CORRESPONDENT OF "THE LONDON MORNING POST" WITH GENERAL OKI'S ARMY

ON the balcony of the Astor House in Tientsin last September I asked the merchants of five countries which nation they would rather see victorious in Manchuria—Russia or Japan? All, British, American, German, Austrian and Dutch, were of one opinion. What was it, think you? Did they favor the Japanese? No, indeed. They were merchants. Their sympathy was a dollar-sympathy, doubtless; but it was significant.

In Peking I conversed with Americans and

Europeans, with Englishmen—allies of the Japanese—and I found the same opinions ruling. At Chefoo, wherever merchants foregathered, the tale was the same. Of course it was more noticeable at Tientsin which is the clearing house for North China. Newchwang also felt keenly, but perhaps the heavy losses occasioned to houses there because of the war might give additional color to their views. However, it was the losing Russians that were in favor, not the Japanese.

With Russian occupation the foreigners in



IMITATION AMERICAN TOOTH-POWDER

Made in Japan, but bearing a label purporting to be that of a New York firm whose address, printed on the bottles, is made to read "Chicago" business. This powder was on sale at Harbin when General Oku's army was quartered there.

North China had a market for their wares; with the Japanese in possession they will not have one. A Japanese victory, whatever its political effect, will have in Manchuria a depressing effect on the export trade of the United States and Canada, with the exception

of the trade in flour, for which there is a big market. Manchuria is a large and populous area, though less thickly settled than many in crowded China.

After the war the Japanese will control the trade of Manchuria. They are a manufacturing people, notorious imitators of the manufactures of various nations which sell in the Orient, and their cheaply-made and inferior productions with the label of the foreign dealer, copied after a fashion, will oust others from the market. They will close "the open door" in Manchuria before they open it, more effectually than the Russians were reputed to have done. Whatever the political policy of the Russian, he bought goods; and there was a share in his trade for all those dealers of various nations who gathered on the fringe of Asia.

Not so after the war. The merchants of Tientsin and other populous mercantile centres of North China see the future domination of Manchurian trade by the Japanese.

Japan started to reach for the trade of North China at the close of the Chino-Japanese war ten years ago. Since then, though British and American shipping remained stationary, and German shipping fell off 20 per cent., Japanese shipping gained



CHINAMEN HEARING GENERAL OVAMA'S PROCLAMATION REGARDING TRADE

The assembly commemorated the abolition of the Japanese military customs. After the taking of Harbin.



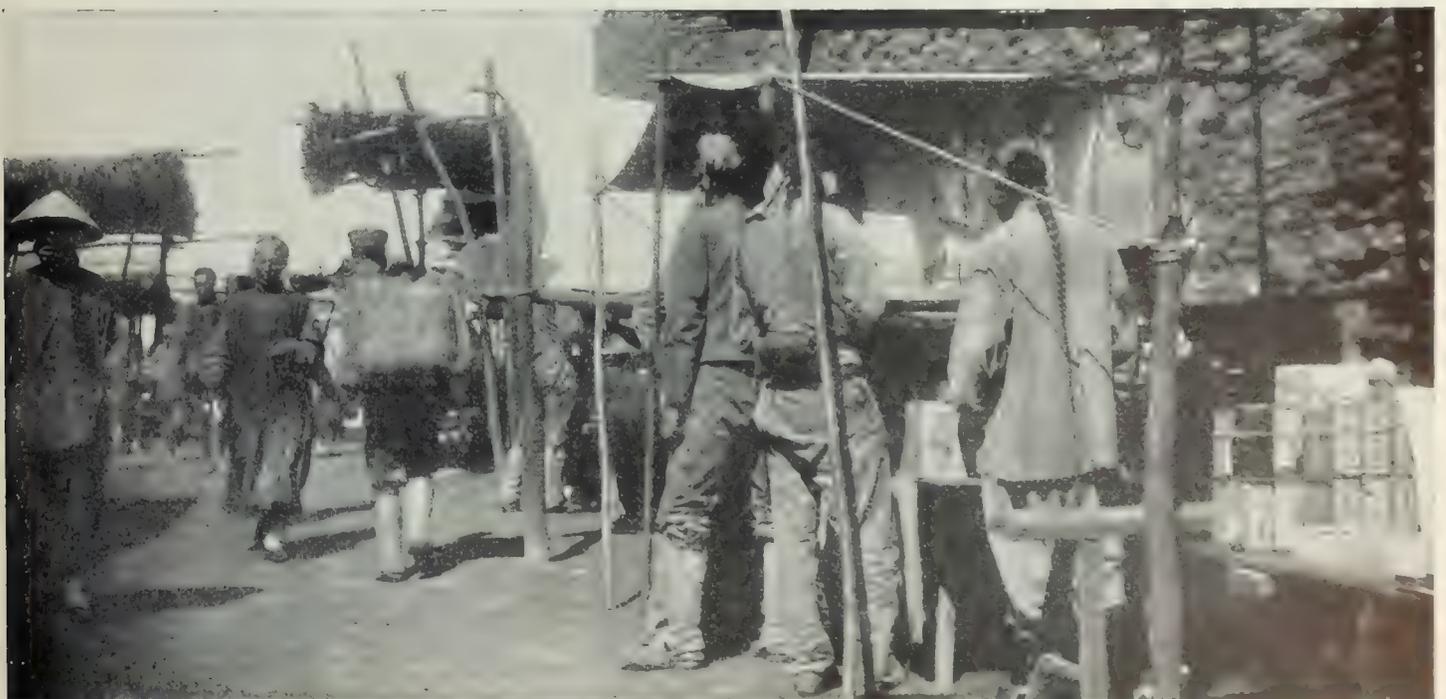
ONE OF THE CLEANEST BUSINESS STREETS IN NORTH CHINA

In the village of Kin-chou-fu, near the line of the Chinese Imperial Railway, one of the great trade routes to Manchuria



A TYPE OF THE JAPANESE ARMY CART

Used with great success by the Japanese commissariat and transport service in Manchuria



HUCKSTERS' BOOTHS OUTSIDE THE WALLS OF HAICHENG

The tins at the corner on the bench contain sweets brought from Japan



STORES IN THE MAIN STREET OF HAICHENG

considerably. Take for instance the port of Newchwang, the gateway of Manchuria at the mouth of the Liao. Japanese shipping at that port increased 600 per cent. Japan began to import the bean cake of the Manchus as a fertilizer, and sent manufactured goods in return.

In 1896 the Japanese imports at Newchwang were valued at \$177,330. Five years later, in 1901, the books showed the Japanese imports amounting to \$1,238,120. This increase makes the Japanese imports at the

OUTSIDE THE WALLS OF HAICHENG
A public gathering.

Manchurian port second only to those from Hong Kong, which are by no means all British goods.



THE BLOCKADE OF FREIGHTERS AT THE GATES OF MUKDEN

An idea of the value of the Manchurian trade that will be lost to other nations by the Japanese control is shown by the fact that the total sea-borne traffic of Manchuria is valued at about \$47,500,000. If the United States and Britain secure 10 per cent. of the trade they will be very fortunate—at least, that is the impression of merchants on the spot.

Other important imports into Manchuria are sugar, silk, tobacco, old iron (chiefly horse-shoes), tea, opium, railway materials, kerosene oil, matches, flour, coal and wheat. Many manufactured American wares are also securing a market. Even in minor villages on the shelves of open-fronted stores I saw St. Charles Cream, Libby's Corned Beef, and one or two other wares I little expected to see in a mud-walled Manchurian village off the main trade route.

These manufactured goods, however, are all being imitated by the Japanese, who manufacture a cheaper grade of goods and undersell the genuine article. During the five years prior to the war American drills and sheetings had been gaining ground, displacing those sent from British houses. The Chinese merchants declared that the American cloths were superior to the British, especially those used by the junk men and sampan men for sails. It was said that the American goods stood rough usage and moisture better. The crafty Japanese noted the marks used on the American drills and sheetings; and looms in Japan are now turning out inferior imitations, marked like the American wares, even to the trade marks.

I was one of eighteen war correspondents who started in July last to ride from Dalny in the wake of Oku's army, then fighting at Ta-shih-chiao after routing Stackelberg from Wafangkou. The Imperial highway leading to the north passed through many villages and many walled cities, entering at the south gate in each case and leaving by the north. In those muddy Chinese cities I stopped at many shops, and saw St. Charles Cream offered for sale. It was the foreign ware most evident throughout Manchuria. Everywhere Chinese merchants, whether in the shops of the walled cities, or in the marts clustered outside the towered gates at the city walls, offered St. Charles Cream to the public. The Japanese noted the demand, with the usual result. Factories in Japan made "St. Charles Cream." The label of

the American manufacturer was copied, though badly misspelled, and the Chinese dealers were given what to them seemed the same as that shipped from Tientsin and Shanghai.

While in Haicheng, before the battle of Liaoyang, I saw the genuine article from the United States. After Liaoyang was fought, a month later, I returned through Haicheng and saw many cans of "St. Charles Cream" made in Japan, standing alongside the unsold American article. To me the ludicrous label of the Japanese imitation was instantly plain, but the Chinese could not distinguish between the genuine and the imitation. The spelling of the labels was ridiculous; the picture of the cow was absurd—but the Manchurians knew no difference.

I also noticed other wares imported through foreign merchants, who will now lose the trade they once enjoyed in these districts, for their wares also are imitated by the Japanese, even to the labels. On the shelves of the Chinese storekeepers were French brandies, cube sugar from Bordeaux, Price's candles from Liverpool, Rowat's pickles—here and there some Libby's corned beef.

Now there are imitations of each on sale. They are made in Japan, packed or bottled identically with the goods of the American or British manufacturer, and the various labels are copied after a fashion. The mistakes in spelling—there are invariably mistakes—are indeed ludicrous; and it was my experience that the imitations of the wares are no better than the imitations of the labels. The imitation French brandy was awful stuff. As soon as I tasted it, my Chinese driver got the bottle. It seemed to me that it must be about 90 per cent. fusel oil. But it sells cheaply and the Manchus buy it.

Although there is considerable native tobacco grown in Manchuria, the value of the imports of tobacco and cigarettes is considerable. This trade has already been diverted to the Japanese. At the beginning of the war the Japanese enacted legislation bringing all the tobacco manufactories of Japan under government control. The manufacturers were forced to dispose of their factories, their machinery, their trade, and their stocks, to the government. The manufacturers were indemnified, though far from satisfactorily in some cases. The American Tobacco Company was largely interested in the firm of Murai

Brothers of Tokio, one of the largest establishments, and when the legislation was enacted by the Japanese Diet, giving the government a monopoly of the industry, the American manufacturers moved their scene of industry to Shanghai, whence an effort was made to secure the Manchurian and the North China trade. But the Pin Heads, Pets, Heroes, and other cheap cigarettes manufactured in Japan with the government's stamp on them, are being pushed in the wake of the armies. As nearly all the population of Manchuria, male and female, are smokers, the trade is large. It has already been lost to the American dealer.

In the trail of the Japanese armies Chinese hucksters gathered outside the city gates to open marts, selling various knick-knacks imported from Japan. While walking through one of these marts, where booths are spread beneath large umbrellas, one day in September last I found some tooth-powder offered for sale, labelled "Colgate's Best White Rose—Made in Chicago." This label which falsely proclaimed Chicago as the scene of manufacture further said:

"These Teeth-powders is beSt fr Leaving Teeth-ache." There was another imitation label on imitation goods, made at Kobe, not Chicago; by Furukawa, not Colgate

These furnished some of the reasons for the sentiment of some of those merchants I saw in North China. With Russia in control they had a market for their goods; with Japan fighting for "the open door" the market of Manchuria is to all intents and purposes closed to them.

The trade dishonesty of the Japanese is a by-word in the East. The Chinaman's word is his bond in commerce; the Japanese will repudiate not only his word but his bond. Professor Chamberlain, a writer ever friendly to the Japanese, whom he knows better perhaps than does any other living European, writes of the business dishonesty of the Japanese merchant as follows:

Peculiarly vague are his ideas of such matters as punctuality, regard for truth, the keeping of a promise. He is a bad loser, even of the smallest sums, and will not consider it derogatory to get out of a contract, should the market go against him, while his deep-seated distrust even of his own compatriots results in plots and counterplots, real or suspected, between the promoters of almost every important enterprise. In short, so far from practising honesty

for its own sake, he has not yet learned that honesty is, even from a selfish point of view, the best policy.

Again the same writer, writing of course prior to the war with Russia, declares:

Their ambition is now to oust the alien altogether by obtaining exclusive control of the markets which he opened for them. The chief check to this ambition lies in the want of probity already alluded to, and in the careless levity which prevents them from improving or even maintaining the standard of excellence of their products.

The standard of excellence will, however, not be of such great concern in Manchuria as cheapness, and the Japanese, with their cheap imitations, will undersell the real article every time.

Often the Japanese imitator produces laughable labels that are worthy of noting as specimens of "English as she is Japanesed." Take for instance a label on a bottle of wine produced at a native hotel in southern Japan when I asked the boy to bring me some St. Julien. The label on the bottle he brought read:

FOREIGN COUNTY WINES LITTLE SEAL
St JULIEN bottled by Bordeaux

A label placed on some alleged English beer declared:

"The efficacy of this Beer is to give the health and especially the strength for stomach. The flavour is so sweet and simple that not injure for much drink."

Machinery sent to Japan is copied without delay and reproduced. Printing presses have been imitated even to the name-plates of American makers. Guns, cannon, all manner of mechanisms have been imitated and sold to the detriment of the original vendor. And if the patentee claims damages does he get them? No. Take the case of the manufacturer of Tansan, a mineral water, at Kobe. A Japanese produced a similar mineral water and called it Tansan. The foreigner sued to prevent an infringement of his trade mark, but the mark is still infringed.

These are a few reasons why the sentiment of the merchant on the fringe of Asia is not with Japan.

But he will have other vast markets. Manchuria is only a corner of China. The densely populated provinces of Shantung and Szechuan alone will offer great markets

and, although Japanese agents are working in them, it will be some time before these districts are controlled as Manchuria is. The Chinese are slowly becoming accustomed to the use of flour. Yearly the imports of flour grow in volume. In a few years they will be tremendous.

Then, too, there are many articles of mer-

chandise which Japan herself must import. The United States will have a large market for steel, flour and other goods for years in the Island Empire, though not for a moment longer than the Japanese can help. Their motto is, without doubt, "Japan for the Japanese." Soon this may be changed to "Japan—and the Orient—for the Japanese."

THE MENACE OF JAPAN'S SUCCESS

A BITTER CONTEST AHEAD OF THE UNITED STATES FOR ORIENTAL TRADE
AFTER THE WAR—THE NEED OF COÖPERATION BETWEEN THE ENGLISH
SPEAKING COUNTRIES FOR THE PROTECTION OF THEIR ORIENTAL COMMERCE

BY

JOHN HAYS HAMMOND

BEING AN EXTRACT FROM AN ADDRESS DELIVERED BEFORE THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL
SCIENCE AT THEIR NINTH ANNUAL MEETING

THE situation in the Far East is now of the greatest importance to Americans with reference to the policy best adapted to further the commercial interests of the United States in that industrial sphere— if indeed any such course still remains to us.

Whether or not the war between Russia and Japan might have been averted is now an academic question; the issue has unfortunately been relegated to the arbitrament of physical strength and the two nations are in the throes of a mighty war. But it is believed by many authorities on international politics that concerted action on the part of England, America and Japan for the maintenance of the "open-door" policy, would have prevented the present hostilities, had these three Powers pledged themselves in unmistakable language (to the extent of waging war if necessary) to the enforcement of an international demand for that policy. That this course would have been incompatible with American traditions I admit, but the history of the next few years is likely to demonstrate that it would merely have been anticipatory of a policy which will become imperative should we, and the other nations chiefly concerned, not be able otherwise to protect our interests in the exploitation of the commerce and industry of the coveted markets of the myriad-peopled Orient.

I shall not, in this short review, attempt to deal with the ethical aspects of the situation. It is not a question whether Russia was justified in pursuing a course which induced Japan to wage war, nor whether Japan's action was defensible and altruistic. Nor do I propose to consider the subject from any sentimental point of view. Therefore, in the material considerations involved, it is not necessary to take cognizance on the one hand of the debt of gratitude which our nation undoubtedly owes to Russia; neither on the other hand need we be influenced by our admiration for the heroic qualities displayed by the Japanese on the battlefield, and for the brilliant achievements of this remarkable people in the development of their nation's greatness.

If it had been possible to prevent Russia's aggrandizement and her usurpation of a dominating position in the vast regions involved, and in this way to have safeguarded America's commercial interests, I believe that our material ends would have been best subserved by an affiliation with Russia rather than with Japan. I admit, however, that the awakening of our national sympathy on behalf of Japan has under all the conditions been warranted, and, perhaps, inevitable.

While I do not question the honest intentions of Japan in the professions she made at

the beginning of the war, professions which were largely altruistic, I nevertheless cannot but believe that national expansion will compel her to abrogate these promises as to the recession of an important portion of the territory she will have acquired should the war terminate in her favor as now seems to be almost assured.

Japan's strategic position commercially by reason of the suzerainty—if not, indeed, the ownership—she will establish over Corea (and possibly Manchuria also) will render her our most formidable competitor in the Far East.

America's interests in this respect will undoubtedly run counter to those of Japan. Japan is the only nation, as I view it, which can seriously compete with us for commercial supremacy in that part of the world. The contest will undoubtedly be a bitter one, not only because of our conflicting commercial interests, but aggravated by those racial antipathies even now agitating our Pacific Coast states.* In that section there is already a strong movement to extend the principle of the Chinese Exclusion Act so as to include Japan also in its provisions. Retaliation on the part of Japan will assuredly follow, and she will have it in her power to obstruct our trade with the Orient, for Japan will not show the same unprotesting submission that China has hitherto.

The influence of the sea power in the history now making—this is the real writing on the wall. If Japan secures a war indemnity from Russia, a large portion of this will undoubtedly be expended on increasing her fleet. In any case, these victorious islanders who are cradled on the sea and who have shown such a splendid capacity for naval warfare are certain to better secure themselves against any further Russian aggression by a very powerful navy.

With all deference to opinions expressed by Baron Kaneko and other eminent Japanese authorities, I feel constrained, in the interests of truth, to call attention to an important quotation from a recent speech of the President of the Japanese House of Peers of which the honorable Baron is a distinguished member, as follows:

"The sacred duty is incumbent upon us as the leading State of Asiatic progress to stretch a helping hand to China, India, Corea, to all

* England will have to be satisfied to see the United States become a member of the anti-Japanese alliance formed by the Asiatic nations.

the Asiatics who have confidence in us, and who are capable of civilization. As their more powerful friend, we desire them all to be free from the yoke which Europe has placed upon them, and that they may thereby prove to the world that the Orient is capable of measuring swords with the Occident on any field of battle."

There are many other corroborating examples of this phase of what I might call the Japanese problem, and I am justified in expressing the opinion, "I fear the Greeks even when they bear gifts."

Their naval preparedness will require that we also shall keep powerful squadrons on the Pacific. True, the completion of the Panama Canal will make our entire navy more mobile. Still, we are now vulnerable in the Pacific at Manila and Honolulu, and strong Pacific squadrons must be our policy of insurance as the outcome of the Japanese victories. And not only must we ourselves build fresh fleets, but we must cultivate the closest relations possible with that other power which has also great Pacific possessions to protect—from Tasmania and Sydney to Puget Sound, from Singapore and Hong Kong to Weihaiwei.

The war involves then that we, and Great Britain also, must maintain formidable naval forces, with strong Pacific bases, and that the most intimate relations must characterize the diplomacy of the two great English-speaking nations.

The English Admiral Clichester said at Manila to the admiral of another fleet, "Only Admiral Dewey knows what I should do in a certain contingency." That, perhaps, without any formal alliance must be the unbroken relationship between the American and British Admiralties.

The present war will leave Russia in a crippled condition financially. She will be compelled to go to the money marts of the world, not only to supply the immediate wants of her government, but also for the capital for an industrial development upon which her national recovery must now depend. As a condition precedent to any considerable contribution by foreign capitalists, Russia will be compelled to carry out sweeping political and social reforms as well as radical economic changes in her fiscal policy. Therefore, it is not unlikely that despite the costly war, her defeat may be to Russia ultimately a blessing in disguise.

Quite as indispensable as is capital to Russia will be the securing of the assistance of foreign captains of industry; for, she is lacking in that middle class, through which the varied resources of other nations have been developed. In Russia there is no social stratum between noble and peasant, and neither of these has the capacity for an industrial development outside of agriculture—and in agriculture itself only in a limited degree.

Had it been possible for our capitalists and our captains of industry to have coöperated with Russia in the development of her possessions in Siberia and in other parts of her Eastern empire, Russia would have afforded a very remunerative field of investment for American capital; it would

have provided employment to Americans in the exploitation of these resources, and to our factories would have come the demand of the Orient for the machinery for this great work.

Politically our aims and aspirations would have been certainly less open to suspicion and objection on the part of Russia than those of any other nation. Had we been able to coöperate with Russia, we should not only, I believe, have secured a very important market in Russia's Oriental territory, but the initiative in the development of the resources of Manchuria, Corea, and China would have been ours, together with much of the trade that would naturally follow our operations in those countries.

A NEW ENGLAND SMALL TOWN

ITS CONSERVATIVENESS, ITS PROGRESSIVENESS, ITS AMBITIONS—ITS MANNERS AND SOCIAL CUSTOMS—THE LIFE OF A TYPICAL COMMUNITY

BY

ROLLIN LYNDE HARTT

Illustrated from photographs by Helen W. Cooke

IN Mayflower the town crier cries through a megaphone. By this you see that Mayflower is very ancient, else there would be no town crier, and very modern, else there would be no megaphone. Just here is the distinctive thing about the New England small town: old and new meet and mingle. In the streets of Mayflower the stage-coach and the automobile graze hubs; yonder venerable colonial mansion boasts electric lights and a telephone; the hundred-year-old clock within it looks down on an antique table strewn with the latest numbers of the leading magazines; the "Orthodox" meeting-house, behind whose tall pulpit rises an old-fashioned sounding-board, has an ultra-modern communion service with individual cups; and along the Speedwell Turnpike, once traversed by the Continental army, you now go a-trolleying.

To the older era, Mayflower still owes the things that give it its atmosphere. The broad, elm-shaded common and these quaint, winding streets; the gambrel-roofed houses

of the pre-Revolutionary period; the domesticated sham temples of the Greek Revival; the beautiful, white-painted church-spires, looking as if they were designed by Sir Christopher Wren; the old graveyard, with its unmortared stone walls and its tilted tombstones of black slate—all these bespeak the dignity, the serenity, and the harmony of ripened age. There is something refining and restraining about daily contact with such impressive venerability.

Furthermore, age fosters pride—pride but not conceit. And on this point, comparison with the West is inevitable. Unlike the Western townling, Mayflower indulges no metropolitan pretensions, coddles no metropolitan hopes, has too many creditable things to remember to shriek about its "magnificent future." The buildings in Main Street are not provided with false fronts to exaggerate their stature. Nobody's house is numbered 1499. The local academy doesn't call itself a university. The town has not been spread out ridiculously by real-estate boomers; its

people don't speak of it in superlatives; with a steadily growing population (already 7,200) they might dream of becoming a city, but instead they prefer to retain village government as long as they can, for town meeting seems better suited to Mayflower's needs than a régime of aldermanic bureaucracy. In the West I have seen "cities" scarcely perceptible to the naked imagination.

Thus much for Mayflower's conservatism. Observe now its progressiveness. See the busy water-wheels turned by the lagging Chickawampsett, the yearly increasing volume of production and exchange, the new trolley-lines (eighteen miles of them since 1900), the new brick pavements in Main and Endicott streets, the three new school-houses (architectural triumphs), the new Carnegie Library on whose decorated interior local givers have lavished a superb generosity, and the splendid new summer hotel crowning Flagstaff "Mountain!" Drowsy? Why, the Rocky Mountain cities are not more wide-awake than Mayflower. And yet here you have no money-making frenzy; in fact, Mayflower keeps too wide-awake to fling caution to the winds; it is mental alertness, not mental torpor, that sticks to the maxim "safe and sure." Besides, Mayflower has a large accumulation of inherited wealth, and naturally regards risks as needless. Still again, the westward migration long ago relieved the village of over-adventurous souls; the "wild-cat" element eliminated, solid citizens remain—shrewd, hard-headed fellows, keen at a bargain, and ever ready to back up a sound proposition.

In fact, even were other evidence wanting, their behavior a quarter of a century ago would clinch the proof, for it was then they undertook the economic reconstruction of Mayflower. The town had grown rich by serving as supply station for farming villages on the neighboring hills, and, earlier than in most parts of New England, those farming villages showed symptoms of decadence. Nothing daunted, the men of Mayflower did the characteristic New England thing. Salem, once renowned for its clipper fleets, now thrives on its factories, quaint old Plymouth bristles with tall chimneys, New Bedford has all but ceased spinning South Sea yarns, and instead spins yarns of the textile order; and Mayflower, bravely facing

its problem, foreswore its exclusive allegiance to the impoverished soil and put faith also, and more implicitly, in running water. One after another rose the mills and the town took a fresh lease of life and prosperity.

With the mills and their rapid though judicious development came an entirely new problem—the problem of the French Canadian. At first, of course, the lure of fixed wages attracted a swarm of young people from the stricken hill towns, and the long white row of "corporation" houses beside the Chickawampsett resembled a countryside turned tenement. But ere long the spinners and weavers began to speak a strange tongue. To-day the New England mill-hands are outnumbered, indeed almost displaced, by aliens from the banks of the St. Lawrence. Note, if you please, the French names over the groceries in the river district, the Quebec newspapers on the table in Gaston's (formerly Jimmy's) barber shop, and the throngs of French merrymakers of a Sunday afternoon in Cooper's (now Beaulieu's) grove. A huge Catholic church has arisen, and you should have seen the wonderful procession, with French flags flying, when Père Despradelles, "*notre bon pasteur*," returned in triumph from his pilgrimage to Rome!

Happily all this has little effect on the essential vitality and activity of Mayflower, though it occasions considerable growling. Native mill operatives stand aghast at the feverish industry of the French Canadians. Whereas Jane manages two looms "with difficulty," Jeanne demands four, perhaps even six. For Jeanne, remember, doesn't mean to stay long at Mayflower; she will go back to Canada (I had almost said back to China) with her savings before overwork has broken her health, and a new Jeanne will take her place. Such itineracy moves the shopkeepers to join in the general grumble. "The money that is made in Mayflower is spent in Canada," say they. "The French dress in rags, live in crowded warrens, eat what we should throw away, and Quebec gets the cash they hoard." But to my mind the more serious side of the case comes out when you realize that Canadian Mayflower ("Maifleur," Jeanne and Pierre call it) is a colony apart, contributing nothing to the civic and social progress of the community. Were all the mill-hands New England born, you might look for the grist of which citizen-

ship is made, and here and there a gifted youth might become a "self-made man" and serve his town with the best. But since the French do nothing to alarm the constable and since they certainly do something at least to enrich the petty merchant, I cannot regard the "Gallic" as really more menacing than the "yellow" peril. Indeed, you might drive into Mayflower by the Arbor Road and out of it by Somerset Avenue and never suspect that the *Weekly Puritan* indulged in periodic visions of a gilded cross on top of the Old South Church and a future French mayor in a future French Mayflower.

But if the decline of farming has forced manufacturing and brought in the French, it has also made Mayflower a summer resort. Abandoned farmsteads are turned into villas. The new hotel on Flagstaff "Mountain" has vacationists all around it as well as inside it. And here let me point a distinction: those vacationists are a colony, not an epidemic; they live in the hotel or in their own cottages, never as boarders in the homes of the Mayflower folk. Hence a happy condition: the two communities, the permanent and the transient, respect each other. Instead of contempt for "natives" on the one hand and retaliatory extortion on the other, as in the rural hamlets of New England, you have here the opportunity—and in most cases the fact—of genuine friendship. Now and then some public-spirited summerer, like *Mr. Archibald Fayerweather, of Philadelphia, or Mr. Whitney Ramsdell, of Detroit, takes an active interest in the affairs of Mayflower. Three years ago Mr. Fayerweather endowed the Y. M. C. A. More recently Mr. Ramsdell has presented the town with a superb water-tower, and thereby hangs a tale. The selectmen had erected a hideous stand-pipe on the hill opposite Mr. Ramsdell's estate, to that gentleman's no small irritation. He gazed at the monstrosity every day for six weeks and at last he saw a great light. He would make the offender a thing of beauty and he would persuade Mayflower to do as much for itself in still other directions. Conspiring with Mr. Edward R. Stone, the editor of the *Weekly Puritan*, Mr. Ramsdell secured the insertion of a series of editorials paving the way for a mass-meeting which was to consider his proposition. At the mass-meeting he told the Mayflower people that he would enclose the abhorred stand-pipe in a Norman

tower, to be built of granite with a battlemented top, if they, the citizens of Mayflower, would organize a Village Improvement Society and pledge themselves to remove their fences, keep their lawns carefully trimmed, paint their houses once every three years, and pull down an unsightly row of stables, locally known as "Kinney's Horror," at the east end of the common. Owing partly to the personal magnetism of Mr. Ramsdell, partly to the editorial influence of the *Puritan* and partly to the "sweet reasonableness" of the plan itself, the Ramsdell proposition went through with a rush. Mayflower, already picturesque, assumed a new trigness and elegance, and the gray tower on Derby Hill is the most striking and impressive landmark for leagues around.

In two further respects the summer colony has been a blessing to Mayflower. It has vitalized the churches and it has given the townsfolk an opportunity to visit city people in their winter houses as a pleasant result of midsummer holiday acquaintanceship. Before Mayflower became a vacationist Mecca its preaching was characterized by a phenomenal pokiness. To-day ambitious young clergymen regard Mayflower as a stepping-stone to metropolitan pulpits, and so it is. Hence, though pastorates are rarely long, they are almost uniformly brilliant. Church-going, formerly a narcotic, is now a stimulant. And as for winter visits to remote cities, they, too, have a moral and intellectual, as well as a social value. They relieve narrowness of heart and of mind.

But you are not to think of Mayflower as traveling only when invited, for it is the redeeming feature of the New England winter that it forces the people of the small towns to seek change and jollification in a glorious break for Boston. After the first of October a great "slowth" sets in; picnics, drives, boating-parties, tennis, golf—such enjoyments give room to interminable whist (bridge, in these days, though not for money); the rooms occupied all summer by visiting friends and relatives are left untenanted. Old Home Week, with its floral parade, its drills and its receptions, becomes a tantalizing memory; and Mayflower, left to solitary confinement, longs to escape. It be-thinks itself of "business" in Boston and plots "indispensable" shopping campaigns, to such an extent that for at least seven

months in the year Mayflower may be considered, despite the hundred and seventeen intervening miles, as a Boston suburb. The latest joke from Keith's and the newest light-opera melody from the Tremont find their way to Mayflower within forty-eight hours. Moreover, the Boston *Evening Transcript* reaches Mayflower the morning after it is printed. And in Boston there are scores and scores of people who were born and brought up in Mayflower and who do all in their power to make a city sojourn a delightful experience for their erstwhile fellow-townsmen. So it comes about that the Charles River looks as familiar and as "homey" to the Mayflower folk as the Chickawampsett itself.

In one respect, however, the little town presents anything but a suburban aspect. It has a Western—if not a more than Western—spirit of democracy. A few families, to be sure, play at aristocracy, but in the main the community knows nothing of artificial social distinctions. Are you a plumber? You may call on the banker's daughter and "your worth is warrant for your welcome." Are you a Harvard graduate? Then walk discreetly, for there are those who have cautiously shunned the academic shades and who suspect you of being "stuck up." In Mayflower a girl may "sell goods" or keep books without losing caste. All this comes of the smallness of the town and of its age. Everybody knows everybody, everybody knows everybody's antecedents, and the fictions on which American class pretensions are based would be all too readily seen through. Besides, the less illustrious occupations have not been monopolized, except in the mills, by impossible aliens, and they therefore remain free from unpleasant associations. Still again, there are so few careers open to local ambition that many a man who might well be working with his head is compelled to work with his hands. But however remarkable Mayflower's democracy may appear to metropolitan visitors, they can hardly fail to admire its sincerity, its warmth, and its freedom from petty jealousies.

Time was when usual Mayflower divided on theological lines. The Great Schism rent the Congregational Church, then the only church in the town, and the Channing faction, outnumbering the Trinitarian, declared the church Unitarian and assumed

possession of its property. The Orthodox minority seceded—what else could they do?—and cried out that they had been robbed. Bitter the feud that ensued. Even to-day Deacon Harmsworth points to the brasscock on the spire of the Old South and sneers, "Symbol of the Denial!" But the ancient quarrel is mostly forgotten, save as a curious bit of local history. The leading church is the Unitarian; next comes the "Orthodox," and after them the Baptist (soft-shell) and the Methodist, while a tiny shingled structure, shaped like a tent and called in fun the "Church of St. Rufus," shelters a little flock of devout Episcopalians. And all five congregations dwell together in social, if not in doctrinal, unity.

The real line of cleavage in Mayflower "society," as the *Daily Bugle* calls it, is the line of sex. Men and women have not enough in common. Horse—my horse, your horse, Dr. Jenks's horse, and the "clever" horse Ed Marston had (and sold three years ago and that was seen by Tom Simpson in Fieldsboro only last week looking better fed than when Ed had him)—is too vast a subject to be mastered even by the women who wear their stunningest gowns at the periodic horse-trots. Men are as hopelessly marooned by talk of "Battenburg," meringues, the misdeeds of a temporary Biddy, and the plot of Cyrus Townsend Brady's very latest Town politics, involving the aspirations of well-known burghers, may interest men and women alike, but not national or world politics, for these require diligent searching of newspapers. Gossip of the better sort has a deserved and fairly general currency. On the whole, you will find that the talk of Mayflower concerns itself with immediate observation, with things themselves rather than with the nature or the purport or the relations of things. And in so small a community, where things are so few and the preoccupations of the two sexes so different, there is naturally scant material for the half-playful, half-earnest conversation of the metropolitan drawing-room, with its changing current catching up every individual—man, woman or child—and inviting comment, epigram, repartee and a hundred pretty generalizations, till mere things are transformed into all sorts of pleasing and suggestive fancies. In Mayflower things remain things—men's things and women's things. That



"SOLID CITIZENS REMAIN"



"A CRITICAL EYE MAY LOOK IN"

is why women indulge in a round of teas at which men never appear. That is why men prefer the club to the sitting-room or the

piazza. That is why, when men and women are brought together, there is a tendency toward a segregation of the sexes.



"GOSSIP . . . HAS A DESERVED AND FAIRLY GENERAL CURRENCY"



"SHOPPING AND GOING TO THE POST OFFICE ARE SOCIAL FUNCTIONS"



"MAYFLOWER, ALWAYS PICTURESQUE, ASSUMED A NEW TRIGNESS"

Far be it from me to decry Mayflower's concentrated interest in the objective: I have too profound a respect for well-kept homes, for well-baked cakes and for well-dressed women. Towns, like people, may have the virtues of their defects, and Mayflower is no exception. Its intellectual objectivity produces the very queens of housewives, who, at home and abroad, keep themselves daintily and effectively gowned the

whole day long. For, since there are no fixed calling hours, a critical eye may look in when least expected, and, since shopping and going to the post-office are social functions, the ladies of Mayflower realize that a mussed skirt or a soiled shirt-waist will be observed of all observers. They are perpetually in society. So is everybody else and there is no escaping it.

In the city you select your associates; in



ONE AFTER ANOTHER ROSE THE MILLS



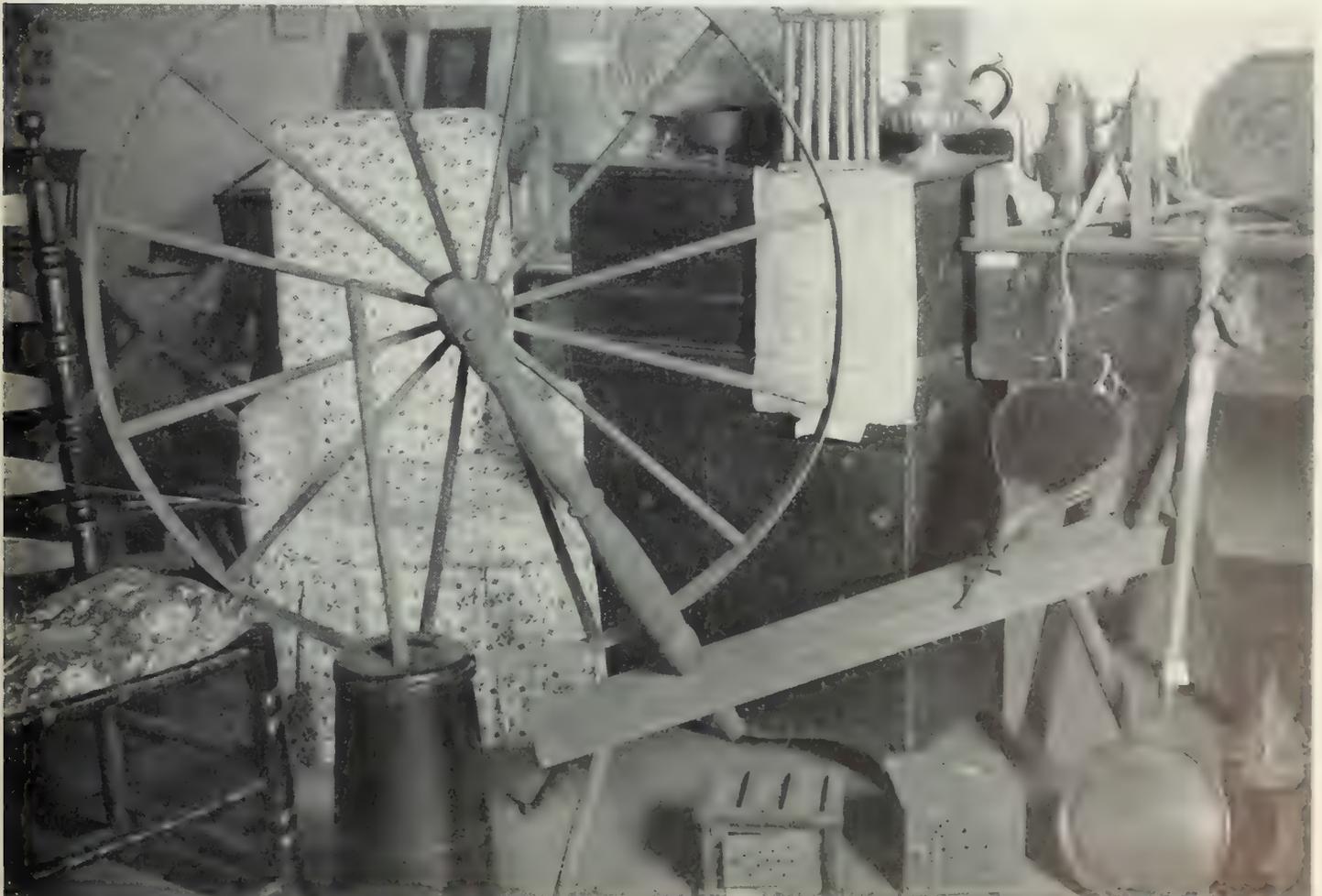
"CURB-STONE LOAFING"



' THE MEN PREFER THE CLUB'

Mayflower the faintest evidence of exclusiveness or the briefest effort to play the hermit is taken for misanthropy. You are to receive, in season and out, every one and always, on pain of breeding enemies, who are, you must admit, anything but assets in a small town. Mayflower even tolerates Bill Derby, and a more detestable blend of gawk and jackanapes never breathed. "Never mind his putting his feet in your lap," says

Mayflower, "it's only Bill's way." But better a hundred impossible Bills and general sociability than no Bill at all and social stagnation; for life in Mayflower, at least in winter, is like life in an army post or in the cities of the Rocky Mountains—nearly all the fun that is to be had is what people get out of one another. Let the church socials increase and multiply; let the women's club purvey its frequent feasts of reason; let the



"COLLECTED THROUGH ALL THE COUNTRY-SIDE—LOOMS, SPINNING-WHEELS, CANDLE-MOLDS, WARMING PANS, SAMPLERS, FOOT-STOVES, . . . AND ENOUGH BESIDE TO TAKE A DAY AND A HALF IN THE TELLING"



"YOU MAY CALL ON THE BANKER'S DAUGHTER."

local brass band bray its loudest; let Odd Fellows' Hall shake with the merriment of subscription dances; let the firemen organize their yearly ball and levee, at which "prizes" (contributed in none too good grace by the merchants of the town) are drawn for, and which, to tell the truth, is the small-town counterpart of New York's "French Ball";

and let the Opera House present its most superb attractions—and still you have not so much as begun to lift the pall of dismal dulness. No, you must have friends, hosts and hosts of friends, or Mayflower's name is Guam!

The outside world, unfortunately, does little to entertain Mayflower. Lyceum loc-



"CANADIAN MAYFLOWER IS IN ITSELF A COLONY APART."



"THE MUD THAT MAKES HALF MAYFLOWER'S HIGHWAYS IMPASSABLE IN WET WEATHER."



"YOU ARE TO RECEIVE, IN SEASON AND OUT, EVERYONE AND ALWAYS"

tures are almost obsolete, and as for the Opera House, heaven forgive it! There you behold the reign of "10-20-30," though occasionally seats sell for a dollar apiece. Sometimes the "Sporty Grass Widows" and their ilk hold sway, advertising a "bevy of bouncing, bewitching, bewildering blondes"; sometimes a stock company offers dramatized blood and thunder; sometimes Mayflower is

treated to "Olivette" or "The Chimes of Normandy," grotesquely produced; and sometimes a "third company" presents year before last's New York success; but commonly a piano does duty as orchestra, and almost without exception the same scenery that local theatre-goers have gazed upon for a decade at least undergoes phenomenal changes in nomenclature—last week's "Broadway at



"YONDER VENERABLE COLONIAL MANSION BOASTS ELECTRIC LIGHTS AND A TELEPHONE"



"THE DOMESTICATED SHAM TEMPLES OF THE GREEK REVIVAL"

Night" becomes this week's "Street in Old Madrid," while to-night's heroine in "Because She Loved Him So" makes her exit through the same spacious folding doors which last night admitted the villain in "East Lynn." Moreover, as the Opera House serves also as a ball-room, the floor is level, with bench-laden platforms at the rear, and you see—what you can!

gravated local servant-girl problem—the Lord knows how! Finally I should round up the dreamy, languid, and self-contemplative salesmen of the Mayflower shops and inject some elixir of rapidity into their torpid systems. With that I should stop. Mayflower, I know, is no Eden of innocence, but its vice is uniformly inconspicuous and not of the sort that yields before a crusade; and while liquor is said to



"TALKING OF FAITENBURG AND MERINGUES"

Still, were I invited to essay the rôle of reformer in Mayflower, I am not sure that I should begin with the Opera House nor yet with the Firemen's Ball. Instead, I think I should lead off with an assault on the excessive length of business hours and on curb-stone loafing by village hoodlums. Next I should attack the mire that makes half Mayflower's highways almost impassable in wet weather. After that I should solve the distressingly ag-

be sold clandestinely (though no such instance ever came under my personal observation) Mayflower has successfully banished the gin-palace. Altogether, then, I can't pity Mayflower very much for being deprived of my benevolent interference; the community is abundantly able to take care of itself.

—And now, perchance, some reader will ask where Mayflower is. Why, bless you, this charming town of mine—with its mingling



"A GIRL MAY 'SELL GOODS' WITHOUT LOSING CASTE"



"YOU HAVE THE OPPORTUNITY OF GENUINE FRIENDSHIP"



"THE *BOSTON EVENING TRANSCRIPT* REACHES MAYFLOWER THE MORNING AFTER IT IS PUBLISHED"



"THE BEAUTIFUL, WHITE-PAINTED CHURCH SPIRES"

of modernity with antiquity, of progressiveness with conservatism, of French Canadians with New Englanders, of city folks with country folks, and of urban ideals with standards "truly rural"—might be almost anywhere in New England, except, of course,

on the seacoast, and I have been enabled to write thus frankly, not to say recklessly, about it for the very reason that I have kept its real name a secret. "No more will I name places," says Mulvaney, "for a man is thracked by a place."



"THE OLD GRAVEYARD, WITH ITS IMMORTAL STONE WALLS AND ITS TILTED TOMBSTONES OF BLACK SLATE"

IN MR. EDISON'S CHEMICAL LABORATORY

His chief chemist at work on an experiment



Photographed by A. Radclyffe Dugmore

THE MODERN PROFESSION OF INVENTING

THE TWO KINDS OF INVENTOR AND THEIR METHODS—HOW MR. EDISON, THE TYPE OF THE INDEPENDENT EXPERIMENTER, GETS HIS WONDERFUL RESULTS—THE RISE OF "INVENTIONS DEPARTMENTS" IN GREAT INDUSTRIES—HOW THEY CREATE NEW DEVICES

BY

FRENCH STROTHER

THE complicated machinery of modern business has produced two types of inventor. One is the free-lance: energetic and ingenious enough to create marketable inventions sufficient to maintain his financial independence. The other is the "inventions department": the idea factory, or inventive brain of a great business; made up of a number of unknown units—men who have enough ingenuity and enough ideas to hold a salaried position as part of the creative organization of a manufacturing company.

The best-known example of the independent inventor is Mr. Thomas A. Edison. This strange man, so simple in personal

appearance and manner, so extraordinary in his habits of life and methods of work, moves among his complicated series of shops and experiments with such mental precision and constructive energy, yet appearing to do so without any sense of order or system—a sort of volcanic intellectual chaos—that he is the despair of all the men who try to analyze him. But he has no sentimental notions about an invention. When an idea occurs to him his first question is, "If it can be done, is it worth anything?" If it will not pay, he has no use for it. Inventing is his business; the things he invents must be worth money.



Photograph by A. Reppel, Chicago

MAKING EXPERIMENTS TO IMPROVE MR. EDISON'S STORAGE BATTERY

A room in the great series that make up the inventor's workshop



Photograph by A. Reppel, Chicago

AN EXAMPLE OF MR. EDISON'S EXHAUSTIVE METHOD OF EXPERIMENTING

Every one in the room is making a different version. Careful records of their actions are made to show which is the best solution for the purpose.



MR. CHARLES P. STEINMETZ, THE CHIEF ENGINEER OF THE GENERAL ELECTRIC COMPANY, AND HIS LATEST INVENTION

A model of his Mercury Arc Current Rectifier

The instant he decides that the idea is worth while, he sets in motion his extraordinary method of developing it. Some time ago, for example, he needed a chemical mixture that should have two properties that

are rarely found together in the same compound. He might have set a chemist to work to figure out from the known science of chemistry what would be most likely to fill the requirements, and so narrow the problem

down to one of trying a few chemicals. What he did was to take Watts's Chemical Dictionary, in several ponderous volumes, and have his assistants make every chemical

"but when I finished the experiments I knew beyond a doubt that those seven were the only ones that could be made for that purpose."



BEFORE THE INVENTIONS DEPARTMENT WORKERS DEVELOPED THE TURBINE.
The large reciprocating engines that are necessary to drive a generator producing 1,600 p.

mixture in it that could even conceivably serve his purposes, and try every one of the thousands.

"Out of the lot, I found about seven compounds that worked," said Mr. Edison.

He became interested in radium. The scientists had described certain substances as being those in which the presence of radium could be detected by sensitive photographic plates. Mr. Edison was not satisfied. He

took 7,000 plates, put a sample of fifty different substances on each plate, and locked them up for seven weeks in a dark room. At the end of that time he had the plates developed and found that practically every one of the 350,000 specimens showed traces of the presence of radium.

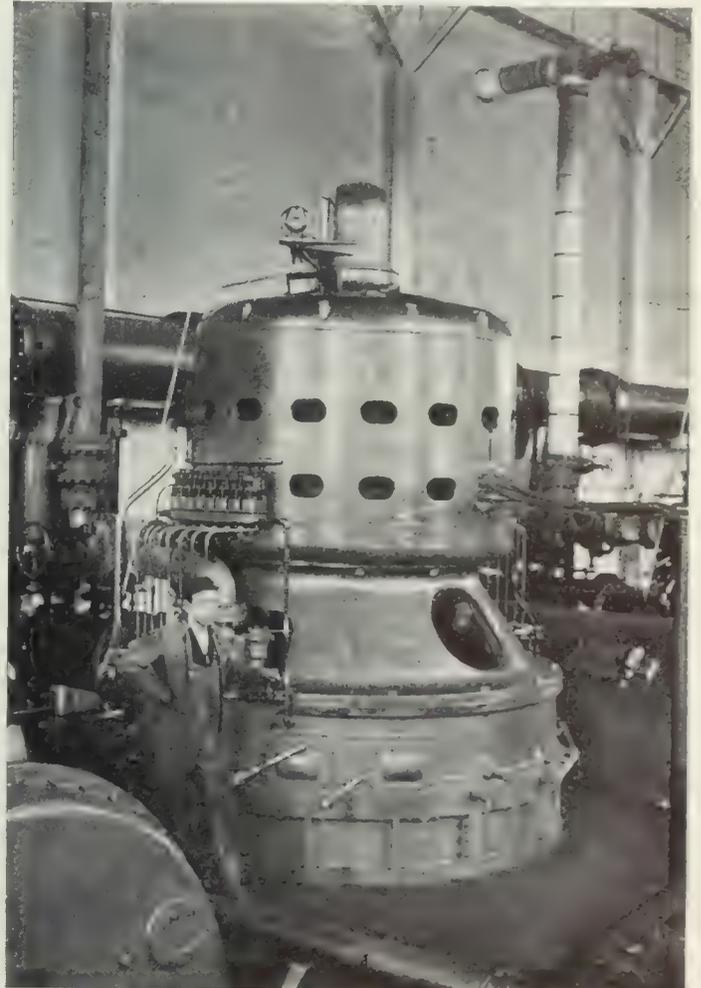
This, then, is his method—to take nothing for granted, to believe that anything may be possible, and then to try everything conceivable in the hope of hitting on what he needs. To see him moving through his great laboratories, head bowed, hands in pockets, his face set in an expression of intense mental preoccupation, his hair carelessly combed whichever way it may please to fall, his eyes focussed miles away except when he flashes into someone else's a look of instant understanding, his whole appearance, except for the eyes and the humorous yet grim mouth, is that of a dreamer rather than of a tireless worker. Yet this is the man who, eating practically nothing and exercising not at all, works often for thirty-six hours without sleep, falls unconscious from exhaustion on bench or desk, and wakes to work again, sometimes for a week without undressing; electrical with mental energy; marvelous in the power of his inventive imagination. This is the popular idea of what an inventor is—a man of dreams and action in one, possessed by an idea that harasses him until it be delivered in finished form.

But inventors of this type form but a small part of the real profession of inventing. The great majority of practical inventions are made by a group of men of whom the public never hears. These men are members of one of the most complicated and highly organized of the modern professions. Every great manufacturing concern maintains, under one name or another, an "inventions department," employing men who are paid various salaries simply to develop inventions. They are supplied with every mechanical appliance to facilitate their work; the bills are paid by the company, and every invention they make is assigned to the company "in consideration of salary and one dollar." The General Electric Company, at Schenectady, N. Y., for example, employs about 800 men who devote much of their time to developing new ideas. It spends \$2,500,000 a year in this development work. The Westinghouse Companies do the same thing; so does every

progressive manufacturing concern of any consequence in the United States. And many of these unknown men, grappling with the everyday, practical problems of great manufacturing concerns, who make most of the inventions of immediate commercial value.

THOMAS A. EDISON—INDEPENDENT INVENTOR

Mr. Edison has very definite ideas about inventing as a profession. When asked to describe the personal qualifications and the



Photographed by A. Wentworth Scott

ONE TYPE OF THE COMPLETED TURBINE

This relatively small machine produces 400 h.p. more than the engines shown on the preceding page

type of mind necessary for an inventor, Mr. Edison said:

"The point in which I am different from most inventors is that I have, besides the usual inventor's make-up, the bump of practicality as a sort of appendix, the sense of the business, money value of an invention. Oh, no, I didn't have it naturally. It was pounded into me by some pretty hard knocks. Most inventors who have an idea never stop to think whether their invention will be suitable when they get it made. Unless a man has



Photographed by A. K. ...
MAKING RECORDS OF ONE OF MR. EDISON'S EXPERIMENTS



Photographed by ...
AT WORK ON A DESIGN FOR AN ARC LAMP
In the model shop of the General Electric Company

plenty of money to throw away, he will find that making inventions is about the costliest

amusement he can find. Commercial availability is the first thing to consider.

"In working out an invention, the most important quality is persistence. Nearly every man who develops a new idea works it up to a point where it looks impassible, and



Photographed by ...
MR. EDISON'S BEDROOM IN HIS LABORATORY

Used at his own expense, which is experimental. It had to be done with it before he could go home.

then he gets discouraged. That's not the place to get discouraged, that's the place to get interested. Hard work and forever sticking to a thing till it's done, are the main things an inventor needs. I can't recall a single problem in my life, of any sort, that I ever started on that I didn't solve, or prove that I couldn't solve it. I never let up until I had done everything that I could think of, no matter how absurd it might seem as a means to the end I was after. Take the problem of the best material for phonograph records. We started out using wax. That was too soft. Then we tried every kind of wax that is made, and every possible mixture of wax with hardening substances. We invented new waxes. There was something objectionable about all of them. Then somebody said something about soap. So we tried every kind of soap. That worked better, but it wasn't what we wanted. I had seven men scouring India, China, Africa, everywhere, for new vegetable bases for new soaps. After five years we got what we wanted, and worked out the records that are in use to-day. They are made of soap—too hard to wash with and unlike any other in use, but soap just the same.

"The second quality of an inventor is imagination, because invention is a leap of the imagination from what is known to what has never been before.

"The third essential is a logical mind that sees analogies. No! No! not mathematical. No man of a mathematical habit of mind ever invented anything that amounted to much. He hasn't the imagination to do it. He sticks too close to the rules, and to the things he is mathematically sure he knows, to create anything new. I don't know anything about mathematics; can't even do proportion. But I can hire all the good mathematicians I need for \$15 a week."

This last point is illustrated by an incident that occurred in his laboratory. He needed to know the exact capacity of a vessel of very irregular shape. He called in two of his mathematicians to work it out. They made innumerable careful measurements with various finely graduated instruments, and after an hour's work went away with a mass of figures to work out the capacity. As soon as they had left, Mr. Edison filled the vessel with water, poured the water out into a measure, and noted how many cubic inches

it held. Two days later the mathematicians brought in the result of their complicated figuring, and it tallied exactly with Mr. Edison's five-minute measurement.

In the practice of his profession Mr. Edison has to save time. There is a pretty well developed suspicion among his assistants that his deafness is largely a ruse to avoid hearing things that he does not care to pay attention to. When Mr. Edison sat for the photograph at the front of this magazine, in one of the poses his eyes were dropped, looking at his hands. It was a time exposure, and the instant the shutter of the camera closed with a click he looked up and exclaimed "Over-exposed." His attorney shouted to him,

"Did you hear that click?"

"Eh?"

"How did you know that he had finished that exposure?"

"Oh, I had an intuition."

To Mr. Edison, time is so valuable that he does not waste it even by taking account of it. Time to him is only the chance to get things done: and no matter how long it takes, they must be got done. In his office safe there is carefully locked away a \$2,700 Swiss watch, given him by a European scientific society. It is never used. He buys a stem-winder costing a dollar and a half, breaks the chain ring off, squirts oil under the cap of the stem, thrusts it into his trousers pocket—and never looks at it. When it gets too clogged with dirt to run, he lays it on a laboratory table, hits it with a hammer and buys another.

MR. EDISON AT WORK

Where a man in the profession of law or of medicine has a suite of offices, Mr. Edison's profession requires a great building containing many laboratories. In this building are many rooms set apart for different kinds of experiments. In one, an assistant who came to him in 1889 from the laboratory of the German scientist, Helmholtz, works alone, or with his sub-assistants, on phonograph improvements. Mr. Edison may not see him for two weeks at a stretch, but when he does come, he is full of enough ideas to keep that room busy for a month. In another room is his chief chemist, himself an inventor of proved merit, working out Mr. Edison's ideas on some new chemical compound. Across the hall, in a room filled with batteries, each of a different com-

position, two men and a boy are taking records of how the batteries work. In another room, improvements are being worked out for Mr. Edison's new storage battery. There are often a dozen inventions under way at once, each requiring the work of an expert; and through the great laboratory Mr. Edison moves from room to room, keeping check on the progress of each, suggesting radical changes in the work, always full of ideas, and impressing so profoundly on his men his own mental curiosity, and eagerness, and energy that they, as they say themselves, work much harder for him than they would on their own ideas.

Mr. Edison's power of rapid assimilation of the meat in any point discussed is one of the most valuable parts of his professional equipment. An instance, chosen from many of the kind, illustrates how it serves him. On one occasion he started to study a part of the mechanism of typewriters.

"Have a model here next Tuesday of every typewriter made," he said to one of his assistants. "Have each company send an expert to explain their machine. And get me out all the books in the library about this piece of the mechanism."

Monday evening the assistant called Mr. Edison's attention to a stack of books several feet high, and reminded him of the appointment next day.

"Send the books up to the house. I'll look them over to-night," said Mr. Edison.

The next morning he appeared at the exhibition, and so thoroughly had he read the books that he frequently corrected the experts' explanation of how their own machines worked. The assistant, out of curiosity, tried reading the references that Mr. Edison had absorbed in one evening, and it took all his spare hours for eleven days.

The results of Mr. Edison's professional activity as an inventor are about 800 patents allowed him by the Government. He takes out an average of one patent every two weeks. At present he is working out experiments with the chemicals used in batteries, improvements on his Portland cement, improvements on his storage battery, and a number of ideas that are not yet far enough developed to be published.

"INVENTIONS DEPARTMENTS"

The inventions departments, the modern development of inventing, are maintained

by the great manufacturing concerns. The National Cash Register Company, the Hoe Printing Press Company, the United Shoe Machinery Company, the Bell Telephone Company, and many others have each a corps of men who have displayed the inventive faculty, at work on salary developing the inventions needed by the companies. In any one of these departments new devices are being created that will not be made public for years to come, because they are not yet perfected. The inventions by the time the public knows them are always months, and usually years old.

The General Electric Company offers a typical example of the use of the inventions department. In an establishment employing 20,000 men, a round \$2,500,000 is spent each year in developing patentable inventions. There are about fifty engineers at the head of various departments, and each of them is expected, as a part of his routine duty, to develop such improvements as are suggested by the needs of his department to keep it in a position to meet competition. Last year 1,412 ideas were carried to the management by 300 men, as patentable inventions. Of these 797 were found to be either impracticable or not new. The remaining 615 were developed by the company to such a degree of perfection that applications for patents were filed with the Patent Office at Washington. In round numbers, an average of 500 patents a year are taken out by the company, every one of them for a device of immediate commercial value. To handle the legal end of the company's patent business—drawing up applications for patents, carrying them through the Patent Office, and conducting suits for infringement, a corps of twelve lawyers and twenty-eight assistants is maintained at Schenectady, besides two lawyers at Washington and one in Europe. These figures give some idea of the dignified proportions of the profession of inventing; for this company is only one of scores which carry on similar work on a greater or lesser scale. Follow one of the 615 inventions patented last year through all the stages of its development and consider what an inventions department means when that work is multiplied by 615.

HOW AN INVENTION IS MADE

Last year, the manager of one of the departments, for example, had observed a

need for a new type of circuit breaker, which is simply an electrical switch, made up of a handle and three copper prongs fitting into grooves. The objection to the prevailing type was that when it was opened the effect of the heavy spark was rapidly to destroy the copper prongs. The problem was both to reduce the size of the spark and to replace with something less costly than copper the part of the switch that corroded.

The solution of the problem came to the manager, as ideas frequently come, in a moment of unaccustomed mental stimulation. One afternoon he returned to Schenectady from a trip. On the train he drank one cup of coffee beyond his usual allowance, with the result that when he went to bed he could not sleep. Tossing about, he began to think over the problem of the circuit breaker. At eleven o'clock an idea occurred to him and by two in the morning he had worked out three definite forms.

The next morning, he called in one of his assistants, explained his third idea to him, and told him not to report at the works again until he had made the sketches that would put it in shape to be explained to the management. Two days later the assistant brought in the sketches. The two men discussed them. Changes had to be made. Two more trials were necessary before the sketches were in shape to show to the technical director of the works. Then the invention went through these steps: a conference with the technical director; an estimate from the manufacturing department of the cost of producing the new switch; a conference with the sales department to determine at what price the device must be sold to be successful; an appropriation to cover the development of the device (working drawings and models); the making of an original set of working drawings; discussion of the drawings by the management and their approval; the making of a model by the model shop; another conference on objections from the sales department to the form of the device; tests of the model for practical work; the correction of the defects shown by the model in practice; the correction of the drawings to correspond to the revised model; the designing of models of the device in different sizes; an appropriation for the manufacturing of the device in lots of 100 for general sale; the drawing up and filing of an application for a

patent; the giving of instructions how to build it, from the engineering department to the factory; the inventing and building of the machinery necessary to manufacture the device in large lots; and a test of the first product.

From the manager's idea to the completion of the first commercial sample took six months; and from the completion of the sample to the time when the device was being manufactured in all sizes as a commercial product, took two months more. To perfect the invention and carry it to the point where the first lots were put on sale, cost the company \$4,000.

It is this matter of organization that makes the inventions department a great institution. Mr. Charles P. Steinmetz, chief consulting engineer of the General Electric Company, whose genius is more for scientific and inventive work than for business, receives a very high salary as the chief adviser of the company in the practical development of inventions. His position and his financial success are possible only because he is an essential part of a great business organization.

A LABORATORY OF INVENTION

In addition to developing practicable inventions, the company has maintained for five years, at an annual cost of about \$75,000, a laboratory of scientific research, in which many experiments are carried on that can have no commercial value for fifteen or twenty years to come. The dozen expert chemists who work under the direction of the chief chemist are all purely scientific men, not even engineers. They are not restricted in time, and carry on investigations in the unexplored regions of chemistry in the same spirit as Darwin carried on his investigations of the origin of species. The only way in which this laboratory can ever repay the company for its expense is by discovering such chemical compounds as are called for to perfect inventions, and by making discoveries of which practical use can be made in advance of other concerns. From a business point of view, the maintenance of such a laboratory is at best an investment in the distant future, yet so inseparably has pure science come to be a part of business that the company not only does not begrudge the present expense, but is constantly enlarging the scope and equipment of the laboratory, in the belief that it will

ultimately pay for the original investment and be, besides, a source of great business strength.

HOW THE INVENTORS ARE RECRUITED

In the case of the General Electric Company, the men are employed as engineers, as department heads, or in other positions involving routine duties; and their inventing, though it is expected of them, is in addition to their regular work. In many other companies, the inventions department is recruited from the sporadic inventors. They come from all businesses and professions. Some resign from the Patent Office to become inventors. One is an ex-newspaperman from the

Middle West. Another was a groceryman in a small town in California. Another was once known as "The Lone Fisherman of Cape Cod."

The money return to a professional inventor in an inventions department is usually not large, but it is likely to be sure. The salaries paid range from the average \$2,000 up to \$10,000 or \$12,000 a year. The inventions are assigned to the company employing him, though in rare instances a man receives a royalty in addition to his salary.

The 30,000 patents taken out annually in the United States come mainly from the two classes of inventors described here.

RUSSELL SAGE—A MAN OF DOLLARS

THE STORY OF A LIFE DEVOTED SOLELY TO THE CHILL
SATISFACTION OF MAKING MONEY FOR ITS OWN SAKE

BY

LINDSAY DENISON

THE figure of Russell Sage is fading out of the market place. Once it was as certain a part of the Wall Street picture as the flag on the Custom House, as the flying messenger boys, as the swarm of men at the door of the Stock Exchange, incoming and departing. No, it was more certain; for Russell Sage observed no holidays except Sunday until his body broke down under the overreaching task set by his cold, grim hunger for innumerable dollars. But the pale-blue eyes, though they are keener than the eyes of most men at any age, have not the quick and eager light which used to flash into them in response to the news of a bargain in prospect or achieved. The seamed gray face has lost its power of meeting all appeals for generosity or mercy with complete lack of expression; irritation and contempt show through sometimes, they are signs of the breaking down of the sternest physical discipline—for no real master of the Game, whether it be played with pennies, between newsboys on the curbstone, or with banks and railroads in the markets, willingly allows his face to register any human emotion. His

garments hang about him in austere homely lines, which have not changed in the memory of any man. His appearance, his ways, his stinginess, his great wealth have become a part of the traditions of his country.

Every village has its skinflint. Sometimes he lives in a hovel on the outskirts of town, and tradition whispers that every knot hole and chink in the timbers of the shack are stuffed with currency; sometimes he lives in a fine house on the hill and arrogantly displays his wealth upon the highways in order to hide the barren lovelessness which exists in the place which he calls his home. He is hated for the things he might do, but does not; he is pitied for the things he does not know and never can have. His hoard receives from the community a hypocritical and covetous consideration, which is thereby automatically subtracted from the sum of human good-will.

Russell Sage, for two generations, has been the skinflint of the great Yankee nation. Does a drummer (the drummer is the itinerant minstrel of this degenerate age) invent a tale of hardness of heart and tightness of fist

which appeal to him as worthy of becoming classic? He builds it about the personality of Russell Sage as naturally as the Homeric bard attributed an act of transcending wisdom to Athene or a deed of valor to Ares; the tale is accepted as true from the Lakes to the Gulf. This unlovely repute has come to Mr. Sage, so far as human discernment may go, with strict justice. It may not be true that Mr. Sage once deducted ten cents from an office boy's wages because the boy brought him a fifteen-cent sandwich at lunch time instead of a five-cent sandwich; but the act is not inconsistent with anything Mr. Sage ever said or did. There are hundreds of men who have seen him haggling with the Wall Street apple woman over the number of apples she should give him for a penny; or quarreling like the veriest newsboy with the Italian candy man at the Trinity Church railing in the effort to get a reduced price for a shopworn chocolate cream bar.

Men have asked Russell Sage what his ambition is. He has answered with a set of copy-book phrases about simple, just, and godly living. He has never said that his ambition from the beginning of his life has been to prove the superiority of his persistence and shrewdness over other men by accumulating the worldly tokens of worldly effort—dollars. Yet the closest analysis of his career reveals nothing else as its main-spring.

He came into this world, if not as an unwelcome guest, certainly as an inopportune burden to a sorely tried family. Elisha Sage, his father, was moving his home from Connecticut in the era of dissatisfaction following the hard times after the War of 1812; he was bound for the Western Reserve, but the arrival of Russell so discomposed the family plans that it settled in Oneida County, New York. One of his older brothers had a grocery store in Troy. To him Russell, at fifteen years, was apprenticed at "four dollars a month and keep."

He did his work in the store; and he made shrewd bargains on his own account, trading jack-knives, clothing, and gimcracks, and acting as go-between in transactions that were out of the reach of his own small capital. At the end of his apprenticeship he was able to form a partnership with another brother, Montague. In a year or more he bought Montague's interest and was his own master.

The Rechabite temperance crusade took a mighty hold in Troy in 1839. Part of the business of the Russell Sage grocery had been the sale of rum by the glass over the counter. The temperance zealots condemned the traffic; the whole business of the store rested under the shade of their conspicuous disapproval. Young Sage announced that his "conscience troubled him." He sold the store—pride in the righteousness of his convictions compelled him to state publicly that he sold it at a profit. Then he opened a new establishment, in partnership with John P. Bates, a righteous and substantial citizen; the sale of rum was not inhibited in the new store, but was made much less conspicuous. This was possible because the new store was on the docks and was a depot for river and interior trade as well as a horse-trading mart. In three years Mr. Bates examined the books, and discovered that his share of the accumulated profits was \$75,000. It was enough—for Mr. Bates; he retired to live on his competence. Mr. Sage had always regarded Mr. Bates as a sane and admirable person—but with this evidence of the fallibility of human judgments he eliminated partnerships from his career. He has had associates and assistants, but never a partner since.

Somewhere in that long, narrow head there is a place where intuitions of the probable course of things developed with wonderful frequency and accuracy. Next to frugality and industry, Russell Sage is rich because of his ability to make shrewder and quicker guesses than other men about what was going to happen. It came to him as essential to his future that he must know his way about in the world of politics. This was in the forties; there was no Hanna and no Harriman from whom to learn the lesson. With the least possible interruption of the affairs of his store, politics became part of Mr. Sage's business. He became an alderman, a delegate to the Whig national conventions, a member of Congress. He played the game well, too; as when, in a slopping over of flattery on General Wool by another Troy alderman, Mr. Sage rose and publicly demanded recognition of "the real hero of the Mexican War," General Zachary Taylor, who was present; and again, when Mr. Sage led in the desertion of Henry Clay for Taylor in the convention. Nearly half a century later Mr. Sage read of

the campaign of William McKinley for the governorship of Ohio and said: "There comes a President of the United States."

One may study the incidents of Mr. Sage's life with all the exact satisfaction that the mathematician has in the working out of an intricate problem. It has been observed that Mr. Sage took time from his store to develop his political experience—but with what great accumulative foresight! As a politician he was invited to inspect and study the Troy and Schenectady railroad, which was an enterprise put forward by Thurlow Weed and other great Whigs; Mr. Sage was instantly impressed by the potentiality of railroads. While the pioneer capitalists were still pottering over short railroads as an experiment, Russell Sage had convinced himself of the certain profitable returns of through trunk lines. The Troy and Schenectady, as a short line, failed, and was bought in by the city of Troy, of which Mr. Sage was one of the controlling financial officers. He bought the road from the city at a fair price. In the fullness of time, which was very brief, once the road was in his hands, he sold it at a profit of about \$200,000 to the combination of railroads out of which the New York Central was made. Nathaniel Banks was speaker of the House of Representatives in which Mr. Sage first sat. Mr. Sage (of course) had been one of the conspicuous Banks enthusiasts in the preliminary caucus. Mr. Sage wanted to be chairman of the Committee on Ways and Means. He was perfectly frank in explaining why. It was the committee nearest to the business interests of the nation; he could learn more of the prospects of the country and its industries there than anywhere else. Mr. Banks could not grant the boon; Mr. Sage "could have anything else he wanted." Mr. Sage promptly took second place on the committee. He learned many things which he says were of inestimable value to him at once and later.

Meanwhile he was becoming heavily interested in financial institutions. There were two banks in Troy in which he owned a very large share. There came the stringent days when gold commanded a premium of 280 and silver was nearly as high. The banks were solvent; their vaults were full of gold and silver. Mr. Sage had them put in liquidation; the depositors were paid in paper currency—"they had no right to complain," said the

benevolent philanthropist; "did they not get 100 cents on the dollar in the midst of a panic?"

To follow Mr. Sage through the years would be monotonous, whether he was in the Northwest, looking out land and railroads and paying his way by wholesale horse-speculations, or whether he was sitting as a stock-and-bond pawnbroker in his bare, dirty little Broadway office, frescoed with the rude drawings of waiting messenger boys; there is not one rosy warm ray of light across the scene. Would he have known if it had come? Probably not. Romance is an accident; Russell Sage's plan of life never contemplated accidents except with dread. He dealt only in what he believed to be certainties.

They call him the "Father of Puts and Calls." He is proud of the title. He got it by inventing a practical way in which the owner of a small sum, say \$25, \$50, or \$100, could risk it in the stock market against the Sage millions. A "put," roughly defined, is "a contract by which the seller thereof may be compelled to buy from the purchaser thereof on any day within a certain time certain amounts of a certain stock." A call is "a contract by which the seller thereof may be compelled to sell to the purchaser thereof on any day within a certain time certain amounts of a certain stock." Mr. Sage has almost always known, better than anyone else, what was going to happen in the stock market; the men of little capital have thought that they knew. He has matched his judgment against theirs for a consideration by selling them puts and calls. With his most sanctimonious tone and most serious expression he has always said that he was doing them a favor by allowing them to "have the use of his great capital for the exercise of their speculative judgment." Now, of course, if he were always the winner nobody would play the game with him. So a judicious number of losses were sustained, for the stimulation of the business. His puts and calls were peddled through his agents indirectly. Mr. Sage has been known to put out puts and calls in great quantities in order to depress a stock or elevate it—making a vast profit by taking advantage in the open market of the price movements which he had thus brought about at small expense.

Mr. Sage has all of the love for money in the generous which might be predicated of his

life and habits. However much he may share with other millionaires the liking for vast quantities of stocks and bonds which water and legislation may corrupt or syndicates break through and steal, Mr. Sage pins his faith, and always has pinned it, to actual specie. He has under lock and key and within his reach more ready money than any other man in this country—probably more than any other man in the world. It is at the service of any one who will pay for the use of it and who can satisfy Mr. Sage that it will be returned promptly and in full. His transactions are for the most part made in secret. But now and then a typical one comes out in the courts. It is but a few years since one White, of Boston, a moneyless person, made a bid for \$1,500,000 worth of government bonds of the issue of 1896. The bonds were awarded to White, who, if he had only the money to pay for them, could have resold them immediately at a profit of \$45,000. A Boston bank entered into negotiations with White—slow and ponderous negotiations. Emissaries from Russell Sage appeared before the transactions were completed, offering to take the whole difficulty out of Mr. White's way for the paltry consideration of \$15,000. It is of such methods and such devices that the history of Mr. Sage's bloodless alliances with Jay Gould and other financiers and freebooters of the Wall Street history must be written if it is written. But the tune of his soul is always on one melancholy string—money, more money, my money!

It would be wrong to describe Mr. Sage as friendless. But his friends are to be looked for among those who, like the horses and children, are in no way potentially hostile to his fixed life campaign. There is no room left in his soul or his heart apparently for the big human feelings. Only three times, in the public prints, has it been recorded that Mr. Sage openly gave way to his feelings. When Grant & Ward failed in 1884, Wall Street descended upon Mr. Sage with puts and calls which meant that he must pay out about \$8,000,000. He barricaded his doors and summoned the police! Jay Gould came over and took charge of the office and fairly blackguarded the old man into meeting his obligations. It was years before Mr. Sage recovered confidence in himself enough to do more than scalp the market here and there, and lend gold and silver at high interest on

unquestionable security. Norcross, the maniac, exploded a satchel full of nitro-glycerine at Mr. Sage's feet. The millionaire escaped with slight injuries, but he moved in terror for months and established a guard and a succession of steel and netting defences around his office. Joseph H. Choate, in the course of the suit of Laidlaw, a messenger, to recover damages because Mr. Sage had grabbed him and had used him as a shield from the explosion of the nitro-glycerine, put Mr. Sage to such a torture of sarcasm and satire that the old man timorously and at last angrily cried to the court for protection. That he showed human weaknesses on these occasions is not evidence of cowardice—these are the weaknesses, perhaps, not of a strong man, but certainly of a leathery one.

Mr. Sage was married to a Miss Winne of Troy in 1841. She died in 1867 and within two years he married his present wife, who was her schoolmate and friend. Mrs. Sage has been far more sensitive to the ridicule and the envy which have grown up around her husband than he is himself. What a woman can do, by tact and perseverance and marvelous ingenuity, she has done to make the name of Sage known for generosity and for charity. She has made his home comfortable; a comfortable home is worth a high price, therefore perhaps she is humored in her extravagances in educational projects and in like good works.

Mr. Sage's birthdays are always noticed by the newspapers. The best picture of the home life which has grown out of his years of scraping and holding is that which was presented to a reporter who was sent to see him on August 15, 1904, when he was 88. Mr. Sage was found playing dominoes with Mrs. Sage. The two of them were alone in the big house except for the servants. Between half humorous, half querulous complaints because Mrs. Sage would not let him go down to business as he liked, he told how he had spent the day—remaining in the house in the morning, much against his will, because it was raining; attending the directors' meeting of an uptown bank and collecting his five-dollar gold piece as an attendance fee, and visiting his dentist. As against the hundreds of stories, true and false, of Mr. Sage's parsimony, how this celebration of a domestic festal day stands out big and clear as the reward of an unremittingly industrious churchgoing, ambitious life!

THE NEWEST RAILROAD POWER

HOW THE "ROCK ISLAND CROWD" HAS BUILT IN FOUR YEARS ONE OF THE GREATEST RAILROAD SYSTEMS IN THE WORLD—THE CHARACTERISTICS OF THE FOUR REMARKABLE MEN WHO MAKE UP THE CONTROLLING SYNDICATE—A STORY OF A NEW TYPE OF FINANCIER INTRODUCING A WESTERN SPIRIT INTO WALL STREET

BY

C. M. KEYS

OF "THE WALL STREET JOURNAL"

IN the short space of four years four men who in 1900 did not own a mile of railroad—Messrs. W. H. Moore, J. H. Moore, D. G. Reid and W. B. Leeds—have brought beneath their mastery 15,000 miles of line, one-twelfth of the total in the United States. They have nullified the plans of other railroad magnates for the subdivision of the traffic of the West. They have successfully fought with Messrs. J. P. Morgan & Co., and with Mr. E. H. Harriman. They now control railroad companies representing a total capital of more than \$900,000,000, are backed by great banking wealth, and have become a new, picturesque, and powerful force in American commerce and finance.

On June 4, 1901, W. H. Moore and D. G. Reid were elected directors of the Chicago, Rock Island & Pacific Railway. Their election was the culmination of a nine months' campaign carried on in the Wall Street market, in which they had purchased more than half the stock of the road. This was the beginning of the railroad career of the men now known familiarly in Wall Street as the "Rock Island Crowd." This clique consists of the four men already mentioned. Mr. Reid and Mr. Leeds were elected directors later in 1901. By the end of that year these four men had assumed control of the railroad.

Their entrance into the railroad world came at the psychological moment. Messrs. Hill, Harriman, Gould and Morgan were at that moment engaged in the task of subdividing the American West into four great railroad empires. Just one month previous to the election of Mr. Moore and Mr. Reid as directors, the panic of May 9th had come upon Wall Street. It was the end of a long fight between Mr. Hill and Mr. Harriman to settle who should rule the railroads of the Northwest. Mr. Hill had won that engagement, and

all the great railroad properties of the Northwest were being shaped for his administration. It had been settled that Mr. Harriman was to hold the Union Pacific, the central lines leading to the Pacific Coast, and the Southern Pacific, which at that time was supreme along the Gulf of Mexico. Mr. Gould had claimed for himself supremacy in the great triangle south of the Missouri River, covering perhaps the most fertile region of the Southwest. Mr. Morgan was associated with Mr. Hill in the North, and was interested in the Atchison, Topeka & Santa Fé, in the Southwest.

The Chicago, Rock Island & Pacific Railway had been left out of all account in this partition of the West. It had stood alone for years. Under the management of the Cables, of Chicago, it had developed a very rich local traffic, and had become a very steady railway corporation, earning and paying good dividends under all circumstances, enjoying a reputation for excellent credit and for solid wealth. It had, however, allowed its more progressive neighbors to close it in on the west, on the north, and on the south. The entrance of the Moores and their associates changed this policy and this situation immediately. They began the most aggressive railroad policy west of the Mississippi. They bought the road with one intention—namely, to make it a power in the West. They announced at the outset that they did not intend to allow any railroad to close in on the Rock Island, that they did not intend to allow the road to remain merely a local line, and that they intended that it should ultimately operate its own trains through to the Pacific Coast on the west and to the Gulf of Mexico on the south.

These announcements created a stir in the railroad world. Wall Street and the railway



JUDGE W. H. MOORE
The leader of the Rock Island Syndicate

Photographed by Keet, Chicago



MR. D. G. REID

Photograph by M. J. ...

Next in importance to Judge Mansfield the ...



MR. J. H. MOORE

By courtesy of Stebens, Photographers, Chicago.

Brother of Judge Moore and his partner in the tin-plate and the Rock Island enterprises



MR. W. B. LEEDS

The former manager of the plant who joined the Rock Island Syndicate.

magnates of the West made a swift investigation of the "Rock Island Crowd," which revealed the fact that this Western clique had plenty of money to back up this policy. It transpired that these four men had made the fortune which they invested in the Rock Island by selling the stocks of the American Tin Plate Company, the National Steel Company, the American Steel Hoop Company, and the American Sheet Steel Company to Messrs. J. P. Morgan & Company. Mr. Morgan had undertaken to consolidate the great ring of steel companies in order to make the United States Steel Corporation. In 1900, when the work was practically completed, he had discovered that beside his corporations the Moores and their friends had built up another ring of steel companies. Where the Morgan company had a rail mill the Moores also had a rail mill; where the Morgan company had pig-iron furnaces the Moores also had pig-iron furnaces; where the Morgan company had sheet-steel plants the Moores also had sheet-steel plants. The great competition to eliminate competition in the steel trade had created a competition that could not fail to ruin the Morgan company. The Moore companies were for sale; the price was tremendous, but it had to be paid. The capital of the United States Steel Corporation was increased \$100,000,000, and the Moore plants were bought in.

With this capital the Western clique came into Wall Street and bought control of the Rock Island. They accumulated the stock through a period of nine months or a year. During that time the price rose from about 80 to about 160. The old directors of the road did not realize that the Westerners meant to buy control. They thought, and publicly said, that the Moores and their friends were merely speculating in the stock, and would ultimately attempt to sell out at a profit.

It was a great mistake. The Moores had with them the First National Bank of New York, in addition to their own capital. They were well prepared to carry out a great ambition. They had steadfastly set their minds upon the purchase of the Rock Island and the building of that railroad into a gigantic system. They were not the gamblers that the Street considered them. They did not, in this instance, care for the profits of speculation, however great those profits might be.

For many months they bought Rock Island stock, both in the market and at private sale. It was only a few weeks previous to the election of Mr. W. H. Moore and Mr. D. G. Reid as directors that the old owners of Rock Island became aware of the fact that they had lost the company.

Mr. W. H. Moore was recognized from the very outset as the strongest of the clique. Prior to 1896, he and his brother, Mr. J. H. Moore, had been among the most prominent of the corporation lawyers of Chicago. They had been connected with the creation of many industrial companies. In 1896 they had carried on a great speculation in the stock of the Diamond Match Company and of the New York Biscuit Company. They had failed in the crash in those stocks, which in that year closed the Chicago Stock Exchange for weeks and brought many of the city's banking houses to the brink of ruin. Between 1896 and 1899 the Moores had risen again to wealth and power; had created the National Biscuit Company, the American Tin Plate Company, the National Steel Company, and other great industrial enterprises. They had repaid their debts, and had made good to most of the losers in the Chicago crash for all that they had lost. Finally, they had sold out their steel companies to Mr. Morgan. They had become associated with Mr. D. G. Reid and Mr. W. B. Leeds in the formation of the American Tin Plate Company, for these two men were the most prominent in the biggest of the independent companies manufacturing tin plate. The four had come to New York together.

WHAT THE MEN ARE LIKE

They make a striking group. Mr. W. H. Moore, familiarly known as Judge Moore, is a man about fifty-five years old. In appearance he is a strong contrast to most of the other railroad magnates. He stands more than six feet in height, and is powerfully built. His face is broad and strong. The spirit of good nature is in his eyes and in the smile that always rests about his mouth. He would be picked out everywhere as the genial man, the warm friend, and the honest enemy. Intellectually he is a searcher after new things. In speech he is epigrammatic. For example, he illustrates the fertility of the West as compared with the East in the terse remark: "If Christopher Columbus had landed

California, Maine would not yet have been discovered."

Men in Wall Street speak of his daring. But he is daring because he knows. He understands in full the intricacies of market manipulation, of market influence, of banking intrigue, of personal ambition in its effect on market values. He has never been known to stampede. In the very crisis of the Diamond Match panic in Chicago, he, the centre of that panic, was the coolest and most collected man on all La Salle Street. Again, when the crisis of the great decline of 1903 fell upon Wall Street, Judge Moore was playing golf in Massachusetts, out of all touch with his Wall Street office. He knew that his own affairs and the affairs of his associates were safe, and in that knowledge he rested and played golf, while two great Stock Exchange houses tumbled in ruin, and while the value of securities shrunk millions before men's eyes as they watched the tickers of the Stock Exchange.

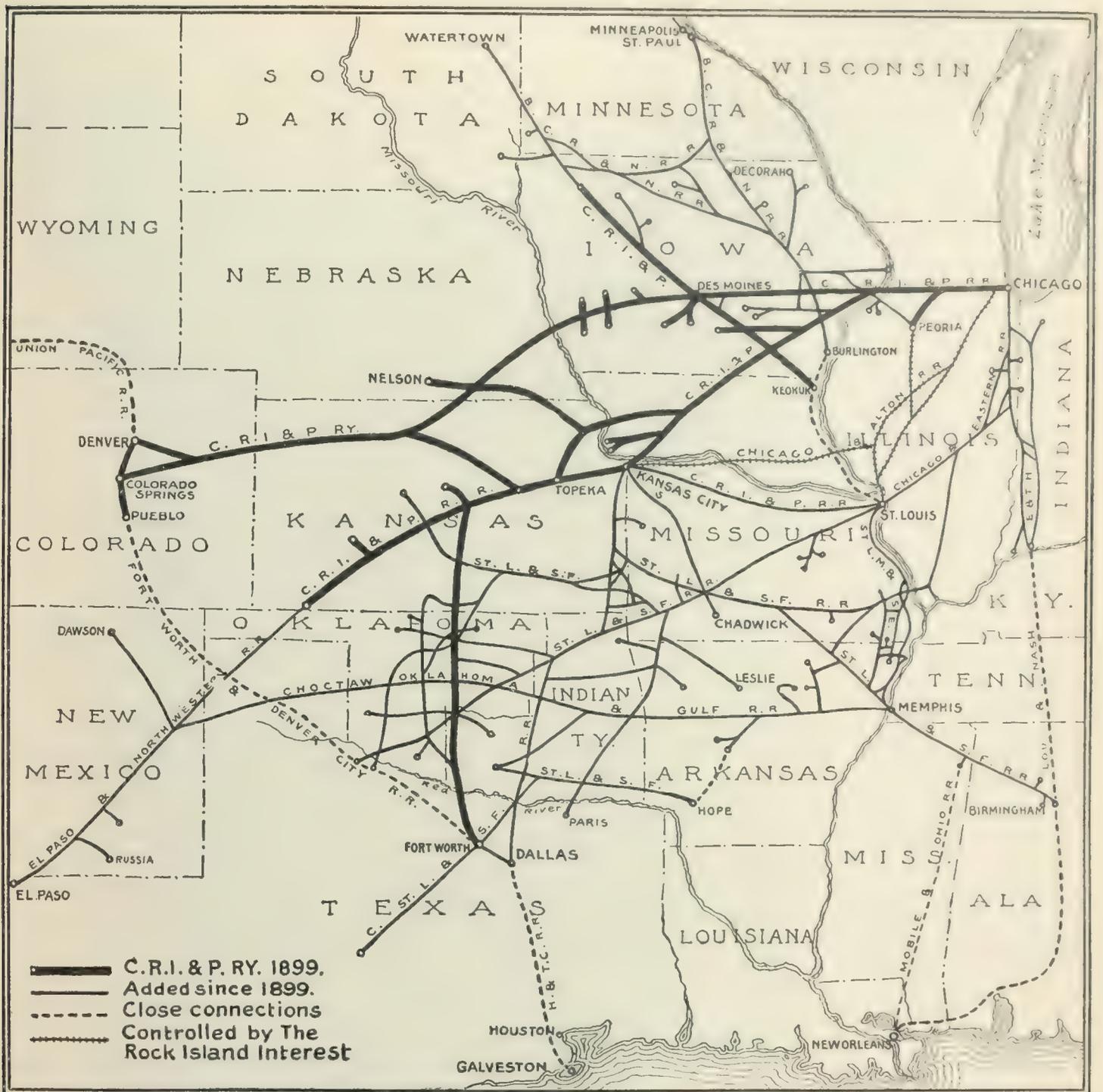
Next to Judge Moore Wall Street considers Mr. D. G. Reid the greatest force in the group. He is the most energetic of the four men who make up the syndicate. He has risen entirely by his own efforts from the vice-presidency of a small country bank in Indiana to a position of tremendous wealth and power. He owes his success to two characteristics: first, his ability to seize upon any and all chances that come to him; and, second, an energy in carrying on his work that has few equals in the business section of New York.

Mr. Reid is an opportunist. No matter what the situation in which he finds himself, he meets that situation, meets it squarely, and meets it immediately. He is never caught napping. Fifteen years ago, associated with Mr. W. B. Leeds, he saw in the protection afforded by the McKinley tariff an opportunity to build up in the United States a tin-plate industry that would rival that of Wales, which then supplied to the world practically all the tin plate used in commerce. His recognition of that opportunity was the basis of his present fortune. He and Mr. Leeds practically created the tin-plate industry of Indiana. At the time when the Moores organized the tin-plate trust these two men had brought the industry into a place second to none in the commercial records of that state.

At all times and in all places indomitable energy and courage have marked his operations. He is the hardest worker of the four associates. He does not take account of all the details of his many companies, as Mr. E. H. Harriman, for instance, does; but, in a broad way, he knows at all times what each company is doing. As chairman of the board of directors of the Rock Island System, he is the one that sets the great machine in motion. It is left to the presidents, the vice-presidents, and all the other cogs in the administrative machine to see that the motion is regular, efficacious and economical. If it fails in one of these particulars, Mr. Reid takes swift cognizance of the failure. Personally, he shares with his three associates the hearty Western temperament that makes a man worth meeting. His manners are breezy, his speech quick, his wits keen. He likes a "situation." Men have called him a born conspirator. He is constantly at war with things as they are. Precedent, history, etiquette have little force with him, except to indicate the way things need not necessarily be done. He is credited with being the instigator of most of the innovations in the Rock Island Company.

THE SYSTEM GROWS

These are the leaders of the group. From the very outset of their career as railroad men they were exposed to one of the most bitter campaigns of rumor and invective chronicled in Wall Street history. Yet they went upon their deliberate way with a determination and a singleness of purpose that are only now beginning to win a tardy recognition throughout the United States. In 1901, under the very guns of their enemies, they carried out a series of railroad transactions that rivals even the most ambitious undertakings of Mr. J. J. Hill. In the summer of that year they leased the Burlington, Cedar Rapids & Northern Railroad, which let their system into St. Paul and Minneapolis. This purchase added 1,500 miles of railway to the Rock Island System. Later in the year it was announced that they had bought the Choctaw, Oklahoma & Gulf Railway, thereby adding 1,000 miles of line in the centre of the great Southwest. In the meantime their railroad had been pushed southwest from Kansas City to the gates of Mexico, reaching El Paso, and southward across the borders of



MAP SHOWING HOW THE ROCK ISLAND SYSTEM HAS GROWN IN SIX YEARS

Texas. By the middle of the summer of 1902, one year after their acquisition of control, the Rock Island had increased its line from 3,600 miles to 7,033 miles in operation and 924 miles under construction. The company's property had doubled in a year.

It was at this point that Wall Street began to realize that it had misjudged the "Rock Island Crowd." It had called them speculators, but speculators do not build railroads. It had called them gamblers, but gamblers do not buy over night thousands of miles of line. It dawned upon the Street that there had come into the East a new railroad power.

The railroad magnates of the country realized this fact at the same moment. There was a hasty scramble to "nail down" every railroad within the reach of these men for fear that they might think they wanted it. Astonishing stories of their wealth and backing took the place of the rumors of coming failure, of gambling deals in wheat, corn and cotton. Slowly the names of Gates and Drake and other speculators of the West were struck, by popular vote, from the list of the "Rock Island Crowd." That body gradually narrowed down until four names stood out—the names of the Moores, Mr. Reid and Mr. Leeds.

It is not necessary to follow through the intricacies of the plan whereby they combined the system. It is enough to say that by the introduction of a scheme for eliminating securities that have voting power and putting out bonds and non-voting stocks in their place they contrived that this entire system can be controlled and dictated by the ownership of about \$26,000,000 of stock worth in the market not more than \$20,000,000. The control of \$289,444,400 of stocks and \$551,312,000 of bonds rests in the hands of the men who own this \$26,000,000 of stock.

MR. YOAKUM'S APPEARANCE

So fortified and strengthened, by the release of cash that had been tied up in holding control of all these lines, the four went on their campaign of conquest. Their biggest deal came in the winter of 1902-1903. A certain Texan, Mr. B. F. Yoakum, had met the Rock Island in every attempt made by that system to extend its lines south of Kansas City. When the Rock Island people arrived at a certain point they were always quite certain to find this man and his railroad just ten minutes or so ahead of them. When they had bought their way, at most tremendous cost, into St. Louis, and looked about to find the line that would let them due south to a connection with the Choctaw, they found this man in possession of the only line that was open to them, namely, the St. Louis, Memphis & Southeastern. When they determined to reach New Orleans they found that the St. Louis & San Francisco, controlled by Mr. Yoakum, had just completed an alliance with the Southern Railway for an entrance into that port.

They talked business to Mr. Yoakum for six months. Once the negotiations fell through, but they could not afford to let the "'Frisco" go. They met at last, on terms that some call dear and some call cheap. Therefore, presumably, they were far. With the 'Frisco System they took Mr. Yoakum, making him one of them. Above all other things they needed men with railroad training. They found them on the 'Frisco. Today Mr. B. L. Winchell, one of Mr. Yoakum's old lieutenants, is president of the Rock Island, and another, Mr. A. J. Davidson, is president of the 'Frisco.

This added to the Rock Island system

5,108 miles of good southwestern railroad, running through eleven states rich in cotton, corn, wheat and livestock. A mighty tonnage of coal and lumber was also added. It brought the total up to more than 13,000 miles of road. It let the Rock Island into nearly every state between the Great Divide and the Mississippi River and into two states east of the river. It gave the system access to the great triangle that lies between the two rivers and the Gulf. Without it there could not have been success, for with 'Frisco freight diverted to other railroads at the Missouri River the main lines of the Rock Island from Kansas City southward would have been starved.

CAPTURING THE CHICAGO & ALTON

One more incident, perhaps the most remarkable in the whole story, remains to complete the record of these men—the capture of the Chicago & Alton. Mr. E. H. Harriman, creator of the Union Pacific system, esteemed the Alton safe within his fold. He did not own control. He had a large block of stock, but more than a majority lay in the market. No one dreamed that any clique would dare attempt to take the road. But quietly and patiently, throughout the greater part of a year, the stock was gathered in. Barely a week before the annual meeting last October it was announced in Wall Street, without warning, that a Rock Island syndicate had taken control of the Alton. It came as a bitter surprise to Mr. E. H. Harriman. Rumor says that he interviewed Mr. D. G. Reid in Mr. Reid's office, and that the interview was neither short nor sweet. The upshot of it was that the two came to an agreement. The gist of the agreement is merely the recognition of the principle that whoever owns most of the stock controls the road. The "Rock Island Crowd" owns most of the stock. This adds about 900 miles to the railroad in their control, and completes, to date, the record of this syndicate.

The following figures show the mileage and the capital of the old Rock Island Railway as it stood in 1899, before the Moores and their friends became railroad men, and the mileage and capital of all the roads now controlled by them. The Chicago & Alton is not controlled by the Rock Island as a railroad, it is a separate company, the control of which lies in the hands of the Rock Island syndicate.

| COMPANY | 1899 MILES | 1905 MILES |
|-----------------------------|---------------|---------------|
| Chicago, R. I. & P. Ry..... | 3,619.37 | 7,205.92 |
| Under construction | | 439.78 |
| St. L. & S. F. R. R..... | | 5,107.74 |
| Under construction | | 800.00 |
| Chicago & Alton..... | | 915.00 |
| Total R. I. mileage..... | 3,619.37 | 14,468.44 |
| Capital stock | \$50,000,000 | \$289,444,400 |
| Bonds | 66,081,000 | 551,312,000 |
| Total capital R. I. | \$116,081,000 | \$840,756,400 |

THE METHODS OF THE MEN

Had any writer four years ago conceived and written about these things as possible he would have been laughed out of Wall Street. The way of the Street is to run within beaten paths. "Rockefeller we know, and Morgan we know, and Vanderbilt we know—but who are these?" said Wall Street, in its wisdom. The theory is that since a man has never done a certain thing he never can and never will do it. It is the spirit of the East. The daring, the almost reckless courage, the rash initiative of the Western pioneer were almost unknown qualities in Wall Street until this breezy group from the West arrived.

They have now intrenched themselves in a dozen banks and trust companies. They sit as directors on the board of the First National Bank. They have made connections, within the past three months, with the great private banking house of Messrs. Speyer & Company.

The most prominent characteristic of the group is their absolute indifference to public sentiment, to public fears, to public panics. When the great decline of 1903 was at its dismal limit Judge Moore spent five months in Massachusetts, driving his fine horses about the country roads at Pride's Crossing, playing golf, fishing, doing anything but take heed of Wall Street. Mr. J. H. Moore was safe at his country place in Wisconsin during the same period. Mr. W. B. Leeds was at Newport and abroad. Mr. D. G. Reid was in Europe. When he came to the Street he took no part in its activities. He listened to the tales of woe that Wall Street told each morning in the papers, but had no word for Wall Street. He let the papers talk. They said many bitter things about the Rock Island and its owners. They accused them

of being one of the fundamental causes of the great decline. They talked of watered stocks, of wild adventurous schemes, of deliberate malice, even of panic and failure for the Rock Island and its affiliated interests.

It was at this apparently desperate moment that, talking to one of these men about the rumors that flew so thick and fast, I caught from him a phrase that put the attitude of the clique in a nutshell:

"Turn their faces to the sea and let them talk—it will not answer back."

Quiet, imperturbable, inscrutable, they faced that wild year of 1903. They knew to the slightest detail what was going forward. They had measured the situation, believed at all times they had measured it aright, and went on their way, apparently defiant. They traced to their sources the myriad rumors concerning their credit that found currency in Wall Street. They found the sources in banking houses that had never collected from them commissions for floating bonds, for underwriting of any kind. They learned in that year against whom they had to fight. They measured, with a careful eye, through twelve long months of uneasiness on Wall Street, the weakness and the strength of every man and firm that stood against them.

These are the men in whose hands lies the destiny of the Rock Island System. Their system of roads covers the West like a giant cobweb. On its perimeter the threads are anchored at New Orleans, Galveston, El Paso, Denver, Watertown, St. Paul, Chicago, and Birmingham. Within the sweep of its arms lie nineteen states, with an aggregate area of 1,385,000 square miles, nearly 40 per cent. of the entire area of the Union, and forty cities and towns with a population of more than 25,000 people apiece. In 1901 these nineteen states produced corn worth \$620,000,000, out of a total for the country of \$750,000,000, or 83 per cent. of the entire crop; and wheat worth \$176,000,000, out of a total of \$373,000,000, or 48 per cent. of the entire crop.

There are larger systems, more compact systems, and more perfectly organized systems in the United States. The Harriman System, the Hill System, the Pennsylvania System are equally big, and all are more perfectly organized than the Rock Island. The marvel of it is not in its perfection, but in its very existence. It has taken twenty years to

organize the Pennsylvania System. The beginning of the Vanderbilt organization is passing from the memory of Wall Street's oldest men. As a young man Mr. J. J. Hill began the working out of the plan that has created the Northern Securities System, with its 19,000 miles of track, and now, an old man, he is still laboring. It took Mr. Hill twenty-two years to bring beneath his hand 9,000 miles of road. In four years the "Rock Island Crowd" has formed a system of nearly 15,000 miles.

MANAGING THE SYSTEM

The difficulties to be encountered in the administration of such a system cannot be adequately understood by any outsider. The task of meeting them on this system is entrusted largely to the two presidents, Mr. A. J. Davidson, at St. Louis, handling the affairs of the 'Frisco, and Mr. B. L. Winchell, at Chicago, looking after the more difficult management of the Rock Island itself. Both report to Mr. Robert Mather, at New York, the president of the Rock Island Company, who in turn takes matters of importance before the executive committees of the two companies, then through the finance committee, and finally, in rare cases, to the directors of the Rock Island Company.

The finance committee is rather an innovation. It consists of seven men—Messrs. W. H. Moore, J. H. Moore, D. G. Reid, W. B. Leeds, F. L. Hine, vice-president of the First National Bank, James Speyer, head of the banking house of Speyer & Company, and Marshall Field, of Chicago, merchant and multi-millionaire. It will be noted that the Rock Island syndicate proper holds the balance of power in this committee, which is practically the final administrative body of the system. The two banking representatives are there to advise, to censure, to restrict, perhaps, in financing. They represent the two banking branches—the chartered and the private. Mr. Field is also an adviser, being considered throughout the country as one of the most nearly correct and unfailing critics of business conditions at large. It is safe to say that if Mr. Field advises caution in new enterprises, his voice carries as much weight as any voice on the committee.

The Rock Island System is a system of the future, not of the present. It can now hardly be called a system at all. The merger of the

Rock Island and the 'Frisco is financially complete, but physically and actually the two are still distinct. They do not yet operate together for the full economy of which they are capable. Few new important routes have yet been put in operation by the use of the combined lines. Ultimately, it is intended that the Iowa division of the Rock Island shall feed the 'Frisco main line north and south into New Orleans, making that system a carrier of the grain of the North and the Northwest in tremendous volume. Reciprocally, it is intended that the great coal beds on the Choctaw and the 'Frisco throughout Indian Territory shall give to the Rock Island lines the fuel for Kansas City and Omaha, and that the lumber of Arkansas and Texas shall be distributed throughout the Central West by the Rock Island lines. But these are as yet hardly formulated intentions. Little indeed has been done toward their fulfilment. They are coming developments. As the Gulf trade expands, as it certainly must expand, the Rock Island and the 'Frisco will unite in support of Galveston and New Orleans. The new main line of the 'Frisco down the Mississippi Valley, on an almost level grade, like that of the New York Central, is intended to become a new Illinois Central, with a traffic richer than that of any other line in the West. But these are matters that time must decide. At the present moment both the Rock Island and the 'Frisco are hardly making advances. They are easily holding their own in revenues, the 'Frisco better than the Rock Island, but they have not yet shown what they can really do. More than 2,000 miles of the combined system is a railroad that has been open for traffic less than twelve months, and it is, perhaps, hardly fair to judge such a railroad beside the older lines.

Finally, the whole gigantic problem of the success of the system resolves itself into a question of national prosperity. If the West is to be prosperous this system must also advance. If the West encounters adversity the way of the Rock Island will be hard indeed. The natural resources of the road are so diversified that flat failure can hardly come to it. It touches the spring wheat belt in Minnesota and South Dakota, the winter wheat belt in Kansas, Iowa and Illinois, the corn belt in Nebraska, Missouri, Arkansas and Texas. It reaches coal at Denver, Birmingham

ham, in Illinois, and along the lines of the Choctaw through Arkansas and Oklahoma. It carries cotton from Alabama, Mississippi, Texas and the central river valley. Lumber tonnage piles upon it in Arkansas and Texas. The zinc mines of Joplin, Mo., the rice of Louisiana, the iron ore and finished iron of Birmingham, the packing-house products of Chicago, Kansas City and Omaha, pay toll to it. From Chicago and St. Paul to Denver

on the north, and from Memphis and New Orleans to El Paso on the south, there is not a commercial, agricultural, or business impulse in the great West that will not find its reflex action on the Rock Island System. It is therefore little wonder that, with the utmost confidence, Judge Moore sums up the situation in a characteristic sentence:

"Our future is the future of the West—and we believe in the West."

DOES OUR INSURANCE COST TOO MUCH?

A GREATER PROPORTION OF THE INCOME OF FOREIGN INSURANCE COMPANIES RETURNED TO POLICY-HOLDERS THAN OF AMERICAN COMPANIES THE EXAMPLE OF GERMANY—THE INEXCUSABLE COST OF THE BUSINESS IN THE UNITED STATES—A SUGGESTION TOWARD NEEDED REFORMS

BY

SERENO S. PRATT

A COMPARISON between the business methods of American and foreign insurance companies is calculated to make people think. In German Government industrial insurance 93 per cent. of the total income goes to the policy-holders. In British industrial insurance the return is only 60 per cent., but in ordinary life insurance in Great Britain it is 90.8 per cent. The return for three industrial insurance companies in the United States is 66 per cent.; of twenty-eight ordinary life insurance companies it is but 82.6 per cent.; and for the two leading accident, health, employers' liability and miscellaneous insurance companies it is only 52 per cent. The accurate figures given below have an illuminating significance:

GERMANY

| | |
|--|---------------|
| Total receipts Government industrial insurance (1901)..... | \$109,426,176 |
| Total cost of administration..... | \$7,569,394 |
| Per cent. of cost to income..... | 7 |

GREAT BRITAIN

| | |
|--|---------------|
| Total income industrial life insurance (1904)..... | \$54,149,011 |
| Commissions and expenses..... | \$21,546,299 |
| Per cent. of cost to income..... | 40. |
| Total income ordinary life insurance (1904)..... | \$168,137,327 |
| Commissions and expenses..... | \$15,272,933 |
| Per cent. of cost to income..... | 9.2 |

UNITED STATES

| | |
|---|---------------|
| Total income three industrial life insurance companies (1904).... | \$115,656,522 |
| Expense of management..... | \$39,300,487 |
| Per cent. of expense to income.... | 34. |
| Total income twenty-eight ordinary life insurance companies (1904).. | \$444,516,031 |
| Expense of management..... | \$77,606,902 |
| Per cent. of expense to income.... | 17.4 |
| Total income two leading accident, health, employers' liability and miscellaneous insurance companies (1904)..... | \$11,545,019 |
| Cost of management..... | \$5,612,416 |
| Per cent. of cost to income..... | 48. |

It was lately said by the president of a leading life insurance company that insurance statistics are "as misleading as railroad statistics," and that comparisons based on them are not merely odious—they are dangerous. There is a basis of truth in this, and the foregoing statistics are subject to the qualification that, though drawn in every case from official sources, they constitute no perfect conditions for comparison. Any discussion of insurance, even in a true scientific spirit, is, moreover, open to the peril that criticism intended to be helpful and constructive, may be confounded with that criticism, so common at this time, which is hostile and sensational.

The comparison, however, suggests the following questions:

1. If Germany, after twenty years' experience of industrial insurance under government control and subsidy, is satisfied with the results achieved, may not the United States consider the desirability of establishing a similar system?

2. If industrial insurance under government control can be administered with such a high degree of efficiency and such a low percentage of cost, are not the people of the United States paying too much for their life insurance, conducted, as it is, as an independent business enterprise?

The two questions may be considered together.

As long ago as 1893 a report was made to our Congress in regard to German insurance. The report was presented by Labor Commissioner Carroll D. Wright, but was written by Professor John Graham Brooks, who made a personal investigation in Germany. Mr. Wright in transmitting the report said: "It is too soon to determine just what the ultimate outcome of the German experiment will be. Twenty years' experience will enable the world to come to a positive conclusion whether by that experiment the economic insecurity of those engaged in industry can be removed and a condition of prosperous contentment secured."

The German insurance, although compulsory, allows considerable freedom of choice and, although under government control, is largely administered by trade associations. It includes, with certain limitations, all persons engaged in industry, trade, commerce, agriculture, and domestic service. In 1901 there were 10,319,564 insured against sickness. In 1902 the number insured against accidents was 17,582,000, and in the same year 13,380,600 were insured against invalidity and old age. There is nothing to equal these figures in insurance statistics. Industrial insurance against death in the United States comprises about 15,000,000 policies. It is intended to extend the German system so as to include insurance for widows and orphans, and also against lack of employment.

The income of German insurance is obtained by contributions from employers and employees, with a small government subsidy and interest from funds. The proportion in 1901 was 45.20 per cent. from employers,

37.64 from employees, 6.43 from the Government, and 10.73 from interest. The total receipts in 1901 were \$109,426,176. The distribution amounted to \$88,143,152, of which \$40,634,865 went for care of the sick and \$39,938,892 for other indemnifications. The cost of administration was only \$7,560,304, or 7 per cent. of the total income and 8.59 of the disbursements. The entire disbursements on all accounts from 1885 to 1901 amounted to about \$835,000,000.

The main differences between the German and the American insurance systems are several: The German has government aid and is under government control. The American enjoys no subsidy and is under independent management. The German insurance is compulsory. The American is voluntary. The German is "a social institution," to use the words of the German Government. It is an attempt on the part of a paternal government "to lessen existing social sufferings, and to bring to general recognition by means of systematic institutions the duty of the community as a whole to participate in the work of charity which has grown out of the sacred soil of Christianity"—this the language of the present Kaiser, who has carried forward the work of his grandfather, the founder of the system. In the United States insurance is a business, conducted as a rule not for profit but for mutual benefit, but still a business carried on by business men on business principles and in no case as a charity. These differences account for a part of the difference in the cost of the two systems.

It is as an experiment in sociology that the German Government insurance has been chiefly studied. It is maintained that since its establishment "the general condition of the workmen—material, hygienic, legal, moral and spiritual—has been considerably improved, and that during the same period the whole political economy of the Empire has prospered to an immense degree." It is easy to show that the German Empire has prospered during the period of this insurance. Large as are the burdens it imposes upon employers, industry has not languished nor have rates of wages suffered. The population has increased, the public health has been greatly promoted, and the conditions of life improved. Whether all this can be attributed to the policy which established industrial insurance, a policy announced by Chancellor

von Bülow in 1903 as being "the duty of the monarchy to intercede and compensate matters so that the contrasts between the classes may be reduced," is open to question. The report made to our Government in 1893 said: "Perhaps the general impression left upon the student of this legislation is a certain helplessness about drawing any general conclusions as to economic results." Henry W. Farnam says: "In the German experience it has thus far been impossible to create the instinct of forethought and care which is implied where insurance is voluntary."

That the success of this insurance in Germany has led to somewhat similar experiments in France, Italy, Belgium, Austria, and other countries is not surprising. In New Zealand the Government conducts a regular insurance business in competition with private companies. What is remarkable is that there has been so little agitation for a similar system in this country. The time has come, evidently, for a change in this respect. The German insurance is a socialistic institution. It was established in part to prevent the spread of radical socialism by measures of a socialistic character intended to do away with conditions that would cause discontent. It is true that it has failed to prevent the spread of socialism, for 3,000,000 socialist votes were cast in Germany in 1903, and there are eighty-one socialist members of the Reichstag, but it has probably modified somewhat the character of the socialist agitation, which is less violent than in other days.

Now there are conditions in the United States indicating a prevailing spirit of discontent which seems to be favorable for socialistic ventures of this kind. Of all corporations the public franchise corporation has been the one that, on the whole, is the most corrupt and the least responsive to public interests. This has led to a demand for public ownership, and Chicago has already voted to make herself "the Glasgow of America." The railroads have been guilty of gross discriminations and rebates, and this has led to a general demand for radical legislation for Federal control, and on the part of some for government operation. Already an example of government ownership is afforded by the Panama Railroad, which as soon as it had passed into complete Federal control reduced its charges, to the benefit of

the consumer. What is more natural, therefore, in view of all these facts than that there should be an agitation for government industrial insurance in this country? Such an agitation, if it started, would not be deterred by any constitutional objections. Nor would it be stopped by any such arguments as that "it would put in peril the principle of self-help," or that "a paternal government makes a weak citizenship." The question of government ownership, provided it does not involve confiscation, is not one of morals but of policy, and the individualist has little ground to stand upon if it can be shown: 1. That operation of business by individual enterprise results in lax and costly administration, and a corrupt and dangerous power; and, 2. That the same service may be performed for mankind by the Government honestly, cheaply, and efficiently.

Any agitation for government insurance, therefore, would be helped by the investigation which is now going on in regard to the life insurance companies in the United States under independent control.

Now what is the record which independent insurance enterprise in this country has established? When this question is asked our insurance men have much to explain in dealing with the showing of a percentage of cost of management to income of 17.4 in the case of ordinary, of 34 in the case of industrial insurance.

The total disbursements of thirty-one insurance companies in 1904 were \$363,553,524, divided as follows:

| THE DISBURSEMENTS OF INSURANCE COMPANIES | |
|---|-----------|
| | PER CENT. |
| Death claims..... | 36.6 |
| Endowments..... | 7.0 |
| Surrendered policies..... | 9.5 |
| Dividends to policy-holders..... | 9.0 |
| Annuities..... | 1.6 |
| <hr/> | |
| Total to policy-holders..... | 63.7 |
| Taxes..... | 2.5 |
| Commissions..... | 17.7 |
| Salaries, etc..... | 9.4 |
| Other disbursements..... | 6.7 |
| <hr/> | |
| Total taxes and cost of administration.. | 30.8 |
| <hr/> | |
| Total to policy-holders..... | 63.7 |
| Total taxes and cost of administration..... | 30.8 |
| <hr/> | |
| Total disbursements..... | 100.0 |

In 1904 the commissions paid on new business amounted to \$33,667,327, or 42.36 per cent. of the premiums received on new business. The commissions paid on renewals amounted to more than \$30,000,000, and the balance to \$34,000,000. Evidently the soil in which American insurance has made its marvelous growth has been richly fertilized.

What has been the result of this forcing process, this hothouse growth? A concentration of financial power which is exciting the wonder, even the fear of all those who comprehend it. The life insurance assets in the United States amount to \$2,399,912,074, of which nearly 52 per cent. belongs to our three largest companies. Ten years ago the share of these three was only 48 per cent. The growth of life insurance assets in the last quarter of a century has been faster than that of the wealth of the country, while the three biggest companies are expanding faster than all the others. The income of the three companies was \$256,970,871 last year. That is larger than the budgets of several of the governments of the earth, and is nearly equal to all the customs revenue of the United States. Their investments in stocks and bonds amount to \$755,923,200, or more than 4 per cent. of all the par value of all the securities admitted to dealings in the New York Stock Exchange. This financial power, great in itself, is made still more stupendous by its alliances with banks, trust companies, and the leading private banking houses. The vice-president of one company is a partner in one of these banking houses. Members of the other principal houses are directors of the three companies. The presidents and vice-presidents of the companies are directors in the leading financial institutions of New York and of many in other cities. Two of the companies own one-third of, and control, the second most powerful bank; and between the three companies and the three biggest banks and their satellites of other banks and trust companies there are intimate alliances. Two of the companies own more than \$75,000,000 (market value) of bank and trust company stocks. In all, thirty-nine banks and trust companies are represented. The way in which these insurance companies are connected with important financial interests and through them with each other makes a very curious but instructive study in finance.

Now, admitting that this may be a source of strength rather than of weakness, it certainly opens up the possibility of two serious evils: 1. The entrance of bankers, who are bond merchants, into insurance companies in order to direct a part of their investments into their own shops. What this means may be inferred from the fact that the power of investment of the life insurance companies of the United States is estimated at upward of \$300,000,000 a year. 2. The entrance of insurance company officials into banking in order to be able, in spite of any restrictions the law may impose, to use their power over other people's money to their personal profit by means of underwriting privileges, speculation, promotion, and the like.

There is a manifest impropriety in insurance companies' owning stock in banks, and vice versa—that is to say, one should not have the power of control over another. Last year's report of the Insurance Commissioner of Massachusetts referred at length to the connection between a bank and a large insurance company in another state (no advantage is gained by giving names). The two corporations were practically one, a majority of the directors being the same in both. The State Court enjoined a reciprocal ownership of stock proposed so as to insure a perpetual tenure of office for the directors, but there is still a common control. The Commissioner says: "It is inevitable that if a trust company is dependent upon an insurance company for success, it expects to make that success out of insurance company funds." It appeared in this case that a larger amount of the insurance company's assets than its claimed surplus was dependent upon the solvency of the trust company. The action of the Massachusetts commissioner led to certain changes, which removed his chief cause of criticism. The thing illustrates one of the dangers which attends this kind of financial concentration. It would seem, therefore, that independent insurance management is subject to the liability of evils quite as serious in their way as any that might develop under government control.

If, then, the insurance men would make it impossible for an agitation for government ownership to make headway, it is suggested that they establish the following reforms among others that might be mentioned:

1. Mutualize. That goes without question.

Every effort should be made to increase the interest of policy holders in the actual administration of affairs. While it is altogether proper and desirable that the companies should be directed by men trained to the business, whose terms of service should be for life during good behavior, yet the source of power should be in the hands of the policy holders. To this end control through stock should be done away with and the proxy abuse should be removed. Officers and directors and agents should be prohibited from acting as proxies, and no one should have the right, as proxy, to cast more than a certain number of votes. Already one of our leading insurance companies has such a system, and it is significant that its cost of management is low.

2. The directors of an insurance company should be men actively interested in insurance. They should not be selected merely for advertising purposes. If it is desirable that the advice of eminent financiers should be secured, this might be brought about by creating a Board of Advisors to the directors, but without power of control.

3. The president and other officers of an

insurance company should be trained insurance men, well paid, like all experts, but they should give their entire time to insurance and should not serve as partners or directors in any other business.

4. There should be an end to the scramble for new business, and the hothouse methods to secure increased income and increased assets should give place to more wholesome methods. There should be some limitation of size. The time may come when an insurance company will recognize that it has grown big enough and courageously take measures to stop growing by suspending all solicitations for new business.

5. Steps should be taken to reduce the costs of insurance, by reducing commissions and other expensive methods of exploitation; proper salaries should be paid, but excessive salaries should be abolished and perquisites should be done away with. Cheapen insurance, not as regards security but as regards cost of administration, so as to bring it more and more to the level of the humblest wage earner, and widen the scope of its benefits.

Do these things and there will be little on which socialist agitation may feed.

JOSEPH JEFFERSON

OUR MOST BELOVED ACTOR—HIS LIFE AND HIS ART

BY

JAMES HUNEKER

NOTWITHSTANDING his exquisitely polished art, it was the very human personality of the late Joseph Jefferson that made its deepest and widest appeal to the theatre-going public. And human is the precise word that crystallizes his art. All the years of struggle and study, of suffering and defeat, were caught up and woven into the texture of this beloved actor's impersonation of Rip Van Winkle; leaving no trace of the labor, suggesting no mechanism, however delicate, and being both effortless and spontaneous. To posterity Jefferson will be remembered by the echo of this achievement—alas! that the actor's art and personality should

be but memories which cannot be indelibly recorded. His personality was Joseph Jefferson's chief asset. It is only just to add that no jeweler ever ground, smoothed, and beautified a precious stone more than did Jefferson the various qualities, physical and spiritual, which went to make the complete man and actor. Like Henner, the French artist, he never painted but one picture all his life long; but that picture well nigh bordered upon perfection.

Nor should we of a later generation hastily accuse Jefferson of having looked in versatility. His individuality was well marked; well defined were his limitations.

But the actor who played more than a hundred parts during his stage life, who gave us such finished portraits of Rip, of Calch Plummer, of Pangloss, of Salem Scudder, of Tany Lumpkin, of Acres, of Moses (in "The School for Scandal"), of Dogberry, or of the First Gravedigger in "Hamlet,"—to mention a few—surely should not be called one-sided. Not an iconoclast, not a pathbreaker, he preferred the safer, narrower way. For him to be great in one rôle was more than loud-mouthed success in many. And he was great in a small, not particularly noble character—until he took it up and by the combined magic of his exquisite miming and kindly humanity he transposed the poor, unfortunate drunkard Rip Van Winkle from a mere stage puppet to the seats of the dramatic mighty.

Many played Rip Van Winkle before Jefferson; but in the combination of Washington Irving's delightful good-for-nothing and Joseph Jefferson's temperament and technique there was precipitated a masterpiece. The young students of to-day's drama whose only recollection of Joseph Jefferson is the spare, stooped figure, the cheery, wizened features, the failing voice and memory, can form no definite idea of what he was in his prime—and remember that his prime extended far beyond the allotted years of the actor (there were giants in those days!)—Rip Van Winkle was a picture that grew before your eyes, the brushwork so deftly applied that no one could say where art began or nature ended. In his last decade the performance was as if too many impressions had been taken from the engraved plate—the lines were set too deep, the delicacy blurred, the bloom vanished.

It was only part of this man's aspiration toward self expression that he sought relief from the footlights in the practice of a kindred art. He loved the open air; he loved fishing. He adored landscape painting, and while his pretensions as a painter were humble, he was a skilled student and an excellent critic. As if he had realized the fleeting and impermanent essence of acting, he sought continually to fix upon canvas his picture of a world that, despite the many slips from fortune, he always worshipped. Doubtless it was this ruddy optimism that lay at the base of his enormous magnetism. Just as a trill from Adelina Patti in her prime, a scale

from the singing fingers of Rubinstein could hold an audience, so Joseph Jefferson had only to walk across the boards and his public would feel a shiver of sympathy.

Perhaps—and this is not intended as a comparative study—Jefferson's Pangloss was followed by F. M. Cheney; perhaps his Calch was topped by J. E. Downey, perhaps Harry Barker was droller as Acres—and Robert Sheridan, perhaps—and yet, after the crucial year 1871, is laid aside, there remains that unexplainable residuum—the rich personality of Joseph Jefferson. It attenuated somewhat our theories of the objectivity needed to embody the dramatist's creation, when confronted by Jefferson's native gifts—the evocation of tears and laughter, and mere routine art is apt to go a-begging in such a contest. And yet it was art—every motion, every lifted eyelid, every quiver of lip and helpless fall in hand—art, art, art! Coquelin himself does not more closely conform to the dicta of art than did the creator of Rip Van Winkle. His scene in the mountains with the dumb grinnings was a supreme specimen of pantomime, of vocal inflection, of facial expressiveness. In these details Jefferson never had a superior, neither on the English nor on the Continental stages. And Rip's homeward journey to the village was a triumph of emotional reticence, withal tear compelling.

So this was the paradox in Joseph Jefferson's performance: his act was concealed, yet it proved a powerful leverage to his personality; and his personality was so diffused by his mellow, homely, sweet humanity that as he uttered that celebrated line, "Here's to your good health," each member of his audience felt as though the wish had been leveled at him. And that was the triumph of Joseph Jefferson!

From early childhood Joseph Jefferson manifested a delight in his surroundings. He was literally reared in the theatre—his father managed one in Washington and little Joe played behind the scenes as other boys play in barns. He began acting on his own account with the children of the neighborhood, and once was a tiny Jim Crow, his face blackened. In 1827 the Jefferson family, after a sojourn in Baltimore, removed to New York. The first appearance of Joseph was September 25, 1827, at the Franklin Theatre. He was then eight years old, and with a certain "Madder Titto" he fought a duel with

cutlasses and managed to slash off one of his opponent's toes.

Tired of New York, the father of Joseph went to Chicago, where in that young community he hoped for better fortunes. It was all pure barnstorming. In Springfield, Ill., there was an encounter with the law as represented by some bigoted aldermen. It seems that the elder Jefferson and his partner had built a rude wooden theatre and for a time they enjoyed prosperity. Then came a religious revival and the "wicked play-actors" were unpleasantly surprised with a heavy license, so heavy as to be practically prohibitive. The town was full, the Legislature in session, and the actors' available capital locked up in their slender enterprise. They were in despair. A young lawyer undertook their forlorn case. So skilful were his arguments, so tactful his wit, that the tax was remitted and the players permitted to go on. That lawyer was Abraham Lincoln.

A nomadic life followed, for there were no theatrical circuits, no chain of theatres girdling the country, as now. Canal and river boats were the usual mode of conveyance. The Jeffersons proceeded south. They encountered disaster in Memphis, where business was so bad that the theatre was closed. The father of Joseph took to sign painting in order to provide the necessities for his family. In Mobile he died of fever. His survivors had so little money that a benefit was organized and money enough secured to relieve them of black want. Young Jefferson went to Texas and joined a company. In 1846 the war with Mexico sent him on the trail of the army. In Mexico it is related that he supported himself by keeping a coffee stand. He arrived in New Orleans one day and was soon acting at the St. Charles Theatre, where were Mr. and Mrs. Charles Kean, Ann Cora Mowatt and James H. Hackett. The acting of John E. Owens, he declares in his autobiography, fired his ambitions. He had already supported James Wallack and the elder Booth. But it was the "Solon Shingle" of Owens that gave him the necessary clue to his own personality. He resolved to become a great comedian.

From 1846 to 1856 he acted chiefly in Philadelphia, New York, Baltimore and Washington. In the fall of 1849 he acted at Chanfrau's National Theatre, New York, and there met and married in 1850 his first

wife, Margaret Lockyer, an actress of ability. In Philadelphia he also appeared at the Amphitheatre, where, for the munificent salary of \$20 a week, he enacted various rôles. At Chanfrau's in New York he was Jack Rackbottle, in "Jonathan Bradford." The "Poor Soldier" brought him in contact with his wife, who was an English girl and only eighteen years old. She was the Norah. At his wedding Barney Williams was the groomsman, Jefferson's sister acting as bridesmaid. In 1850 Jefferson and his wife went to Mitchell's Olympia. From 1851 to 1852 he acted at Niblo's with the Irish comedian Hudson, and later entered into a partnership with John Ellsler and went South with a troupe which did not fare very well. Jefferson returned to Philadelphia after a second season in the South with Julia Dean. At the Chestnut Street Theatre, under John Gilbert's management, he played Bob Acres, Dr. Allopod, Dr. Pangloss and other stock comedy rôles. In 1853 he was stage manager at the Baltimore Museum, of which Henry C. Jarrett was the manager, and later went to Richmond, Va., for John I. Ford. The trip he made to Europe, in 1856 and in the steerage, was for the purpose of advancing himself in his professional studies—he clung tenaciously to his original idea. In London he did not act, but saw Buckstone, Compton, Robson, Chippendale, Wright, and the most versatile of them all, Samuel Phelps. That this careful study of his art in London and Paris proved valuable may be seen from the fact that on his return to America he joined the company of Laura Keane at her theatre, 622-624 Broadway, where he found himself in such goodly company as J. H. Stoddart, Cornelia Jefferson, George Jordan, Charles Wheatleigh, and Charlotte Thompson. This theatre was the first that gave him his lift to fame, for on August 31, 1857, he appeared in Colman's "The Heir at Law" as Dr. Pangloss.

Yet this impersonation was not received with open arms by the critics. The actor was accused of tampering with the text and adding new "business"—and in such a dramatic classic as "The Heir at Law"! Jefferson was Augustus in "The Willow Copse" at the opening of the third season. But October 18, 1858, was presented for the first time Tom Taylor's "Our American

Cowan," in which Jefferson impersonated the part of Asa Tranchard and Edward A. Sothern, Earl Dunderbury. Both men won fame and fortune with these rôles. The play ran 750 nights.

In 1850 Jefferson was in a dramatic organization managed by Dion Boucicault and William Stuart at the Winter Garden Theatre, formerly Laura Keane's Varieties. "The Cricket on the Hearth," with Jefferson as Caleb Plummer, was the initial attraction. He created during the following months such parts as Newman Noyes, Salem Scudder, Granby Gay, Sir Brian and Rip Van Winkle. His adaptation of "Oliver Twist" met with success, for the cast was remarkable. In 1859 he bethought himself of "Rip Van Winkle." It had been dramatized several times, and as early as 1828. At first his performance was not a success, owing to the huddled construction of the piece, but when he returned to England in 1865, he commissioned Dion Boucicault to rewrite the old play, and September 4th of that year, and for 170 nights afterward, he played the part of the dear old vagabond with consummate success. He left America in poor health, which was accentuated by the loss of his wife. He went to San Francisco, thence to Australia, where he enjoyed four prosperous years. From Tasmania he traveled to England by way of the Isthmus of Panama. It was in Australia that he appeared in "The Ticket of Leave Man" before an audience composed of convicts, an experience he narrated with much pride.

Jefferson came back to America and was seen in the new "Rip Van Winkle" at the Olympic Theatre, New York, on September 3, 1866. He created a furore. His last appearance on the stage was at Paterson, N. J., as Caleb Plummer and Mr. Golightly. This was May 7, 1904. He spent his latter days, when not on tour, at his estate at Buzzard's Bay, Mass., and at his winter home, Palm Beach, Fla. He was a passionate fisherman. He published a fascinating autobiography, and he lectured occasionally on "The Art of Acting." In 1891, after an address at Yale College, he received the degree of M. A.; Harvard College later gave him a like degree. He was at the time of his death president of the Players' Club, succeeding Edwin Booth, its first president, in 1893. His most intimate

friends, among many, were Grover Cleveland, Richard Watson Gilley, and William Winter, dean of the dramatic critics, and the late Edwin Booth. Mr. Jefferson had children by both of his marriages. He left a large fortune, the result of hard labor, careful husbandry and judicious speculation. He was charitable to private life, though he studiously avoided theatrical enterprises of all sorts. Possibly the disastrous experimentings of his father and of Edwin Booth may have warned him against any attempt to fuse the artist with the theatrical manager. After a wonderful career of more than seventy years on the boards, Joseph Jefferson died at Palm Beach from a complication of diseases, Sunday, April 23, 1905. His funeral was private and occurred at the Bayview Cemetery near his old home, Buzzard's Bay, Sunday, April 30th. There was a public commemoration service in New York at the Church of the Transfiguration, "The Little Church Around the Corner."

Many are the stories told of his kindly humor. He was fond of children. His grandchildren adored him and did not hesitate, after the manner of spoiled darlings, to apply whip and spur to their respected grandfathers when he played horse for their delectation. He counted his friends in every rank of life, and from Maine to the Golden Gate. He enjoyed practical jokes, but of a mild order. He had a fine sense of humor and his retorts were always neat.

I saw Joseph Jefferson during the first week of his "Kivals" revival in 1882 at the Arch Street Theatre. Ten years later, when I knew him personally, I found him off the stage as he was on—a charming companion. The only example of his dry humor that I can now recall was a slight incident which took place in Union Square, before a store where the actor occasionally stopped to purchase painting materials. I was at his elbow as he alighted from his carriage and as I saluted him I said: "Buying paint for the country, Mr. Jefferson?"

He halted, and in those almond-oid eyes—Celtic eyes—was just the ghost of a twinkle.

"Better paint barns than the town, young man!" and he went into the shop for his tubes, brushes and canvas. It was characteristic Joseph Jefferson.

THE NEW SCIENCE OF BUSINESS

It is a generally accepted fact that the best type of American men of business look upon their daily vocation as an absorbing game rather than as a matter merely of trading and money getting. More and more are the rules of this game being perfected and the standard of business dealing elevated—the pessimistic merchant of the older times to the contrary notwithstanding.

This department of THE WORLD'S WORK will treat of subjects which engage the working hours of so many of the cleverest minds. There will be short articles every month on the many sides of the problems which are most interesting, and, in a rough way, it may be said that the subject will divide itself into two aspects: some account of the best practice of modern and, especially, new or novel business methods; and some look into the future that points toward a more perfect, and as yet untried, field of office or business improvement.

USING CREDIT TO ADVANTAGE

JUDICIOUS BORROWING BETTER THAN AVOIDING DEBT—HOW CREDIT AGENCIES
AND BANKS SHOULD BE TREATED—THE ART OF FINANCING A BUSINESS

BY

E. N. VOSE

MOST people have an instinctive horror of getting into debt—an indefinable sense that indebtedness is discreditable. Yet this sentiment is at variance with the practice of modern business. The business man who refers with pride, as many do, to the fact that he “never owed a dollar” indicates that he probably does not understand how a successful business should be conducted.

The judicious use of credit, instead of being an element of weakness, is, and always has been, one of strength in any business. If the character and bearing of the business man, his reputation in his home community, his financial resources, his experience and his attention to business and his past record inspire confidence that he will meet his obligations, then—and in direct proportion to his standing in all these respects—he possesses credit. If he does not employ this possession he is an unwise business man.

Many business men imagine that because they pay cash for all they buy their credit is good. This is not the case. Their credit is unknown, and thus for all practical purposes they have none at all. The mercantile

agencies are rarely called upon to report on the standing and the progress of such houses, nor do the firms selling to them usually make much investigation. But let them suddenly ask for time, and suspicion is at once aroused. Their record tells against them. During the great panic of 1873 numerous inquiries were received by the mercantile agencies regarding houses in the West and the Northwest whose credit reputation was unknown. They had always paid cash, and now were asking credit for the first time. The inquiries came from the houses that had been selling to them for cash, but which actually knew nothing about them. In consequence of their failure to establish credit they were held in suspense until they could be rigidly investigated. Precisely the same thing happens during every panic. During times of crisis the big wholesale houses aim to confine their business to their best customers, and often refuse to open new accounts. It is therefore wise for every business man to arrange for sufficient credit to enable him to meet any unexpected emergency without embarrassment.

Almost at the very outset of a new firm's career the question arises, “How shall we

treat the reporter from the mercantile agency? Shall we haughtily refuse to answer his questions, or shall we fill out the statement blank presented?" There is but one answer—fill out the statement, fully, honestly, candidly. In making a full and clear statement on his affairs the business man benefits himself more than anyone else. The agency will make more money if he refuses information, for it then deprives him of a rating and all inquirers must ask for special reports. If a concern is solvent, has a good trade and excellent prospects, it is to its own interest that the facts be widely and fully known. More than 82 per cent. of the business houses in New York City now furnish statements, whereas ten years ago a house furnishing statements was the exception.

There are business men who never take an inventory, cannot tell offhand the amount of their accounts payable and receivable or the quick value of their other business assets, realty holdings, etc. For such men the insistence by the agency upon statements often teaches them more about their own affairs than they knew before. In thousands of cases a reporter discovers before he is half through his investigations that the firm he is examining is virtually insolvent and does not know it. If he is a man of judgment and experience he does not act hastily, perhaps precipitating a failure. If satisfied with the firm's honesty and good intentions, he often takes the concern in hand and puts it in the way of straightening out its affairs without recourse to legal advice, bankruptcy proceedings, or the courts. He is aided by a valuable class of professional men known as "merchandise doctors," or "adjusters." It is their business to show a merchant how to convert his oversupply of merchandise into cash quickly and safely. The reporter meanwhile visits the principal houses selling to the firm in distress, and frankly sets forth their position and his belief that they can pull through if given time. There is hardly an instance on record of a seller refusing to meet the trader more than half way in such an effort. Extensions of thirty, sixty, ninety days, four months, and even longer periods if necessary, are cheerfully granted.

In its attitude toward the bank a new firm should be equally candid. It is the best policy to arrange for bank requirements very soon after starting in business. The

man who is in desperate need of financial assistance is in a different mood from that of the one who is merely providing in advance against emergencies. In times of financial stringency some banks call in all their loans indiscriminately, apparently preferring forcing their customers into bankruptcy to imperiling funds of the bank. Others aim to contract their loans to outsiders, but stand ready to do all in their power to help their regular customers. In selecting a bank it is well to ascertain its policy and its reputation in handling credits. When a new firm has satisfied the bank of its responsibility it can, on occasion, have its paper discounted just as it would send a draft for collection. With conservative bankers the character of the applicant is first considered, though some bankers are more ready than merchants to do business with persons whose character they know to be questionable, and even to vouch for them. There are many cases where notorious swindlers have received excellent bills of moral health from the bankers with whom they kept "nice accounts" of \$50,000 or \$100,000. With the majority of bankers, nevertheless, character still stands first.

Next comes financial responsibility. First the bank considers the value of the firm's assets: merchandise, accounts and bills receivable, and cash. Plant, fixtures and machinery are regarded as slow assets, since in a receiver's sale they rarely bring more than 25 per cent. of their value, and often much less. Next come the liabilities—bills payable, including notes and open accounts—and the amount that can be loaned is governed by the total quick capital available after liabilities are deducted from the quick assets. If the applicant owes in excess of his quick assets he is not entitled to a loan at all, unless he be able to show some other good reason for granting his request. Other elements are also considered, such as the business methods and the reputation of the applicant, and the relation the volume of his business bears to his capital—or, in other words, how often he turns his capital over each year. Finally, the amount of the loan, other features being satisfactory, is proportioned to the average balance the applicant keeps in the bank. The ratio in New York City among banks doing a strictly mercantile business is four or five to one—that is, if the average balance is kept at \$5,000 the loan will be fixed at

\$20,000 to \$25,000. In order to keep his credit good, the trader should see that he has paid all his obligations to the bank at least once a year.

Loans secured by approved collateral do not involve credit at all. A New York merchant who had carried an account with a leading bank in that city for many years invariably put up good collateral for all loans. One day he demanded of a mercantile agency why he was rated with only the second degree of credit. He was told that, so far as known, he had never used his credit, and that even the bank where he always did business was unable to furnish any information about it. The bank naturally had never bothered about what he might do with an unsecured advance. Although it had regularly loaned him large sums on collateral, he had no credit standing there at all.

A seller's analysis of the credit standing of an applicant goes deeper than a bank's. No two credit propositions are precisely alike. Each must be decided on its own merits. Character the would-be buyer must have, but capital he must have also. Both are essential. More money is undoubtedly lost through firms of excellent character that trade with insufficient capital than through incompetent or fraudulent firms. The incompetent are more dangerous than the knaves.

Five sources of information are available to the credit man of the jobber or manufacturer: (1) his own personal interview with the applicant, (2) the applicant's statement, (3) the report of the mercantile agency, (4) the response of the bank to the letter of inquiry to verify the applicant's claim as to the amount of accommodation extended to him, and (5) the result of inquiry among the firms offered as references. The location of the applicant's business is considered, the condition of business in his locality or in his line, the amount of competition, and so on. Seven or eight months ago one of the highest salaried employees of a Western textile house went into business for himself. He had a capital of \$35,000, had an extensive experience covering every branch of the business, and was pleasant personally. As this article is being written his failure is announced for \$80,000. Yet he appeared to possess all of the essential elements of success and, except to the shrewdest of New York credit men,

seemed a good risk. While the writer was discussing this case with a credit man a visitor slouched in, clad in a three-years'-old overcoat and a most dilapidated suit, and apparently not likely to have the price of a car fare in his pocket. He was, none the less, one of the most valued customers of the house and good for credit amounting to \$10,000 right there, and to perhaps \$50,000 in the trade generally. The trouble with the bankrupt was that he was too expensive in his personal habits, too lavish in his disbursements for the firm in matters where economy was possible but might appear mean, too careless of the little details and the small leaks in a business in which competition had already cut profits to a hair's breadth. The other was exactly suited to succeed under these conditions. A shrewd, close buyer, he was also an aggressive and eager seller, taking a half profit rather than no sale. In his personal expenditures he was economical to the verge of parsimony, and in the conduct of his business he pinched his employees no doubt quite as sharply as he pinched himself. Where the first man treated visiting buyers to champagne dinners they were lucky if the second offered them a five-cent cigar. The one traveled a very broad and pleasant road, leading to ruin in eight months; the other a most strenuous and disagreeable pathway, but was doubling his capital every three years.

A greasy face and a three-years'-old overcoat are not, however, the usual passports to a credit man's confidence and esteem. At the momentous first interview the credit man is sizing up his prospective customer from a hundred viewpoints—his life history, his early struggles and successes, his plans and hopes, his experience and reputation, his ideas of the way the business should be conducted—as all these and similar topics pass in review the result of the interview may, and often does, depend upon the reply to some apparently trivial question interjected in the most careless and indifferent manner. The buyer during the ordeal should be candid. Evasiveness in this court is a misdemeanor, lying a crime. And detection is practically certain, for on the conclusion of the interview not only are its results and the impressions produced upon the buyer carefully noted, but every statement that can be verified is at once investigated. Great importance is at-

tached to the report made by the man sent to look up the buyer's references and ascertain his record with the firms previously selling him. If this is at all unfavorable, that ends it—there is plenty of competition to secure good accounts, but none to secure bad ones. When this report, the reply from the buyer's bank, and the mercantile agency report have all been received the credit man takes out the card containing the buyer's own statement regarding his financial condition—with the memoranda regarding the interview attached or on the back—and has before him a very complete mass of evidence upon which to base his decision. But before him in his mind as he examines each document and compares each figure stands the personality of the buyer and the memory of those subtle impressions through which he has unconsciously or subconsciously determined in his own mind whether he is dealing with an honest man or a rascal.

It is advisable for a new house to test its credit with those from whom it buys, but to use that credit rarely. By asking for the

longest terms of credit granted in his line, with discount at option, the buyer can ascertain what his credit standing is and give the seller an opportunity to find out all about him. But to make money a good merchant will borrow from his bank, if necessary, so as to discount his bills. In this way he earns about 10 or 12 per cent., while his loan from the bank will never cost more than 6 per cent.—and may cost less. The secret of quick gains in capital is in nearly every instance the skilful use of credit and the rapid turning over of all the capital employed.

The instances in which credit is abused are steadily decreasing. The insistence on the part of the agencies upon statements and the extensive exchange of courtesies between merchants with a view to keeping one another informed are chiefly responsible for this tendency. A queer transaction or a suspicious circumstance is almost instantly noted by somebody, is talked over, the suspected firm is closely watched; and it is rare indeed—in proportion to the number of firms in business—that dishonest practices prosper.

THE BOOKKEEPER AS A HUMAN BEING

HOW THE HUMAN ELEMENT IN THE ACCOUNTING DEPARTMENT
MAY BE BROUGHT OUT AND MADE A VALUABLE BUSINESS ASSET

IF a bookkeeper were to show that he realized what all his figures really mean in his work, I'd faint at the sight," remarked the head of a prominent firm. "But when I came to I'd raise his salary. I've never fainted though. In all my experience a bookkeeper has never asked me the purpose for which I desired certain statements so that he might gain information which would aid him to make the statement, or asked me to translate his figures into their business significance. The average bookkeeper is crushed body and soul by figures; he is often just a machine and not by any means an accurate machine."

This is the sweeping charge being made by business men throughout the country. There was never a greater demand for good bookkeepers, and never a greater supply of poor ones. A certain firm received five hundred applications in response to an advertisement for bookkeepers. Four hundred and sixty were hopeless. The ten

best were sifted from the remaining forty, and their writers interviewed. Only one was found worth considering. Usually out of two or three hundred applicants only two or three are worthy of a trial. These experiences do not mean that but one bookkeeper in one hundred or five hundred is worth employing. The bookkeepers who respond to advertisements are those out of employment or dissatisfied with their present positions, and these are likely to be bookkeepers who have not given, and are not giving, satisfaction. This shows how difficult it is to get good bookkeepers.

The ideal bookkeeper sees the meaning of the figures he sets down, sees the relation between his totals and the business—is, in short, a thinking human being. The fundamental charge against most bookkeepers is that they show no interest in their work. This takes many forms. The most common is the use of the hand to the exclusion of the brain. With 75 per cent. of bookkeepers the

hand alone does the bookkeeping. They transcribe figures without thought of their meaning. They rarely see a mistake. One business man says he has often seen checks lying about the floor of his bookkeeping department, though if one of the bookkeepers were to drop a nickel of his own he would go to his knees and search till he found it.

Another form of indifference is ordinary carelessness in making entries or in making out bills. This shows lack of interest. This kind of bookkeeping creates two sources of loss. First is the direct loss from mistakes and second the expense of an expert accountant (merely a bookkeeper who thinks) to examine the accounts of bookkeepers who do not think.

Another deficiency is lack of ambition. There are good chances for bookkeepers, but the majority make no attempt to fit themselves for these opportunities. As bookkeeping is now systematized, each man is only one wheel in the business machine. But the bookkeeper who would study the other wheels, the whole machine, and learn the meaning of its work, would be certain to advance.

Why is a man a bookkeeper? The average one is attracted to bookkeeping not by any liking for the work, but because it requires no training, at least to begin, is steady, clean, and allows him to dress like a gentleman. It has a strictly social attraction. A bookkeeper making two dollars a day feels himself much higher in the social scale than the bricklayer who makes five dollars a day.

"How can I take interest," asks the bookkeeper, "when the work is monotony itself? You sit on a stool eight hours a day, day after day, year after year, and put down dead, meaningless figures," he declares. "You learn how to do the work in a short time, and after that there are no new problems to be solved." The employer himself aids. He is interested only in what bookkeeping shows. It brings no money in, it doesn't extend his business—it's just a necessary expense. His real enthusiasm goes into other departments.

There's the trouble. No interest is shown in the bookkeeper, therefore he gets no encouragement. There is little chance of advancement. Once a bookkeeper always a bookkeeper. Perhaps somebody ahead dies, and he goes up a notch. But just as likely a young relative of the firm, or a son of a

friend of the firm, has been in training for a place of this sort—and in he goes. That is one of the discouraging things.

There's the testimony. The charges of employer against bookkeeper and bookkeeper against employer agree on one point—that the average bookkeeper has little interest in his work, is more and more a machine and less and less a human being. The great problem is, can the bookkeeper be so humanized that he will take interest in his work? Here is one situation which suggests a possible method of solution: In a certain firm the heads take the most intimate interest in the manufacturing and sales departments; the result is a remarkable team-work in those departments. The heads of this firm give no real interest to the bookkeeping department; yet they complain much of their listless bookkeepers. There are many firms in which the same situation exists. The question arises: If this firm were to show the same interest in its accounting department that it shows in its other departments, would there not be an awakening among the bookkeepers?

Initial interest cannot come from the bookkeeper, for he hasn't it. If it ever comes it must proceed from the employer. If the employer openly gives to his bookkeeping department the importance it ought to have, and shows an intimate concern in the men, he will vitalize bookkeeping and arouse the bookkeeper. Firms here and there have tried this plan, and have secured improved service. They have no fixed rules for procedure, for they treat each case individually. Here are some suggestions.

This plan, for example, must be executed with extreme tact. The employer, or the head of the accounting department, must at all times be perfectly natural. Premeditated blame or praise are both bad. If a bookkeeper is summoned to the office and formally commended or reproved, the ceremony may seem to him forced, cold blooded. Far better to speak to him in his own environment at the instant some features of his work calls for blame or praise.

If praise is deserved don't be afraid to give it. Once a head bookkeeper, going over the monthly report of one of his men, noted that in one place a new and quicker method had been followed. "Did you devise that short cut yourself?" he asked. "Yes, I worked

it is this month," answered the bookkeeper. "Well, now that's first class," exclaimed his superior. That was all, but the bookkeeper beamed. Without doubt he went back to his work determined to look for new short cuts, and to do the best that was in him.

If blame is deserved give it—but judiciously. A hot "calling down" may only rouse reckless resentment; indirect reproof may rouse dormant pride. If a man is doing sloppy work perhaps such a remark as "Now, how would you like the president of the company to see this statement?" will be all that is needed to make him brace up. If severer condemnation is deserved suggestion is still better than brutal frankness. "Do you think you are doing this as it ought to be done?" a head accountant asked an unsatisfactory bookkeeper. "No," the other admitted. "Well, if you keep doing it this way how much longer do you think you'll hold your position?" This, of course, was a threat of discharge, but it was so delivered that it did not antagonize. It roused both the man's pride and his desire to hold his position, and the quality of his work straightway improved.

Another proved method of rousing the

bookkeeper's pride is to divide two kinds of work into halves and give a half of each to each man. The men will thus be doing the same work. If one man neatly finishes his monthly report several days before the other bumps his to a slovenly end the chances are that the second, his pride quickened, will vow that the next month and thereafter he will do just as good work as his neighbor.

Here is an incident which suggests the great results that can be secured by showing a bookkeeper the significance and importance of his work. A clothing manufacturer asked his head bookkeeper, whom he had never taken the trouble to interest in his business, for an extensive statement. "All right; but it'll take two weeks to get it ready." "Two weeks!" cries the manufacturer. "Why, I've got to have it in order to make a bid on a big contract, and I must get the bid in tomorrow." And he went on to give the details of the pressing situation. The bookkeeper opened his eyes. The required statement was not merely a collection of dead facts; it was something vital, of big importance. He got all his men upon the job, infected them with his interest, and when evening came the statement was ready.

THE VALUE OF ORGANIZATION CHARTS

HOW A BUSINESS FORCE MAY BE MADE SMOOTH WORKING THROUGH SYSTEM—THE "MAP-AND-TACK" PLAN OF CONTROLLING SALESMEN—EXAMPLES OF SUCCESSFUL CHARTS—THEIR EFFECT ON EMPLOYEES

BY

KENDALL BANNING

THE captains of modern industry marshal and move their forces on the field of industrial competition as Napoleon handled his battalions.

"This territory here," says the modern sales manager, pulling open a flat-bottomed drawer from a filing cabinet and referring to sections of a map enclosed by a black string attached to white tacks, "belongs to agent Brown. This adjoining field," indicating a territory surrounded by a similar black string but attached to blue tacks, "is assigned to agent Jones." And agents Brown and Jones, with their forces of salesmen and assistant salesmen and office managers and other employees, are held responsible for results, such as his own district, in much the

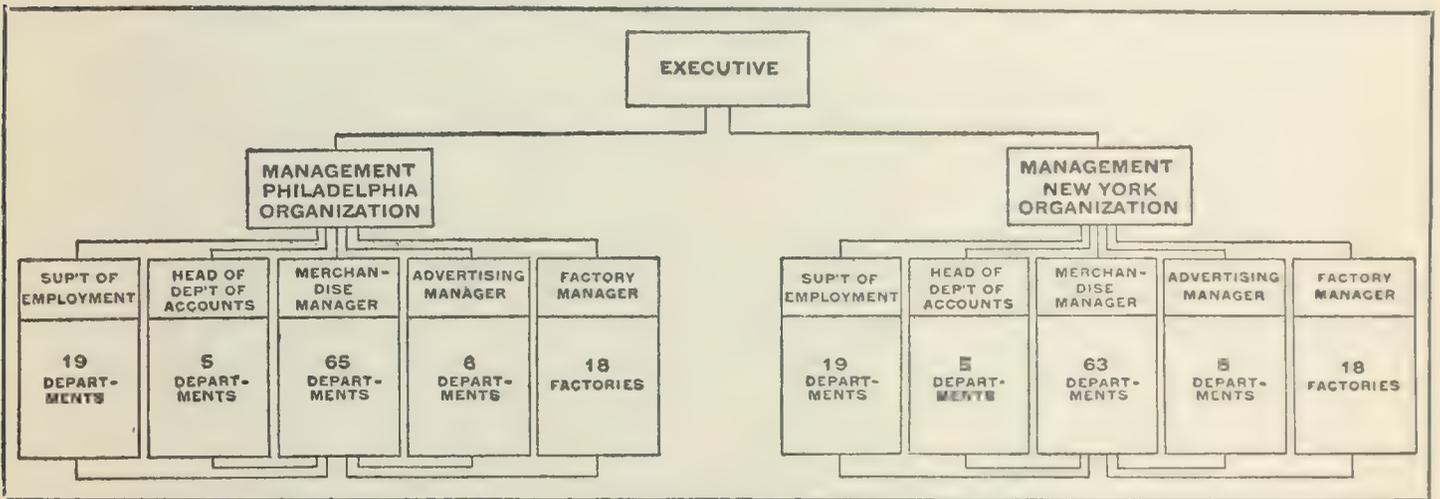
same way that army commanders are held responsible in time of battle. Their victories may be counted in increased orders sent to the factory. Their positions and their assigned territories may be shifted and changed on the board much as a general shifts and changes his forces to meet the moves of the enemy. To the modern executive, business is a game in which he is one of the players and the forces at his disposal are his pieces. And the player who gets the greatest value from his forces wins.

This "map-and-tack" system of routing salesmen was perhaps the first of the maps of business. Colored tacks represent the different agents, colored strings represent assigned and "open" territory. There are

colored tacks to represent inquiries, sales, competition. A glance at such a map tells the sales managers of concerns like the National Biscuit Company, the American Bridge Company and others, more than many printed pages of information. From such maps have been developed the many charts that show not merely the locations but the functions of the departments of a business organization. By a study of these maps departments may be assigned and responsibility may be transferred in the whole organization of a business, just as the sales manager regulates the sizes of his territories and the duties of his subordinates.

"This point represents me, the executive," said the president of the National Cash

defective, the error may be traced directly to a definite place in the organization on which the finger may be placed with a promptness and an accuracy that are almost automatic. It is the duty of the foreman of that department to see that such errors do not occur. It is the duty of the supervisor, who has charge of several departments, to pick out foremen who do not make mistakes. It is the duty of the division manager to supervise the supervisors. It is the duty of the general manager to hold the division managers to account. Whether a mistake occurs in the assembling room or in the engine room or in a sales office in San Francisco, not only is the official directly in charge held accountable, but also every official above his head. These



A CHART OF THE FUNCTIONS OF THE DEPARTMENTS OF A RETAIL STORE

Showing how four general departments of each of the two organizations act as "feeders" to the merchandise departments (John Wanamaker's, of New York and Philadelphia)

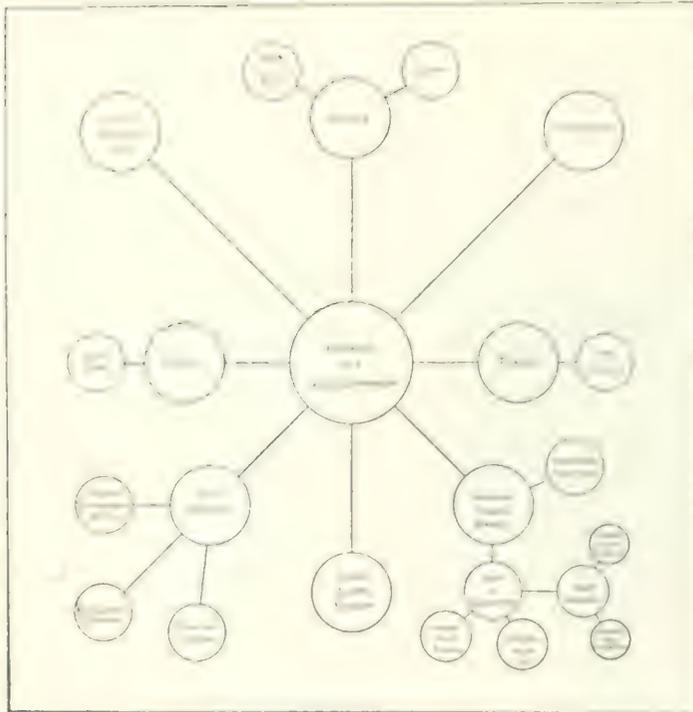
Register Company, as he drew a circle on a blackboard. "Directly under me and responsible to me are the heads of my three main divisions of my business—the making, the selling and the office divisions." And as he spoke he drew three more circles and connected each by a line with the circle that represented himself. That rudimentary sketch embodies the principle of organization of many of the largest of modern business houses.

From this idea has been developed the well-known "pyramid plan" of business organization, in which every department and every executive is indicated. On this map appear the main divisions and the subdivisions under which each department falls. It shows the order of their responsibility to those higher up; it shows their relations to each other. If a bolt in a machine is found

officers are held responsible until unsatisfactory conditions are remedied. Their responsibility is shown on a chart.

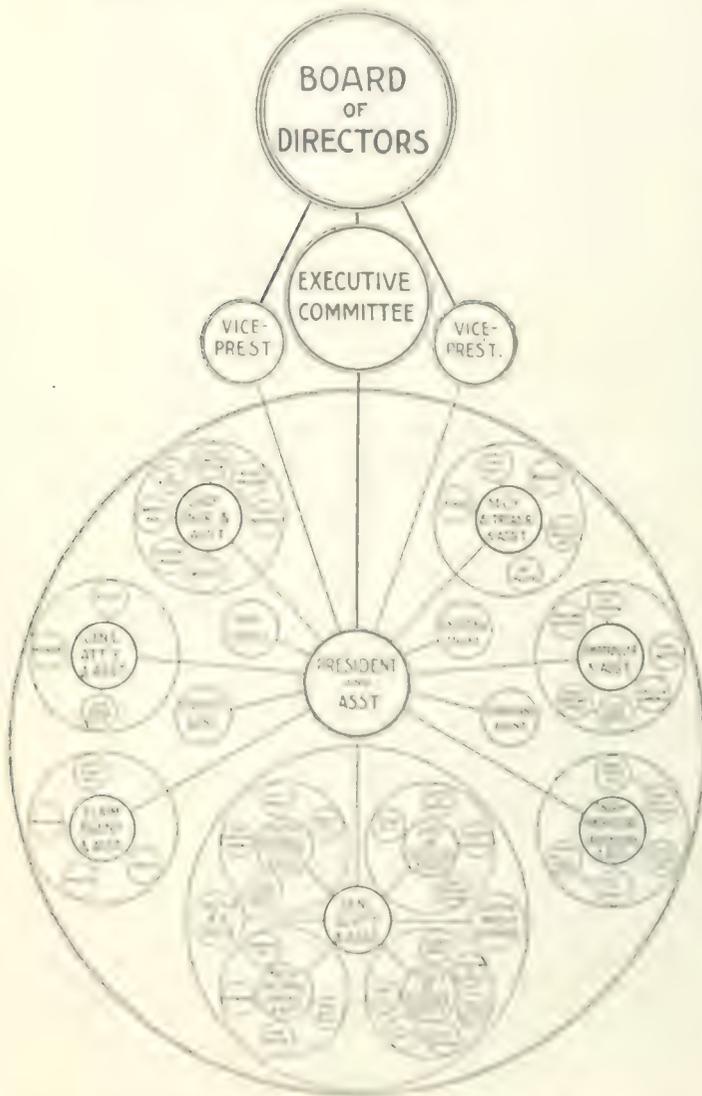
The organization chart shows the men in each department exactly what work they are doing and to whom they are accountable. It is the blame-placer of business. But the placing of blame is only one of its functions.

"Perhaps half of the employees who do not 'make good' fail because they do not know exactly what work is required of them," are the words of an executive head. A man may be willing and eager to do all the work that seems to lie before him, but experience tells him that by so doing he may encroach upon another's duties and so get into trouble. Further, he is reluctant to assume work which is not required of him and for which he will be blamed in case of failure. It is



A SIMPLE ORGANIZATION

The bounds of authority sharply defined. The company is the Metropolitan Street Railway Company of New York



A CLOSELY CENTRALIZED ORGANIZATION

The Chart of Responsibilities of the departments of the Brooklyn Rapid Transit Company

to keep just such men in touch with the organization that many business houses have prepared charts that point out the functions of each department as related to the whole and to the work next in line higher up.

The impression created by the chart is produced primarily on the employees, for on that map each employee sees his own duties charted. He knows, also, that others see those duties, and that in case of error or failure the executive may trace the responsibility to him. That chart is an incentive to him to do his work well; it is an encouragement to prepare himself for the work ahead.

Of these organization charts there may be as many kinds as there are conditions to meet. The president of the National Cash Register Company, for instance, once spent some weeks away from the plant only to find on his return that the work was practically at a standstill, awaiting his decision on important matters. "You people are too dependent on me," was his comment; "when the executive heads are away you lose your support. Conditions should be reversed; the executives should be supported by you. We have been working on the inverted pyramid plan; hereafter the pyramid will stand on its base and the executives will be at the apex." And with this idea he worked out a graphic chart. Of course the inverted pyramid scheme never existed; the idea was fanciful. The actual organization of the plant was not altered. Yet the chart furnished instruction and incentive to every employee. An employee can work more intelligently when he is acquainted with the organization of which he is a part.

In contrast to this pyramid plan is the military organization of the retail house of Marshall Field & Company, of Chicago. At the top of this organization is the general manager, who corresponds to the commanding general. Under him are six main branches, corresponding to the six branches of the army service. Each branch is subdivided into brigades, regiments and smaller groups, each with its executive head. This chart is effective in determining responsibility, but does not indicate the functions of these departments, as does the chart of the house of John Wanamaker. This house has organized both its Philadelphia and its New York organizations into five departments. Each group of five is responsible to the manage-

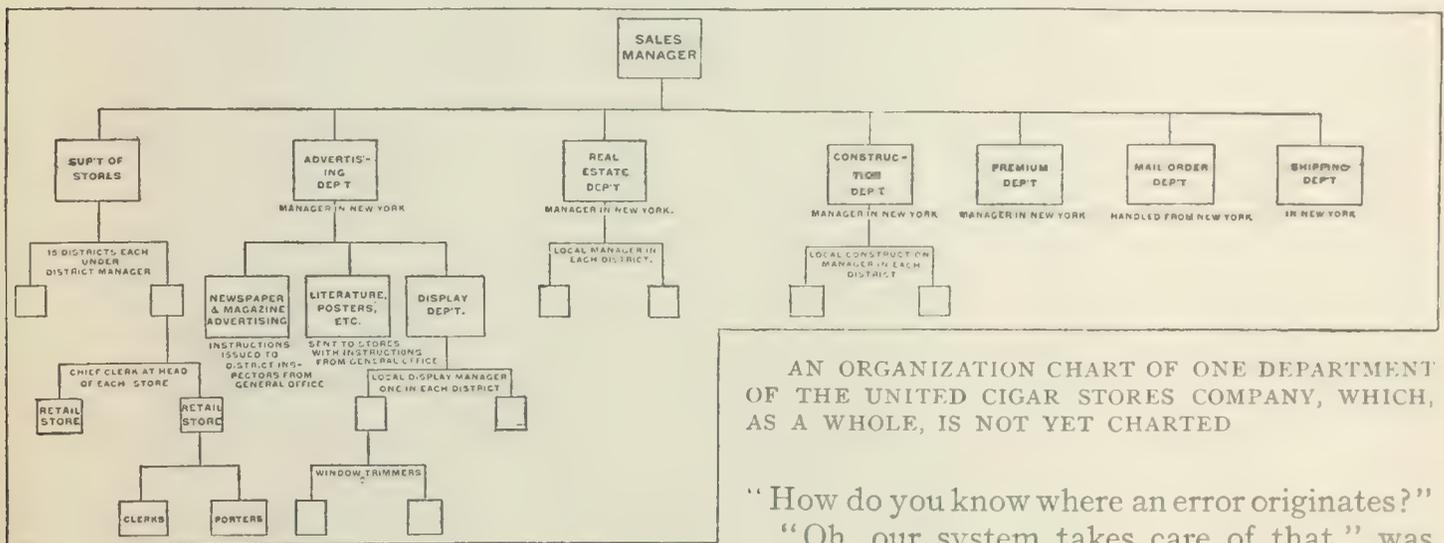
ment," and each of the two managements are subservient to, and at present are a part of, the executive. Each department is divided into smaller groups, each with its responsible head. The main department under each management is, of course, the merchandise department, which consists of more than sixty "stores," as the departments are called, all of which use the services of the other departments on a co-operative basis. How effectively these functions may be indicated graphically is shown on the accompanying chart, on which the four auxiliary departments are shown as "feeders" to the stores.

An example of the elementary chart, the general scheme of which may be made to apply to nearly any business house, is fur-

being charted; the executive has been in the hands of the few for so long that an intimate personal knowledge takes the place of system. In that intimacy danger often lies; in the absence of such an executive, complete mechanical records of the work of his department are lacking and the department may be conducted with difficulty.

"Our most dangerous employees," said an executive of the Western Electric Company, "are the employees who carry their systems under their hats. When they leave us they carry records with them that belong to this company."

"How do you trace a mistake?" was recently asked of an official of a large department store, to whom charts are unknown.



AN ORGANIZATION CHART OF ONE DEPARTMENT OF THE UNITED CIGAR STORES COMPANY, WHICH, AS A WHOLE, IS NOT YET CHARTED

"How do you know where an error originates?"

"Oh, our system takes care of that," was the easy reply. Yet what that "system" was he could not explain. He had a long-standing knowledge of the business and could probably trace an error by personal inquiry; yet there was no automatic method of such tracing to guide those who did not share this intimacy.

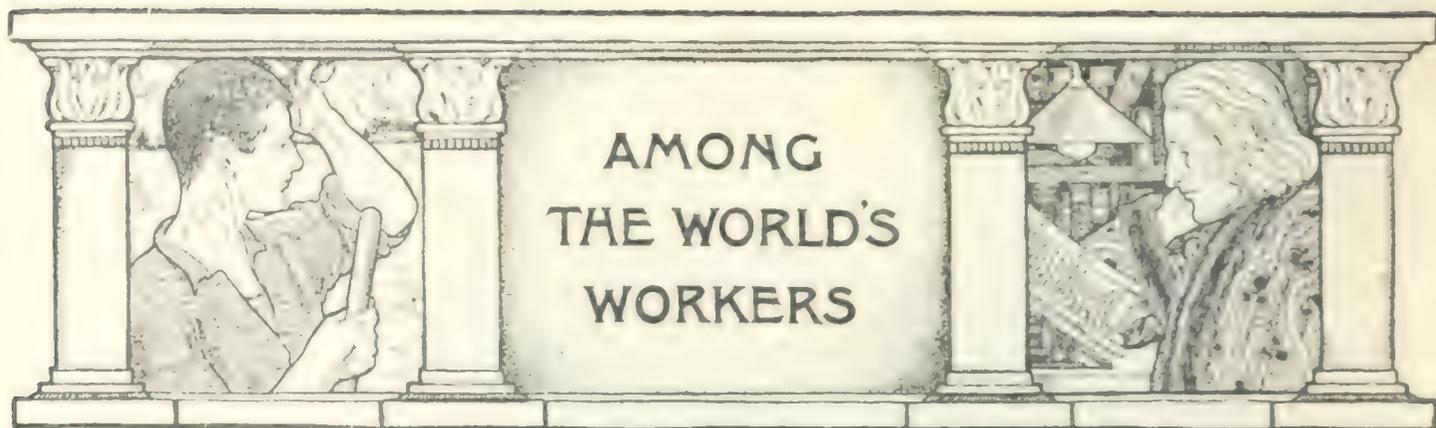
nished by the Metropolitan Street Railway Company, given herewith. It is apparent from this chart that the president has direct connections only with his eight lieutenants, none of whom have connections with each other. This scheme of organization is possible only in cases of sharply defined lines of responsibility.

So valuable have such charts become to some concerns that it is not unusual to find department heads mapping out their organizations entirely independently of the houses of which they are a part. The United Cigar Stores Company, for example, has not yet charted its organization as a whole, yet the sales department's functions have been graphically indicated, as shown by the accompanying illustration.

The organization of the Pullman Company is centred about its three main divisions of labor—Financial, Manufacturing and Operating. Its chart shows an unusual distribution of authorities of the executives in sharp contrast to the centralized authorities as shown on the chart of the Brooklyn Rapid Transit Company.

The real value of such charts is indicated by the favor with which those already in use are regarded and by their increasing importance in the guidance of the campaigns of the business world.

Such business maps do not make nor necessarily change the organizations that already exist. Indeed, many of the largest commercial enterprises do not appreciate that they have an organization capable of



THE VALUE OF A FARM CENSUS

MR. F. D. COBURN, Secretary of the Kansas Board of Agriculture, can sit at his desk in the capitol building at Topeka and tell any visitor the acreage, the productivity, and the improvements of every farm in the state. This is possible because a farm census is taken every ten years under his direction. A practical and successful farmer himself, Mr. Coburn determined, when he became secretary, that the best way to help the Kansas farmers was to find out what they were doing.

But taking a farm census in an agricultural state like Kansas is a very difficult thing. The farms are often ten miles apart. Mr. Coburn set about the task systematically. He got the Legislature to enact a farm census law making every county clerk responsible for the gathering of census information in his county. He prepared a series of blanks to be taken by canvassers to the farm. These blanks were adaptable to every kind of farm. When filled out, they state not only the acreage of the farm but the number and kind of buildings on it, the livestock and poultry, miles of fence, number of hands, and the usual personal information about the farmer's family and employees. But the reports tell more than this. They show the quantity of corn, wheat, or alfalfa raised; how the soil has been treated; how the crop has been developed, and the prices obtained. The farmers joined heartily in the plan. They saw that Mr. Coburn and the state were in earnest. Mr. Coburn compiles all the reports into a compact volume, copies of which are distributed throughout the state.

From it the wheat grower in Southern Kansas finds sometimes that the wheat grower in Central Kansas with the same acreage and the same kind of soil raises more wheat than he does, but the census shows how the soil is treated and the helpful in-

formation thus obtained is used to improve the crops. Again, the statistics of the success of one kind of crop in a certain locality often leads farmers in other sections to grow this crop. Everywhere the reports have stimulated agriculture. Whole farming communities have been developed and made richer by the influx of farmers who have read the census returns. These reports, too, have the effect of keeping the Kansas boys on the farm. They read about large returns from steady crops, and the city has no temptation for them.

The Kansas farm reports are used in nearly every state and in many foreign countries. They are discussed in a dozen agricultural colleges.

They have formed to a large degree the basis of Mr. Coburn's agricultural books that have a world-wide reading. For example, he wrote a book called "The Helpful Hen," based on what the hen had done for the Kansas farmers, which has become one of the most widely quoted works on the subject. The farm facts collected under Mr. Coburn's direction are in the libraries of nearly every capital in the world. They have had a significance for agriculturists the world over.

But the census has another value. Not long ago a man came into Mr. Coburn's office and asked for the census report on a small farm in Reno County.

"But why do you want the information?" asked Mr. Coburn.

"Because," replied the man, "this farm is involved in a law suit and we must find out the acreage and productivity five years ago."

The report was found; it contained every fact desired. The information thus secured affected the issue of the litigation.

Thus the man, by a practical plan, successfully operated, has benefited all the people of a whole state.



Photograph by George Eastman, Eastman Kodak Co., New York

ADMIRAL TOGO AND HIS SONS

THE WORLD'S WORK

JULY, 1905

VOLUME X



NUMBER 3

The March of Events

THE great Battle of the Sea of Japan may greatly change the fate of half the world. After waiting for months at a successfully concealed rendezvous on the east coast of Korea opposite the Tsu Islands in the Straits of Korea, Admiral Togo rushed out at Admiral Rojestvensky's approaching fleet on May 27th; and the long-expected battle began.

The Russian fleet consisted of eight battleships, three coast-defense vessels, three armored cruisers, six protected cruisers, thirteen destroyers, six auxiliary cruisers, beside five vessels of a volunteer fleet; and the Japanese fleet of five battleships, one coast-defense vessel, eight armored cruisers, twelve protected cruisers, four cruisers, twenty destroyers, twelve large torpedo boats, fifty-five small torpedo boats, and about thirty-eight auxiliary cruisers. In the number of guns they were nearly evenly matched. But in other respects the Japanese had the advantage.

The Russian fleet moved forward to the east of the Tsu Islands in two main lines, the battleships on the east, toward the Japanese coast, the cruisers to the left, with torpedo boats and transports between them.

Admiral Togo sailed eastward, north of the Tsu Islands, and then southward, and attacked the Russians, his flagship leading. He so disposed his fleet early in the battle as to leave the Russians little chance to escape

by flight. Before and behind them and to the left were Japanese warships; and on the right was the coast of Japan. The strategic management by Admiral Togo seems perfect. Even after the Russian fleet was scattered, the Japanese suffered no confusion, according to all the reports. Every individual Russian ship was attacked by orders which fitted every separate case.

Good gunnery by the Japanese did its work early in the battle; and as soon as the line of battle was broken by the disorder into which the Russians were thrown, the Japanese torpedo boats did deadly execution.

On May 27th, on the night and the day following, in a running battle far to the north, twenty-two of the Russian ships were sunk or captured. The captured are the battleships *Orel* and *Imperator Nicolai I.*, the coast-defense vessels *General Admiral Apraxine* and *Admiral Seniavin*, and the destroyer *Biedovy*, which were under the command of Admiral Nebogatoff.

The cruiser *Almaz* and the destroyers *Grozny* and *Bravy* escaped to Vladivostok, and three cruisers, under the command of Admiral Enquist, escaped to Manila, in a badly damaged condition. The Japanese lost only three torpedo boats.

The estimated loss of life on the Russian side is 12,000; and 4,000 were taken prisoners. The Japanese report 203 killed and 424 wounded. Every Russian officer of high

rank except Admiral Enquist was killed or taken prisoner. Admiral Rojestvensky was captured, severely wounded.

Such is the brief and already familiar summary of the greatest battle that has been fought with modern naval machinery, and that has left Russia as an insignificant naval power and given Japan mastery of the sea. The most interesting fact about it is that it was won, not by battleships nor by torpedo boats, nor by superior strategy, nor by more accurate gunnery, but by all these, and by that thorough preparation in every detail which, if it be not genius, can be matched only by genius of the very highest order. The common name for it is proper training.

TOGO'S VICTORY AND INTERNATIONAL RELATIONS

THE horizon of international politics has been lifted by the Japanese victory in the Battle of the Sea of Japan as by no other event of modern times. What was "the world" a little while ago, as it was regarded, for instance, by Bismarck? It was a small scene of action. It was England and the few stronger states of continental Europe, with great and fearful Russia to the east. The smaller countries, such as Italy and Spain, came in for secondary consideration; Turkey existed as a nuisance; and the United States lay outside most international thought. As for the Asiatic peoples, there was no Asiatic government to be regarded seriously. They existed for trade, and for plunder whenever the time should be ripe for further dividing them.

Who is "the world" now, as regarded from any important centre of international observation? The overwhelming revelation of Russian weakness and corruption has changed the whole European perspective. Since the rise of the United States as a "world power," and especially since the sudden rise of Japan, continental Europe has shrunk in relative importance. The alliance that England has with Japan has become one of the most important alliances in the world, and the closer relations between England and the United States have caused new adjustments in international thought. The area of active international politics, which a little while ago included only Europe, is now broadened to take in two more continents—America and Asia.

Our little war with Spain gave us a wider interest in the world, which we had occasion to show, to good purpose, first at the time of the Boxer uprising in China; and the moral influence of the United States has ever since become an increasingly important force in international relations.

The rise of Japan, by her mastery both of statesmanship and of war, brings a wholly new era in the relations of Europe to Asia. Nothing can now be planned or done touching the oldest and most populous continent without taking council with this young power, by which the yellow race has entered the family of great nations.

The large political future of much of Asia must now, therefore, be thought of with reference always to this important fact—that the United States, Japan and England are committed to the integrity of China—that is, they are opposed to the old policy of European spoliation—and they are committed to the open door for trade. Continental Europe will play a smaller part in the larger politics of the world than it has played for several centuries. The future lies rather with England, the United States, and Japan as the Great Powers that are pledged to free government and to the open door.

THE BATTLE AS A MEASURE OF CHARACTER

THE great Battle of the Sea of Japan was the conclusive and dramatic proof of what the Japanese-Russian War had before shown—that the Russian Government is hopelessly corrupt and inefficient, a rotten lie, in fact, and that the Japanese Government and people are entitled to rank in efficiency and character with the great nations of the world.

Much more was made plain by that battle than mere naval strength and preparation. On the side of Russia the criminal foolishness of sending the fleet at all was made evident. There was no proper preparation, for there was no real dispute. There was no great leadership. There was no skill in gunnery. The whole performance, from the time the ill-starred fleet left home, shows the total lack of character and judgment of the Russian autocracy. It was a criminal "bluff," a mere blind effort to simulate a real courage that generations of corruption have sapped—a device to postpone the inevitable humiliation of accepting peace. Individual members



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ADMIRAL KAMIMURA, HIS WIFE AND DAUGHTER

WARMING THEIR FINGERS OVER A CHARCOAL STOVE

See also "Mitsunobu's Feast"

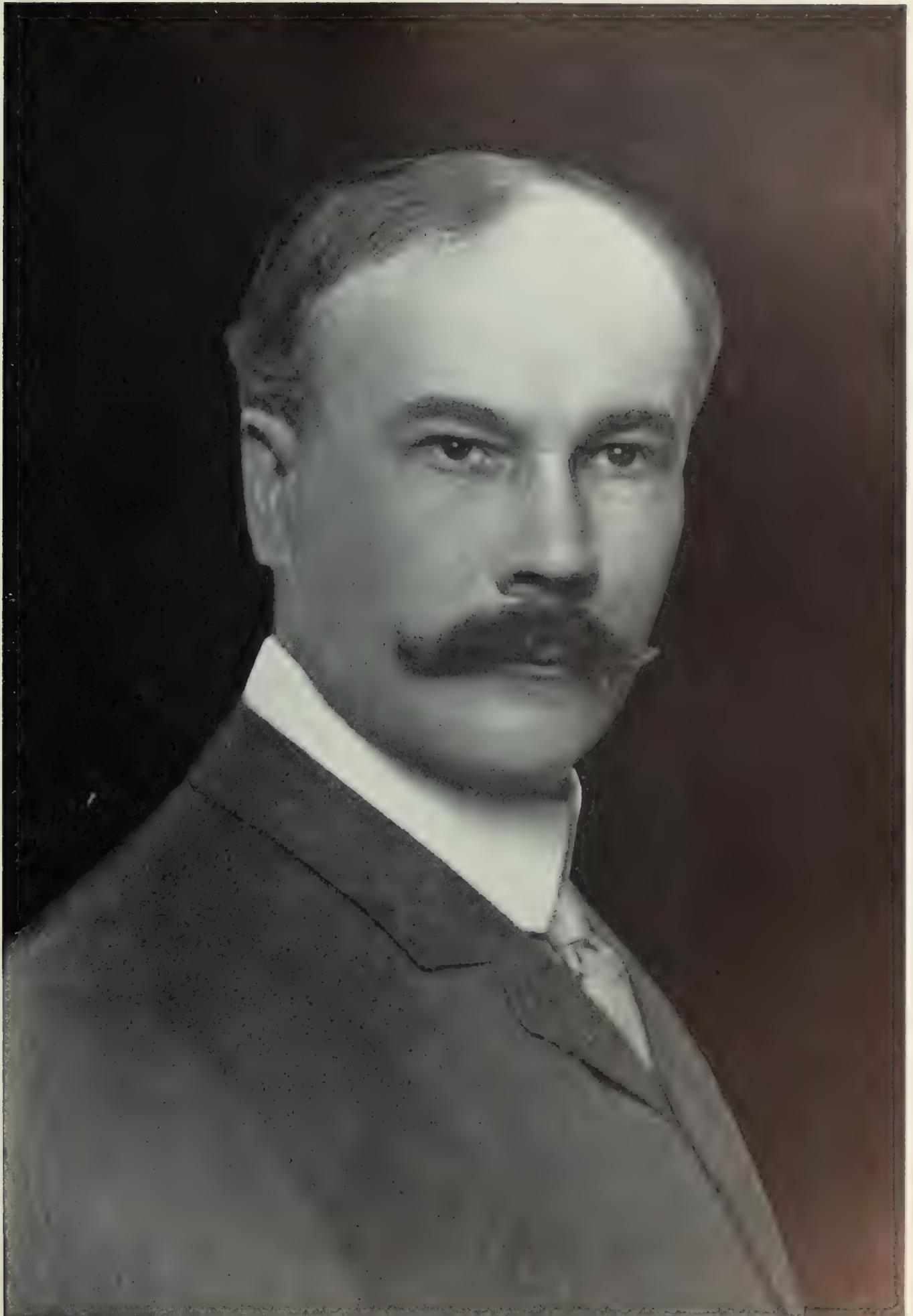


Photograph courtesy of THE WOODS BROTHERS, Philadelphia

MAYOR JOHN WEAVER, OF PHILADELPHIA

WHO HAS PLACED HIMSELF AT THE HEAD OF AN AROUSED PUBLIC SENTIMENT AGAINST OFFICIAL CORRUPTION, AND HAS DEFEATED THE POLITICAL RING THAT ELECTED HIM

Illustration by The Wood Brothers



MR. PAUL MORTON

THE CHAIRMAN OF THE BOARD OF DIRECTORS OF THE EQUITABLE LIFE
ASSURANCE SOCIETY, WITH FULL POWERS TO REORGANIZE THE BUSINESS



MR. WILLIAM F. MEAD

MR. CHARLES F. MCKIM
MCKIM, MEAD & WHITE

MR. STANFORD WHITE

Photographed by Arthur Hewitt

THREE OF THE BEST-KNOWN AMERICAN ARCHITECTS, WHO HAVE CONTRIBUTED TO THE UPLIFT IN PUBLIC TASTE

of the Russian navy did show desperate courage; but the whole performance was a wicked act of the Government that displayed moral cowardice. It would sacrifice its men and ships before it would acknowledge its own corruption which had made them incompetent. But cowardice also was shown by some of the officers and men; there were mutinies; there were unspeakable cruelties. Wounded men were flung overboard because the sight and sound of them demoralized their companions at the guns. The Russian confusion and inefficiency and disgraceful conduct showed the nature of the Russian Government, the untrained officers and the useless men, as clearly as a census of their moral qualities could have shown it.

On the Japanese side the battle gave the most dramatic demonstration that Japan could have asked to show all the qualities that make for success. In the first place, preparation. From the choosing of an advantageous place for the battle to the minutest detail there was a readiness such, perhaps, as was never before known in a great battle. Even the fishing boats had been commanded to be ready to pick up men in the sea. Every event came "as prearranged." The guns were fired accurately. The manœuvres were perfectly carried out. There was no confusion in foggy or in fair weather. The battleships proved their value and the torpedo boats their deadly usefulness. The same desperate, unemotional, invincible conduct in battle that has won on every field and in every naval encounter of the war proved the Japanese the most formidable fighters. The fleet was a perfect machine and yet every man acted with individual intelligence as well as with individual courage.

And as soon as the battle was ended converted cruisers were despatched to search the seas "laden with food and medical comforts," and saved 600 Russians. There was the same heed given to the demands of civilization and of humanity that was given to the necessities of battle. Character as well as fighting skill was shown to the highest degree.

THE ORIENTAL MIND

THE character of the Japanese was shown also in the despatches that the Government and Admiral Togo exchanged. The Admiralty ascribed the victory first to the

"virtue of the Emperor." The Emperor ascribed it to "our ancestors." Admiral Togo ascribed it to both. There are interesting reflections provoked by these extraordinary despatches about the greatest of sea fights, won by modern ships and guns and wireless telegraphy.

The Minister of the Navy telegraphed to Admiral Togo:

"We send sincere congratulations and take occasion to praise the virtue of the Emperor, to thank you and those under you for the onerous service extending over many months and to express sympathy for the killed and wounded."

The Emperor telegraphed to Admiral Togo:

"We are glad that by the loyalty of our officers and men we have been enabled to respond to the spirits of our ancestors."

And Admiral Togo replied to the Emperor:

"That we gained a success beyond our expectations is due to the brilliant virtue of Your Majesty and to the protection of the spirits of your imperial ancestors and not to the action of any human being."

After making all proper allowance for the conventionalities of formal correspondence between eminent personages about a great event, there is still left much to think about. It *was* the ancestors of these Japanese that won the victory in a very real sense—in the sense that it was the result of many generations of training; and it was the "virtue" of the Emperor, too, since that is one of the mainsprings of their patriotism. But even such explanations do not make these Oriental convolutions of thought entirely plain to the Western mind.

THE CHIEF LESSON OF THE BATTLE

THE continuous technical naval controversy, begun many years ago, will, of course, be continued. It was then contended that mines, torpedoes and submarines would make the battleship obsolete. Yet every navy has kept on building bigger and bigger battleships.

The torpedo boats did a large part of the deadly work in the Sea of Japan. It was known in New York a month before the battle was fought that the Japanese would depend to a very great degree on these boats. They had used them with good effect in previous encounters; and the Japanese have the ideal temperament for successful use of such

weapons—however many men are killed in handling them, as many more are eager for the dangerous service.

But the Japanese battleships also did good service. There was such a rain of shot as was never before hurled on any object.

With or without torpedo boats the result of the battle would have been the same. So nearly complete annihilation of the Russian fleet might not have been accomplished by shot and shell alone; but it would have been defeated.

The battle is not likely to cause any sudden change in naval programmes. All navies will still cling to battleships and they will also put an increasing value on torpedo boats. And the old discussion will go on.

But what won the battle was not the machinery; it was the men. Important as naval equipment is, the personnel is more important. This is the chief lesson to be drawn from it alike by naval experts or by laymen.

THE EQUITABLE REORGANIZATION

THE controversy within the Equitable Life Assurance Society, between President Alexander and Vice-President Hyde, was a little matter in comparison with the revelations that followed it. The angry personal difference so entangled many of the directors and became such a scandal that the Board, in self-defense and in justice to its trust, appointed a committee of five prominent members to make an investigation of the conduct of the vast business and to report.

The report, of which the Committee's own summary is published in this magazine, charges neglect, extravagance, mismanagement and "graft" to an extent that surprised even that part of the public which is ever ready to believe evil. The presence of frequent opportunities to make money by the use of the large fund that the Society holds has, as the Committee says, caused a "moral obliqueness." So great is this moral obliqueness that officers of the Society and directors and even members of its Finance Committee have engaged in "syndicate deals" with the Society's money whereby they have themselves profited, and some of them persist in regarding these profits as "legitimate." This phrase "moral obliqueness" accurately describes this lapse from a proper standard—for it is nothing less.

Subsidiary and "friendly" organizations, such as banks and trust companies, have been favored, to the loss of money by the Society. Members of the Board have engaged in "syndicate" transactions to their own profit which have been financed by the Society's funds. Salaries have been raised without reference to the service rendered to the Society or to the market value of the work done. Naturally the business of the Society is so rapidly falling off that the month of May showed a decrease of \$8,000,000.

By a strange and damaging blunder the Board declined to accept the Committee's report. But the solution of the grave problem that was made at last saves the Society and promises to result in a continuance of its great work in the insurance world. The Board elected Mr. Paul Morton chairman, with powers that exceed the powers of the president; all the prominent officers gave him their resignations, leaving him free to reappoint them or not; Mr. Hyde sold his controlling interest in the stock of the Society to a syndicate, who have put it into the hands of three trustees, men who inspire public confidence; and they will elect a majority of the Board. Thus the Society will be "mutualized."

In spite of the scandal, therefore, this great Society is safe, solvent and strong, since its reorganization will be prompt and thorough. There is even promise that this sad experience will lead to the discouragement of some bad insurance methods that are in general practice; for every man who has a policy is asking himself if the company in which he is insured has suffered moral obliqueness. The simplification of the whole business would be a great boon.

EMINENT DUMMIES

THESE errors of mismanagement of the Equitable Society come back to the central and common mistake of directors who do not direct. Here is the great weakness of the corporate form of business. There are all sorts of large companies, among them banks and trust companies and other institutions of a fiduciary character, whose directors are selected not for their ability or their industry in supervising or directing their conduct, but for the effect that their names are supposed to have on the public.

So long has this gone on that in most communities there has come to be a group of eminent "professional" directors—men who are on the boards of banks, of railroads, of trust companies, of this, that, and the other thing. They are generally rich men; but most of them are men who have really retired from activity, except this kind of formal activity. They receive fees for attending meetings. Some of them receive salaries for holding non-active offices in corporations. There are others who are yet active at their own proper business or profession, but who take ornamental directorships in many corporations.

Any corporation that is thus organized is likely to be mismanaged sooner or later; for it begins with a falsehood—with directors who do not direct.

And the discerning public is finding out this capital weakness. One good result of the Equitable disclosures will be to make this discerning public still more suspicious of eminent dummies. It is a most notable group of men, for instance; these directors of this great Society; and it is made plain that not one of them (except the officers of the company) knew enough about the real conduct of the company's business properly to make him eligible to a directorship. They were all really dummies. Everyone took it for granted that the proper committees and the proper officers did their duties—except those who profited by their laxness.

The question that comes home to every man who owns shares in corporations is—how thoroughly do the directors of it attend to their business? Has it on its board a lot of merely professional directors who were elected for effect on the public? With the retirement of figureheads—if public opinion should insist on their retirement—a new profession would be opened for capable and energetic men as directors who do direct. There is many a great corporation that needs them.

THE DANGERS OF "DEFERRED DIVIDENDS"

WHEN Mr. H. C. Frick and his committee made their report upon the Equitable Life Assurance Society, they struck directly at the most common and most profitable form of life insurance in America. They criticized in unmistakable language the habit of issuing policies carrying "deferred dividends." Inasmuch as more than 75 per cent. of the

policies written in the United States are policies of this nature, the report was radical, if not epoch-marking. If the report were to be carried out it would mean the complete reorganization of the life insurance business in the United States.

The "deferred dividend" policies embrace all insurance policies known under the various titles of "tontine," "semi-tontine," "deferred payment," "deferred dividend," etc. They include all profit-sharing policies except those upon which the profits of the life insurance company are distributed to the policy holders year by year.

This system has been in use in the United States for more than thirty years. The Frick report is not the first attack made upon it. In 1884, twenty-one years ago, Mr. Greene, of the Connecticut Mutual Company, attacked these policies. So vigorous was his attack that the state of New York was forced into an investigation. The report of the committee was very much like the report of the Frick Committee. Yet the law approved the tontine policies. Since that date they have spread wonderfully.

The New York State Committee's definition of the "deferred dividend policy," or the "tontine policy," is worth quoting: "The term 'tontine,' as applied to a fund, is generally understood to mean a contribution by individuals to a general fund, which fund with its accumulations is to be divided at the end of a stated period among the surviving contributors or members of the association. It is virtually an agreement by which parties consent that one or more of the contributors who shall be so fortunate as to survive the others shall take or divide between them the funds contributed by all. It is a gambling contract, purely."

The report of the Frick Committee criticises these policies on the ground that they lead to too great rivalry among the companies in accumulating profits. Each company will be successful according as its policy holders get less or more at the expiration of the tontine periods. Therefore the officers of the company are tempted to take gambling chances in investments. And none of the policy holders knows just what he will get. There is, therefore, no way of checking the advantages of one company against another. If the distribution were annual comparisons would be easy.

This is a far-reaching question. The annual surpluses of the insurance companies in this country, available for investment, are nearly \$350,000,000. The entire cash surplus of them all is more than \$1,000,000,000 of the people's money. More than three-quarters of this vast sum is deferred dividends, which are now under severe criticism. The real question before the investigators and before the nation is very simple. It is this:

"Is it not possible, by eliminating the tontine policy, by cutting out the fierce competition for insurance business and thereby bringing down the net cost of carrying on the insurance business, to cut down also the cost of insurance to the people?"

THE HEARING ON INTERSTATE COMMERCE

FOR thirty days the Senate Committee on Interstate Commerce heard evidence on the question of further regulation of the railroads by the Federal Government. The Committee heard the statements of 123 witnesses, of whom seventeen were railroad officers, five members of the Interstate Commerce Commission and the remainder business men.

Every one of these witnesses declared emphatically against the giving of rebates or the granting of purely personal favors under any disguise. Such a declaration is a very wholesome sign of progress, for it denotes the existence of a public sentiment against which no one cares to take an open stand. Americans are waking up to the fact that special privileges are dangerous to common interests. How to make this sentiment effective in bringing about the enforcement of the present adequate law without fear or favor is a problem which confronts the whole people rather than their legislators. Once we are ashamed to ask for or receive special favors from a public servant there will be no problem of stopping rebates. There seems one further piece of legislation necessary in this direction—the bringing of the private-car lines and the so-called "terminal railroads" under the provisions of the Elkins Act, and the Committee will probably recommend that action.

On the far wider problem of the actual regulation of freight rates the result of the hearing is not so satisfactory. Ninety-seven of the witnesses opposed the granting of any rate-making power to the Interstate Com-

merce Commission. At first glance such a showing might seem to indicate either that the hearing was *ex parte* or that the advocates of rate legislation have no case. It must be remembered, however, that it is very easy for a railroad to induce a number of its customers to appear in its defense, whereas the man with a grievance hesitates about arousing the hostility of a powerful corporation unless he is assured of protection.

The witnesses for the railroads frankly admitted the existence of wide discriminations between localities, but claimed that they were justified because they "promoted business." The lay remonstrants also opposed any interference with the railroads because it would "hurt business," and the members of the Committee, as might have been expected, were unable to get past this argument for particular interests to the real problem of the common interest of shipper and railroad and consumer, who in the end pays the freight. The responsibility of stating clearly whether the railroads exist to aid trade, or trade to contribute to the financial advancement of the railroads, is one which legislators have always shrunk from assuming. The railroad problem must remain in its present unsettled condition till they gain courage to make a definite statement of policy.

This cautious attitude will undoubtedly be reflected in a policy without aim or purpose in the next Congress unless there be some strong protest from the people. The feeling of the Committee is amusingly summed up in the remark of its chairman: "You have got to satisfy the people. That's what Congress is here for." Such a feeling will at the utmost find expression in some mildly soothing legislation calculated to allay what another member calls "the temporary excitement of the people," without any damage to the interests of the public-service corporations.

A GREAT LIGHT IN A DARK PLACE

A GREAT light has broken in a dark place. Philadelphia had so long been "corrupt and contented," as Mr. Steffens aptly called it, that few persons expected to see a rousing of a civic conscience there. But Mayor Weaver, who was chosen by the dominant ring and by the boss, Durham, because he had shown no more positive quality than an accommodating acquiescence, has turned on the robbers of the city—no milder word is fit;

and the citizens have flocked to his support in a mood to work a revolution. They have had to resort almost to literal warfare; but a fight for righteousness, once vigorously begun, stirs the fighting blood even of the submissive Philadelphians; and the immemorial disgrace of the city seems likely at last to be removed. The story reads like a chapter out of the biography of highwaymen, bold because long successful, who were whipped at last.

SHALL JAPANESE IMMIGRANTS BE EXCLUDED?

THE agitation on the Pacific Coast, chiefly in San Francisco, by leaders of labor unions for the exclusion of the Japanese is not likely to force Congress to repeat the Chinese Exclusion Act, for several reasons. In the first place, there is no such threat of a deluge of cheap labor from Japan as there was from China. In the second place, public opinion throughout the United States holds the Japanese in higher esteem than it held the Chinese coolies—this in spite of the fact that Japanese laborers are exceedingly unpopular on the Pacific Coast. In the third place, the opinion is fast gaining ground that immigration from Asia is only a part of our general immigration problem, and should be so dealt with.

The total exclusion of the Chinese has its disadvantages, among which is the general boycott of American goods in China which seems to be threatened. Such a boycott could perhaps never be made complete; but our normal trade can be seriously crippled. Such an incident as the following is by no means uncommon: A little while ago a group of rich and influential Chinese merchants wished to buy a large quantity of costly machinery. It could be bought in England, or in Germany, or in the United States. One of the trans-Pacific steamship companies tried to induce them to come to the United States, but they declined because of the humiliating experience that they feared in securing permission to land.

The Pacific states need men more than they need anything else—good laborers. The public sentiment is not to be blamed which objects to the coming of a horde of aliens who lower the standard of living and of work. But there is a growing feeling in favor of restriction rather than total exclusion. If the anti-Japanese agitation finds expression in law at all, it will probably be in such a

modification of our general immigration act as will give us better protection against the undesirable classes from all countries.

FIRST RESULTS OF GOVERNMENT IRRIGATION

THE third anniversary of the passing of the "Reclamation Act" was set as the time to turn the waters of the Truckee River in Nevada into an irrigation canal to make fertile 30,000 acres of land. This is the first tangible result of the great work the Government has mapped out, and the West regards it as an historic occasion. It is striking to reflect that the very spot which is thus to be transformed into farms and homes—the "Carson Sink"—was one of the most dreaded stages in the route of the overland pioneers, and its forty miles of desert, which took three days for the ox teams to traverse, were "literally strewn with bones."

But this is merely the beginning. There is a fund of nearly \$30,000,000 available for irrigation purposes, derived from the sale of public lands in the thirteen states and three territories which will be benefited; and this great sum will be increased to about \$50,000,000 by the time the various plans are ready. The expenditure of these millions will create, out of 100,000 square miles of worthless land, 160-acre homesteads for more than 300,000 families. The settlers will pay back the total cost, without interest, to the Government in ten annual instalments of about \$20 for each settler; and at the end of ten years the supervision of the water supply will be turned over to community associations.

At the end of the last fiscal year the following amounts were to the credit of the different states for this work:

| | |
|-------------------|-----------------|
| Arizona..... | \$ 166,403.86 |
| California..... | 1,971,908.21 |
| Colorado..... | 1,591,157.56 |
| Idaho..... | 1,645,529.55 |
| Kansas..... | 97,849.58 |
| Montana..... | 1,749,002.90 |
| Nebraska..... | 477,973.42 |
| Nevada..... | 48,153.41 |
| New Mexico..... | 420,202.26 |
| North Dakota..... | 3,406,100.14 |
| Oklahoma..... | 2,552,137.33 |
| Oregon..... | 4,230,050.75 |
| South Dakota..... | 742,780.60 |
| Utah..... | 302,351.03 |
| Washington..... | 2,755,362.08 |
| Wyoming..... | 875,253.88 |
| Total..... | \$23,012,836.46 |

A SQUARE DEAL IN PURE FOOD

AMONG the many "square deal" problems that the public is more determined to solve than ever before is the pure food problem. No reading man or woman is now ignorant of the appalling extent of adulteration of foods and drugs, and not even the do-nothing complacency of the Senate—which permitted a pure food bill to die in the last session—can much longer withstand the public demand that manufacturers shall be forbidden to sell us one thing under the name of another, a poison, for example, when we ask for a food. Food adulteration, after all, is as much a violation of the square deal as the giving of railroad rebates, and quite as vicious a one.

Not all manufacturers of food products, however, adulterate their goods. Many, indeed, are as careful about keeping them pure as one might wish, and these are as eager for a pure food law as consumers are. It is only a "square deal" to them then, to point out that the producers of whiskey bottled in bond, for example, erroneously described in Mr. Edward Lowry's article in the May number of this magazine as opposed to a pure food bill, really favor one. And further, though it was said in the same article that the manufacturers of cream of tartar baking powder oppose efforts to make them print the ingredients of their powder on the cans, the fact is that the most important company manufacturing cream of tartar baking powder, not only is willing to print the ingredients on its cans, but does so now. These are examples of a healthful spirit of right doing.

A HEALTHY CHANGE IN YACHT RACING

THE victory of Mr. Wilson Marshall's yacht *Atlantic*, in the sailing race across the ocean from New York to Ireland for the gold cup offered by the German Emperor, is gratifying not only to national pride, but to every instinct of common sense and real sport. The diverse boats which competed in this race were of every size and rig, from a little yawl to a big-ton full-rigged ship. They were not useless racing machines. It was not necessary to employ an algebraic formula to discover which won, for the only condition was that they should sail across the Atlantic, and the first arrival off the Lizard was to be the victor. Such contests

as this are an encouraging return to primary conditions, and there is infinitely more value and surety in building a schooner which can cross the water in a little more than twelve days than in the elaborate refinements of freak monstrosities which, when they are once beaten by another freak, can only be broken up.

ENGLAND'S FEAR OF INVASION

IT is with surprise that every American must read the English Premier, Mr. Balfour's, official statement on the subject of a possible invasion of England. He expressed the opinion that England is safe, because the force of 70,000 men, which Lord Roberts and other authorities agree is the smallest army which could hope to capture London, would require for transportation some 250,000 tons of shipping, and must have calm weather for disembarking—and calm weather "is exactly the time when submarines and torpedo boats have their chance in the greatest perfection." A sudden raid, moreover, is out of the question because of the reserve fleet kept always ready for action at home. India also, he declared, is secure so long as Russia is not permitted to build strategic railways in Afghanistan; but if such an attempt were made "it would be a blow directed at the heart of the Indian Empire, and must be treated accordingly."

This solemn discussion among the leaders of the Government seems on this side of the Atlantic almost as great an anachronism as would be the appearance of a company of mediæval knights in armor. It belongs somehow to history—in spite of the gigantic conflict that has reddened the Orient for a year. We have been accumulating islands and consequent responsibilities rather rapidly of late years, we have acknowledged with complacency the Old World's heralding of the United States as a commercial and political "world power" since the Spanish War; but we do not speculate upon the chances of a hostile army's capture of New York; our horizon is not bounded by the grim menace of a possible enemy's cannon; we sleep the more quiet of nights because Japan, out near the Philippines, is building railways—since we are selling her the rails and cars and locomotives. Our problems are those of peace and of very great prosperity.

THE LATE BARON ROTHSCHILD

BARON MEYER ALPHONSE JAMES ROTHSCHILD died in Paris on May 26th, at the age of seventy-eight. He had been a partner for more than sixty years in the great French banking house that bears his name and had been its head for more than thirty years.

His death removes one of the most influential of the world's great bankers. As a Regent of the Bank of France his influence has been all-prevailing in the finances of that nation since 1854. His true greatness, however, dates from 1871, when he became the head of the syndicate of bankers which underwrote the tremendous indemnity paid by France to the German conquerors. He himself headed the subscription to the loan which redeemed the honor of France. From that date to this no other financier in Europe has commanded so wide respect, so deep a popular confidence, so wonderful a prestige with both the public and the financial world.

The great firm of which he was the head will continue without change save for the loss of one of the three brothers who have shared in its administration. The two remaining brothers, Barons Gustave and Edmond Rothschild, will continue to exercise the dominancy over the finances of Europe which was attained by the firm under their father and their elder brother. The house of Rothschild occupies in Europe a position somewhat broader than that occupied in American finance by the banking house of J. P. Morgan & Co. Its interests are wonderfully various. First in the underwriting of nearly all great international loans, first in the protection of all markets at times of stress and panic, arbiter of peace and of war—this wonderful firm yet finds the time to control completely the copper market of Europe by its ownership and administration of the Rio Tinto copper properties of Spain; to own and administer copper, nickel, gold and coal mines on every continent; and to take shares in almost every enterprise of any moment in all the countries of the world—including, it may be noted, the Northern Securities Company, the Interborough Rapid Transit Company, and many other corporations floated and largely financed in the United States.

It is significant of the times that the death of the head of this great house created hardly a ripple in the financial markets of the world.

Rumors of his sickness caused a slight flurry on the Paris Bourse, but the market steadied as the crisis came, and the crisis itself passed without disturbance. Such an event ten years ago would almost certainly have led to at least a serious weakening of the world's markets if not to a panic. As it is, the business of finance is so systematized, so much a science, so completely regulated, that even the head of the house of Rothschild can pass out of the world of finance without disturbing the current of events.

Baron Rothschild will be missed almost as much in political, social and artistic circles as he will be on the Rue Lafitte. His patronage of the arts and sciences has been beneficent. His charities were on a stupendous scale. It is but a few years since he made one gift of \$2,000,000 for a workingmen's home in Paris. The winnings of his splendid stables are yearly distributed to the poor of Paris. In him Paris has lost at once its leading banker and its leading citizen.

MR. BONAPARTE AND MR. HAY

THE selection of Mr. Charles J. Bonaparte, of Maryland, as a member of the Cabinet shows that the President, using the independence that he has won for his actions, prefers to please himself rather than to consult the politicians; for there is no politics in the appointment. Mr. Bonaparte, formerly a Democrat, always an Independent and in recent years an Independent Republican, has never been a part of any political machine in a party sense. He has done much for civil service reform and has always shown a high and fine public spirit. The choice of him is a fit and characteristically personal choice.

In all thought of the Cabinet, which is suffering very frequent changes, the public mind runs instinctively to Secretary Hay; for if his illness should force him to retire, however able a successor might be found for him, his putting down his portfolio would be regarded as a national misfortune. The work that may fall within the range of our State Department at the making of peace between Russia and Japan and afterward will be far reaching; and it is a gratification to every American that the President has as his chief Secretary the foremost master of diplomacy now living. The people have read of Mr. Hay's improvement in health,

slow as it seems to have been, with a personal hopefulness of his early complete recovery.

THE LEWIS AND CLARK FAIR

THE Lewis and Clark Exposition at Portland, Ore., was opened with pride and enthusiasm on June 1st; and it is a worthy commemoration of the great exploring achievement whose centenary it celebrates. Portland is a beautiful and attractive city; and the Fair is a compact and worthy epitome of the resources and activities of the Northwest and of the Asiatic trade which is growing there. It has been managed, too, with energy and efficiency. For once the gates were opened on a Fair that owed not a dollar and that was more nearly ready for visitors than any preceding exposition.

The Fair itself is worth a long journey to see, for it presents to the eye the activities and the opportunities of one of the most interesting parts of the world and of that part of the United States which is less well known than any other to the majority of our citizens. Puget Sound and the great valley of the Columbia have already become the homes of a population that has built great cities, opened up channels for a large commerce with all parts of the world—the Pacific world in particular—subdued rich “deserts,” given a new meaning to agriculture, and made the way easy to Alaska, which is a vast empire of wealth yet unknown; and this energetic population of the Northwest is more purely American in blood and temper than the people of any other part of the Union, except the rural states of New England and the white population of the South. They show in their life and work the best traits of American character—the energy of pioneers, the solidity of good builders, the enthusiasm of men who believe in themselves and who know the real future that awaits them.

Both the scenic and the industrial wonders of this region are so great that no American citizen can know his country who has not seen Oregon and Washington, and the Fair at Portland will serve a good purpose in the education of the people of the Central and Eastern states if it prove to be a convenient occasion for thousands of them to make the journey. The summer could be made to yield no experience more instructive. The long journey has been shortened, too, and

travel made pleasanter and cheaper on the transcontinental railroads than ever before.

A NORTHWEST NUMBER OF “THE WORLD’S WORK”

THE mass of men and women who live east of the Rocky Mountains know this wonderland of the Northwest so imperfectly that it has seemed to *THE WORLD’S WORK* a public service to devote a number almost wholly to a description of it. The August number of this magazine will, therefore, contain descriptions of these states, as well as of Northwest Canada and Alaska—of the country, of the people, of the cities, of what has been done and what waits to be done there.

President Roosevelt is quoted as having said to a citizen of Washington that his state would become the third or the fourth in importance in the Union; and there are citizens of Washington who expect to see it outstrip New York, Pennsylvania, and Illinois when the Pacific becomes as well traveled an ocean as the Atlantic. But we need not wait for the coming true of these prophecies or dreams to make the larger facts about this great empire and its rich promise a part of the common knowledge of the people. A dozen articles or more and a wide use of the camera will tell as much as can be told in one enlarged number of this magazine of this interesting chapter in our national development.

EMPHASIZING THE HIGHER LIFE

A GAIN, as hitherto at this time of the year, *THE WORLD’S WORK* presents a series of articles that chronicle the advancement of the people in other than material ways—the growth of a popular appreciation of painting, the making of pleasanter homes, the beautification of our cities, the building up of our schools for all the people; for it is in these and similar activities that our great increase in wealth and prosperity finds its justification. It is in interpreting these things, too, that a magazine which is given to the explanation of our national development in its best directions finds its highest usefulness. In these articles there are no exciting contests over the division of financial spoils nor blood-curdling exposures of corporate or political crime, but there are hints of the higher life about which, after all, we care more than for tales of tooth and claw.

THE FINANCIAL FACTS ABOUT RUSSIA AND JAPAN

[THE WORLD'S WORK publishes every month an article in which some timely and vital subject of the financial world is taken up]

FIVE days after Togo's victory the Japanese 4 per cent. bonds and Russian 4 per cent. bonds sold at the same price on the London market, closing the day at a quotation of $87\frac{3}{4}$. These quotations tell the whole story of the financial standing of the warring nations. The bond fluctuations and the violent changes in the foreign credit of the two nations cannot be better illustrated than by the following table, showing prices at various dates:

PRICES OF RUSSIAN AND JAPANESE BONDS

| | Japanese 4 per cent. Bonds. | Russian 4 per cent. Bonds. |
|---------------------------------|-----------------------------------|----------------------------------|
| Three weeks before the war..... | 77 | $98\frac{1}{2}$ |
| February 8, 1904..... | $68\frac{1}{2}$ | $92\frac{1}{2}$ |
| February 9, 1904..... | $65\frac{1}{2}$ | $89\frac{1}{2}$ |
| Fall of Port Arthur..... | $77\frac{3}{4}$ | $90\frac{1}{2}$ |
| June 2, 1905..... | $87\frac{3}{4}$ | $87\frac{3}{4}$ |

Three weeks before the outbreak of the war the Russian bonds were worth \$215 per bond more than the Japanese. When war broke out the difference was \$240. The great victory at Port Arthur cut down the difference to \$128, and the defeat of Rojstvensky's fleet by Togo wiped out the difference.

The table shows that the foreign credit of Japan has been immensely enhanced by the present war and that the foreign credit of Russia has been immensely deteriorated by the same events. A Japanese bond that was worth only \$770 before the war is now worth \$875. On the other hand, a Russian bond that was worth before the war \$985 is now worth only \$875.

Has the credit of Russia received a blow from which it cannot recover? Is Japan to take a place among the strong financial powers of the world? What are the real resources of the two nations, and how long can the present war continue without entirely crippling the finances of either one, or both?

Their bonded debts are as follows:

| | BONDED DEBT | |
|------------------------------|-----------------|---------------|
| | Russia | Japan |
| Debt before war.. | \$5,035,134,000 | \$282,459,475 |
| Issued since war began | 504,200,000 | 450,000,000 |
| Total debt..... | \$5,539,334,000 | \$732,459,475 |
| Per cent. increase.. | 10 | 160.7 |

In turning the above table into dollars the rouble is taken at 74.8 cents, the franc at 17.3 cents, the mark at 20.8 cents and the yen at 50 cents.

Russia has issued \$54,000,000 more of bonds than Japan. This has no meaning from a financial standpoint and no bearing upon the question of financial standing. The strange point about the table is the fact that a 10 per cent. increase in the Russian debt has been followed by a slump in Russian credit; while an increase of more than 160 per cent. in the Japanese debt has been followed by a wonderful advance in the credit of that country.

This may be explained in part by the fact that the national debt of Russia (taking the population at 141,000,000) is \$39.28 per capita; while the national debt of Japan, taking the population at 47,000,000, is only \$15.32 per capita, even after the increase of 160 per cent. since the war began. In other words, the people of Russia are carrying nearly three times the per capita debt that is carried by the people of Japan. Only France and England carry a heavier per capita debt than Russia—and the unit of individual wealth in those two countries is tremendously greater than in Russia.

How this burden falls upon the people may be gathered from the comparison of the total of all taxes in both countries made from the budgets of 1905:

Russia's total taxes are \$483,000,000, with a per capita of \$3.40; and Japan's taxes are \$76,963,000, with a per capita of \$1.60.

The people of Russia are individually richer by far than the people of Japan. The

individual wealth of the Japanese is far lower than that of any first- or second-rate power of Europe. In 1902 there were in Japan 2,324 banks, with a paid-up capital of \$181,300,000 and a reserve of \$38,760,000. There were only 431 savings banks, with a reserve of only \$1,700,000 and capital of about \$11,000,000. The total of deposits in all banks was less than \$5,000,000,000, or less than \$120 per capita.

Granting that both Japan and Russia could maintain by direct taxation an immensely increased debt, if such a debt could be floated, there still remains the question whether the markets of the world will continue to absorb such bonds as long as the two nations decide to sell them. The matter of charging the people directly in taxes for the conduct of the war is impossible. The ordinary cost of such a war conducted on such a scale is more than \$1,000,000 a day. The people of Japan could not carry this expense for any great length of time. It will be noted that a single year of such expense would cost more than half the present national debt. Russia could do it much better, but in the present state of national sentiment even Russia could not carry on a war by such means for more than a very few months.

Since the outbreak of the war Japan has sold bonds to the amount of \$450,000,000. It is, perhaps, only necessary to point out in this connection that the recent 4½ per cent. foreign loan was placed in London and New York at 87½, almost as good a price as was obtained for the former second series 6 per cent. loan. The war finances of Japan have been placed on a rising war market. An exception, however, must be made in the case of the last internal loan, which brought only 90, though the former 5 per cent. loans were placed at higher prices. Bank deposits in Japan bring more than 5 per cent., so the people who buy up the issues must get their bonds very cheap in order to make them a paying investment.

The Russian loans since the outbreak of the war approximate \$504,200,000. The Russian bonds have been placed in a falling market. The bankers of Paris and Berlin have asked tremendous concessions. They have received them. A reference to the first table in this article will disclose the exact condition of the Russian bond market as distinguished from the Japanese. It will

also sufficiently explain the difficulties now encountered by the Russian Government in placing its bonds in foreign markets at the present time.

What are the credit resources of the belligerents? How much further expansion is possible? On these questions depends the length of the war. It has been the common habit to speak of the internal resources of Russia as practically inexhaustible. In a sense this is probably correct. The industries of Russia are capable of carrying a much heavier burden of taxation, but they are already heavily taxed.

The gross receipts from the spirits monopoly, the State railroads, customs, sugar and tobacco tax and stamps under the budget for the year were \$1,482,784,213.50. Of this immense total only \$227,263,500 was needed to pay the interest and all other charges in connection with the national debt. There was also a surplus after all expenses of more than \$45,000,000. It is safe to assume that under the budget of 1905 the Russian Government could save more than \$75,000,000 in its expenditures, if this were necessary. Therefore, without unduly expanding the taxation, Russia appears to have a working balance of credit available for interest on additional debt of more than \$120,000,000 a year, which is 5 per cent. on an additional debt of \$2,400,000,000. Figuring at the rate of \$1,000,000 a day, such a debt would carry on the war for nearly six years.

Japanese gross receipts were \$114,977,996. These figures are from the budget. In practice the budget has been expanded more than \$70,000,000. The leaf tobacco monopoly, for instance, upon which the new 4½ per cent. loan is secured, was expanded to probably well over \$18,000,000.

In the Japanese budget there is much room for saving. Taking the expansion of the taxes, the saving in expenditures and the surplus after all expenditures under the budget of 1905, the credit balance of Japan looks to be about \$60,000,000. This means a capacity for expansion of loans to the extent of about \$1,200,000,000. If this were all of which Japan is capable it would mean that the war would exhaust the country in from three to four years.

But the Japanese Government has made the statement that the revenues can be expanded, under pressure, to more than

\$480,000,000. Such an expansion would bring the credit balance up to more than \$350,000,000 a year, and make the total of possible bond issues more than \$7,000,000,000. Therefore it would take nearly twenty years to exhaust the resources which the Japanese Government claims to have at its control. It is, however, safe to say that if the matter should be put to the actual test ten years of war would leave Japan a beggar at the doors of the European Powers. In 1898 the Government undertook to raise \$17,500,000 by increased taxation to meet losses caused by the Chinese War. The Diet promptly killed the bill. The Diet had to be twice dissolved, and national disaster had to appear

imminent before the people's representatives finally consented to allow the increase of taxation.

On the whole, it can be said emphatically, from the figures compressed into this article, that neither Japan nor Russia has as yet really felt the burden of the war debts. The budget of Russia and the budget of Japan for 1905 show little change from the budgets for the previous year. In fact, the Russian budget shows a decrease of \$45,000,000 as compared with 1904, while the Japanese levies on the people are barely increased.

At the present moment both nations are not only solvent, but are capable of an indefinite prolongation of the war.

LIFE INSURANCE: THE WRONG WAY AND THE RIGHT WAY

The report of the Committee of Investigation appointed by the Board of Directors of the Equitable Life Assurance Society is one of the ablest documents ever written about the wrong way and the right way of conducting life insurance. It does more than arraign the whole management of the Equitable; for it explains the grave evils that have become more or less common in insurance; and it points out the right way. So radical and instructive is this report that its conclusion is here reprinted from the daily press, as the best utterance on the subject that has been made or is likely to be made. The five members of the Board who constituted the Committee are: Mr. H. C. Frick, chairman, the well-known steel and coke manufacturer, formerly a partner of Mr. Carnegie; Mr. E. H. Harriman, president of the Union Pacific and perhaps the most dominating single figure in the American railroad world; Mr. Brayton Ives, president of the Metropolitan Trust Company, of New York; Mr. Cornelius N. Bliss, ex-Secretary of the Interior, and Mr. M. E. Ingalls, head of the "Big Four" railroad system.

WHEN a careful examination of an institution discloses defects of widely different character in many different departments, a still further examination is quite apt to disclose the additional fact that, dissimilar as those defects may be, they can be traced back to one underlying cause.

The various conditions in the Equitable Society, which have been criticized in this report, have all had their origin in fundamental error, and that is the departure from the true principles and ethics of life insurance. This statement could be made with equal truth in regard to many other companies, and for that reason your committee feels warranted in going perhaps beyond the contemplated scope of its duties, in the hope that this report may thereby

have some influence in raising the conduct of life insurance generally to a higher plane.

In its purity, the ideal life insurance company has but two objects, i. e.:

- (1) To furnish absolutely perfect protection.
- (2) To furnish that protection at the lowest possible cost.

The mere size of a life insurance company has no effect on its ability to furnish sound and economical protection to its individual policyholders. It is necessary that a sufficient number of lives be assured to come within the laws of average mortality, and that the volume of business be great enough to cover what might be termed the fixed charges or expenses, and to command the financial position desirable for the advantageous investment of funds.

When these objects have been attained, additional volume of business is not only unnecessary, but, if obtained at greater proportionate cost, is directly detrimental to the interest of the policyholder.

Whether resulting from a misconception of the importance of growth in size, from the competition of other companies, or from the human instinct to excel, there has existed a disposition to lose sight of the true purpose of life insurance and devote all energies to attaining bigness.

Growth, beyond the normal rate, can be had only through unusual exertion, and this means increased cost.

DEFERRED DIVIDENDS

The Equitable, in common with several others of the larger companies, issues the greater portion of its policies on the deferred distribution plan. Under this system, the excess portion of the premium is not returned to the policyholder annually, but is retained by the society for various stipulated periods of years (usually twenty years) and the accumulations then paid in one sum. The advantage which is held out to the policyholder under this system is that he not only eventually receives all the natural accretions of his own policy, but shares in those which were earned by the policies of those who were unable to continue them to the end of the stipulated term. The question as to the ethics of extending the hope to one policyholder that his prosperity will be increased through the misfortune of another policyholder, is purely academic, and need not be discussed here. As each policyholder understood the conditions, and accepted them, with the hope that he would be in the fortunate class, he would seemingly be estopped from complaint if events forced him into the unfortunate class.

But, entirely aside from this question as between the individual policyholders, there can be no doubt concerning the at least potentiality of evil which this system of deferred distribution possesses.

When annual dividends are paid the policyholder has an immediate and yearly recurring check upon the operations of his company. He is enabled and is quite apt to compare his results with those of his acquaintances insured in other companies. Extravagance in management and errors in investments are at once reflected in decreased dividends or impaired surplus.

On the other hand, the holder of a twenty years' distribution period policy has no knowledge whatever concerning the earnings of his policy until the expiration of the twenty years. He cannot make comparisons with the results in other companies, because he does not know the results in his own case. He entertains hopes for nineteen years, and, if disappointed with the realization at the end of twenty years, it is futile for him to protest. The incident is closed.

These conditions are mentioned for this purpose—to illustrate the *possibility* of the deferred distribution policy leading the society into a generally lax method of handling its business.

The annual dividend company is held to accountability every year. The deferred dividend company is never held to accountability by the whole body of its policyholders; and is so held by its individual policyholders only when their opportunity for action has passed.

This absence of accountability makes possible the pursuit of rapidity of growth at undue cost, because the effect of that cost is not felt by the policyholder until, as said before, it is too late for his availing protest.

"THE SURPLUS"

Another embarrassing outgrowth from the deferred dividend payment system is the popular misapprehension of the so-called "surplus."

The Society's published report shows a surplus as at December 31, 1904, of \$80,794,269; and popular sentiment demands that this enormous sum be divided among the policyholders. There is even seen a discussion of the ownership of the surplus—as between policyholders and stockholders.

As a matter of fact, the actual surplus of the Society on December 31, 1904, was approximately \$10,200,000. Of the balance, \$6,750,000 was apportioned for dividends payable in 1905, and \$63,800,000 is merely a reserve against a future contingent liability. That is, it is the amount which has been earned by the total number of deferred dividend policies, and which becomes a direct liability as each individual policy matures.

The soliciting agents of these companies which write almost exclusively deferred dividend policies habitually state that the superiority of that form of policy is demonstrated by the fact that the public invariably selects it in preference to the annual dividend policy.

As bearing on this statement, it is of some interest to know that the Equitable Society allows its agents commissions and expenses of 50 per cent of the first premium on deferred dividend policies, while it allows them but 25 per cent on annual dividend policies.

The Northwestern Mutual for many years wrote almost exclusively deferred dividend policies. A few years ago it adopted the system of not requiring the insured to declare the form of distribution desired, when taking out his policy, but of sending him at the end of the second policy year a statement of his dividends, and allowing him to elect at that time whether he would take his dividends annually or at the end of a specified period.

In 1901, the Northwestern wrote 20,223 policies. In 1903, all but 768 of these chose to take annual dividends.

In 1904, the Northwestern wrote 30,350 policies. In 1904, all but 570 chose to take annual dividends.

These facts clearly indicate that on its merits alone the public prefer the annual dividend policy, and the sentiment in favor of the deferred dividend period is artificial.

From all of the foregoing we have the departure from the true principles of life insurance by subordinating economy to rapidity of growth; and the possibility of concealing the effects of this by deferring the payments of dividends.

MORAL OBLIQUENESS

Following this initial departure, the other weaknesses spoken of in this report come as almost a matter of course. The ambition for bigness naturally extends to the investment of funds. There is chafing under the laws which govern the investments of a life insurance company. Alliances are made with other institutions with the idea of yielding to the Society results which are not possible under the operations permitted to insurance companies. Systematic but uninteresting plodding is neglected, while energies are directed towards "coups." The final results of this have not been to endanger the financial integrity of the Society, but they have lessened its earning powers and have impaired its independence.

The rush for business has magnified the importance of the agent until we find him assuming a place in the councils of the Society never contemplated in its inception, and almost grotesque in its distorted proportions.

The general policy of the Society having been diverted from its true course, it is hardly to be wondered at that there is found throughout its official personnel a sort of moral obliqueness—a condition where personal gain seems to be at times the paramount idea. It is this which has led your committee to find that the Society's transactions with outside concerns have systematically been placed so that profits fall into the hands of those closely connected with the Society's officers; and it is this which has led the officers of the Society to say with undoubted sincerity that they saw no wrong in accepting profits from syndicate transactions in which the Society played an important part.

While your committee has in this report freely criticized the management of the Society, it wishes to here reiterate the statement of its chairman in his circular letter to the policyholders, under date of May 2, 1905, that whatever of mismanagement may have existed in the Society has in no way impaired its condition of perfect solvency shown in its annual report.

We are of the opinion that the values at which some of the Society's holdings of real estate are carried on its books are too high—particularly in regard to some of its own office buildings. We are also of the opinion that in a final settlement there will be some losses through advances to agents,

But no imaginable shrinkage in the value of these, or of any of its other assets, could impair the Society's ability to promptly meet its every maturing obligation.

The correction of the faults of management of which we have spoken should not only aid every policyholder by decreasing his cost of insurance, but should give added strength to the Society's already strong financial position.

RECAPITULATION

The committee finds that the attack made by the officers upon Mr. Hyde was designed to further their plan to mutualize the Society. The fact that the persons making the attack, to the extent that they were directors in the Society, joined in the re-election of Mr. Hyde concurrently with the adoption by the board of a scheme of mutualization, seems conclusive upon this point.

In other words, they were willing to have Mr. Hyde fill the responsible office of vice-president, notwithstanding the gross irregularities of which they alleged he was guilty, provided their own views were met upon the other question.

The committee then took up all the charges against the directors, committees, and officers of the association for the purpose of determining what it conceived to be its duty, to wit: the character of the present management of the Society.

DUMMY DIRECTORS

Beginning with the source of power in the Society, namely, the directors, the committee finds:

(1) That the title of the great majority of the board to their office as directors is open to question under the law of the Society by reason of the fact that the shares of stock held by them were transferred to them for the purpose of qualifying them as directors.

(2) That this practice of qualifying directors is almost coeval with the existence of the Society itself, and, further, that there has not been a time for years when there were enough male stockholders in the corporation owning five shares of stock to constitute the number of directors required by the charter; indeed, at the present date not more than half enough for that purpose.

(3) That the directors, in whom the corporate powers of the Society are vested by its charter, created, by the by-laws, certain committees and officers to whom the directors delegated the exercise of substantially all the powers of the Society.

The committee further finds that the relation of the board of directors to the exercise of the Society's powers has been practically nominal since the establishment of the Society.

(4) That the directors are responsible for constructing the executive and finance committees of the same persons (except one), thus destroying the check upon and the supervision over the executive committee which the by-laws provide shall be exer-

acted by the finance committee. The committee recommends the reorganization of these committees.

(5) That the minutes of the proceedings of the executive committee have not been kept in the manner provided by the by-laws, and that in the conduct of its business there has been a marked absence of that formality which is proper, if not essential, in dealing with a trust of such great magnitude.

(6) That the members of the executive committee named in Mr. Hyde's letter to the committee of April 27, 1905, participated with Mr. Hyde in the profits of the syndicates, detailed in said letter, and are justly indebted to the Society for the amount of said profits.

THE PRESIDENT

(7) As to the president of the Society, the committee finds that he concealed from the board of directors his knowledge of the irregular conduct of the vice-president in relation to the Society's affairs at times when the vice-president was a candidate for re-election, and that the president had knowledge of these irregularities, to the extent that the committee finds they existed, and that many of these irregularities were openly encouraged and participated in by the president.

(8) That the president failed to bring to the attention of the directors, the executive committee, or the finance committee his knowledge of the vice-president's wrongful acts as detailed in the president's specific charges of May 2d.

(9) That the president participated in the profits of the syndicates of "James H. Hyde and Associates," as detailed in Mr. Hyde's letter of April 27, 1905, and that he is justly indebted to the Society in the amount set out in said letter, and that he had knowledge of the syndicates and their purposes, and that as a member of the executive committee he in many instances participated in the acts of the committee in authorizing the purchase of securities in which he was interested as a member of the banking syndicate making the sale.

THE VICE-PRESIDENT

(10) As to the vice-president, the committee finds that he habitually involved the Society in transactions of great magnitude without the previously obtained authority of the executive committee; that he carries large amounts of stocks belonging to the Society in his own name without first having secured the authority of the Society; that he used the funds of the Society to pay for the "Carlson Ocean" (which he subsequently returned); that he conducted and participated in the profits of the syndicates described in his letter of April 27, 1905, acting frequently as a member of the executive committee voted for the purchase of such securities as shown in said letter in detail; that he is indebted to the Society to the amount of the profits he has received as shown by his letter; and

that he has been guilty of other irregular acts, irregular in the sense that they are not in accordance with the Society's law or with sound business practices, treating the Society and its affairs largely as if they were his own personal concern.

(11) As to the other officers of the Society the committee finds a general looseness has prevailed in the administration of the Society's affairs requiring prompt and thorough rectification, and that there is a general lacking in the organization of that strong moral fibre so essential for the accomplishment of satisfactory results.

IRREGULAR METHODS

(12) The committee also finds that the Society's methods of doing business are unsystematic and should be corrected; that the cash balances carried by the Society are excessive; that the Society's alliances with financial institutions are unnecessary and undesirable in the conduct of its legitimate business; that its advances to agents, directly and through financial institutions in which the Society is interested, are excessive, and that the Society's efforts should be directed to conducting a strictly legitimate life insurance business at the lowest cost to the insured along the general lines heretofore indicated.

The imperative need in this and all other similar associations is a more lively sense of the true nature of the relations existing between the Society and the assured and of the duties owing by the management to both.

When we consider the fabulous accumulations held by such associations represent a voluntary tax placed by the provident upon their lives, and when we recall the tremendous self-denial and sacrifice that is represented in daily living to secure provision against the inevitable, we begin to realize the high and delicate nature of the trust involved in the administration of such a fund.

Every economy consistent with sound administration and normal progress should be practiced. Excessive salaries, excessive commissions, excessive expenses and superfluous officers should not be tolerated.

Investments should be carefully made, and all the useful formal precautions employed to insure the location of the moral responsibility of the officers who are charged with the duty of making them.

The committee having pursued its investigation of the present management of the Society sufficiently far to convince it that the personnel of the management should be rapidly changed, and the methods of conducting the business of the Society brought back to sound legal and ethical lines, begs to be relieved from further duty.

If other irregularities in the present management are brought to light they will be only cumulative and therefore could not affect, one way or the other, the finality of the conclusions expressed above.

The extraordinary powers of the principal officers

of the Society carry with them the highest measure of responsibility. The committee finds that of these the president, vice-president and the second vice-president have fallen far short of their duty both in acts of commission and omission, and changes in these officers should be made. The loose and irregular methods obtaining in the management are largely due both to the example of the acts and the example of the neglect of these officers. The shortcomings in inferior executive officers are largely due to the methods which the principal officers

have encouraged or permitted, and so far as correction of these irregularities calls for further removal of officials, that matter should be dealt with and largely controlled by the judgement of the reorganized management.

Respectfully submitted,

H. C. FRICK, Chairman.
E. H. HARRIMAN,
BRAYTON PLACE,
CORNELIUS N. BLISS,
M. E. INGALLS.

WHAT A CITY MIGHT BE

A PEOPLE AWAKENED TO THE POSSIBILITY OF BEAUTIFUL MUNICIPALITIES—HOW NEW YORK IS TAKING HOLD OF THE PROBLEM OF MAKING IMPOSING APPROACHES FROM THE OUTSIDE, A DIGNIFIED WATERFRONT AND A CENTRAL GROUP OF PUBLIC BUILDINGS—THE SCHEME FOR A NEW WASHINGTON—THE ENTHUSIASTIC EFFORTS OF OTHER CITIES—A MUNICIPAL UPLIFT OF LARGE PROPORTIONS

BY

M. G. CUNNIFF

WHEN the second huge suspension bridge from New York to Brooklyn was built, a devastating army of workmen scarred a wide gash in the East Side of New York. Block after block of tenements disappeared, leaving an unsightly expanse of vacant lots along Delancey Street. Talk was made of an elevated railroad here to take the traffic of the bridge, and it seemed but a matter of building it forthwith to shadow the street where the East Side children play and add another blotch to the city's appearance.

Now the East Siders do not as a rule form neighborhood clubs for "blocks beautiful," nor do they try very hard in any way to keep their section of the city sightly. All the more notable, then, that enough of them organized to enter vigorous protest against the covering of those vacant lots with an ugly elevated railroad. A committee of a hundred citizens was formed, which went to work at once. Their voice was soon heard. They even published a card whereon appeared a photograph of the vacant lot, like the one published on page 6362. Beneath was the legend, "Delancey Street as it now is. Its width is so great that it may be made the garden spot of the East Side, provided

the L trains from Brooklyn go into a subway." Below was a photograph of the Bowery with elevated trains rushing up and down. Beneath, it said, "The Bowery and its L stilts, or Delancey Street as some people would make it look." Then came a photograph of the fine Avenue Champs Élysées in Paris. The subjoined caption was "Something like this is not too good for the East Side." This card, and the other work of the committee, indicated that the people of the East Side were in earnest in wanting their part of the city beautified. A municipal committee called the New York City Improvement Commission was at the same time preparing a plan for the treatment of this approach to the bridge, but far more suggestive of the growing desire for a more beautiful metropolis was this plea of the people who must live with it, for a plaza rather than another Bowery.

This is a keynote of a movement going on all over the country—in Boston, in Buffalo, in Cleveland, in Kansas City, in St. Louis, in Washington, in Chicago and elsewhere. In our democracy, where any man may build as he pleases, and where, in the past, considerations of beauty have too often given way to considerations of mere utility, no sweeping results in the beautification of cities can take

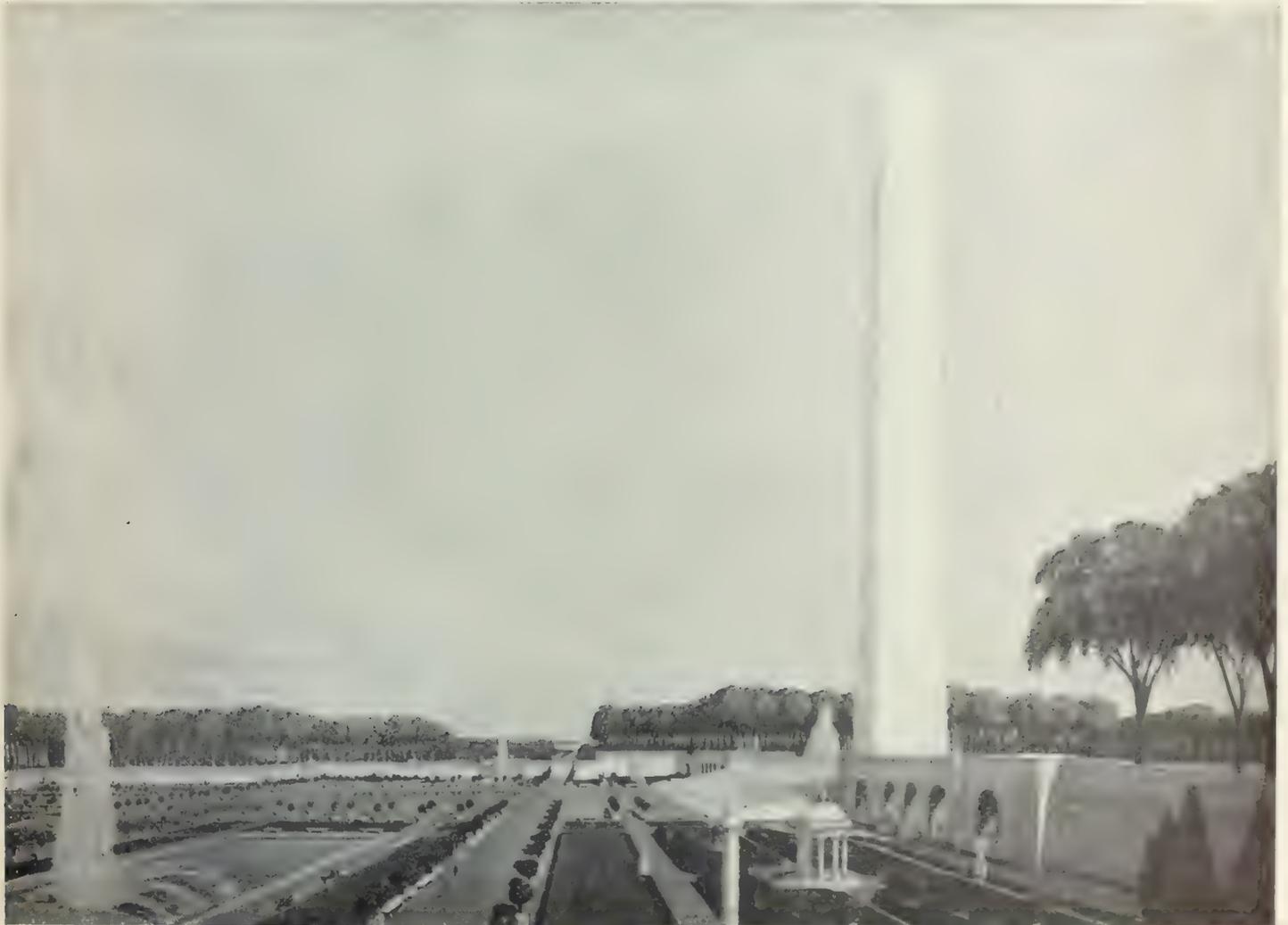
place unless the people themselves demand beautiful cities, and insist on having them. Many admirable plans are now on foot to make American cities pleasing to the eye as well as bustling marts of trade. In most cases the uplift began with the initiative of a small number of men, but where progress has been fastest, in Boston for example, in Harrisburg—whose citizens have been models of civic spirit—in Cleveland and in Kansas City, the successful carrying on of municipal improvements has been due to public enthusiasm, which has irresistibly pushed the movement forward. The American people want beautiful cities, and they need only the guidance and stimulation which are frequently being given by architects like Mr. D. H. Burnham—who is now carrying out a broad scheme for the beautifying of Manila on a Government commission, and who is also a leading spirit in the movement to beautify Washington and other cities—and by public-spirited citizens of every sort, in order to have them.

There are four ways in which work is being done to make the larger American cities more closely approximate the ideal. The small towns need hardly more than the individual attention of citizens to their own property in cultivating lawns and shrubs, and in planting and caring for trees. In addition, if the town itself attends to it that no unlovely poles and electric wires make an unpleasant overhead tangle, and that the streets and sidewalks are kept in good condition, a small town may be made a truly delightful home spot. Madison, Wisconsin, by the combination of municipal and individual effort, has been made so picturesque that it is worth crossing half the continent to see. Shelburne Falls, Massachusetts, is a joy to the eye. And a practical object lesson in what is being done in many another town is shown by a photograph of a single street in Cohoes, New York, on page 6364. With great cities, however, the problem becomes a larger one. In the first place an adequate park system is necessary. If Boston has worked out the most beautiful chain of lawns and shrubbery, flower gardens, ponds, lagoons, and even great stretches of virgin woodland, so that one may encircle the city keeping entirely within the parks, catching here a glimpse of river, now of a lake, again of a range of hills that are almost mountainous, and now of the good salt

water, other cities are not far behind in girdling themselves with play places and beautiful bits of nature's beauty. Broad and imposing approaches to the main city centres are the next needs. It is with these that the plans for the beautification of New York largely concern themselves. One of those for the treatment of Delancey Street is shown on page 6362; another for the approach to the new Blackwell's Island Bridge, which is not yet built, is suggested as another magnificent city gateway. The Municipal Art Commission has also proposed schemes for wide avenues running to the north. No slight advance is that being made by the building of great railroad terminals whereby ramshackle stations are being replaced by imposing structures, of which a new union station now building in Washington is the most advanced type. Then comes the grouping of city, state, and national buildings in a symmetrical and effective arrangement, either about a central green space, as in the plan now being swiftly carried forward in Cleveland, or along broad boulevards, as in the ideal plan shown on page 6356, which has been proposed for Washington. The last effort—and this is what calls for the most enthusiastic public spirit—is for that kind of social consciousness that compels a private property owner to make any structure he erects conform with the other structures in its neighborhood, and with a broad scheme for maintaining or increasing the æsthetic effect of a whole square or street upon which the building is built. Herewith is shown one plan for admirable approaches at the lower end of New York, emerging into City Hall Square ideally transformed into a centre for the group of municipal buildings now in and around the park. In suggesting this plan the Municipal Art Commission urged that if it be adopted, the owners of private structures about the circle be compelled to make their structures conform with the general plan. As was shown in a recent number of *THE WORLD'S WORK*, the city of Boston, in obedience to a strong public sentiment, crystallized in law, insists that no building surpass a definite height. Any objection that may be urged against such laws in other cities on the ground of an American's freedom to do what he pleases with his own property is offset by the fact that this Boston law has been several times en-

forced, once to the extent of cutting six feet off a hotel in Copley Square, a typical city beauty spot; and the public sentiment of the citizens supported the enforcement. No other American city awakened to the advances of beautification will be less willing than Boston to enforce the privileges of the many against the privileges of the individual, according to the evidences already apparent of public insistence on beautiful parks, approaches, railroad terminals and groups of public buildings.

commission made its first report to Mayor McClellan in December, submitting many suggestions toward the thing they were endeavoring to work out, namely, "a comprehensive plan for the development of the City of New York." Several of the drawings submitted are published herewith. The idea on which the commission is working is that of laying out or readjusting parks and streets, city buildings, and an attractive water front, and of settling on approved forms in matters of pavements, street names,

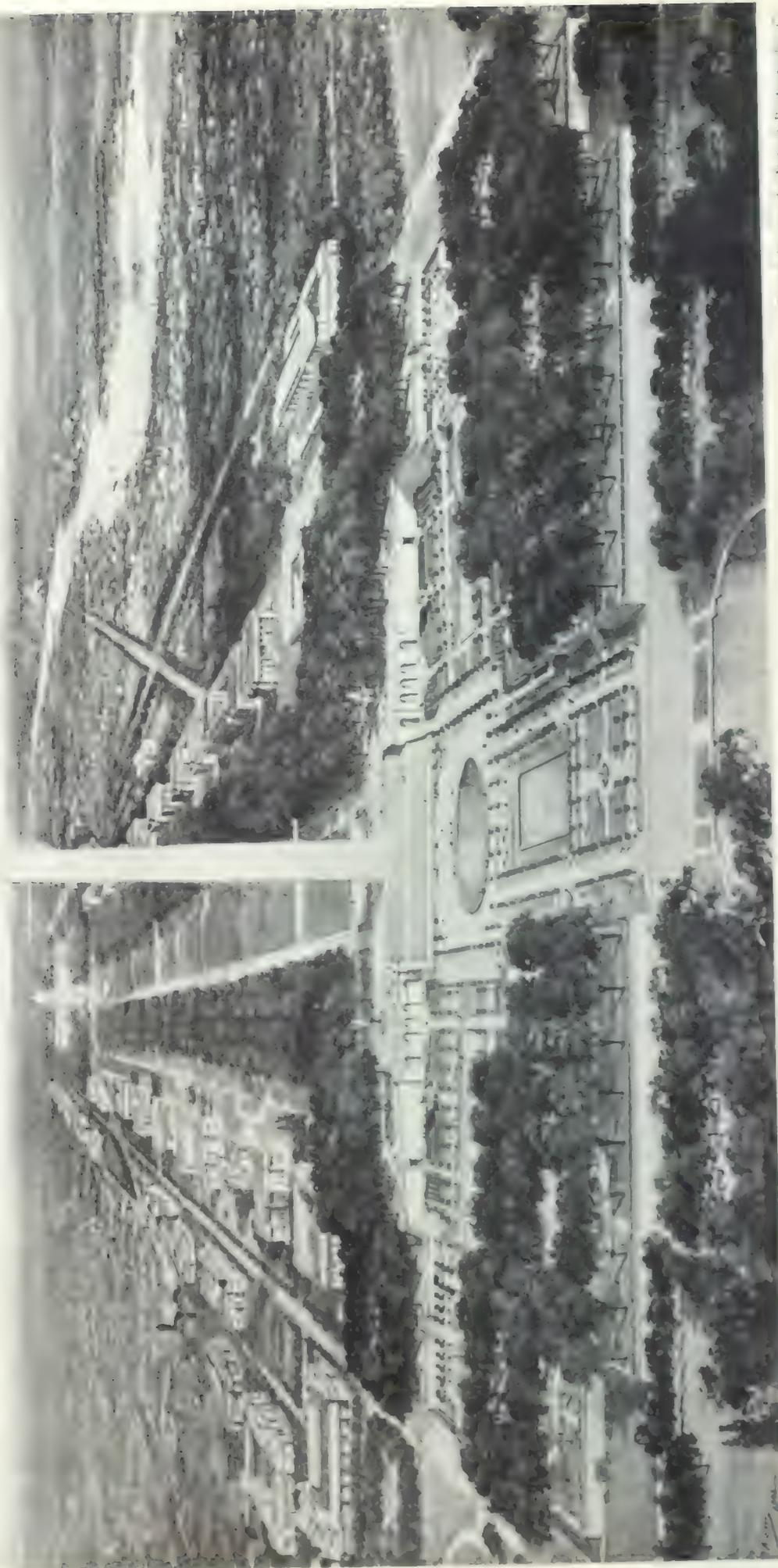


THE SUNKEN GARDENS TO FRONT THE WASHINGTON MONUMENT IN THE FUTURE WASHINGTON

THE METROPOLIS TO BE MADE BEAUTIFUL

New York's effort for a city that shall be not only one of the great business centres of the world, but a fittingly imposing sight to greet the eyes of foreigners, who frequently make a measure of American ideals by what they see of New York, and also a beautiful municipality for those who live or work in the city, is now concentrated in the New York City Improvement Commission, of which Mr. Francis K. Pendleton is chairman, and Mr. Whitney Warren is secretary. This

house numbers, monuments, trees, and all the details that go to make up a convenient and beautiful metropolis. They are working on the sensible basis of taking into consideration the expense of improvements, recommending neither cheap make-shifts nor improvements that shall not be compensated for, in some measure at least, by the increase in the value of neighboring property. When a final report has been rendered, the citizens of New York will have a definite ideal toward which to work—even though beautification go on



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A BIRDS EYE VIEW OF WASHINGTON AS IT WILL LOOK

When the new Federal Government Building is completed at the base of the Capitol Hill.



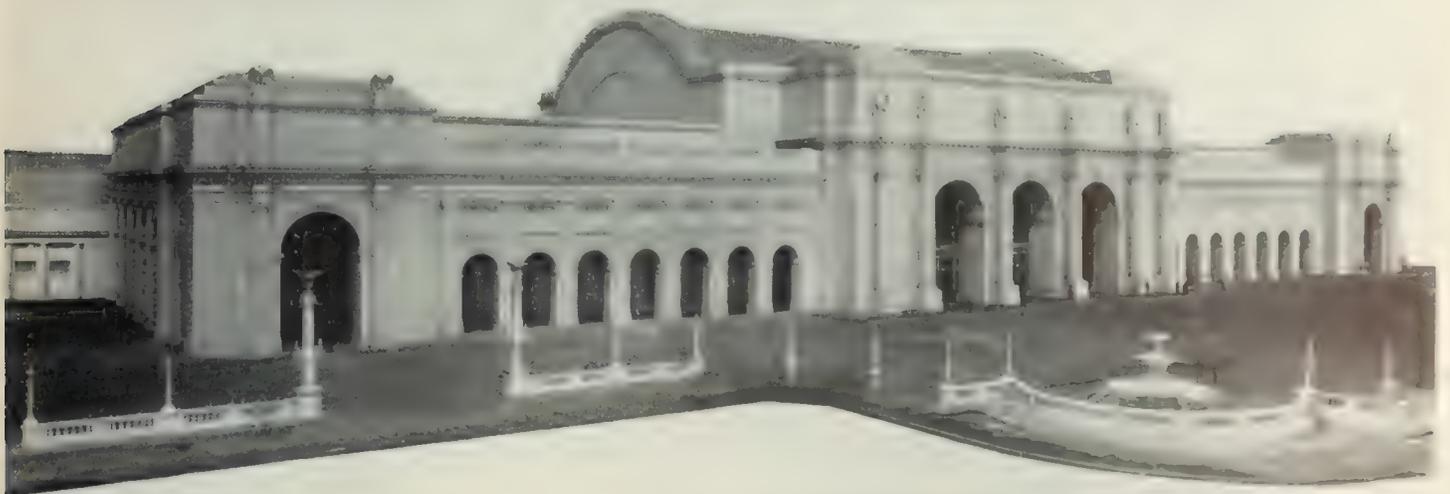
THE NEW BUILDINGS FOR THE UNITED STATES DEPARTMENT OF AGRICULTURE AT WASHINGTON
Rankin, Kellogg & Crane, architects, Philadelphia

but slowly, step by step—with a clear understanding that the city may not be made a truly noble world wonder for fully a century.

First it is pointed out that the water front, of which Manhattan Island has forty-four miles of the 450 miles of the shore line of Greater New York, may be changed without undue expense from its present haphazard inconveniences from the land side, and uglinesses from the water side, to a harmonious line of commodious piers, of which the roofs may be used for recreation, and to which convenient approaches may be made from the streets of the city by overhead passages. Additional parks are urged along the Harlem River to the north, with broad parkways crossing the river and running from the Hudson River to the Sound. Parks are called for as approaches to the Hudson Memorial Bridge, now projected to cross the Harlem River. A sketch of the plan to avoid congestion of traffic on Forty-second Street and Fifth Avenue is shown in the illustration on page 6361. The possibility of the grouping of buildings about City Hall Park as a municipal centre is set forth, with a hint that such an

improvement can be made now, expensive as it would be, more cheaply than at any time in the future. Additional playgrounds for children are suggested. And a great stadium and public athletic field on the hills in the Bronx to the north of the Hudson River, reached by a broad boulevard, is one of the best additions asked for, if the success of the Franklin Field public playground in the Boston park system may serve as a criterion of the enthusiasm with which the public use such a boon.

One suggestion, however, has aroused public protest—that of removing the wall on the east side of Central Park and widening Fifth Avenue into a broad boulevard, by cutting off a slice of the park. The protest is, oddly enough, one of the healthiest signs of public interest in beautification plans—it shows that the people are scrutinizing with a jealous regard for the conveniences they already have, all proposals for changes. They wish to be certain to secure just the kind of improvement they want, and if they prefer Central Park as it is, this shows a vigor of public sentiment that will make



THE NEW UNION STATION IN WASHINGTON
Now building to replace the old terminals with an imposing new structure



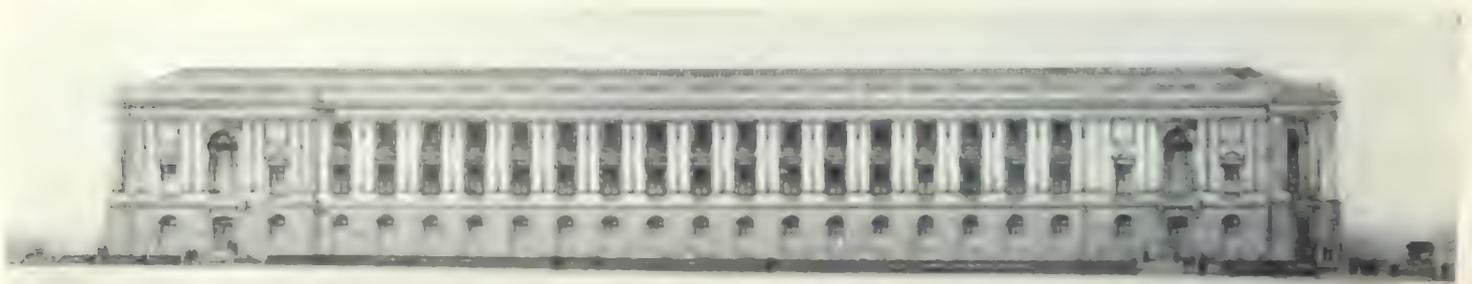
HOW THE CAPITOL WILL LOOK FROM THE NEW MALL

the enthusiasm for changes all the greater, if the public can be convinced that they ought to be made. At all events they are interested. This combination of earnest citizens, making, studying, and recommending or rejecting plans, and the deep public interest in the plans recommended is a sure augury that a beautiful New York will speedily pass from the region of dreams to the actualities of steady steps forward.

BEAUTIFYING THE NATIONAL CAPITAL

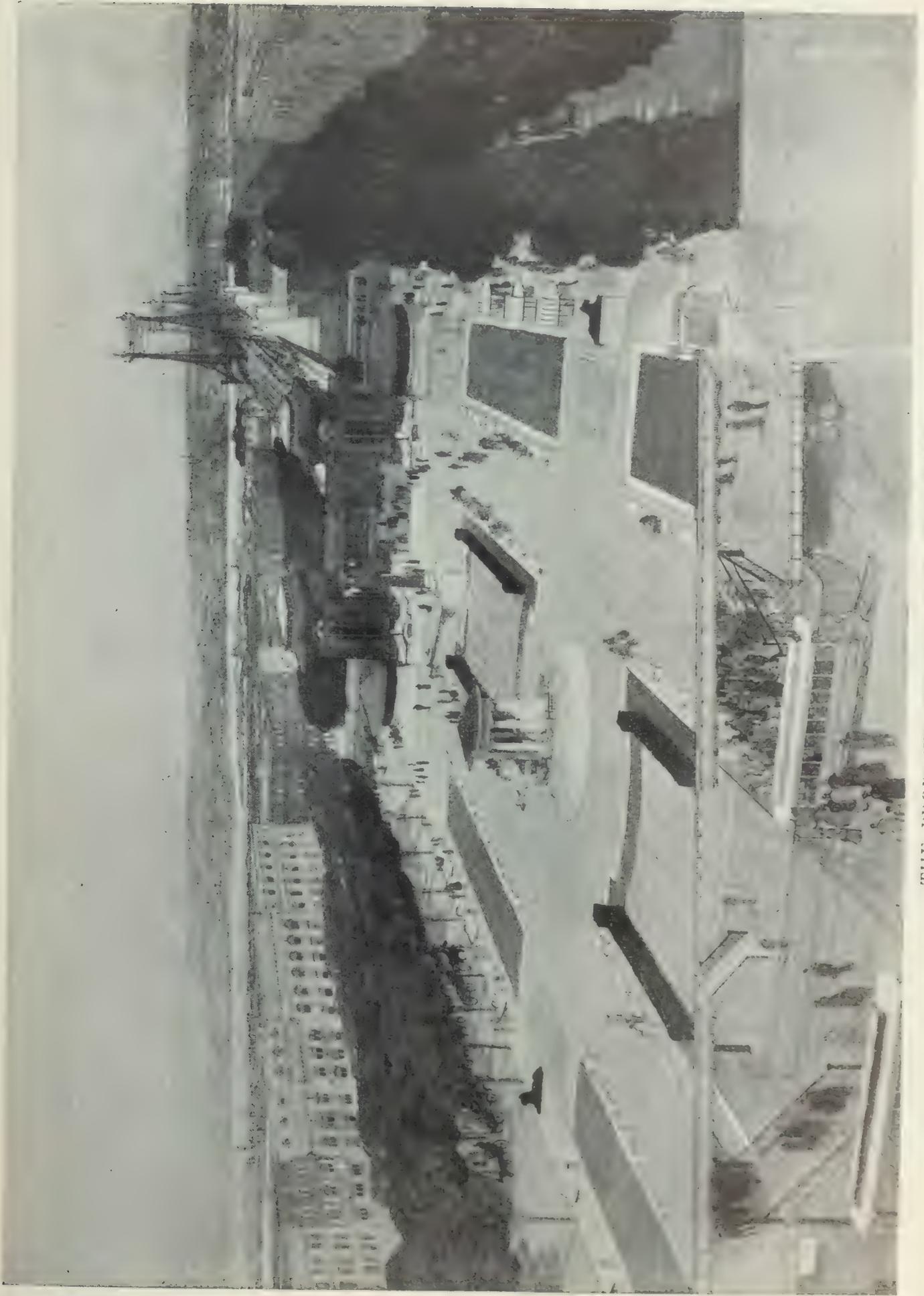
The Washington plan is even more picturesque than the New York one, because Washington was laid out by Major L'Enfant as the city of magnificent distances, and therefore offers fewer difficulties to overcome, and better opportunities for beautiful vistas. The number of large Government buildings, too, is great, and these properly arranged for the best effect make a nucleus for a city that shall be worthy of its dignity as the Nation's capital. The beautification of Washington, however, is a national rather than a municipal

task. The ideal sketches published in connection with this article are the result of the problems being attacked in a national way. A committee composed of Mr. D. H. Burnham, Mr. Frederic Law Olmstead, Mr. Charles F. McKim and Mr. Augustus St. Gaudens were requested to submit a comprehensive scheme for a new Washington to the Senate Committee on the District of Columbia, and the plans they are working out will gradually be put into effect. The railroads, moreover, are doing their share to co-operate in the scheme. Five years from now Washington will be a new city. The new Union Station, which is being built at a cost of \$14,000,000, will then be completed. Those who come from the South will enter the station through a tunnel now being built beneath the capital, and those from the North will come in by elevated railroads. The station itself will be built of white granite of so huge a size that the great Park Row skyscraper and the Flatiron Building in New York could be laid on their



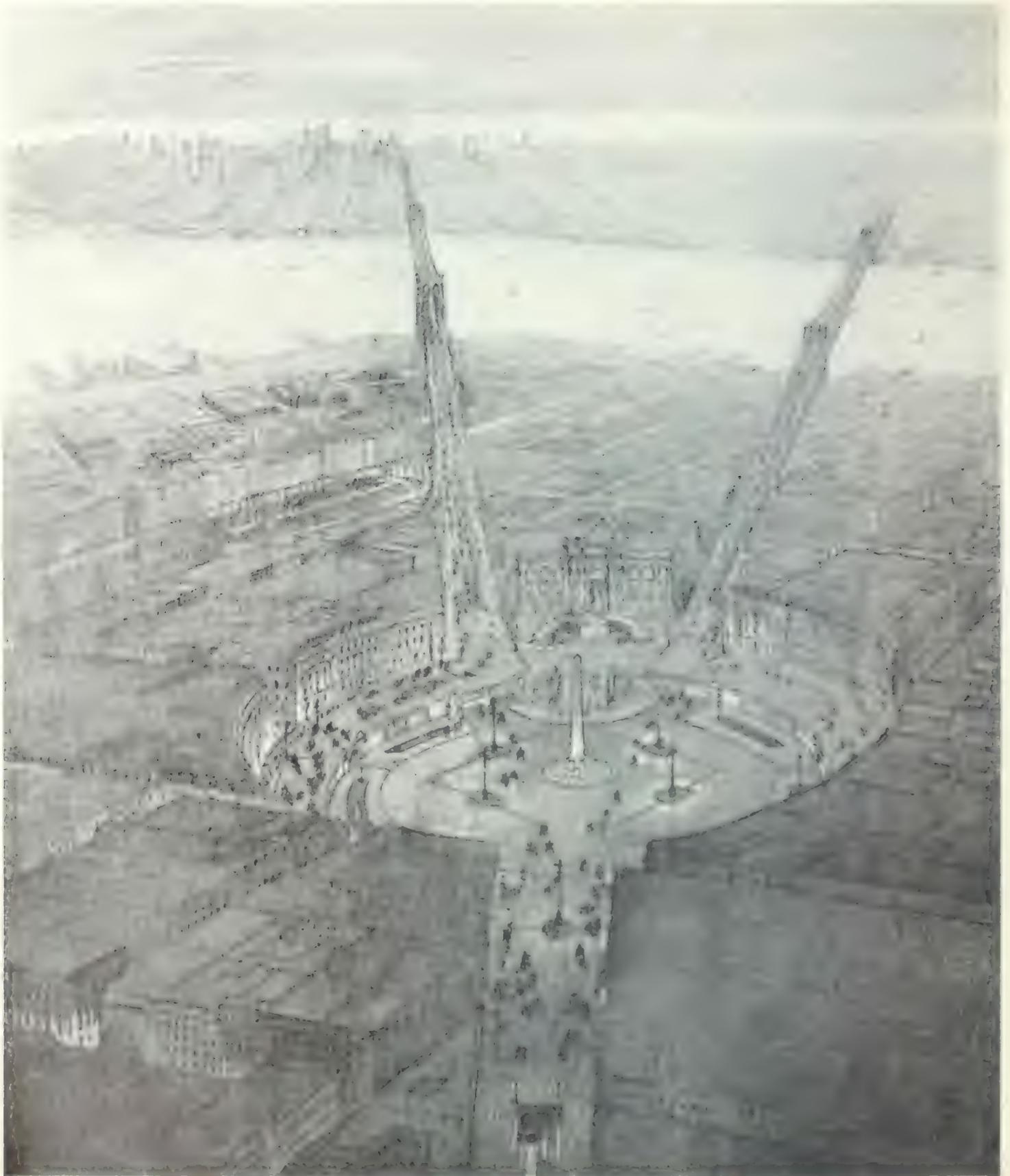
THE NEW OFFICE BUILDING FOR THE MEMBERS OF THE HOUSE OF REPRESENTATIVES

A. Wadsworth, D. C.



THE PROPOSED SUBWAY LOOP TERMINAL

For the Backwell's Island Bridge now building from New York to Long Island City



THE PLAZA PROPOSED TO REPLACE CITY HALL PARK IN NEW YORK CITY

A perspective view, based on a plan by Joseph M. Lewis and approved by the Board of Commissioners of the Park and the Manhattan Island.

sides, end to end, behind its colossal towers. It will face a great plaza, 500 feet broad and extending in a uniform line more than 1,000 feet on either side, with a fountain in the centre. This station will bring about the centralization of all the railroads entering the

city and prove a fitting gateway to the capital.

The broad stretch of Pennsylvania Avenue, with groups of public buildings on either side, is shown in the illustration. It will be years, however, before any such ideal picture as this

can be realized. Meanwhile, however, work is going on rapidly to provide the city with notable structures.

Two novel national buildings—an office building for the Senate and an office building for the House, one to the north of the Capitol and another to the south—are now under construction—admirable structures, not only furnishing the members of Congress with conveniences they have never had before, but

The new National Museum will stand in front of the present Museum Building and facing it—a granite building 553 feet long, within which will be ample room for the great and rapidly growing collection of the museum. Its roofs will be low, but a metal dome will rise above it 178 feet. A new War College is also to be added to the Government buildings, and Continental Hall, a private structure, which is being built by the Daughters of the Revo-



A PLAN FOR HANDLING THE TRAFFIC AT ONE OF THE BUSIEST CROSSINGS IN THE WORLD
Fifth Avenue and Forty-second Street, in New York. Forty-second Street to run beneath Fifth Avenue

also increasing the æsthetic effectiveness of Capitol Hill. A new Agricultural Building is to be built at a cost of \$3,000,000, and a new National Museum, which will eclipse in size all other buildings in the city, except the Capitol. Standing in the middle of a beautiful forty-acre park, the great white dome of the new Agricultural Building will loom up as one of the most conspicuous sights in the city. Its porticos will look out toward the Potomac River and the Heights of Arlington.

lution, within one block of the White House, at the other end of Pennsylvania Avenue from the Capitol, will face the main line of travel to and from the speedway which leads to the new parkway, which in turn enlarges into Rock Creek Park and the Zoological Park, a mile or so farther to the north.

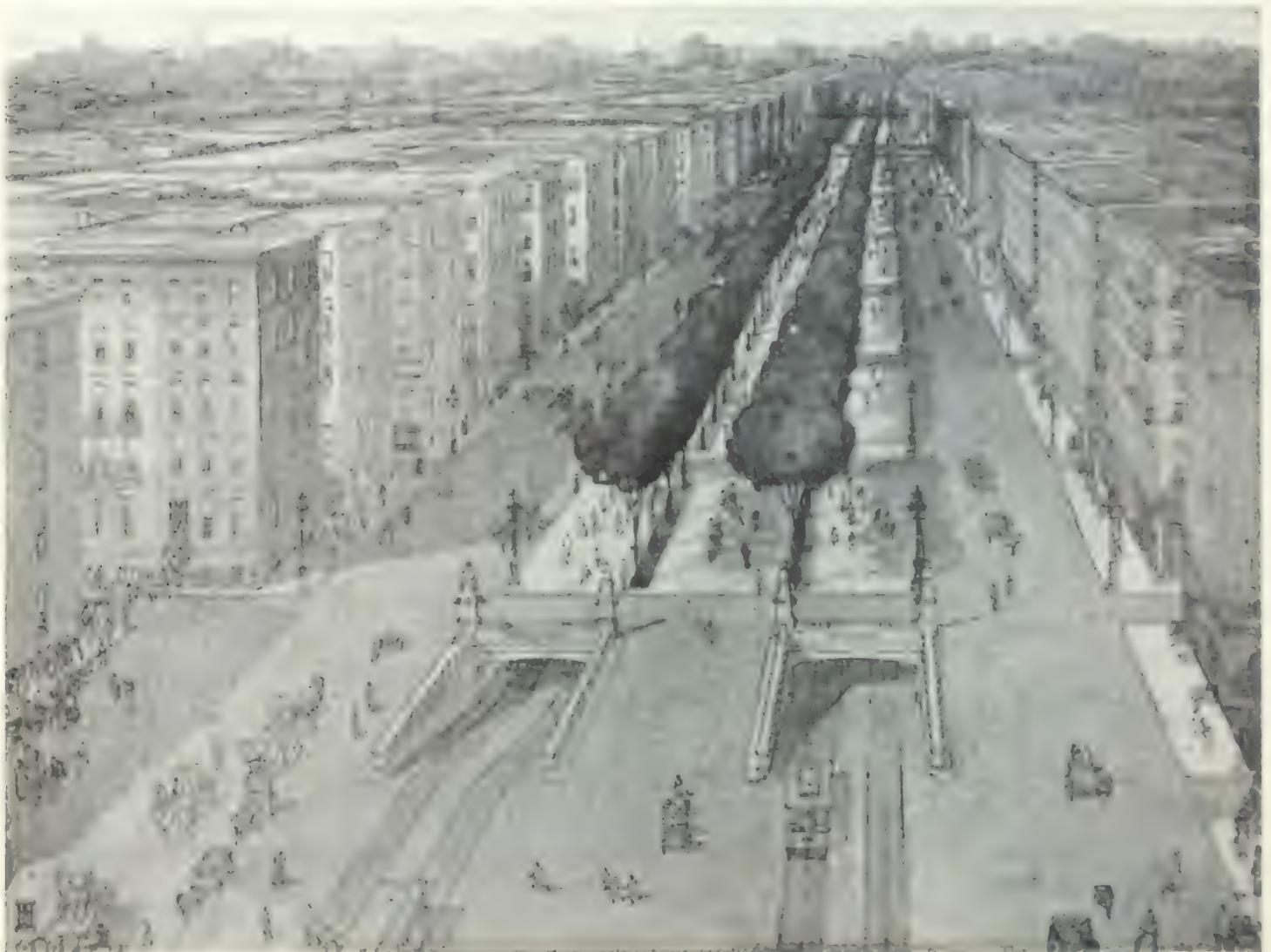
Washington has many times been called the most beautiful city in the world. It certainly has possibilities of being a beautiful city, and when the plans of the present



Photographed by Ernest N. S.

DELANCEY STREET IN NEW YORK AS IT IS

Borderd with vacant lots devastated to provide for an approach to the Williamsburg Bridge shown in the background



THE PROPOSED TREATMENT OF DELANCEY STREET

commission—gentlemen who have a national reputation—have been consummated, it may well deserve the loftier title.

BEAUTIFICATION IN OTHER CITIES

Cleveland had an unusual chance for comprehensive improvement. A Federal Building for the post-office, a county court house, a city hall and a public library were to be built all at the same time. The city already had a central square called Monument Square, and when the new buildings were decided upon, the plan was suggested of removing the blocks of buildings that stretch from Monument Square down to the railroad

removing the railroad lines that ran along the lake shore, and proposing a railroad terminus at the foot of the stretch of park between the rows of buildings. It was suggested further that at each end of the open space between the railroad station and the court between the rows of buildings, avenues should run down to a park on the lake shore beyond the railroad tracks.

The work will be carried out according to the second plan, for it would not be feasible to eliminate the railroads. Cleveland is going to work in a businesslike fashion, putting into concrete form its aspirations to be a beautiful city, and popular interest in



A PLAN FOR PROVIDING NEW YORK WITH ADEQUATE AND ÆSTHETIC STEAMSHIP DOCKS

yards bordering on Lake Erie, making this regained public territory into a park, and marshaling public buildings along it with a wide open space between them stretching to the lake. A Municipal Art Society was organized and citizens of Cleveland were readily aroused to enthusiasm for this improvement. The city invited a commission composed of Mr. D. H. Burnham, Mr. John Carrère and Mr. Arnold W. Brunner to solve the problem. This board of supervision made its report in 1903, suggesting two schemes, one of which followed this scheme of grouping the buildings in lines that ran to a lake-shore park; the other, of omitting the lake-shore park on account of the practical impossibility of

the improvement was the stimulus that pushed it forward.

The Harrisburg story is now well known. Until 1900 the city had had as a recreation ground a single park of twenty-four acres. Mr. J. V. W. Reynders proposed that a fund of \$5,000 be raised for expert working out of plans for improvement. The city's problem included not only parks, but a proper sewerage system and a water system. A commission was appointed consisting of Mr. James F. Fuertes, Mr. M. R. Sherrerd, and Mr. Warren H. Manning, who made a report, the carrying out of which would involve an expenditure of more than \$1,000,000. After an active popular campaign the city



HOW GRANT STREET, IN COHOES, N. Y., LOOKED BEFORE IT WAS IMPROVED

voted that the loan be floated to put the recommendations into effect, and the "Harrisburg plan" has now become a watchword. The city will have a park system, playgrounds and a parkway encircling the city, in addition to modern sewerage and water systems.

The people of Kansas City were obliged to carry on a campaign against the machine politicians of the city before they could secure an adequate park system, but the pressure of public opinion has secured for them what they wished, and the city is now provided with beautiful breathing spots, and has beautified even some of the bluffs which overhang the river bottom.

Chicago has gone on developing its park system, and is now considering a proposed

plan of an encircling parkway on the outskirts of the city, and to reserve a stretch of 10,000 acres of hill land on the north, another 10,000 acres on the west, and another 6,000 acres on the south as a park reservation, like those Boston possesses in the Blue Hills. A civic centre like the Cleveland one has been proposed for St. Louis; and Baltimore and Buffalo have Municipal Art Associations bending their efforts toward bringing these cities into harmony with the growing demand for improved conditions.

As an indication of the spirit in American communities that places the higher considerations of life above mere material desires, this movement for the beautification of cities is one of the most hopeful features of the time.



WHAT GRANT STREET HAS BEEN MADE TO LOOK LIKE



WHAT THE PUBLIC SCHOOLS ACHIEVE

THE RESULTS OF THE EDUCATION GIVEN CHILDREN IN NEW YORK CITY—EMPLOYERS TESTIFY THAT APPLICANTS FOR POSITIONS ARE BETTER TRAINED THAN FORMERLY—“FADS” THAT HAVE PRACTICAL VALUE—BOYS AND GIRLS TAUGHT TO USE THEIR HANDS IN PROFITABLE OCCUPATIONS—A MEASURE OF MODERN METHODS

BY

CHARLES CULVER JOHNSON

WHAT is the most practical result of a public-school course as shown by boys and girls who apply to you for employment?” I asked the manager of New York’s largest department store.

“It has taught them to think,” he answered. “I can’t say the handwriting is copper plate, or that they have more than average capability in mathematics. Between the school pupil of to-day and three years ago, however, I notice this difference: With the first it was necessary to teach every self-evident detail. The second sees most of those details without being told. Individual thought seems to have replaced mechanical method.”

With the substitution of an eight-year course of study for the former ten-year course, and with the introduction of special studies, sometimes called fads, the question is constantly raised how much permanent benefit pupils gain from the things they learn that

were not included in the former course which was made up principally of the three “r’s.”

The results of an inquiry among 384 of New York City’s prominent business men, twenty-five of the successful merchants in neighboring cities, and twenty educators of national fame on whether the existing public-school system fits pupils to earn their living, give a clear idea of how the question is viewed by the best practical thought of the day. Considering the answers received from the majority, it becomes evident that the old system was unsatisfactory in developing many elements of character, a fault that has been largely remedied in the instruction of the pupils now leaving the schools. Though the elementary knowledge of pupils was found fairly sufficient, a large majority of the business men interrogated favored a high school course, and said that they would always give a high school graduate preference over others.



A CLASS OF SCHOOL CHILDREN VISITING AN ART EXHIBITION

Regarding the studies particularly desirable for pupils with a commercial career in view, there was a strong demand for bookkeeping, stenography, typewriting, and business studies generally in an elementary course. An earnest protest was registered against the practice of quoting in mathematical problems prices for various commodities which are impossible. It was asked that reasonable facts be laid before children in their problems, even in hypothetical cases. Sixty per cent. of the answers declared that the experiences of the writers showed public-school boys in their employ to be satisfactorily truthful and



A VACATION SCHOOL "AFTERNOON TEA"

ambitious. This fact is of paramount interest, because one great purpose of ethical training in the schools is to accomplish just this result.

The consensus of opinion about the three "r's" was that these studies might receive closer attention without harm. Out of 307 answers to the question, "Are boys more or less accurate in arithmetic?" 31 per cent. observed less accuracy, and 65 per cent. either noticed no difference or observed increased accuracy. The noteworthy improvement during the last few years in reducing the amount of work required in arithmetic has made the pupils more accurate.



STUDYING STRANGE PLANTS

A class visiting the herbarium of a botanical garden.

Some said that in most kinds of business specialized forms of arithmetic are used, and declared that if teachers insisted upon strict accuracy at all times pupils would soon be educated to a proper standard of perfection. Other business men insisted on an important drill in the fundamental rules, declaring that even high-school boys showed a lack of it, probably owing to the dropping of arithmetic from the high-school courses.

The unpopularity of vertical handwriting was shown to be beyond question. The business world does not favor it. Only 23 per cent. of those whose opinions were asked endorsed it. Seventy-eight per cent. of the business



TEACHING A CLASS OF GIRLS HOW TO SERVE A MEAL

men who answered the inquiry declared that bookkeeping should be a part of the elementary course, and they expressed a preference for double entry. The public-school pupils they found wanting in knowledge of bookkeeping. Sixty per cent. of the writers said that boys now in their employ spell as well as boys formerly did; 70 per cent. approved the plan of teaching essential words rather than words of which the children made little or no use in their English composition, as was formerly done.

The plan followed in many schools of doing away with spelling as a separate study and correlating it with composition, geography, history and nature study, according to the results of the inquiry, is evidently quite successful.

One man wrote, "Do not make our public schools clerk factories." Now it is the anti-thesis of the clerk-factory idea that forms the basis of the present educational system in New York City. Dr. W. H. Maxwell, City Super-



MAKING ROLLS AND WASHING DISHES

Studying scientific cookery from example and from the charts on the board



A CLASS IN DRESSMAKING

Learning to fit and sew

intendent of Schools, declares that the course aims to give children the means of acquiring knowledge and of expressing thought — to teach them reading, writing and arithmetic; it aims to give children the use of their hands, particularly by exercises in constructive work in pliable material at the carpenters' bench on the ground that an education that consists wholly or even chiefly in absorbing information is at best only half an education; it aims to give the children some of the facts of science by teaching them when to observe trees and plants and minerals; to give them some knowledge of the institutions

of their own country through learning their country's story; and to bring them into practical relations with art and architecture.

In regard to the so-called fads, people often ask, "What good does training in shop work of any sort do a boy who leaves school to go into an office?" One of the most interesting of the answers given by the instructors to whom the query was put is the reply of Dr. Edward W. Stitt, one of the District Superintendents of Schools.

"That training," said he, "first of all teaches a boy how to use his hands. The lack of this knowledge is a defect which continues from the awkward age of boyhood far



LEARNING TO MAKE PATTERNS

In a class in dressmaking



TIDYING UP THE KITCHEN

into manhood in an astonishing number of instances, and sometimes is never outgrown. Manual training benefits any boy who enters professional life, particularly surgery. The surgeon's hand and his brain must work with equal skill and fineness. The boy who learns to handle, deftly, the tools necessary to his study of the manual arts is training his hand and mind in exactly the lines along which the surgical profession leads him. For instance, the man who is unable properly to use a large saw never will become expert with a small one. Knowledge of the use of tools bestows self command and concentration."

But the chief value of the public-school course in manual arts is in the opportunity it



A CLASS IN ELECTRICAL SCIENCE



A CLASS IN TYPEWRITING

offers for the development of latent genius. Doctor Stitt quotes the case of a boy who came to a New York public school from a tenement in the Cherry Hill district, one of the most unsavory sections of the city's East Side. In the three "r's" and in other studies he was barely passable, but the shop work

awoke his ambition. After a few months of training and without aid from companion or instructor, he made a complete working drawing of an automobile on a model scale. The drawing was so complicated that it taxed the instructor's knowledge to grasp its detailed meaning. The boy then built the model automobile unaided. It proved a complete success. To-day that same boy is employed as an expert by one of the largest



A CLASS IN SAIL-MAKING

On the schoolship *St. Mary*



A SUMMER RECREATION PIER
New York City school children playing games in the open air

automobile companies in the United States. Walter Jones, a graduate of Public School No. 166, who is an expert automobile authority, first found himself through the school shop work. Superintendent Brady, one of those in charge of the construction of the Cathedral of St. John the Divine, on Cathedral Heights, New York City, owes his first impulse toward architecture to the New York public schools. Thurlow Long, a graduate of Public School No. 166, made his workshop lessons pay even while in school. Designs made by him as a pupil in the eighth grade were purchased

by a publishing house for use on book covers. Mr. Long has gained prominence among the younger designers. I quote this instance because Mr. Long was a typical public-school boy, with no apparent artistic talent until it was developed by the regular course of study.

An example of the opportunities the school course offers to the children of poor parents is the case of a young mechanical engineer. Poor in the extreme, dwarfed and misshapen by deformity, without ambition and developing into an enemy of society, he was sent as a boy to Public School No. 77. In ordinary branches he showed no aptitude. Mr. Edward E. Page, principal of the school, considered him a hopeless case. One day, almost as a last resort, the boy was given into the hands of the instructor in mechanics. Within a week a change was apparent, and the improvement continued. From a dull, sulky, vicious schoolboy he grew into one of the best boys in the school. After leaving the public school he continued his studies at the Cooper Union, where he won the gold medal for mechanical drawing. He is still advancing and winning honors in his profession.

Another boy, educated in the public schools, whose family emigrated to this country from Russia, a dweller in New York's crowded East Side tenement section, recently



LEARNING THE FIRST LESSONS IN CLEANLINESS
A public bath for schoolboys in New York City

went from the school where he took a course in applied mechanics into a four-dollar-a-day position, solely as the result of the knowledge gained in shop work in the technical public-school course.

Instruction in the manual arts, however, is not intended to fit students to enter the calling toward which they find themselves inclined without other experience than the school course gives. Manual training schools are not trade schools. They merely stir latent genius and bring into being an aptitude that otherwise might never develop other than a hopeless longing. They teach any boy how to perform trifling mechanical services. If the art of properly driving a nail is acquired by a boy during a manual training course, and no other thing remains with him, his study has not been in vain.

THE TRAINING IN HIGHER SCHOOLS

In the evening high schools special branches are taught to men and women of all ages as well as to boys and girls. Electricians, mechanics, draftsmen, men of all trades employed during the day, find opportunity for advancement in these evening high schools. The graduates easily secure positions at good salaries. Frequently they compete successfully with graduates of private technical schools. Though the manual training instruction does not go so far as in the regular trade schools, it is accepted in place of a part of the customary training of apprenticeship in machine shops, carpenter shops and in iron work—with Venetian, wrought iron, etc.—in modeling, wood carving, basket making and in other industries. The increase in the number of pupils in these practical schools for the last completed school year is noteworthy. In the high schools of commerce in Manhattan it was 58 per cent.; in the Commercial High School of Brooklyn, 33 per cent.; in the Girls' Technical High School of Manhattan, 40 per cent.; in the Manual Training High School of Brooklyn, 25 per cent. The high schools where the ordinary courses are taught—the literary and scientific courses—showed in the previous year an average increase of less than 10 per cent.

Many of the honor graduates of the physical training course in the New York public schools are offered instructors' positions in schools as soon as they are graduated. Recently two took successfully the examina-

tion for teachers of physical training in the very New York schools in which they were once pupils.

In drawing and color work girls have developed their perception of proportion and of color very notably. Frequently where the original taste of the children was toward glaring colors, a fault very common among the immigrants from the Latin countries, the drawing and color courses have substituted a better taste. Miss Julia Richman, one of the most successful of New York district superintendents of schools, told me of a young girl in Public School No. 43, whose perception of proportion and color had originally been bad, who won a \$500 prize in a competitive exhibition of wall-paper designs while she was still a public-school pupil. As a result, she was given a position at a desirable salary.

Cooking, sewing and general housekeeping lessons have taught the girls, and, through them, their parents, how to live and to dress better without increased expenditure; that a cleanly life is better than one lived amid dirt and disorder. The object of these lessons is to teach the pupils how to do the very best possible with what they have. The results have been more noticeable in the crowded districts of the East Side than in the homes of the well-to-do, but they have been appreciable among the children who live in apartments as well as those of the tenements.

One of the teachers in New York Public School No. 77, Miss Drucker, is a graduate of the cooking course. When a schoolgirl she took occasion to demonstrate at her home the practical results of her lessons. The practicality of these lessons was demonstrated when the well-paid family cook became in turn the pupil of the schoolgirl, because the "school ways of cooking," the cook said, were greatly superior to those in which she had been trained.

The sewing course seems in a fair way to help meet one of the city's greatest domestic needs by supplying good sewing girls, girls who are competent to sew for families in their homes. The public-school girls are taught not only how to sew well, but how to patch and darn. Mrs. Annie L. Jessup, director of sewing in the public schools, sat in an East Side street car the other day when a woman entered whose dress was so neatly patched that it attracted her attention. The method

by which the work had been done seemed familiar to Mrs. Jessup, and presently she spoke to the woman, praising the manner in which the garment had been repaired. "Yes, it is good," said the woman. "My little girl, she told me how; she learned in school."

It is customary to-day for many New York dressmakers, when seeking employees, to send to the principal of the nearest school for girls of the necessary age, where sewing is taught, to learn where graduates can be found who will enter their service. Miss Matilda B. Lemlein, principal of the girls' division of Public School No. 77, told me that one of New York's most fashionable dressmakers recently asked her to recommend several girls for positions. This dressmaker said that the girls who had taken the public-school course in sewing understood how to work intelligently. With girls who have not taken the public-school course, she said, it was necessary practically to teach them how to thread a needle. The advanced knowledge of the public-school girls increased wages, she said, but the skill was worth the additional expense. Public-school girls who have taken the course in millinery are also in constant demand. The school course develops good taste and intelligence—qualities that are golden virtues in a milliner's apprentice.

Five years ago all the sewing New York City public-school children were taught was to make stitches. Cloth remnants were used. To-day they not only learn how to stitch, but how to cut, fit, sew and make over garments. In many families the older girls, advanced pupils in sewing, make all the clothing, outer and under, of their younger brothers and sisters, and also teach the mother dress-making. The girls are permitted to do some of this home work in their regular sewing lessons at school.

I asked some of the mothers of the public-school girls what they thought of the instruction in domestic science and kindred matters. Said one, "My children are taught not only how to work with their hands and their heads, but to make both work together. I never have to show my daughters what to do about the house, for they have been taught better ways than I ever knew." Another said—this was at Public School No. 77—"My little girls learn in school how to make home comfortable."

Girls in the public schools are taught how to make a dining-room attractive, how a table should be set, how food should be served. And this not in theory, but in actual practice. Some of these girls eventually go out to service in the families of wealthy people, who are learning that in solving domestic problems brains are worth paying for, just as they are in business. Other girls take the knowledge gained into their own homes, with delightful results. Girls are even instructed in the ways of caring for bric-à-brac, how to clean it without danger of breaking, and so on.

In homes of poverty, where there is no separate dining-room, where the income is too small to permit the buying of even scrim curtains for the windows, the children procure remnants from the pushcart dry-goods dealers and construct curtains of them. If no other place is available, a corner of the family living-room is arranged to resemble the dining-room the girls helped care for at school. The uplifting results of thus catering to good taste and the finer instincts are far reaching.

Visits to such homes by teachers show that the food of hundreds of families is cooked as it never was before the introduction of the cooking course into the public schools. They note, too, that the chemical relations of foods—that is, what foods within the scope of meagre incomes, as well as large ones, should be eaten at the same meal—are beginning to be understood.

The school instruction in hygiene has resulted in the introduction of at least the semi-weekly bath in countless homes where bathing was almost an unknown blessing, and the washtub has to do duty as the bathtub. In the newer tenements, where the bathtub is to be found, it is not now, in the majority of cases, devoted to purposes other than those for which it is intended.

In reply to the query, "In what respect do you find public-school boys who enter your employ most deficient?" 342 answers from business men were received, as follows:

| DEFICIENCY NOTED | NUMBER OF COMPLAINTS |
|--------------------------|----------------------|
| Arithmetic alone | 31 |
| Arithmetic and English | 14 |
| Arithmetic and writing | 14 |
| Spelling alone | 19 |
| Spelling and grammar | 18 |
| Spelling and composition | 11 |

| DEFICIENCY NOTED | NUMBER OF COMPLAINTS |
|---|----------------------|
| Spelling and geography..... | 5 |
| Penmanship alone..... | 19 |
| Penmanship and English..... | 16 |
| Penmanship and arithmetic..... | 14 |
| Penmanship and reading..... | 1 |
| Practical business methods..... | 15 |
| Lack of general information and knowledge of current events..... | 4 |
| Punctuation..... | 2 |
| Lack of politeness..... | 23 |
| Lack of power to "hustle"..... | 22 |
| Lack of application..... | 16 |
| Lack of concentration and prompt obedience... | 15 |
| Lack of thoroughness..... | 11 |
| Lack of sense of responsibility..... | 11 |
| Lack of discipline..... | 9 |
| Lack of carefulness..... | 7 |
| Lack of attention to business..... | 7 |
| Lack of system..... | 6 |
| Lack of ability to execute orders..... | 5 |
| Lack of punctuality..... | 5 |
| Lack of common sense..... | 5 |
| Lack of accuracy..... | 5 |
| Lack of ability to face new problems..... | 3 |
| Lack of brain power..... | 3 |
| Lack of attention to details..... | 1 |
| Lack of economy..... | 1 |
| Lack of truth..... | 1 |
| Do too little—talk too much..... | 4 |
| Watch the clock..... | 3 |

It should be understood that the figure after each deficiency named represents the

number of men who noticed among the public-school boys that particular deficiency in a degree that made it overshadow other deficiencies. Of the replies quoted almost half indicate a defect in one of the three "r" studies. The fact that the proportion of complaints of deficiencies in these subjects was so high indicates the basis of much of the criticism of the special studies in the present public-school course. Measures have been taken by the New York City Board of Education to remove the grounds for such complaint.

From the kindergarten course to the completion of that course which places the pupil—boy or girl—in a position to enter professional or business life, the present policy of the New York public schools is to teach how best to lead useful, healthy, normal lives. It cost New York City \$32.56 for every child who attended school during the last complete school year. This sum seems trifling indeed when the available advantages are taken into consideration.

While the public-school graduate of to-day is not a finished worker for any field of labor, he has been taught to plan and execute. He has mastered the first principle of success in whatever calling he may undertake—how to think.

LIBRARIES FOR EVERYBODY

THE ENORMOUS GROWTH IN PUBLIC LIBRARIES THROUGHOUT
THE UNITED STATES—THE INCREASE IN LIBRARY FACILITIES
—THE SOUTH AND WEST SHOWING THE GREATEST ADVANCE

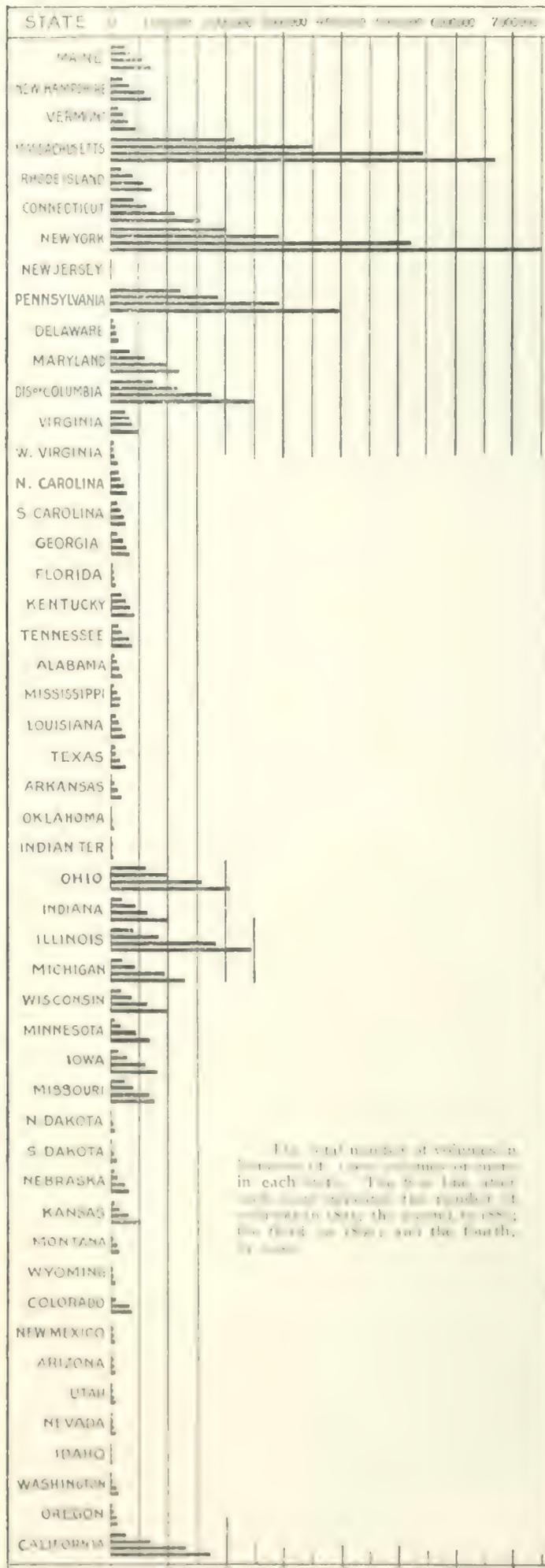
BY

HERBERT PUTNAM

LIBRARIAN OF CONGRESS

IF multiplicity in free schools is an evidence of the desire of communities to promote education, so is multiplicity of free libraries an evidence, too, of its intentions to promote not mere education, but culture and the arts. But in a demonstration of usefulness the schools have the advantage, as the pupils are under their control, the processes are identical, and the results are tested by examination. For the most important of its achieve-

ments—a general ameliorating influence—the libraries can offer no proof. The multiplicity of readers is not in itself a great achievement in an age when one must be singular who is not "fond of books," and when the public library is accessible, attractive, and its purpose widely advertised; nor is the vast number of books issued proof of a passion for information, when books are urged upon the reader almost at his very door; nor is the



The total number of volumes in public libraries of each state in each year. The two lines after each bar represent the number of volumes in 1896, the growth to 1903; the third in 1896 and the fourth, by 1903.

CHART 1—THE GROWTH OF LIBRARIES

issue to him of a particular book, without record of the use to which he puts it, in itself a final achievement. Such figures as are here given on the growth of libraries must, therefore, be considered survivals of the time (but half a century since) when the public had to be taught both the purpose of the free library and the habit of reading. They do prove, however, a prodigious increase of facilities, and thus an undiminished confidence in the utility of the work.

The charts and tables were compiled for the exhibit of the National Library at the St. Louis Exposition. They were in each case the most recent obtainable. The new edition of "the list of public libraries" furnishes some comparisons, but the modification it would make of the tables would be slight and significant in only two directions: in an increase from 1900 to 1903 in the number of libraries, the number of volumes per inhabitant, and the number of volumes circulating; and in the disproportionate increase in the South and West. During these three years the number of volumes in libraries advanced 22 per cent. New York, Massachusetts and Pennsylvania still lead in total of volumes, and the three together had almost 40 per cent. of the additional volumes reported. But in the percentage of increase the south central division of states leads by 34 per cent. During the seven years from 1896 to 1903 the Indian Territory increased its collections by 317 per cent., and Oklahoma by 875 per cent. In the United States as a whole the number of volumes per hundred inhabitants shows an apparent increase, during the three years, from fifty-nine to sixty-eight.

Chart 1 attempts to show the location of the libraries containing 1,000 volumes and more in 1900. It suggests a concentration—one may not say, a congestion—of books in a few narrow areas, particularly along the Atlantic Coast from Massachusetts to the national capital, a sparse and meagre provision in the South, and vast vacant spaces in the West. These impressions should, however, be corrected by chart 2, which indicates the diffusion in the ratio of population. Here Maine, New Hampshire, Vermont and New York "prove up" to their somewhat arrogant neighbor, Massachusetts, whose coast is "no town without a public library"; Pennsylvania is shaded down a bit; and Nevada—almost a blank in chart 1—becomes suffused

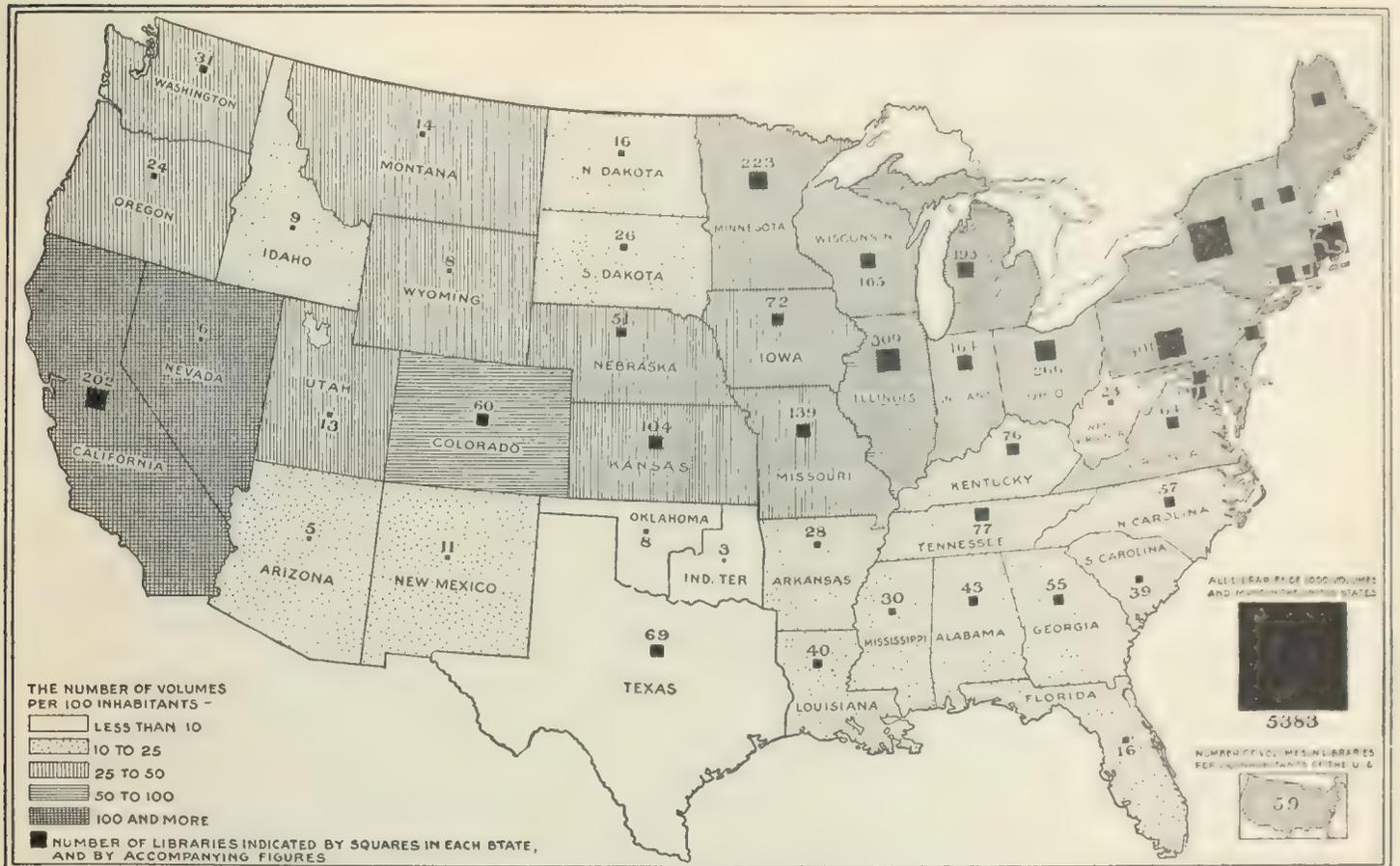


CHART 2—MAP SHOWING THE DISTRIBUTION OF LIBRARIES IN THE UNITED STATES IN 1900

to the tint of California, the most amply equipped in libraries of all the states west of the Mississippi.

Comparisons such as the foregoing are, however, unsatisfactory because the returns are but partial. Even the increase in libraries and in volumes from 1900 to 1903, though an increase in the number reporting and reported, can only in part denote an increase in fact. The defects in the statistics, as in all previous issues of this list, are indeed inexplicable. The Bureau of Education first sought their collection in 1875. It repeated its call in 1885, 1891, 1896, 1900 and 1903. Yet even after all this experience it failed to secure reply from 3,000 of the 13,000 libraries addressed; and of the 10,000 which did reply a comparatively small fraction gave all the information requisite to a scientific estimate of their resources.

For a scientific estimate of their *use* we must look elsewhere than to these tables; for the only indication of service rendered is the number of volumes circulated—an inconclusive test indeed. Nothing is easier in the administration of a free library than to increase the circulation. It may be done by merely multiplying copies of the more popular books. (A novel issued fifty times

a year counts fifty units in this total, where a work of science issued once counts but as one.) Every lending library classifies its issues of books for home use; but under a liberal provision for access to the shelves the record cannot extend to the reference use. Comparison of such statistics has never gone beyond the ratio of fiction to the entire circulation. If the Philadelphia librarians have their way even this will be deprived of its sting, for they propose a subclassification of fiction itself, which will rescue from disrepute a large percentage of novels as "history," "sociology," etc. A record of circulation should give us a classification of the books issued—which the report of the Bureau does not attempt—and also of the people drawing them—by age, by sex, by occupation—which, strange to say, almost no libraries record.

The activities which have resulted from the spread of libraries have been from time to time reported and explained. They include extension in every direction by branch libraries, and reading-rooms and delivery stations, even house-to-house delivery, in the cities; by traveling libraries in the country; by the organization of further state library commissions, and more library asso-

ciations; and by the multiplication of training schools for librarians and library assistants, including "institutes" for those already in the service without adequate theoretic training. The library movement has passed beyond the stage where it needs to prove its right to exist—or where it must continually dig up its beginnings to see whether it is growing.

To librarians the more significant characteristics of recent progress are, as one might say, intensive rather than extensive. I may mention but two of them. The first is the effort toward more discriminate selections of books. These are partly local—in the lists drawn by state library commissions

THE GROWTH OF LIBRARIES IN THE UNITED STATES—1901-03

| YEAR | POPULATION | NUMBER OF LIBRARIES | INHABITANTS PER LIBRARY | VOLUMES | BOOKS PER INHABITANT |
|------|------------|---------------------|-------------------------|------------|----------------------|
| 1900 | 75,997,084 | 5,383 | 14,118 | 44,591,851 | 58 |
| 1903 | 79,900,389 | 6,860 | 11,622 | 54,413,002 | 68 |

for the guidance of popular libraries: and—of general and more far-reaching influence—in those issued by the publishing board of the American Library Association—a commission of expert librarians. This board is giving scientific, laborious and gratuitous service to the preparation and publication of lists of useful books and of tracts which may aid both those who are organizing and administering libraries and those who are using them. The expense of these publications—only partially reimbursed by sales—is met from the income of an endowment originally petty and still far too small, consisting chiefly of \$100,000 given by Mr. Carnegie. But in addition to the publications which it issues the board gives its judgment and its auspices to the compilation of others of general utility within its province. The most notable of these is the so-called "A. L. A. Catalog"—a list of 8,000 volumes well suited to a small library. Based on an earlier list of 5,000 volumes prepared in connection with the World's Fair at Chicago, this has been compiled under the editorship of Mr. Melvil Dewey (with assistance which included experts in every department of literature, as well as librarians), and pub-

lished by the United States Government, the Library of Congress acting as its agent, as had the Bureau of Education in the case of the edition of 1893. The list is used by librarians as a purchase list, but also by readers as a reading list, and by students of classification and cataloguing as a model in the application of the decimal and expansive systems of classification, and of the dictionary system of cataloguing. As a list of "best books" the "A. L. A. Catalog" is of course imperfect—the criteria of choice are too many and too various to yield in many hands a result that is consistent. But as a list of "useful books," whose utility is vouched by an authority absolutely free from commercial bias, it is of a value quite inestimable.

The second characteristic is co-operation, or at least avoidance of duplication, in processes. The most notable event in this direction is the discovery that the printed cards representing the accumulating catalogue of the Library of Congress can be utilized by other libraries in their own catalogues. The issue of these cards to other libraries began within this period (1900-1903). There are now nearly 600 libraries subscribing for them. The aggregate subscriptions during the current year will have amounted to more than \$16,000. As the saving to the subscriber for each book catalogued is from four to seven times the amount he pays for the cards, the total saving to these 600 libraries during the current year will have been from \$64,000 to \$112,000—a saving offset by no deduction for waste stock, since they are not obliged to take a single card beyond their needs. The system is as yet in its infancy. It seems to prophesy a time when, if not all, at least the bulk of the work of cataloguing—the most expensive of the technical processes of a library, and heretofore undertaken by each for itself—shall be centralized at one point for the entire country.

The possibility of a service beyond this is not remote. It was one of the subjects of interest and discussion at the Library Conference at St. Louis last October, the first such conference of an international character and representation ever held in this country. There are developing projects in co-operative bibliography which may have concern for the higher scholarship. They are conditioned, however, not merely upon a general purpose

of co-operation, but upon a uniformity in rule and method which has not yet been attained, and which is not in near prospect, except perhaps between England and the United States.

Almost all accounts of recent library progress are of the progress on the popular side. It is to this chiefly that the attention

loans. The advances toward a higher as well as broader service on the part of the National Library have been significant; but the advance has been general. To note only one feature of it—there has been a large increase in special collections for investigation and research in the material made available in free libraries.

LIBRARIES CIRCULATING MORE THAN 300,000 VOLUMES IN 1903

| LIBRARY | SYSTEM | | | CIRCULATION | | | |
|---|----------|-------------------|----------------|-------------|-----------|-----------|-----------|
| | BRANCHES | DELIVERY STATIONS | OTHER AGENCIES | 500,000 | 1,000,000 | 1,500,000 | 2,000,000 |
| New York, Public Library..... Including all branches in the system January 1, 1904 | 17 | .... | (a) | 3,276,886 | | | |
| Philadelphia, Free Library..... | 14 | ..... |  | 1,691,452 | | | |
| Brooklyn, Public Library..... | 20 | ..... | (a) | 1,614,452 | | | |
| Boston, Public Library..... | 10 | 22 | (b) | 1,469,456 | | | |
| Chicago, Public Library..... | .... | 68 | ..... | 1,120,539 | | | |
| Buffalo, Public Library..... | 3 | 2 | ..... | 1,085,522 | | | |
| Cleveland, Public Library..... | 4 | ..... | (c) | 977,938 | | | |
| St. Louis, Public Library..... | .... | 50 | (d) | 904,484 | | | |
| San Francisco, Public Library..... | 6 | 6 | ..... | 792,209 | | | |
| Baltimore, Enoch Pratt Free Library..... | 7 | 3 | ..... | 764,497 | | | |
| Cincinnati, Public Library..... | 6 | ..... |  | 727,011 | | | |
| Los Angeles, Public Library..... | 6 | 4 | ..... | 678,803 | | | |
| Pittsburg, Carnegie Library..... | 5 | 17 | (e) | 595,095 | | | |
| Milwaukee, Public Library..... | 2 | ..... |  | 555,142 | | | |
| Minneapolis, Public Library..... | 3 | 8 | ..... | 522,079 | | | |
| Detroit, Public Library..... | 3 | 1 | ..... | 518,354 | | | |
| Jersey City, Free Public Library..... | .... | 15 | ..... | 451,761 | | | |
| Newark, Free Public Library..... | ..... | ..... |  | 424,837 | | | |
| New York, Cathedral Free Circulating Library.. | 4 | ..... | (f) | 412,243 | | | |
| Denver, Public Library..... | ..... | ..... |  | 326,543 | | | |
| Somerville, Public Library..... | ..... | ..... |  | 314,206 | | | |
| New Haven, Free Public Library..... | .. | ..... |  | 303,731 | | | |

(a) Traveling Libraries. (d) 40 Depositories.
 (b) Schools, Stations and City Institutions. (e) 39 Home Library Groups, 31 Children's Reading Clubs and 50 City Schools.
 (c) 5 Sub-Branches and various Stations. (f) 8 Small Branches, Schools, etc.

of the public has been directed, and it is to this that enthusiasm has been invited. But there has been a steady, if less spectacular, progress on the other side which concerns the serious investigator. It has consisted in the improvement, if not in the multiplication, of research libraries; in the increase of their collections; and in more liberal facilities for their use—particularly through interlibrary

Such additions as these to libraries where they will be liberally administered give assurance that the recent progress in American libraries is not merely toward the popularization of literature. They show that, while it is in one direction a zeal for the diffusion of knowledge, it is also, in another, an increasing effort toward the advancement of learning.

CHICAGO'S STRIKE ORDEAL

HOW A GREAT CITY FACED A STATE OF WARFARE IN ITS STREETS—THE RISE OF THE GARMENT WORKERS THROUGH UNITED ENDEAVOR—HOW THEIR STRIKE WAS MERGED INTO THE RIOTOUS PROTEST OF THE TEAMSTERS—THE EMPLOYERS' TACTICS—A FIRST HAND INVESTIGATION OF CHICAGO'S STRUGGLE FOR ITS OWN FREEDOM

BY

STANLEY POWERS

IN Chicago last May the slightest disturbance might end in a serious riot. Often a union teamster stopped his wagon at a cross street, a non-union caravan halted a moment, almost instantaneously other wagons hemmed it in, cars were stalled, there was cursing and cutting of traces and exchange of blows and shots. Perhaps a shower of inkstands and rulers and bottles came from the windows of the tall office buildings. The police rang in a riot call, and with their reinforcements beat back the jeering crowd, dragged away the blockading trucks by sheer force, and the train of strike-breaking wagons moved on with a dozen broken heads among its drivers.

This was in the business heart of the city. Farther out men used more primitive methods of combat. They knocked each other down with clubs and blackjacks, and then kicked in heads and ribs, and gouged out eyes, and slashed and stabbed with knives.

Such scenes hurt the reputation of a city, but Chicago herself is guiltless here. No city in America to-day is more essentially democratic in spirit and none has higher ideals of municipal life. When such a city is suddenly divided against itself and made the battleground of two armies fighting to the death, the condition requires an explanation and a remedy.

HOW THE STRIKE BEGAN

Chicago was in that position last spring. The Employers' Association and the Federation of Labor were the combatants, and the helpless citizens stood between the battle-lines. The question at issue was one far deeper than any strike. Shall any body of citizens be permitted to jeopardize the peace, comfort, prosperity and personal safety of their fellows in the settlement of a private quarrel? Or, as one man puts it, "Who is

Chicago for, anyway—all of us or just a few?"

This condition arose from two distinct strikes which occurred in the autumn of 1904. On November 19th some six thousand employees, members of the United Garment Workers of America, struck in the twenty-seven wholesale houses which were then members of the National Wholesale Tailors' Association. Justice seems to incline to the side of the employees. For three years now the larger employers of Chicago, through the Employers' Association, have been fighting for the principle of the open shop, and in a majority of industries that principle prevails to-day. It did not prevail in the tailoring industries when this strike occurred last fall. The National Tailors' Association had agreed with its employees, as members of District Council No. 6, U. G. W. of A., by a contract dated June 26, 1903, to employ in their shops only members of the union and to send out work only to union contractors. This is the closed-shop principle in its strictest form.

THE RISE OF THE GARMENT WORKERS

You may know more or less of the conditions of a place like the East Side of New York City a generation ago, the swarming tenements, the half-brutalized, diseased men and women tottering to the Potter's Field, the puny children growing up into replicas of their parents at best. Perhaps you felt the hopelessness of it all, for there seemed no way to help them. They were too many and too hopeless themselves.

Of all those hideous nests of misery—the worst were the tenements occupied by the Jewish families, who made up the bulk of the garment workers then, as they do to-day. And yet it was not as hopeless as it seemed. The East Side is changed to-day, and no



A CROWD OF STRIKE-BREAKERS IN HOSTILE TERRITORY

small part of the improvement is due to the courage and patience of Mr. Henry White and a dozen other devoted men who taught these helpless people to help themselves by standing together and demanding with the power of organization behind them better hours, better pay, better conditions of labor. What they did in New York has since been done in Chicago and a dozen other cities by the same means. That was the origin of the union called the United Garment Workers of America, and it is justified by its fruits even now, when its work is not half done.

The closed-shop principle is almost vital

to the effectiveness of this particular union. Down at Ellis Island, New York, any day during the immigration season you can see the inpouring supply of garment workers in those crowds of stupid, frightened folk, who reach here with little money, and must have work at once. Have they an inalienable right to do that work in any way they choose, to crowd into sweatshops and restore the old conditions? The United Garment Workers think not, and therefore the rule of the closed shop is part of their religion. They say to these newcomers, "You can't work as you choose. You are Americans



BUNDLE BOYS AS SUBSTITUTES FOR WAGONS



WHAT HAPPENS WHEN SHOOTING BEGINS

now, you must stand with us and we'll all help ourselves and our children to better conditions." Whether the garment workers are right or wrong in this makes no difference on the point we are considering, that they hold this belief with all the tenacity of their stubborn, untrained minds. Unless an employer really desires a strike he must approach them very diplomatically when he proposes a change from a closed shop to an open one.

The National Tailors' Association was not diplomatic at all. That closed-shop contract, dated June 26, 1903, and expiring March 1, 1905, contained two other important clauses.

For the months to run, some of these wholesale houses began discharging union employees and hiring non-union men to take their places. Of course, the union immediately applied for a conference on this, but it was refused them. As was also a conference on the terms of a renewal contract, due before November 1st. The negotiations dragged on for weeks, and all the time more manufacturers were "opening" their shops by hiring non-union help or by sending out garments to contractors who ran open shops. At last, on November 17th, a committee of the union, authorized only to deal with these grievances,



A PROMISE OF TROUBLE—A BLOCKADE FORMED BY UNION TEAMSTERS

The first clause provided that if one party desired to change the provisions of the existing contract he must present his proposal to a joint meeting not later than November 1st. The second clause provided for the arbitration of all disputes.

THE EMPLOYERS BECAME AGGRESSIVE

This is what happened. It could not be proved, of course, and perhaps it would not be fair to say that the manufacturers desired a strike last fall, but it can easily be shown that they did occasionally likely to bring one about. Early in October, when their contracts with the unions still had

succeeded in obtaining an audience with a committee of the wholesale tailors. In reply to the garment workers' statement, the tailors' committee cited grievances of its own, and the union committee at once offered to submit the whole case to arbitration. The manufacturers, instead of replying to this offer, asked that the committee proceed to arrange new agreements with their association, more elastic than the old. The union men very properly replied that they had authority to enter only on the present grievances, but offered to arrange with their union for a conference on the preparation of new agreements. The reply of the manufacturers was

not an acceptance of this offer, but the statement that a new agreement must be made at once or they would be compelled to "open" their shops. A heated discussion followed and the conference was broken off with affairs in this unsettled state.

The union took no further action that day. On the morning of the 18th, the employers informed their help that their various places of business were now being run under the open-shop policy. The next day, November 19th, the six thousand garment workers in

The second strike was of an entirely different sort, and it is difficult to find any justification for the men. The firm of Montgomery Ward & Co. was not a member of the Wholesale Tailors' Association. It had a special contract with the unions, agreeing to employ only union cutters, fixing hours of labor and compensation therefor, providing for arbitration of all differences, and stating most specifically that no further demands should be made by the union during the life of the contract. On December 15th the nineteen



SOMETIMES IT TOOK MANY POLICE TO PROTECT A FEW WAGONS

these twenty-seven houses struck. We must remember that the employers were bound to the closed-shop policy till March 1, 1905, and that the unions had been unable to obtain a conference to adjust the difficulties in the peaceful way provided for by their contracts. Above all, we must remember what a fetich those words, "closed shop," are to a garment worker. It is very hard to believe that all peaceable means of settling the difficulty were exhausted before radical action was taken.

cutters of the house walked out because it dealt with unfair houses. This was their only grievance, and the manager, after trying for four days to meet the officers of the union and confer on the difficulty, secured new cutters.

THE TEAMSTERS GO OUT

The Brotherhood of Teamsters is the most powerful fighting body among the unions of Chicago, for a strike of teamsters paralyzes the business of the city. It has grown to be

a habit on the part of other unions, when in difficulties, to call on the teamsters for a sympathetic strike, and the six thousand beaten garment workers did it in this case. Rumor is rife in Chicago that the leaders of the teamsters long ago realized the money-making possibilities inherent in their strategic position and have demanded and received round sums for their services before ordering their men to strike. No one, however, has



MR. FRANK CURLY

was named the captain of the strike.

come forward who was able, or willing, to cross these charges in any specific case. The garment workers solicited in vain for a long time, but at last, about the first of April, the teamsters voted to take up the cause of the strikers.

On April 6th a joint committee of fifteen men, five from the Garment Workers, five from the Teamsters and five from the Federation of Labor voted, not on the Wholesale Tailors' Association, against whom the strike



UNDER PROTECTION OF THE FEDERAL COURTS

had been directed, but upon Mr. Thorne of Montgomery Ward & Co. After three months and a half of silence on the part of his nineteen cutters, Mr. Thorne claims he concluded that the strike was ended. There has been much conjecture on all sides as to the cause of this choice of the point of attack by the unions, and opinion is about evenly divided in regarding it as complete stupidity or attempted strategy. At any rate, the committee asked Mr. Thorne to arbitrate his difference with his cutters. Mr. Thorne replied that there was nothing to arbitrate in a deal issue; that a strike must be assumed to cease sometime, and that he assumed his had ceased when his tailoring department had been running peacefully for three months without a word of protest on the part of the former employees or the official representatives of their union. Furthermore, he held, it would be manifestly unjust to discharge nineteen faithful and efficient men, and give their places to others, solely because those others had worked for him some months before, and after leaving and thinking it over had decided that they wanted their places back. He had no prejudice for or against union men, but he could not



SWEARING IN SPECIAL DEPUTY SHERIFFS

arbitrate an issue which the union had refused to arbitrate at the time it arose, though it broke its contract in the refusal. Mr. Thorne's attitude was so uncompromising that it left the teamsters no choice but to "put up or bust," and that night of April 6th, President Shea, of the Brotherhood, ordered out the forty drivers employed by Montgomery Ward & Co. and declared the house "unfair," which means in every-day words, boycotted. No union teamster could receive or deliver goods at that store. It is pitiable to see how completely the ordinary union man is in the hands of a few leaders whose leading is too often blind. Already these leaders had chosen a point of attack which was untenable, and which was soon to lead them against the antagonist the teamsters of Chicago dread most of all, the Employers' Association, which has defeated them time and time again.

That Association was formed with the express purpose of combating the unions of Chicago on two points, the closed shop and the sympathetic strike. It comprises the greatest mercantile interests of the city, it has unlimited capital, and it has never failed to win a contest. It meets the unions by their own methods, a combination of forces and interests, and a sharing of hardships. All the great department stores, the so-called "State Street stores," are members, and they all have contracts with their teamsters permitting them to employ either union or non-union drivers. The three great stores of Marshall Field, Farwell, and Carson, Pirie, Scott & Co., hired non-union men for a few days to make their contracted deliveries to Montgomery Ward's, but soon they directed their union drivers also to deliver to the boycotted store, and discharged them when they refused. The teamsters accused the stores of bad faith in this, and they had some show of reason. Of course it made no difference in the end whether the stores (as they could under their contracts) discharged some union men at once and filled their places with non-unionists or waited until the union men refused to do their work and then discharged them. But in the latter case they brought the boycott issue squarely to the front. The employers had the unions in a very tight place and were forcing the fight to a finish.

The teamsters made one even less well-considered move in trying to prevent the

seven national express companies operating in Chicago from making deliveries to Montgomery Ward & Co. Whenever a company contracts in New York, say, to deliver a package to a firm in Chicago, it must do it or be subject to a suit for damages. The issue was soon joined, for the union had either to acknowledge defeat at once or declare a strike against the nine department stores, the seven express companies, and the three or four big coal companies who were making deliveries to Montgomery Ward & Co. The strike was declared. The employers met it squarely by forming under the laws of West Virginia a corporation called the Employers' Teaming Company. With the capital of the employers behind it, the new corporation was soon well enough equipped to make a fair number of deliveries, and the issue was once more squarely put to the strikers, "Will you give up now, or will you go on?" With the stubbornness of men who know they are fighting in the last ditch, they chose to go on.

The only weapon the strikers had was violence, for under present conditions a peaceful and successful strike is an impossibility. As some one said recently, "What are they going to do? Say to the employer, 'I don't like the way you're treating me, so I'm going home and sit on the front steps. When you want me to come back just drop me a postal'?" While there are in all our cities so many non-heroic, non-professional strike-breakers lounging on every street corner ready to die for unlimited beer, the striker, whether his cause is just or unjust, must be prepared to say to them, "See here! If you try to take our jobs while we're looking for a square deal we'll just break your heads." Intimidation is the only argument that appeals to a certain class of minds.

Yet nothing hurts the cause of the striker with the public more than violence, and public sympathy says the last word in a strike. The Employers' Association understood that thoroughly, and it gave the strikers every opportunity to injure themselves. From the start it marched its wagons in long trains. Of course the claim was that protection could be given more easily to a train of wagons than to the same number singly. But this formation was the very one most calculated to cause violence, since it was the most conspicuous and also

the most likely to cause blockades, with their attendant dangers.

The strikers claimed that this was done expressly to incite such violence as would necessitate the calling in of troops, and they pointed out one very concrete instance. On the morning of May 5th, Sheriff Barrett telephoned the strikers' headquarters, asking that any men who desired to be sworn in as deputy sheriffs should come to his office between three and four that afternoon. As the strikers had long been requesting this, a number of them responded. When they approached City Hall at the hour named they met a train of some ten wagons of the Employers' Teaming Association loaded to their limit with colored strike-breakers. When the strikers entered Sheriff Barrett's office he refused to swear them in. They returned to their quarters without violence, but full of very evil suspicions.

By such methods as these the employers drove the strikers relentlessly from ditch to ditch. At any time the union would have snatched at a merely nominal compromise for the sake of peace, but the Association would offer no terms save unconditional surrender, and the strikers had grown too desperate for that.

Finally the Association induced the Team Owners' Association, composed of the transfer, trucking and local express company owners, to direct their union drivers to deliver to all stores or be discharged. The team owners had up to that time held the balance of power by remaining neutral. Again the issue was put squarely to the teamsters: they must give up entirely or go on to the end. To go on meant to call out all the 35,000 teamsters, paralyze the business of the city, and run the risk of violence little short of civil war. And the Employers' Association announced its fixed purpose of fighting it out on this line if it took all summer. No wonder the ordinary citizen grew weary.

For weeks the city had no government. From one end of the City Hall the Mayor proclaimed that no violence would be tolerated, and urged well-disposed citizens to keep off the streets as much as possible. Why should they keep off their own streets? From the other end of the Hall the Sheriff of Cook County was sending out numberless deputies, with orders to shoot or kill if attacked. Down in the Monadnock and Marquette

Buildings the officials of the Employers' Association were handling the situation by means of armed strike-breakers and private police and deputies. From the strikers' headquarters, President Shea assured the Secretary of War that Federal property in transit would not be held up in the streets of Chicago, and issued permits ("passes") to certain favored individuals to have goods delivered to them. Homicides and vicious assaults were of daily occurrence; a man going about his day's work on the streets might be struck at any moment by a missile thrown from a tenth-story window or shot by some wildly firing deputy or strike-breaker; the very children in the schools were striking and rioting—the whole situation was chaos.

THE MEANING

Beside these considerations, the whole question of the open shop or the sympathetic strike faded into insignificance. Here was a whole city disrupted simply because two parties of its citizens were fighting out in the public streets a quarrel started in private. The only wholesome thing about the whole situation was that the ordinary citizen awoke to the fact that such conditions are intolerable, and his impatience, inarticulate as it was, made itself felt in the actions of all the parties. In spite of the ultimatum of the team owners the teamsters did not strike, but called a council of the American Federation of Labor. The Mayor announced with some determination that if violence increased he would call for troops. It was the first firm stand that the executive of the city had taken in six weeks of anarchy. And the Employers' Association quietly removed all the lawless city toughs and loafers from its force of strike-breaking teamsters and replaced them with young men from the country, who at least were not vicious. The public sentiment of the citizens at large might have accomplished the same result much earlier, but Americans have fallen too much into the habit of stepping aside and meekly leaving their cities and towns for the convenience of any persons who have a labor controversy to settle. It is sincerely to be hoped that not only the citizens of Chicago but the rest of us will draw our lesson of disgust from this newest strike, and refuse hereafter to abrogate our rights with quite such prompt facility. "Who is the country for, anyway?"

MODERN COMFORTS IN VILLAGE LIFE

THE GROWING MOVEMENT OF PEOPLE TO SMALL TOWNS AND RURAL DISTRICTS—HOW IMPROVED RAILROAD, TELEPHONE AND MAIL COMMUNICATION HAVE REMOVED THE NEED OF LIVING IN CITIES—WHAT WIDE-AWAKE VILLAGES HAVE DONE TO MAKE THEIR DWELLERS CONTENT

BY

E. N. VALLANDIGHAM

WE are returning to village life, though a generation ago it was thought by city people a form of intellectual and social stagnation. From 1880 to 1890 cities of 25,000 inhabitants or more grew almost twice as fast as the United States as a whole. From 1890 to 1900 the growth of the cities was slower. For example, towns of at least 8,000 inhabitants, from 1880 to 1890 grew a little more than four times as fast as rural communities; whereas from 1890 to 1900 the growth was only two and a half times as fast. The next census in 1910 will probably show a decided increase in the relative rate of rural growth. It must be remembered, too, that a large majority of the immigrants have remained in the cities. It is plain that the villages are more than holding their own as dwelling places for Americans.

What has acted upon the inhabitants of villages to keep them at home? Since 1894 there has been an amazing material improvement in cities, and a constantly increasing business activity to attract able and energetic men. Yet a return to nature is going on, and it is because village life is not only becoming more attractive to those who have known no other, but is also drawing people who have long lived in cities. Men return after years of turmoil in great towns to pass their last days in the peace of their native villages. Meanwhile, the conditions that make the returned wanderers content are keeping the village youths at home.

There are villages of 1,500 inhabitants or fewer, fully 125 miles from New York, a distance by rail of scarcely three hours. A generation ago the villagers, to reach the nearest large cities, had to go by tedious way trains at twenty miles an hour for from twenty to fifty miles to take an express

train. Railway service is greatly improved, and with the improved service have come cheaper postal facilities—prompt and frequent mails, and more rural mail service supplementary to the work of the railway post office. Metropolitan newspapers now appear at the breakfast table in villages more than 200 miles from the points of publication. One great railway line has a special system for rural delivery by which packages are carried forty or fifty miles for five cents, and thus the shops of a great city are brought to the doors of many thousands of villagers.

The trolley car has knit together hundreds of villages, giving them cheaper and more rapid communication with one another and with the next market town. Telephone service is cheaper and more satisfactory than in most large cities. Scores of villages have within twenty years provided cheap electric lighting systems, conducted as an adjunct to the public water supply system. Comfort, health, and safety have increased through purer and more abundant water. In southern Pennsylvania and on the northern edge of Delaware, where many rapid streams from hill countries provide plenty of water power, deserted mill sites have been bought up, and the water is now used to generate electricity which supplies both light and power, not only to neighboring villages but to many farms. Within a few years, the country roads in the neighborhood will probably be as well lighted as village streets.

THE ATTRACTIONS OF BETTER SCHOOLS

Education has greatly improved. It is less than forty years since colleges teaching agriculture, mechanical arts, and military science were established in many of the states in the East. It is less than twenty-five years since most of them began to be efficient,

and less than twenty years since the number of their graduates became so large as to exercise an appreciable influence on village society. Many of the agricultural colleges are fed chiefly from the common schools, and there has been a constant raising of the standard of these schools in order that they may prepare young men and women for colleges. In many considerable villages county high schools have been established with a class of studies much better than that in the ordinary rural or village schools, and these and other village high schools are being taught by hundreds of college graduates. Along with better teaching have come better pay for teachers, better school buildings, and a more intelligent care for the surroundings of the schoolhouses. Good taste has entered the village school. A New York manufacturer of plaster copies of antique bits of sculpture reports that these are sold in villages all over the United States. The walls of village schools have been hung with copies of the works of the great artists. More than ever the attention of village children is systematically turned to what is beautiful in literature. The influence of all this training in taste has an increasing effect upon village society. Village homes too have felt the influence. They have never been so cramped that they could not offer hospitality.

But the habit of loafing in village shops, so common a generation ago, and not yet quite abandoned, was in part the outcome of something unattractive about village life. Now, with the broadening of intellectual and social life has come a decline in the loafing habit. Men sit more at home, or in the homes of their neighbors, and families are more given to hospitality. This change in domestic habits has brought about a change in the architecture of dwelling houses, and of the very methods of planting the house upon its plot of ground. The custom of placing the house immediately upon the edge of the village street was continued partly because the outlook gave some relief from the dullness and drudgery within doors. The tendency today is to set the dwelling well back from the street, amid a lawn edged with trees and shrubbery, and to substitute privacy for an outlook upon one's neighbors.

The fact that many articles once made in the home are now more cheaply manufactured outside has brought immense relief from

household drudgery. Time was when marriage meant for women in the country withdrawal from society, and village social life was left almost wholly to the young. Now the matron, relieved of a hundred petty cares, has taken her rightful place in village society. With leisure for women has also come the habit of travel. The word vacation only a generation ago meant the summer school holidays. Now everybody has a vacation. Every village sends its contingent to the seashore or the mountains, and not a few village dwellers find means to visit Europe, an indulgence so rare twenty years ago as to excite the comment of whole communities.

There has been a notable increase in the number of village libraries. In Massachusetts, for example, according to recent report, there were only three towns without a public library. Even remote spots like the three Truros have them. Mr. Carnegie's munificence has been felt in Massachusetts, but in many places the residents of the towns have provided library buildings. The village of Chatham has a costly and beautiful library building standing beside the modest dwelling of the donor.

INSTANCES OF THE GENERAL UPLIFT

Many villages have acquired peculiar titles to distinction. Millbrook, for example, a community of less than 1,000 inhabitants, in the hills of Dutchess County, New York, has one of the most beautiful public school buildings in the state, the gift of a local resident. It has a choral society of thirty or forty active members, and as many associate members. An instructor from New York drills the singers all winter, and twice a year the society gives excellent concerts. The tiny village of Sharon, Connecticut, has acquired within twenty years the Hutchkiss Memorial Library of 5,000 volumes, a village improvement society, an efficient health board, a telephone system, and an excellent water supply. Newark, a town of about 1,500 inhabitants in Delaware, the seat of Delaware College, one of those agricultural colleges that have done so much to improve village conditions, has acquired within twenty-five years a public water supply and an electric lighting system, proper sanitary supervision, a public library, a well appointed opera house, and local and long distance tele-

phones When the Government, eight or ten years ago, discontinued the experiment of free local postal delivery in Newark—for a time carried on in fifty small villages—the people of the town subscribed an annual sum to employ a carrier, and the system has been continued ever since. The historic little village of Salem, in the eastern part of New Jersey, is another instance of village uplift. Within the last twenty years it has acquired a public library, a public water works, electric lights, two telephone ex-

changes, an admirable sewerage system, intelligent sanitary supervision, and an efficient fire department. The story of these communities, taken almost at random from among several hundred villages of less than 10,000 inhabitants, is that of scores of other places all over the Atlantic slope, and in some measure, all over the United States. Many Western communities were born into the new conditions and the South is feeling more and more the impulse that is transforming village life everywhere.

COLLECTING AMERICAN PAINTINGS

THE GROWING APPRECIATION OF AMERICAN ART—OUR PAINTERS NO LONGER SURPASSED BY FOREIGNERS—COLLECTORS WHO NOW BUY NONE BUT AMERICAN PICTURES—WHY THEIR COLLECTIONS WERE MADE AND WHAT THEY CONTAIN

BY

ANNIE NATHAN MEYER

IT was natural that Sir C. Purdon Clarke, on his visit to the United States, should have been surprised at the large number of paintings by foreign painters in private American collections. The traveler through Holland would regard it as strange not to find in Dutch collections the most representative art of the Dutch painters. In France, in Spain, or in Italy, he will look for the work of the native painters; nor is he likely to meet with disappointment.

I have often asked myself what is the impression of the traveler from abroad who visits these shores only to be shown canvas after canvas by Schreyer and Vibert, or by Bouguereau and Gérôme and Meissonier? What is his mental attitude toward the American millionaire who points to walls crowded with "Corots" and "Daubignys," with "Millets" and "Bretons" and "Troyons," but with nothing whatever, or with a bare example or two, from the hands of his compatriots? Very likely the average traveler concludes that there is no American art worth while, but one who is informed, who, like Sir Purdon Clarke, knows the high regard in which the work of the American painter is held abroad, cannot but be puzzled at the blindness of the average collector, apparently

so satisfied with his wretched examples of a great artist—if they are not even worse, the output of an imitator. There are in the United States alone many hundred more pictures by Corot than he ever painted. And after all, some allowance must be made for those in France.

Yet it is perfectly clear that little by little the fact is dawning upon American picture buyers that we have a home product worthy of purchase. The honors that the Old World has conferred upon our painters for years are beginning to tell; the example of a handful of earnest, sincere art lovers strong enough to be "in fashion with themselves," comparative exhibitions, articles in magazines, handsomely illustrated books, all have had their influence, but above all we may place the slow but sure arrival of certain Americans in the plate-glass windows that line Fifth Avenue in New York City. American art is dangerously near the point of becoming the fashion.

It is all a natural stage of our development. In the past the good American went abroad to learn what was going on in the world. While there he inquired about the painting that was being done, visited galleries and studios, and returned home completely under

the way of the great European artists. To-day the tables are turned. Foreigners come here to ask questions. And we are just beginning to be dissatisfied with our answers to some of these questions: such questions, for instance, as: "Where are your American paintings to be studied to advantage?" "Where can I see the best work of our men?"

Now there are some men in this country who if addressed would not find themselves embarrassed for a reply. Some have for years quietly bought the work of comparatively unknown Americans, content to be laughed at, satisfied to be judged by relatives and neighbors as actuated solely by motives of economy. These men have lived to indulge in the retaliative "I-told-you-so." The collection of each one expresses his individual taste. These collections are of pictures which the owners are living with, pictures chosen with that individuality which always makes a collection interesting. For these collectors have happily escaped as yet the despotic dealer; they have not been told they must have this or that, but have gone their own way, gathering what really appealed to them.

Mr. Thomas B. Clarke began collecting the work of Blakelock, Wyant, Inness, Winslow Homer, Homer Martin and other Americans when they were struggling for recognition back in 1872, and by a sale in 1899 really set the first market standard for American art. Is it any wonder that a sale which included such pictures as Winslow Homer's "The Gale" and "The Life Line," Inness's "The Wood Gatherers," and George Fuller's "The Romany Girl," should have been a revelation, both financially and artistically, to the skeptics?

The sale a little later of the first collection of American paintings made by Mr. W. T. Evans also exerted a powerful influence. When the moment is ripe, much good can be accomplished by scattering good pictures, each one of which may prove to be a seed planted in fertile soil. I find a certain sensitiveness among artists—a dislike to have their pictures sold by collectors. But this attitude is scarcely justified. We are all acquainted with the painters who have had their earlier and their later manner—why not allow the same liberty to the collector? In fact, the very painter himself by his choice from

painting landscapes in dark, heavy tones to landscapes shimmering brightly in the sunshine, may have taught the buyer of his pictures to change with him. With collectors, as with painters, the pictures that impress one at twenty-five—or even at forty—may not continue to do so at fifty or at sixty.

I talked over this point with Mr. Evans, who says that sales by a collector of standing are the very best thing possible for the painters. It scatters their works through the country instead of keeping them together in small groups, it arouses interest, it often stimulates buying among those who for the first time find themselves interested in buying pictures.

The experience of Mr. Evans is typical of the gradual way in which a collector becomes interested in certain phases of art. Educated as an architect, when he gave up his position in an architect's office to become a clerk in a commercial house the one thought that consoled him for leaving the field of art was his greater chance of being useful in a practical way to the artists with whom he had chummed since boyhood. The moment he had saved enough money, he bought a picture, and, for a quarter of a century, he has gone on buying pictures. At first, for five or six years, he bought foreign pictures, as well as those by Americans, but these he sold in 1890, and since then he has not bought any but the work of his compatriots. Mr. Evans likes to put the whole question of American art in a way to appeal to the business men of the country. He says he soon saw that, as an investment, it was foolish to spend money in getting the second- and third-rate work of the European painters, instead of purchasing for less money the best work of the American painters. And this, he soon saw, was far beyond the kind of work that came to these shores from the hands of the foreigners. Mr. Evans declares that of the work being painted now by Europeans and Americans the bulk of the American work is in a far higher class. In 1883, when a small but choice exhibit by American painters was made in Munich, the German Government decorated Mr. Evans for his assistance in lending his own pictures and in interesting others.

The first picture ever purchased by Mr. Evans was "Sunday Morning in Virginia," by Winslow Homer. This kind of genre

painting, although well done, is not only foreign to the collector's taste to-day, but the artist has gone so far beyond it that it seems strange to think of Winslow Homer as painting indoor scenes, with nothing of the roll and sweep of the ocean in them. Mr. Evans places Homer Martin first of all the great American landscape painters, with Wyant and Inness following him. He has a great admiration for Twachtman and Tryon, and for the more rugged interpretation of Henry W. Ranger. It is impossible to give here a list of more than two hundred paintings owned by Mr. Evans. Although in his collection there are many delightful figures, including an exceptionally lovely nude by Fitz, the owner cares very much more for landscapes, and looks upon landscapes as the typical expression of American art. He feels that while one may tire of the figure, one can never tire of looking at a beautiful bit of nature.

At the opposite pole stands Mr. Gellatly, who grows impatient with the idea that American art is greater in the landscape. For, he is fond of pointing out, it is really in the more difficult form, in the painting of the figure, that the American painters have succeeded in impressing the rest of the world. According to him, it is the work of Whistler, of Dewing, of Thayer, of Sargent, of La Farge, of De Forest Brush, of Abbey, Alexander, and Tarbell that really lifts our art above the art of the rest of the contemporary world. Notwithstanding the greatness of the American painters of the figure, Mr. Gellatly nevertheless holds very close to his heart the subtle, exquisite rendering of nature by Twachtman, by Robinson, by Tryon, and by Hassam. The strong, simple work of Homer Martin is also precious to him, the imaginative power of Ryder, and the delicate fantasies of F. S. Church.

He does not hesitate to say that the best painting going on to-day is being done by Americans. To him the salvation, the opportunity of the American painter lies in his freedom from tradition. There is in American art the freshness and strength of an art that is expressing real emotion, real experience. The fact that the very atmosphere of the United States is not overcharged and self-conscious makes for direct, personal, individual expression.

Of course, originality alone is not sufficient

to Mr. Gellatly; with this he demands the technical power to put on canvas the individual contribution of the artist. Slovenly, careless work, or work which stops at mere suggestion, he does not countenance. The delightful feeling, the poetry, the personal way of looking on women, of the artist Dewing for instance, would not appeal to Mr. Gellatly were it not coupled with the controlled, the exquisite technical mastery. In his collection, side by side, appear the two most subtle interpreters of the figure and the landscape, Dewing and Twachtman. Here, through two widely diverging temperaments, is felt the potent thrill of the subtle, the emotional, the elusive, carried to a supreme degree of delicacy, yet never weak or maudlin. Of the dozen or so canvases by Dewing, here hangs "The Spinet," that delightful picture which made so many warm friends at the Comparative Exhibition. Two more pictures I cannot refrain from speaking of, the remarkable "Flying Dutchman" of Ryder and a fascinating water-color of Theodore Robinson, which, although it merely represents a small head of a woman neither young nor beautiful, is a canvas of tremendous human interest, standing out vividly against a background of green leaves, superb in modeling of neck and throat and chin, sumptuous in color—altogether a picture to haunt one's memory.

The collection of Dr. Alexander Humphreys is a strong, individual one. Though the paintings lose somewhat, perhaps, through not being hung in a gallery, yet there is a certain compensating gain in the note of personal intimacy that comes when they straggle all over a home, overflowing into all sorts of impossible nooks and crannies. One of the most important pictures is "Early Evening," by Blakelock, in which a real moon parting pearly gray clouds bathes the picture in its soft iridescence of mother-of-pearl. Homer Martin is represented by nine examples, the best known of which is his "Old Normandy Bridge," severe in its chaste beauty, stately without being cold, painted with the reserve and individuality of a strong character. There is a wonderful snow scene by Twachtman, the delicate, poetic "Girl with the Turkeys," painted by George Fuller in the last year of his life, and the same subject, so differently treated, and yet so beautiful in its own way, by Horatio

Walker. By that same strong, sincere artist hangs "An Arcadian Idyl"—powerful and impressive.

You cannot talk with Mr. John Harsen Rhoades without becoming filled with hope for the future of American art. He will frankly tell you that he admires European art, that there are many canvases by the great Europeans, particularly the Barbizon school, that he would greatly enjoy owning, but that he feels that the greatest opportunity for collectors lies in American art. The opportunity for a collector himself to grow, to develop, to discover truth for himself, lies, he believes, in studying the work that is being produced about him and during his time. There is, according to Mr. Rhoades, a peculiar opportunity in encouraging the work of American artists at this moment, in helping them keep to their ideals and to grow in power, because nothing is more certain in his eyes than that the progress in American art is bound to go on with gigantic strides. It is an age with us of national prosperity, and the people are seeking to express this in all kinds of ways. The widespread effort of the people to improve their homes, their furnishings, their dress, may easily become an art impulse. The mere reaching out for better things, however blindly, is an impulse that can be trained, that is very likely to train itself in time. Of course there is always the danger that this might lead to bad art, but at least it is a necessity for any widespread effective art movement that there should be first some reaching out, some consciousness that the best has not yet been secured. Travel, the natural alertness and adaptability of the American mind, the overwhelming desire to have the best of everything, coupled with the coming to America of so many of the greatest artists, craftsmen and students from Europe—all is bound to tell in the end. In half a century or so, according to Mr. Rhoades, we shall see a superb renaissance in art in the United States that shall lift American painting to the highest rank.

Paintings of landscapes appeal most to Mr. Rhoades. With him pictures are a matter of sentiment rather than of technique. To him all nature is alive; every scrap of landscape has life in it, and when a figure painting is added to his collection, it is not of a clever piece of work, but as a picture recharged with some big elemental

feeling of life. The paintings he gathers about him must not be mere photographs. They must be revelations of a temperament. They must express the man behind the brush. It is not painters that Mr. Rhoades collects, but pictures. One painter may unexpectedly reveal some side that appeals to him, and it is the picture that expresses this that he buys. Every collection, according to Mr. Rhoades, should express in every individual canvas some personal sentiment, some personal taste, or possibly theory, on the part of the collector, thus binding together the entire collection as an individual expression. In such a way is the collector most apt to gather about him in his collection such pictures as in his judgment will survive the test of time.

It would be an injustice to Inness to judge of his place in American art if one has not seen the masterpieces owned by Mr. Ellsworth. The "Trout Brook" and "Midsummer" reveal him as a great painter of Nature in her tender, emotional moods. To see these pictures is to be filled with a keen regret that so many of his experiments have passed into circulation. And the skeptic who still doubts that the pictures of the American painters can make an important collection would be astounded to see the beauty of the other masterpieces owned by Mr. Ellsworth—canvases by Gilbert Stuart, Blakeock, Homer Martin, Tryon, Ryder, Twachtman, and others.

Mr. Lyman G. Bloomingdale, another sincere and enthusiastic believer in American painting, began by gathering together a collection of foreign art, but for many years has not added to this, feeling that of the work that is being painted to-day the work of the Americans is far ahead. As he confesses that his home and office are both crowded with canvases and that there are many more paintings by Americans that he hopes to own, I venture to predict that like Mr. Evans, Mr. Bloomingdale will dispose of his foreign paintings and thus secure the coveted wall space in his home. I have included this collection in this article, not only because the work of Americans only is being purchased now, but because the earlier collection hangs entirely by itself in a separate room. Mr. Bloomingdale believes so thoroughly in the duty of American art patrons to interest themselves in American art, that in 1897 he bought



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"THE GALE"—BY WINSLOW HOMER

From the collection of Mr. John Harsen Rhoades, who believes that a superb Renaissance will take place in American art

the "Pine Grove of Barbarini Villa, at Albino, Italy," by George Inness, and presented it the following year to the Metropolitan Museum of Art, making a further contribution to the Museum with the understanding that the fund was to be utilized for buying American pictures. Mr. Bloomingdale laughs—and with reason—at those wealthy Americans who think it necessary to have themselves and their family handed down to posterity by the hand of a foreign painter. His own portrait was painted by S. J. Woolf, that of his wife by J. J. Shannon, and his daughter by Irving Wiles. Undoubtedly the gem of Mr. Bloomingdale's collection is the "Normandy Farm," by Homer Martin, but I must say a word of tribute to Kost's fine "Driftwood Gatherer."

Mr. Benjamin Guggenheim's collection consists chiefly of small canvases chosen with great discrimination for their fine quality. There is a charming little Wyant; a characteristic, glowing Venice of Bunce; three Blakelocks, of which one is a fine, snow-covered landscape bathed in winter twilight, the oak leaves still clinging to their boughs boldly silhouetted against the sky. There are also some delightful Hassams, Murphys, Kosts, and

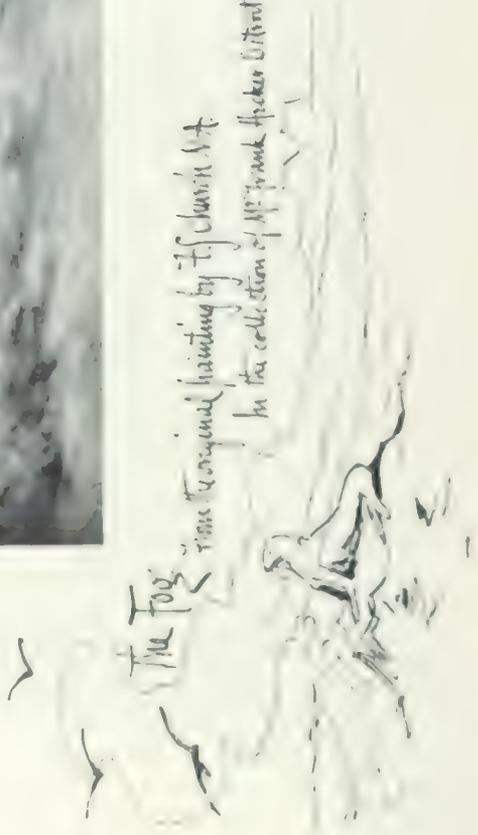
several by Harry Lee, one a lovely bit of woods with a warm evening horizon. The latest addition to the collection is the "Mrs. Isaac Holmes" of Copley.

The collection of Mr. Samuel Shaw is made up very largely of the winners of the Shaw prize at various exhibitions of the Society of American Artists. He feels that landscapes are more easily appreciated than paintings of the figure, and so founded the Shaw prize originally for the encouragement of the figure painters. It is the human side of collecting that appeals to Mr. Shaw—the opportunity of helping the living artist, and also that of gaining his point of view, of seeing life with his eyes, of making delightful intimacies. Mr. Shaw is never happier than when encouraging some promising young artist, introducing him into the right atmosphere both of the masters of his craft, and of the most sympathetic buyers. This at once places Mr. Shaw as a collector of American paintings. A collector of old masters, for example, may be encouraging and helpful to the dealer, but of necessity misses all this splendid opportunity of the personal touch.

Colonel Hecker, of Detroit, has collected the work of several American painters, but the



The Terns
First original painting by F. S. Clark M.A.
In the collection of Mr. Frank Spicker, Detroit, Mich.



most characteristic note of the collection centres in the work of Dewing, Tryon, Church, and Whistler. Besides the great, widely known "Music Room" of Whistler, he is most exquisitely seen here as a worker in both pastel and water-color. The delicacy, the subtle vision and poetic insight of Tryon are well shown here in six canvases, particularly

A new interest centres in the collection of Mr. Freer, of Detroit, for ultimately it will become one of the treasures of the nation. Nowhere else is the work of Dewing and of Tryon seen to such advantage, for to these artists was given the rare privilege of decorating the rooms in which their pictures hang. In the hall decorated by Tryon hang his



"MUSA REGINA"—BY HENRY OLIVER WALKER

From the collection of Mr. William T. Evans, a collector who for fifteen years has bought none but American paintings

in his lately painted "Farm, October Night," a happy fusing of his earlier manner with the grasp and insight of years of study. Here one may revel contentedly in the delightful fantasy of F. S. Church in the originals of his "Enchanted Monarch," "Pandora's Box," an "Ideal Head," and "The Fog," which is easily his most important picture. Dewing is represented by several lovely canvases.

four paintings representing the seasons—his "Winter," a wonderful, wide vista of a cold twilight. Here hangs also his "Night: the Rising Moon," not only one of his greatest paintings, but one of the great seascapes of the century. In the Dewing room—a delightful harmony of gold and violet and grays, now warmed with gold, now flushed with rose—one looks at his exquisite pictures under

such conditions of harmony as to feel that one has never truly seen them before.

In this room are eight Dewings: "The Piano," the performer a woman more robust, less a creature of dreams than is usual with the artist; and in another "The Spinnet," it is a real pleasure to catch a glimpse—a most delightful one—of the piquant lady who turns her back on us in "The Spinnet," with which we are more familiar. Here also is "Pink Carnations," lovelier to my mind than the "White Carnations," which was at the Comparative Exhibition; "The Lute Player," painted this year, a highly characteristic

of this kind, we must note the significance of Mr. Frost's collection of Whistlers. Surely he can never be really understood save studied here in the manifold expressions of an all-embracing genius. One sums him up as the painter of the Night in a sense in which no other is, only to find that he is quite as great in catching the sunlight on the maddening waves, the white-caps racing to their goal. One worships at the shrine of some delicate, delicious little sketch—a door, a roof, a row of tiny shops or a group of children none the less full of human interest, because it is properly subordinated to the art—and sud-



"A NORMANDY FARM" — BY HOMER MARTIN
(The gift of the collector, Mr. Frank G. Thompson.)

work, elegant, delicate, possessing to a distinguished degree that quality of the painter which is so distinctly his—the quality of "style." But of all the lovely pictures, my heart goes out to the wonderful child who hangs over the mantel—"Little Miss Elizabeth," a rare creation of an exquisite child with glorious coloring, palpitating with life, clinging firmly to her two kittens—painted with delicate insight and poetry—a portrait, and yet more than a portrait.

F. S. Clark is well represented, and also Albert Thayer. And now, impossible as it is to give any adequate idea of it in an article

denly some great, big, broad canvas is placed before one, revealing him as a painter of big bold sweeps, of large vision seeing the universal, eliminating the trivial, the unnecessary. One must revel in his time, his quality, his delicate mastery of the dim distances. The next you are forced to admire him as the greatest master of pure line. One instant a portrait such as "The Little Lady Sophie" shows him conveying all his great art on the elusive human quality in it—a quality that lends to it the fascination of the "Mona Lisa." The next there is a canvas in which all the idea of the personality of the



"LA PRINCESSE DU PAYS DE LA PORCELAINÉ." A DETAIL OF THE
FAMOUS "PEACOCK ROOM"—BY JAMES McNEIL WHISTLER
From the collection of Mr. Charles L. Freer, who possesses a remarkable collection of Whistlers



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"THE TURKEY GIRL," BY HORATIO WALKER
From the collection of Dr. Alexander H. Humphrey

woman is absent, in which it is merely a harmonious arrangement of line, and a delightful sweep of color that concern him—nothing else. Again the very ideal of portraits is here—that of himself given to the old woman who was lucky enough to please him with her cooking, and who never knew until after his death what a prince in disguise she had ministered to. It is an impressive canvas, with the wonderful blacks and grays

at dawn, at night, at noon; of low tides and high tides on the coast of France; of nocturnes and symphonies in silver and opal, in gray and gold, in rose and silver—an infinite variety; bits of streets; of vistas through tumble-down doorways, tiny in size, yet tremendous in handling and scope; wonderful nudes. One moment he is seen as a master in oils, the next in water-color, and again he gives us a revelation of the possibilities of pastels,



"THE SPINET"—BY T. W. DEWING

Which attracted wide attention at the Comparative Exhibition last winter. From the collection of Mr. John Gellatly

of Velasquez, a portrait that makes certain attempts of portraiture seem so petty and trivial. Here, it is evident, is no dandy, but a man of the breadth, the insight, the bigness, the seriousness that any one who has studied his paintings would expect him to have. Here we have in bewildering succession picture after picture of Chelsea Beach; of the Westminster Bridge; of all the delightful sides of life on the river Thames; of Battersea

giving them a glow of surface that can be likened only to the wonderful potteries of ancient Japan. One instant with the delicacy of a sprite he gives us the tiniest Tanagra figurine, the very next sweeping across walls and great doors the stately, decorative lines, the splendid wealth of color of his Peacock Room—a room destined to revolutionize mural decoration when its significance is really taken to heart.

This is the merest glimpse of a subject which is already larger than my space permits inadequately to suggest, and which is certain to grow month by month. I am well

wish to imply that the paintings of the Americans should necessarily be kept by themselves; but there are collectors specially interested in American painting, gathering



PORTRAIT OF MRS. ISAAC HOLMES BY J. S. COPLEY

As an American-owned historical treasure, this portrait is now in the collection of Mr. Benjamin Guggenheim in New York City.

aware that throughout the country there hang many of the most important canvases by Americans, which do not come into the scope of this article, as they are in collections of both foreign and American art. I do not

examples of it in separate collections, and these collections are really important and beautiful in themselves—important and beautiful to a degree that is most encouraging.

"WHO WOULD BEGRUDGE A PENNY OF THE EXPENSE OF A HOME LIKE THIS IF WE ONLY HAD THE PENNY?"



THE IDEAL HOME

AMERICANS LIVING IN BETTER HOUSES—A HOME ATMOSPHERE
PREFERRED TO A GOOD SPECULATION IN REAL ESTATE—HOW AN
IDEAL DWELLING MUST BE CONCEIVED AND WHAT IT COSTS

BY

JOY WHEELER DOW

THE home science is the infallible panacea for all forms of race suicide.

It used to be the obligatory science in this country one hundred years ago, when for a man to do without a wife or a woman without a husband was next to the impossible. But, to borrow a political expression, we have since tinkered sadly with the home tariff, until was there ever an age exactly like the one in which we live? A home and a family of one's own are no longer the necessities of life, but its reward. In our time, a good education is the real necessity, which has therefore been placed within comparatively easy reach of the poorest citizen. The worn and pathetic tale where struggling young America has to borrow books for its knowledge, and hide them away from the martinet of a parent,

no longer goes; it is no longer applicable, for the accumulation of modern literature among one's belongings is the trial of everybody who is neat.

The arts, sciences—all the possibilities of the intellect, in fine—are spread out before us in as tempting a panorama as that in which Satan once spread the kingdoms of the world to tempt the Saviour. Only, Satan said, upon certain easy conditions *these* shall be yours. But, pray upon what conditions may the highly cultivated American of average means, who appreciates to the full, let us say, the kind of home and home environments we have depicted on page 6404, obtain it, when plain, sawed-off, hand-me-down houses without romance or mystery (see illustration, page 6400) will no longer



A TYPICAL AMERICAN DWELLING
Without romance or mystery



GREYLINGHAM
A home with charm and distinction

answer? I will reduce the proposition, however, and make it read, "Upon what terms may the highly cultivated American ob-

tain even as tiny a dwelling place as we have illustrated in the stone cottage above, set with a cunningly pointed gable to the



AN IDEAL DINING ROOM

"There is no essential rule about a Colonial house. It may be essentially Colonial in both motive and detail from garret to cellar."



PRINCESSGATE

A dwelling with plenty of home atmosphere



"THERE SHOULD BE ALWAYS A GARDEN FRONT TO ONE'S HOME ENTIRELY RESERVED FOR THE PRIVACY OF THE FAMILY"

highway?" You see I happen to know the conditions in this latter instance. They are some seven or eight thousand dollars; and if you are unenlightened in the cost of building operations in this time of trusts, short hours and strikes, you will exclaim to yourself, "Whew! as much as that?" Yes. Ah, but this is the atmosphere we must have! The common clapboards of commerce painted a bright yellow, the tawdry verandas, the

walls necessitating deep window-sills and seats and all that has a wonderfully soothing effect upon nerves so much rasped by the speculative builder. We want an architect like ourselves, cursed with too much education — an architect of the greatest skill, too, if you please. Never mind about the cost, now, for we must have that home of ours not only to be as full of romance and history as it can hold, but to look, moreover, as if it had



AN OVERDRESSED HALLWAY OF THE TYPE THAT IS DISAPPEARING.

multiplied together suburban houses of the boom-tracts of land are quite the nightmares of our waking hours. They may be suitable to our ancestors but not to our twentieth-century education. Alas, that free education should ever become a refinement of cruelty! For, mentally, we have outgrown the inexpensive cottages. That is the trouble. We are starving for a little spirituality in the home architecture—the delightful texture of an

grown as the trees upon its site. And this is not an easy thing to achieve.

In the first place, the commercial interest demands that the home shall be a good speculation in real estate as well, which directly clashes with our intellectual progression, which sees in a home, as in a painting, only an object of the subtlest art. Then impatience would have it designed, erected and finished in three months. I do not

know how long some of the designs herein presented required for their realization, but I can say of the tiny affair shown on page 6401, that six months were spent on the conception, and eight more on the execution. The brain of an artist cannot be coerced. Even hunger and dire need of funds fail to inspire it at times.

Then after we have planned and erected the coveted stone walls eighteen inches thick, and arranged for the recessed windows, we cannot make up our minds to accept the stock trim of commerce for the inside, nor the American

been Oriental luxury to all Americans of average means. Education, then, is certainly leading us into deep waters.

In lieu of that banal veranda of the speculative row of houses, the educated American desires something more like the terrace and peristyle at "Eastover" (see page 6405), or at least some sort of modified veranda (see reminiscence of the Little Trianon at Versailles, on page 6406). And he desires that it shall be somewhat removed from the front door, that one's home life may have a little privacy. The front is located upon another



THE VISTA THAT AMERICANS ARE PREFERRING MORE AND MORE AT THEIR HOMECOMINGS

veranda stilted over flimsy lattice panels for the outside. We must have everything especially designed and milled to suit the kind of high-class house we are building. It must all be historically correct, or everything that is "out" will jar the more. Note the dining-room—the interior woodwork and general treatment, shown on page 6400—note also the furniture. One may hardly expect to pick up such pieces as these at the bargain stores along Sixth Avenue in New York. And next come parquet floors—never carpets; yet, once upon a time, carpets would have

side of the house in both these illustrations. We would introduce a little romance—some mystery, for a home with neither (see "Typical American Dwelling," on page 6400) may be well enough for the unimaginative, but it is *not* well enough for him who does much thinking. He, indeed, must have what the play calls for; and the play says there should be always a garden front to one's home, entirely reserved, for the privacy of the family, distinct and separate from the public front (see the garden front and terrace of a house at Wyoming, N. J., page 6401).



THE HOME SCIENCE IS THE INFALLIBLE PANACEA FOR ALL FORMS OF RACE SUICIDE

One of the best examples of a modern Colonial dwelling

The entrance is on the opposite side. One's home should never be a speculative venture. Half the trouble and disappointment about one's home is directly traceable to this unhappy hallucination.

It is difficult, however, to understand just how such bad taste as that shown in the two illustrations—a hall and a smoking-room (pages 6402 and 6406) could find an adequate excuse for existence after what I have said about the progressive American and his at-

Oriental smoking-room is architecturally correct, and would serve in a seraglio at Constantinople without flagrant violation of architectural propriety. But if we are discussing Anglo-Saxon home feeling, I am not the least worried that any of my readers are going to steal this design from *THE WORLD'S WORK* for a country house. Could you conceive of a greater enormity than that of incorporating a smoking-room like this one in a house scheme such as we have indicated on page 6404?



THE TERRACE AND PERISTYLE AT EASTOVER

A far more alluring bit of architecture than the conventional made-to-order veranda

tention to educational matters, but it would seem that sometimes a man's education is conducted along lines entirely extraneous to the home science and home influences to which he might quite willingly return were he to be left long in such delightful architectural company as—barring the two unhappy examples—the rest of the illustrations suggest. Then it appears that some Americans have got the home science mixed up in a fallacious theory of Orientalism, because the

There is one iron-clad rule about a Colonial house: It must be consistently Colonial in both motive and detail from garret to cellar. With a house designed in French Renaissance, an Elizabethan or Jacobean house—a house, in other words, with a little Gothic leaning, it is different. Here it would be quite admissible to have something besides Renaissance detail and white woodwork, only, never go to the Orient for inspiration, no matter what kind of a house you are building, for it is archi-

tectural heresy. Egyptian architecture would be no more unsuitable to Anglo-Saxon home purposes.

No self-respecting American, however, likes to copy his neighbor's house, be it good or bad architecture. A duplicate house design can never be dignified as a replica even should one succeed in inducing the architect of the original to copy it for him. Extended travel and observation are excellent teachers, but, nevertheless, it is to several high-class periodical publications, both in this country and in England, that the modern house-builder turns for suggestion and inspiration, upon which publications, therefore, devolves



IN LIEU OF A VERANDA

the great responsibility to see that the taste of the nation in architectural matters is uplifted and remains so. De Southey wrote:

"There are some readers who have never read any essay on taste; and if they take my advice they never will; for they can no more improve their taste by any

doing than they could improve their appetite or digestion by studying a cookery book."

And I may be somewhat skeptical myself as to the amount of uplifting the text of this article is really going to accomplish; but the object lessons I have in the illustrations are my sure confederates. For the photographic image of such home atmosphere as we have



THE DAY OF SUCH ORIENTAL AROMINATIONS IS PAST

crystallized in such subjects as those especially enchanting ones to be found on pages 6399, 6401, 6404 and 6405, when projected upon the mind does not rest there as it does when projected upon the sensitized plate in the camera, but puts a whole chain of mental mechanism into action, with the result that to the offices of architects are brought innumerable odd numbers of the magazines and innumerable clippings illustrative of home architecture and home science. All of which works for good except, let me say, in the matter of cost.

Too often the various house schemes set forth are quoted at just about one-half of what their actual cost would be, thereby not only misleading and disappointing the prospective house builder, but appealing to a low-down sense of price inimical to all home consideration. And I will tell you why.

A house designed for all-the-year-round occupancy and as a home for its builder is, commercially, no more an advantageous speculation than is a good railroad bond at 4 per cent., without the latter's ready negotiability. The value of the land upon which the house is erected may advance a little, but the value of the house itself, never. But then are you not enjoying your home every day, while the railroad security lies idle in the safe-deposit vault?

The inviting and itemized list of quantities, cleverly arranged and computed to come just within the incredibly low estimate, is usually very defective and unreliable. For instance, the mason's work will be set down as a slight matter of \$350, when \$1,000 would scarcely pay the mason for his part in the construction of any decent cottage. Then before we begin to build at all, it is prudent to allow \$500 for a hot-water heating apparatus and \$500 more for the plumbing, provided we wish—as we generally do—a toilet room and a bath for a servant. Flies and mosquitoes will require another appropriation of \$150 for a set of rustless door- and window-screens. And again, \$500 should be put away for the architect; for if anything as carefully thought out as are the architectural designs herein presented is desired, the architect will lose money if he attempts the work for less. So that 7½ to 10 per cent. upon the estimated total cost must be reckoned for architectural advice, if the cottage be a very tiny one under \$5,000, which is rare, for there are practically no three-

thousand-dollar cottages possible in the present state of the building market. Thus you may see how you have already expended some \$2,650, and not a word has been said about either the carpenter or the painter.

Much of the material that goes into the construction of a house is now controlled by trusts. At the present time the so-called "brick trust" is a regular Standard Oil-Rockefeller concern. After a highwayman has stopped and stripped you upon the road it is no great reparation that he offer to return a piece of silver in charity, whether you consider the money to be tainted or not. Now, the writer of this article is optimistic enough to believe that there are some nice people in the world who do not consider it smart to find out the weak spots in the laws of the land whereby they may bunco other people out of their moral rights; and he hopes the time will soon arrive when a "happy issue out of all our afflictions" shall be discovered. No wonder that with unspeakable longing we turn to the image we have in our heart of a certain sacred refuge we believe we shall find in an ideal home.

Perhaps it is not a curious fact that all people who have lived in the vortex and turmoil of public life—heroes, politicians and actors on the stage—are always ready to tell you there is nothing to compensate for the ideal home life which they advise us to cultivate assiduously. Clara Morris says if you prefer lime-light to sunshine, and the dust and odors of the playhouse to the purity and fragrance of an old-time Colonial garden, why then go to the stage! But I fear all these kindly disposed folk do not realize how all good Americans understand the philosophy perfectly, and need no especial counsel upon the subject. The ideal home is the shining goal at which we are all aiming, and to this end only is public life voluntarily chosen by sane minds. Ah yes, we should much prefer an old-time Colonial garden to the dust and odors of the stage if we only had one; but how difficult to acquire, and how difficult to keep after acquiring! Why, they are awfully expensive things! It is decidedly cheaper to board in the heart of the city, infinitely cheaper to live in a flat near the subway, even cheaper to live in a hotel at family rates than to live "at home." And yet who would begrudge a penny of the expense if we only had the penny?

BETTER CONDITIONS FOR WORKERS

EMPLOYERS FINDING THAT CARE FOR THE WELL-BEING OF THEIR EMPLOYEES PAYS—VENTILATION SYSTEMS, HEATING, AND COOLING, AND LIGHTING DEVICES, AND COMFORTABLE WORKROOMS NOW COMMON IN OFFICES AND FACTORIES—A NOTABLE IMPROVEMENT IN THE LIVABLENESS OF AMERICAN WORKING LIFE

BY

LEROY SCOTT

A GREATER improvement in the working conditions which surround men and women in factories is taking place at present than has been in progress at any time during the last hundred years. Many forces have contributed to this powerful upward tendency. Of them the newest and strongest, the one most characteristic of the change, is the growing recognition among employers that good working conditions are good business—that a man or woman will do more and better work where light, air and sanitary arrangements are good than where they are bad, and that the additional quantity and better quality make the improved conditions a profitable investment.

This new idea is well illustrated by the contrast between two shirt-waist factories I visited consecutively. The first was a typical sweatshop—perhaps twenty by thirty feet, three dirt-curtained windows at one end, three dirt-curtained windows at the other. The ceiling was dingy, the walls dingy, the floor dingy, rubbish covered. The air, heavy, sticky, breathed over again and again, seemed to smear me over with filth. Two score girls bent over the whizzing machines—bu-u-z-z! and a seam was done. The girls had good faces, but were dingy, disheveled. The hovering little boss wore a look of high-gear'd worry. The girls were very stupid, he told me—spoiled many waists by their blunders—were very slow—would loaf if he didn't watch them. In spite of the best he could do with them he made very little—almost nothing.

When I gained the street I washed myself with relief in the fresh air and made for the next place on my list, whose address I had secured from the following advertisement in the "Help Wanted" column of a morning paper:

"OPERATORS—Experienced waist-makers, good wages; most attractive, best ventilated workrooms and toilet rooms in New York City. Apply, Superintendent —."

I applied to the superintendent, and looked amazed at what he showed me. There were windows on all four sides of the workroom—it was as light as the street; the walls and ceiling were a new white, and I could have eaten off the floor; the air was of a bracing freshness. The girls at the machines looked happy, and were as neatly dressed as shop-girls—hair well done, bits of white about throat and wrists. The windows were washed weekly, the superintendent told me; the ventilating system changed the air every few minutes; the floor was cleaned several times a day.

Two shops, close together, making the same thing but what a difference! "Is this business or philanthropy?" I asked.

"It's dollars and cents," said the superintendent. The air and light kept the girls at their best. They did better and more rapid work than if in a poor room—and the difference more than paid for the light and ventilation. They made no costly blunders, and his well-made goods commanded a ready market and a superior price. Moreover, the attractive conditions secured for him the most desirable help; an expert workman in demand is in a position to choose, and, given his choice between good and bad conditions, he will choose the good. As for the cleanliness, "because the place is clean I got a lower rate on the insurance, and that lower rate more than pays for the cleaning. Oh, it pays to be good!" he said.

The advantage of the second shop over the first hints at the improvement that is taking place in working conditions in mills, factories and shops. (Let it be said parenthetically

that the limitations of the subject exclude consideration of hours, wages, "speeding up" and what has come to be known as "welfare work.") As has been said, the motive forces of this upward tendency are many—legislation, insurance rates, unionism, a rapid development in the art of factory building. Another force is competition, for competition, which has done so much to lower working conditions, may also operate to better them. For example, a few years ago a new tannery, modern in its equipment and in its attention to the health and comfort of its employees, was built in an old tanning district of Tennessee. At first the old tanners sneered at the new establishment. They soon began to discover, however, that the methods of the new tannery were better and cheaper than their own, and that their most valuable men were gradually shifting to the new tannery, attracted by the better working conditions there. The result was that the old tanneries were forced to raise their mechanical equipment and their working conditions to the standard set by their new rival. But the greatest force of all is the realization that first-class working conditions are profitable. "It pays to be good." This idea has not spread far, but it is spreading. For a century reformers have been pounding at manufacturers to make their factories more healthy places for their workmen. Improvements have come, of course—but slowly. Now, here and there manufacturers have caught the new idea and are willingly making the changes their business predecessors fought.

Speaking generally, in no industry have conditions regarding light, air and sanitary arrangements shown a more rapid improvement in recent years than in the making of ready-made clothing for men. The headquarters of manufacturing have been removed from the sweatshop and the tenement home to the factory. Ten years ago 95 per cent. of ready-made clothing was made in sweatshops under sweatshop conditions—operatives packed together, poor light, foul air, machines driven by the operatives' feet, the bosses' tongues whipping at the workers. Now 75 per cent. of the clothing is made in factories. Most of these factories are not all they should be, but they are tremendous improvements, to the manufacturer and to the worker, over the sweatshops they are superseding.

This change has not come about from any

humanitarian desire (though in some instances humanitarianism was a sub-motive) to improve the conditions of the worker. Under the sweatshop system the manufacturer distributed his work among a number of sweaters, each employing from five to fifty men, who made the garments up for him. The result of this system was, that there was uniformity in neither workmanship nor sizes. The great increase in the industry made it difficult to let out the work; and also made it more necessary that sizes should be uniform. The required improvements could be secured only by manufacturing in large quantities in one place. Hence the factory. The same change is taking place in the manufacture of women's cloaks and suits; in New York City there has been an emigration from the East Side to lofts in the one-time fashionable neighborhood about Washington Square and lower Fifth Avenue. The change from sweatshop to factory is being made because it brings dollars to the manufacturer; but by it the operative is gaining light and air.

The average advance in the physical conditions that surround the factory worker is perhaps best shown by some longer-established industry, like the manufacture of textiles. As an old Fall River mill owner said to me, "God created light in the first chapter of Genesis, but it's only lately that we've found out what He made it for." The mill owner was exaggerating, but not much; a look at some of the mills built twenty or thirty years ago proves his general truth. In almost any New England mill town you can find in the same plant a granite mill, its walls three feet thick, built to last till the end of things, its windows half size and deep sunk in the fortress-like walls, and beside it a new mill opened completely to the sun. Twenty years ago mill architects were using from 40 to 50 per cent. of the wall area for windows. Now they are using from 60 to 70 per cent., and even more. In some of the newer cotton mills of the South four-fifths of the wall area is glass—but it should be recorded that in these fine mills child labor is at its worst. Also twenty years ago mills were built with eight and ten-foot space between floors; in one of the older buildings of a great woolen plant at Lawrence, Mass., I could readily touch the ceiling. Now the mills are built with fifteen and seventeen-

foot stories, some with windows reaching from the floor to the ceiling.

Such excellent lighting as this has been made possible only by builders learning how to erect strong walls with less masonry, and by the adaptation of steel to building purposes. The newest material for factory construction is "reinforced concrete." A building of this material is a framework of steel coated with concrete, the rest glass. For factories of two or more stories this material makes possible the maximum of light. For one-story buildings there is a style of structure securing even better lighting. This style of structure, known as the "saw-tooth" roof, has come into great popularity during the last ten years in textile mills and other factories where land cost and vertical concentration do not have to be considered and where the greatest possible amount of light is needed. Across the building's flat roof there run parallel ridges, varying on different buildings from four to eight feet in height. Seen in silhouette the building is a great saw. One side of this ridge is glass, and this glass side usually faces the north, for the north light is best. The old factory is to the "saw-tooth" as dusk is to midday—and proprietor and workmen feel the difference.

A new window glass, its surface corrugated with prisms, has also put light into dark places. The power of refraction of this glass is such that it directs the rays of light horizontally across the room, giving to the interior of the room as much light as the edges.

A generation ago the ventilation in textile mills, and in all factories for that matter, was according to what one mill architect termed the "burglar system"—the air had to break in. This system still widely prevails. In textile mills it is necessary to keep out the dust and to maintain a regular humidity and temperature, so the opening of windows was carefully guarded, and in winter they were kept tightly down. Naturally the air was always bad—"had been unburied too long," as the architect put it, suggests how bad the air sometimes got. The operative, sluggish from breathing this foul atmosphere, in the hot air that hung about the low ceiling, loom or spindles insufficiently lighted from the small windows, was depressed by these conditions to the level of second and third-class work.

Now millowners know the value of fresh

air, and architects and inventors have learned how to give it to them. In most factories the system of ventilation is perhaps nothing more than a series of revolving fans which draw the foul air out, leaving the fresh air to "burglarize" its way in. But the best systems are far beyond this. Recently something of a sensation was created in New York City by the announcement that the millionaire patrons of a new Fifth Avenue hotel had filtered air for their lungs. There are many mills and factories, and the number is increasing, where dollar-a-day operatives also breathe filtered air. It must be said, however, that this super-cleansed air is as much the result of care for the product as for the producer. The incoming air is passed through cloth or water, which removes all dust and other impurities, and is then passed over coils of pipes which give it a fixed temperature—heat it in winter, cool it in summer. The washed air is then introduced into the workroom, and at the same time the impure air is drawn off. To see how far factory building has progressed, in the matter of providing light and air, contrast any factory of a generation ago with the following, which represents about the best the twentieth century has done: a steel framework encased in bricks, all the rest glass; the windows double-glazed to keep out the ordinary air with its impurities; all the air that enters the workroom filtered, and completely changed every fifteen minutes.

Only one man out of dozens of manufacturers I talked with said hygienic improvements had not paid, and he was the superintendent of a great woolen mill that had an excellent system of ventilation. "We put it in for our employees; it don't do us no good," he said. But later he grudgingly admitted that, before they had installed their system, they had occasionally to close down for half a day or a day in the summer, and that during the hot months their employees, usually the best ones, were constantly leaving them because of the heat, which was aggravated by the humidity and bad air. Now they never have to close down, and they have no difficulty in keeping their help.

Only the most primitive toilet arrangements existed in the factories of a generation ago—and in many of those of to-day. The factory hand had to go home wearing his day's dirt because there was no decent place to wash.

A wholesale dealer in woolen goods told me that only last summer he was personally directing the first weaving of a new pattern in a mill where there was still complete ignorance of the subjects of light, ventilation and sanitation. The loom he was overseeing stood beside the toilet room, and the odor, bad throughout the weave room, was there so foul that he could not stand beside the operative for more than two minutes without hurrying for the outer air. The toilet arrangements of this mill, he said, represented the average toilet arrangements of a score of years ago. But now the average is good, and in many mills the lavatories are equal to those of the modern office building—tile, enameled brick, porcelain fixtures, the best of plumbing, and in some instances shower baths.

A mutually beneficial change of another sort in textile mills has been the improvement in the character of overseers. The overseer of not long ago was notoriously brutal; harshness was then the very foundation of discipline. In consequence there was a more or less constant feeling of antagonism on the part of the operatives, and a difficulty on the mill's part to hold a considerable percentage of the best help. In a woolen mill in Lawrence, Mass., an overseer who had just corrected a girl at a loom in a very pleasant way, remarked to me apologetically—evidently thinking me a believer in the old system: "Treat 'em good and they'll do their best for you; treat 'em bad and they'll balk, same as me and you." That overseer has caught the new idea which is slowly penetrating the industrial world. He is wise in human nature—profitably wise.

The foundry and machine shop are notoriously dingy places. The old foundry—still very common—was twelve to fifteen feet high, and had small windows and no ventilation. When casting was being done the windows were kept down, to guard against the danger of a draft damaging the cooling metal. The result was that the blinding, suffocating fumes hung about the workman; he was in constant danger from his work, and his work was in constant danger from him. Disasters to both were frequent. The new foundry is thirty or forty feet high, is chiefly glass, and the fumes are swept aloft by a modern system of ventilation. In the case of machine shops the solid walls once required

for the support of cranes and other heavy machinery have been made unnecessary by structural steel, and the modern machine shop frequently takes the form of a steel framework, with glass sides and glass roof—almost a greenhouse.

A certain Pennsylvania plant, making heavy machinery, occupies four separate buildings, and the product has to pass through all the four buildings before it is completed. When the first building's operations on a piece of machinery are finished, the machinery is loaded on a truck by straining man-power and dragged by man-power into the second building—and so on till it is at length loaded by man-power upon a freight-car. Not far away is a modern factory that makes mine pumps. The ore is brought into one end of the factory on freight-cars, and at the opposite end the finished pumps are loaded on other freight-cars—and between the two ends man-power has no lifting to do. The difference in business methods and equipment in the two plants is not greater than the difference in the working conditions that surround the employees. This second concern moved from a very common plant into its new establishment three years ago, so it has had an unusual opportunity to contrast the ordinary with the best. It has found that it can turn out a given piece of work in 50 per cent. less time than formerly, and while giving full credit for this to better arrangement and equipment, it also gives large credit to the increased efficiency of its workmen under the improved conditions.

Here, more specifically, are some of the conditions that surround the workmen of another factory making machinery—conditions far above the average. Formerly, in summer, the men in the forge room suffered greatly from the intense heat; on especially hot days it was necessary to close that department. A fresh-air cooling system has been introduced, and the men work in comfort and there are no shut-downs for the company. The air is drawn by blowers from high above the building, driven through large tubes and discharged through pipes upon the workmen at every forge. The pipes are flexible and the workman is thereby enabled to direct the air current to any spot where he may care to stand. Also in the forge room the employees' working clothes became soaked with perspiration, and the men had either

to carry them home to be washed and dried or put them on sour and sticky the next morning. As a rule, the latter was done. A simple laundry room, with a drying closet, was introduced, and now a couple of minutes' washing at the end of the day makes it possible for the men to begin work every morning in fresh clothes. The water closets are as good as those of a private home; there are shower baths; in the late additions to the factory there is an individual stationary wash-basin for every employee; all through the factory are porcelain drinking fountains supplied with refrigerated filtered water. "This is not charity," the president of the company said to me. "And it's not philanthropy. It's just the 'square deal.' And we've been well paid."

Perhaps no other single device illustrates more emphatically than does the "blower" how it is possible to better working conditions, for nowhere were conditions worse than in those trades in which the blower has given greatest relief—metal polishing, for example. The work of metal polishers is removing the dirt and surface roughness from castings, and this is done on emery wheels making two or three thousand revolutions a minute. Before the day of the blower the dust and fine particles of the metal were thrown off into the air, and of course the workman's stomach and lungs got their share of this dust and metal. The adoption of metal polishing as a trade was equivalent to sentencing one's self to an early death. Ninety-eight per cent. of metal polishers died of consumption, usually at from twenty-one to thirty-five years of age. "Twenty years ago," said the business agent of the New York metal polishers, "I knew two thousand polishers and buffers in and around New York, and there were not ten men among them fifty years old. We went fast in those days. First the stomach—then the lungs—then the black box."

But now the blower has come (in its simplest form it is a fan, like an electric fan, which forces or draws the current through a pipe or series of pipes), the emery wheel has been hooded, and the draft carries off dust and grit and there is no measuring the immense benefit to the men. But even to-day some shortsighted employers try to evade installing blowers, or to run them when they have them in; they merely see

that blowers cost money, and that power to keep them going costs money. Recently a polisher, from a shop without blowers, who had that threatening sickness at the stomach, went to see a doctor. The doctor introduced warm water into the man's stomach, then drew off the stomach's contents. The polisher gave one look at what had come from within him—mud and gutter water it appeared to be—made a rush out of the doctor's office, and hasn't been near a polishing shop since. In one shop, which had no blowers till a short time ago, the men had named the polishing machines "Murder Row." Since blowers have been installed the row is such a comparative health resort that the men have rechristened it "Coney Island."

The blower has been to manufacturing jewelers an immediate source of pecuniary profit. The polishings of gold and silverware were of course valuable, and the floors of shops were always carefully swept up. But however great the care, a proportion of the precious dust was lost. One item of the loss was the gold and silver inhaled by the polishers. There was but one method to recover this metal, and that was to secure a mining lease, to go into effect after his death upon the body of the employee—but this seems to have occurred to no one. The jewelers watched the inhalation of their gold in frantic helplessness—till the blower came; and now, with the assistance of an additional device, every atom of the valuable dust is recovered. "It pays to be good."

A remarkable feature of the improvement in factories is that the new factory is no more expensive than would be its small-windowed, unventilated, insanitary predecessor if the latter were to be duplicated at present prices of labor and material. For example, take the textile mills. Their better lighting has cost their owners nothing—has in fact been a great saving. A generation ago mill walls were much thicker than necessary, and the window area much smaller than at present. This means more bricks than now, so a greater cost. It is an obvious truth that in ordinary cases the more glass and the fewer bricks you can safely put into a factory's walls the less those walls will cost. The expense of ventilation is small, ranging from systems that cost almost nothing to install and nothing to maintain, up to systems that cost a few thousand dollars to put in and a

hundred or two a year for power to drive the fans. Sanitary improvements have been similarly inexpensive. The difference in cost between the wholly inadequate toilet facilities in the older type of mill employing 500 operatives and the better arrangements of a modern mill employing the same number of men would be no more than about a thousand dollars.

There are few things more depressing than the exterior of the average factory building—walls, windows, roof—a composite of dinginess and straight lines. Yet factories are not necessarily eye-wearying dittos. An architect cannot turn his fancy loose upon a factory; rigid requirements of machinery forbid this. Nevertheless a factory offers almost the same opportunities for pleasing architectural treatment as does the large public school—and recent years have seen the erection in cities of some public school buildings of most excellent design. An additional expenditure of 10 per cent. or less at the time of building is sufficient to transform a factory of forbidding exterior into one of attractive appearance.

There is beginning to be a distinct movement toward improving outward appearances, as witness dozens of factories about Boston, with well-trimmed lawns, carefully-kept paths, and perhaps the dead line of the roofs broken with turrets. Manufacturers are realizing that a good appearance is an asset; that their employees come to work with more alacrity if their working place looks a little less like a prison. Still factory architects, with one longing eye on beauty, meet a stone wall in the factory owners' natural instinct to put no more capital into their buildings than is absolutely necessary. One architect told me of his attempt to induce an owner to build an attractive tower above the central entrance of his new factory. This tower would be an ornament and also would contain the water for fire protection, usually kept in a tank perched on the roof. The mill owner heard him through, then asked dryly: "Will that tower pay any dividends?" The architect had to admit that it would not. "Show me how towers'll pay dividends, and you can stick on as many towers as you can get on." The architect could not show him, and to-day a dingy, long-legged water tank stands on

the roof of the new factory and adds its quota of bald ugliness to the depressing ensemble.

And yet a pleasant exterior does pay dividends, indirectly. A manufacturer had a couple of acres about his plant, to which he had never given much attention. His employees had the not unusual habit of throwing all sorts of rubbish upon this ground, with the result that the plot resembled a section of a city dump. He had a rudimentary æsthetic sense, and he felt ashamed whenever he looked out upon this waste space—a feeling that became acute when he hurried a visiting customer across it. He issued orders that no more rubbish be thrown upon the yard. The orders had little effect. Then he had a new idea. He plowed the bit of ground, put in grass seed, set out trees, and even installed a little fountain. Now the employees are proud of the appearance of their working place, and it is a point of honor with them to throw nothing upon the well-kept lawns. They have an appreciably better attitude toward the factory and toward the owner as well. As for the owner, he is proud, too, and brags of the factory's pleasant surroundings in his advertising matter—to the profit of his business.

Other manufacturing industries than those mentioned could be touched upon in a similar way, but enough has been set down to show the measure of improvement. Universal ideal working conditions have not arrived—not by any means. One manufacturer told me that for one factory with wholesome modern working conditions there are ten of the other sort. But there is a powerful upward tendency. A maker of clothing, one of the foremost of the country, remarked to me, speaking of his own industry: "We are just beginning to realize that our business demands, and humanity demands, the best possible working conditions for our employees. The factories have all got to rise to this standard, and are rising." Dozens of manufacturers in other lines, who have the new wisdom, expressed themselves to me to the same effect.

The lump of manufacturers is being leavened—slowly perhaps, but still leavened; and the selfishly beneficent leaven is, "It pays to be good."

A PRACTICAL SCHOOL OF DEMOCRACY

UPLIFTING THE MASSES THROUGH THE POPULAR CHURCH AND FORUM OF THE PEOPLE'S INSTITUTE IN NEW YORK—HOW SIXTEEN HUNDRED MEN OF DIFFERENT CREEDS MEET WITH A COMMON INTEREST AT COOPER UNION—MUSIC AND DRAMA AT POPULAR PRICES—AN INSTITUTION THAT IS CREATING ALERT AND INTELLIGENT CITIZENSHIP

BY

ISAAC F. MARCOSSON

THIS is our church—a church wide enough to welcome Catholic, Protestant and Jew, atheist, agnostic and infidel—and its creed is the Golden Rule.”

The man who spoke—a Socialist—stood in the audience of the great hall of Cooper Union in New York at a Sunday night meeting of the People's Institute. Tremendous applause followed his statement, and there were shouts of, “That's right.” About him were people born in nearly every creed and representing many nationalities. They were working men and women, too. They seldom attended church, yet they had assembled every Sunday night for years to hear talks on ethical subjects. On the platform—the one from which Abraham Lincoln made his famous “Cooper Union Address”—were a Unitarian minister, a Jewish rabbi (a Catholic priest was on the programme but was unable to come), and a former professor of literature, Mr. Charles Sprague Smith, managing director of the Institute. Occupying every chair and overflowing to the aisles, those sixteen hundred people, many of them recruited from tenements and cheap lodging houses, formed the largest church of the people in the world.

The same Socialist figured in another Sunday-night picture at Cooper Union. Professor Walter Wyckoff of Princeton University had lectured on “Ethics and Economics,” showing that a thing wrong ethically is wrong economically. Following these lectures the audience is requested to ask the speaker questions. The Socialist arose and said:

“How about the Rockefeller ‘tainted’ money?” There was applause. Continuing, he said: “Instead of sixteen hundred honest working people this hall should be filled with Rockefellers and Hydels.” Again the crowd broke into cheers. The Socialist kept on, his eyes flaming: “We must drive out those

people—the only flag is the red flag of Socialism.” It was the signal to a score of Socialists for a demonstration, and there was great confusion. A human volcano was in eruption. But a scholarly looking man, with clear blue eyes showing kindly behind his glasses, stepped quickly to the edge of the platform and raised his hand. It was Mr. Smith. In an instant the tumult ceased—the human tide that threatened to overwhelm order was swept back.

“My brothers,” he said, “do we need here in America to work for democracy through revolution by waving the red flag, or through the ballot?”

“The ballot,” they cried, and the vote, taken immediately, declared it. The questions and answers continued quietly.

Outbreaks like this do not occur often at the People's Institute, but when they do they are suppressed as quickly as they are fomented. Good feeling follows. It is a mild-looking, ex-professor of literature and teacher of democracy who does it; who holds that sometimes seething crowd in check.

Fifteen years ago Mr. Smith was Professor of Modern Languages and Foreign Literature at Columbia University. After he had retired and become a lecturer, there came to him the idea of a new educational institution—one that would stand free and alone, not responsible to college, board of education, political, social or labor organizations, representing all sections of society and dedicated to a better understanding among people of different beliefs and social theories. The plan for a People's Institute developed until 1897, when, at Mr. Smith's invitation, a group of representative New York citizens met to consider the project. Among them were the late Abram Hewitt (the meeting was held at his home), the Rev. Heber Newton,

Mr. W. E. Dodge, Dr. Felix Adler, the Rev. W. S. Rainsford and Mr. Everit Macy. People of all classes joined the movement. Among the earliest workers was Mr. Samuel Gompers, president of the American Federation of Labor. The purposes of the Institute summed up at the final organization were:

To furnish the people continued and orderly education in social science, history, literature.

To assist, so far as possible, in the solution of present social problems.

To respect all differences of opinions and creed and make no alliance with any political, social or religious party.

Out of the school of practical social science which was established with lectures on timely subjects at Cooper Union grew the People's Church. It had a creed. In the East Side were the waiting thousands ready, so Mr. Smith firmly believed, to join the movement. But there was no church; so Mr. Hewitt, who was then Mayor, offered the use of the great hall at Cooper Union. Thus, that historic platform was dedicated to a Church for the People, which had as its chief article of faith, The Brotherhood of Man. Mr. Smith early laid down these two rules:

"There shall be no proselyting."

"There shall be no attack of creed upon creed."

The money to start the work was raised by subscription. When Mr. Smith left Mr. Hewitt's house the night the final details had been agreed on, his host, accompanying him to the door, said kindly:

"I have seen this thing tried many times before. It has always failed, and you will fail also."

But it has not failed. Many in that first Sunday-night audience came as scoffers, but remained to think seriously and join heartily in the work. Hundreds of men who had not been inside a church since their childhood found themselves listening interestedly to a preacher. Why? Because he was not preaching religion, but talking about something in which they were interested, and in a simple, human way. And the people came back the next Sunday, and the next. From the platform at Cooper Union I have watched the same faces week after week. Many of the men (there were only a few women in the audience), have occupied the same seats for years. It is a curious mingling of types—

young men with the eager look of the ambitious student, middle-aged working men anxious to improve their mental condition, and here and there an old man for whom the Institute in its various branches has provided a fruitful diversion for his closing years—dreamy Jews, alert Japanese, stolid Germans and vigorous Americans, representing all beliefs and all social theories.

These people remember what they see and hear. The night Professor Wyckoff spoke an old woman said as he walked out of the hall, "Mr. Wyckoff made a more popular talk than he did three years ago."

No speaker is asked to address the People's Institute because he is an orator. He must have something to say. Two things are demanded of a speaker, knowledge and sincerity. There is no place for the preacher of revolution. An open discussion follows every address, and the speaker must keep his wits about him to answer. All kinds of questions are hurled from the floor. Some of them are posers. The ill-equipped man who by some mistake gets a place on the platform fares badly. The audience never countenances a wilful slurring or evasion of questions—the questioner demands specific information or a clear-cut point of view.

Men like Dr. W. S. Rainsford, the Rev. Thomas R. Slicer, Mr. J. G. Schurman, Mr. Robert Fulton Cutting, Mr. John Ford, Dr. Lyman Abbott, and Professor John Graham Brooks, speak throughout the year at the Sunday-night meetings. The late W. H. Baldwin, Jr., and Dr. McGlynn were frequent speakers. There is a wide range of subjects. One week "Brotherhood" is the theme; the next "Political Corruption versus Purity in Politics." "The Church and the Working Man" or "The Moral Value of Business" may be the subject.

At the close of every Sunday-night meeting the people, standing, sing a hymn. New words are written each week by Mr. Smith, and the music is some well-known melody. One Sunday night I heard the audience sing "Liberty" to the music of the Russian national anthem. The last stanza was:

Lo! in the East a new splendor awaking!

Nature everywhere bursts into song!

Brothers, my brothers, the morning is breaking,

Liberty's morning awaited so long!

Borne on the stirring martial melody,
and sung by a thousand people, recruits in

a great democracy, and gathered from many lands, the words had an impressive meaning.

The result of the People's Church is this: It has provided a pleasant and profitable Sunday-night place of rendezvous for hundreds of men who might otherwise be at concert halls, cheap theatres, or low clubs. It has given these men a moral and spiritual uplift, brought them in touch with the live problems of the day, made them better and more intelligent citizens and taught them to respect differences of creed.

To the clergyman who, from the confines of a fashionable pulpit, only guessed at what the people were thinking about, it has given an intimate contact with the masses, which has broadened and made him more catholic in his views. On the other hand, it has removed the suspicion with which many of the so-called "common people" regarded the clergy, and lessened, to a degree, their hostility to the church.

The People's Church performed a humanizing work, but it did not deal with all the public questions that touched everybody; so a People's Forum, which was a part of the original People's Institute plan, was created. Mr. Smith believed that the mass-meeting more clearly represented the voice of the people than anything else, save the ballot. When danger or spoliation threatens public interests, a meeting is held at Cooper Union. Strong speeches are made and resolutions adopted. Often the voice of the people, uttered at these meetings in protest against misuse of public utilities, is heard and heeded in the high places.

The People's Forum is significant of the work and the influence of the People's Institute. It applies to national problems, too. President Schurman of Cornell University (who was a member of the Philippine Commission) spoke on the Philippine problem, for example. A vote is frequently taken on the subject discussed, and that night 1,700 people out of 1,704 expressed their approval of the speaker's declaration—that the Filipinos should ultimately have independence. The vote, however, is not always so overwhelmingly with the speaker.

In the People's Forum, state and city officials, often discuss the work of their departments, and with the aid of intelligent questions from the audience, are able to give an intimate view of the machinery of govern-

ment. Eminent lawyers and public men discuss economic subjects in simple fashion, and the people get every point of view.

The forum has made the people feel that they have an organ through which they can express themselves. It has given a new definition to the word "masses." Instead of a disorganized, unintelligent mob preaching anarchy, there has been shown a group of people declaring for law and civic order.

The audience of the People's Institute does not always meet shoulder to shoulder in the hall of Cooper Union. They meet also at the People's Club, which is a successful working out of another Institute plan. Go to the large brownstone house at No. 318 East 15th Street any night and you will see Jew and Gentile in social intercourse. Some are playing whist, others are reading books or magazines, while some are grouped about the piano, singing. On the wall in the large assembly room hang portraits of Lincoln and Washington and some plaster reliefs from the Parthenon. The American flag is draped over the door. You can hear the click of checkers and chess-men in the rooms upstairs. Attractive young women and old men enjoy the same pleasures. This is the People's Club, formed originally out of the audience at Cooper Union. It has no creed, and religion is never discussed. Its purpose is "to bring together different sections of society upon the basis of their common humanity, and to cultivate in them a sense of social responsibility and a spirit of mutual helpfulness."

The majority of the members are Jews, but some of the oldest are Gentiles. The club is self-supporting, although the dues are only forty cents a month. It rents two floors of the building on East 15th Street which is owned by the People's Institute. Every Saturday night there is an entertainment; twice a month a dance is given.

The club has proved to be a great promoter of matrimony. In one week five engagements among members were announced. It has entered thoroughly into the character and life of the members. There is an old man, a Gentile, who has not missed an entertainment in six years. His wife and daughter died shortly before the club was started. He turned to it for companionship, and he has got it.

Every season lectures on timely subjects

are given by well-known people. This year, for example, Mr. John Ford spoke on "Future Rapid Transit in New York City," Mr. Homer Davenport on "The Power of the Cartoon," and Dr. James H. Canfield on "The Many and the Few." A class in social ethics has been conducted by the Rev. Thomas R. Slicer, and there are courses in literature and dramatic art. Plays are given every season at Carnegie Lyceum. All these privileges and opportunities are free of charge, and are part of the work of the People's Club.

Perhaps a more significant work than all this is the First Voters' Course. Intended especially for men between the ages of seventeen and twenty-five years, it is really a practical school for the voter. The leader is Mr. William Chauncey Langdon of Pratt Institute. The course is made interesting as well as instructive. On the first evening, for example, the general subject was "The Citizen in a Democracy," and the various phases taken up were: "Paper Government vs. Real Government," "How Far the Ballot Box Governs Country or City," "The Making of Laws vs. their Enforcement," "The Citizen vs. the Machine."

After the talk there is an open discussion. Here, then, is a constructive work that teaches good and intelligent citizenship. It is an effective weapon against "machine" politics that might be followed with profit in other localities.

An experiment with a Shakespeare recital at Cooper Union led Mr. Smith to the larger work of bringing the best drama within the reach of the people. The East Side audience liked the bare recital of "The Merchant of Venice." "If they can sit through this, they would be enthusiastic over a play," said Mr. Smith. It was impossible to get a theatre and the people could not afford to go to the uptown play houses. So Mr. Smith brought the theatre to Cooper Union. The historic platform became a stage. The Ben Greet Company gave "The Merchant of Venice" twice and "Twelfth Night" once. Circulars were sent to the public schools and hundreds of pupils and their parents came. There was no scenery or play of lights, but every speech fell on eager ears. Many people in the audience had books of the play. It was a genuine "popular" theatre, the prices being fifteen, twenty-five and fifty cents at

night and twenty-five and thirty-five at the matinee.

So with music. Three years ago, in conjunction with the People's Institute, Mr. Franz Arens began a series of symphony concerts at Cooper Union. Admission to one concert was ten cents; to the course of six, twenty-five cents. The deficit was made up by voluntary subscription. Instead of hearing "the latest popular songs of the day" from Bowery stages, the people heard Bach, Beethoven and Wagner.

Thus, with music, drama, a school of practical social science, a church and a forum, the People's Institute fills every night of nearly every week with pleasure or profit for the masses. The cost each year is about \$11,000. Behind its slow but sure unfolding has been the unswerving patience and cheerful faith of one man. With generations of culture behind him, Mr. Smith put aside the classical studies that were dear to him, to take up this work of, and for, the people. His faith in unity and brotherhood has won their confidence. Every day they come to his office in the building occupied by the club to tell him of their needs and their aspirations. He sits at a small roll-top desk and can see the children at play in Stuyvesant Square. The parents of many of them go to the Institute. Arranged around the walls are rows of books. Often he stops in his work to pick up the *Odyssey*, the *Iliad* or a volume of Goethe. He is still a professor, but of democracy.

Ask him the significance of all that the People's Institute is doing and he says, "It is the beginning of a progressive democracy which will depend upon an alert, intelligent citizenship created by activities like people's churches and people's forums. This people's movement is to-day a great soul searching for a body, and there is no work for the future of America that we can do equal to that of giving it such a body. He who builds in New York City a worthy People's Hall will set an example to all other centres of population. Halls like this will be the home of the new sane democracy, founded not on class struggle but on the union of all for the welfare of all."

Such establishments as the People's Institute in New York are practical and uplifting schools of democracy, where the masses, by contact and teaching, learn to be tolerant and useful citizens.

A MODEL CITY SCHOOL

THE WORK DONE BY THE HORACE MANN SCHOOL IN NEW YORK WITH SCIENTIFIC METHODS OF TEACHING—CONNECTING CLASSROOM WORK WITH EVERYDAY LIFE—DEVELOPING MINDS AND BODIES TOGETHER—BRINGING OUT INDIVIDUAL CHARACTERISTICS—THE SCHOOL BECOMING A SECOND HOME—AN EXAMPLE OF MODERN PROGRESS IN EDUCATION

BY

DOROTHY CANFIELD

THE average American looks up at the name over the door of the big building opposite Columbia University and reads: "The Horace Mann School." "Ah!" he exclaims, "evidently Mr. Mann left a great sum of money to endow the school." Horace Mann, however, was not a millionaire but the greatest educator America has ever produced, and he left, not money, but a vital ideal of education.

Even after the visitor has gone all through this beehive of happy industry, after he knows many of the numberless details of the work, he is most impressed by the fact that the great building has been erected, the thousand children assembled, the many teachers brought together, in an attempt to realize an ideal. All American education is striving for an ideal, but the Horace Mann School can urge none of the usual excuses for failure to reach the best. Owing to its unique organization, all forces are eagerly pushing it in the right direction. The most unusual of these forces is Teachers College, the department of the science of education of Columbia University, and the largest institution for the advanced training of teachers in the world. Naturally the authorities aim to have the best possible observation school for their students, as they need to see the principles of their profession put into actual practice. In place of the average board of business men, the school has a board of supervisors, composed of heads of departments in Teachers College, every one of whom depends for success in his work on the good condition of the school and on knowing all that can be known about the teaching of his subject. The sizable tuition fee, generous gifts and endowments, and the connection with Columbia furnish funds, so that the material wants are amply

supplied. It is not a question of struggling through obstacles to the best, but of heart-searching inquiry for the best.

Teachers College, in order to fulfil its ideal, was obliged to have a school of observation, but as the Horace Mann School grew and prospered, it became more and more difficult to keep it in the smooth running order essential to a model school, while the necessary amount of practice teaching was being done by the students. To meet this emergency the Speyer School was created, through the generosity of Mr. James Speyer. This has a special mission, beyond its strictly pedagogic connection with Teachers College, which is, to illustrate the possibilities of the school as a social centre in a community. There all the actual teaching by students of Teachers College is done, and this leaves the huge building containing the Horace Mann Schools opposite Columbia University as an immense object lesson to the swarms of teachers from this country and abroad, who congregate in Teachers College. To the children, whom it takes from kindergarten to college, it is a place of eager interests, of healthy routine and of unvarying joy. The comparison which every middle-aged reader of this article can make for himself between the schools of his own generation and this example of their latest and most complete development, will show him in what direction American education is moving.

The little fellow in a sailor suit, who stands in one of the large, sunny gymnasiums, throwing his whole soul into the crisp and inspiring gymnasium work, does not in the least suspect that, according to the latest and best theories, he is developing his central nervous system as well as his muscles; that he will be able to learn his "number" lesson better because he

has learned how to control his arms in a dumb-bell exercise; that every movement he makes has been carefully adapted to his period of development by spectacled professors in laboratories with exquisitely delicate apparatus. He does not even notice the serious man in the corner taking notes, but after his stirring half hour's work and his plunge in the big swimming pool, he calls to a comrade, as they form in line to go back to their classroom, "Say, isn't the new gym great!"

The little girl, carefully measuring the roller of the loom she is manufacturing, and thinking with eager pleasure of the cloth of her own weaving she can show to her mother, does not realize that she is exemplifying the beauty and dignity of work applied to home interests. The big high-school boy, clad in overalls, who watches a furnace in the foundry of the school, is not aware that he has been assigned to that work as a deliberate corrective to a too luxurious home life. That group of children living for a time the life of the Puritans, have no idea that they are carrying out the latest theory of historical study by correlation. Their manual training takes the form of constructing block houses, looms, Colonial fireplaces and the like; their drawings are of schoolmates posed in Puritan costume; their geography is a study of New England and its natural features; their reading is of John Alden and Miles Standish; their English compositions are imaginary letters from Puritan boys and girls to friends in England.

The family of every Horace Mann child of experience can tell the grade at which a child has arrived by the world in which he lives. The little beginner in the first grade lives with imaginary primitive people whose mental processes are not unlike his own. He learns to read in order that he may know of the "primitive child" and the obstacles he overcomes. He learns to weave that he may make a blanket for his hero, and to write that he may tell his notions of what he would have done if he had been a cave-dweller. He makes moccasins and little Indian shirts and head-dresses, and at the end of the year, arrayed in his self-constructed Indian garb, he is a child with no germ of imagination if he does not thrill at the thought of Indian life. Moreover, thanks to the quickening of his whole nature through his interest, he can read and write better than children used to at the end of the second year of school.

In the second grade he becomes pastoral and agricultural, makes Pueblo houses, notices the weather, studies the animals needed for his imaginary agricultural pursuits, works in the school greenhouse and the school garden, and generally attaches himself very solidly to the green earth on which he lives.

Your third-grade child lives in old Manhattan of the Dutch days—begins his study of history with the city in which he lives. The fourth graders find in American heroes an introduction to a gathering of fascinating people, though they do not realize that their absorbing interest is due to a recognition of the fact that a taste for history must be begun by showing its individual or human side.

The fifth grade is all for Alexander and Julius Cæsar. On one occasion a big delegation of Horace Mann fifth graders went up the Hudson River by special invitation to see John Burroughs—their other specialty in that grade is bird lore—and on the way they gathered in animated groups, discussing with heat the campaigns of Alexander, or "what I'd have done in his place!" This keen and vital interest is the result of cunningly arranged devices to avoid that fatal division, made in all good faith by an American school-child, of the nations of the earth into "real men and history men." The professor has devoted himself to an examination of German methods of history study for children, and with these actual New York children in his mind has adapted and modified those systems into what will best suit them. At every stage of what seems spontaneous interest in a subject, the teacher and a professor from Teachers College have held anxious and absorbing conferences over the way the work is going.

The Horace Mann child of the sixth grade lives in the Middle Ages, becomes feudal in his very soul. He reads "Ivanhoe," writes mediæval compositions, and the pictures in his classrooms are of life in the Middle Ages. Cœur de Lion, the Black Prince and holy Saint Louis are not "history men" to him. It is curious and significant that he learns geography and spelling better because of this stimulus to his whole intellectual activity. The mastery of their mother-tongue, which these boys and girls possess when they are ready for the high school, is a direct refutation of the theory that what is interesting may not be profitable. The feats of arithmetical

accuracy which they perform are no less admirable because they have come with the spontaneous unfolding of the child's whole nature.

One year something curious in the relationships of the seventy-odd children in the sixth grade was noticed, and an investigation showed that an entire and very real feudal system had grown up. The strongest and most popular boys were "seigneurs," and the others faithfully clung about them as loyal followers, having put hand to hand and promised "to be thy man." The discovery was made through the appeal of a small and weak boy who was getting worsted in a tussle over the big push ball in one of the gymnasiums. Stopping a moment, he called to a big boy on the flying rings, "Seigneur Jones! Seigneur Jones! Vassal Robbins needs help!" The appeal was instantly answered by, "All right, vassal. Hold on a minute and I'll be there." The incongruity of the mixture of modern boy slang with the mediæval speech showed the vitality of the idea.

Every year each class in the Horace Mann is allowed to have two parties, or entertainments, in the big "social rooms" at the top of the building. Usually the first one is a real party where children who have been separated all summer have a chance to get acquainted again; but the second (coming in the second half year) is nearly always an outgrowth of the pupils' work in school, and is as a rule strikingly original. Last year the sixth grade made a play of "Ivanhoe," writing the dialogue themselves and devising the costumes and scenery. The tin for greaves and gauntlets was easily worked in their big manual training rooms outside of school hours, but chain armor threatened to be an impossible achievement. Innumerable visits were paid to the Metropolitan Museum to study the armor there, and finally the problem was solved. A raid on the basement of a department store was made; and laden with packages of wire-ring dish-cloths the sixth grade had armor in plenty.

The boy whose historical imagination is dormant, but whose hands are clever, may not realize, as he plans and paints the scenery for a seventh-grade performance of "Julius Cæsar," that this manual dexterity is forcing upon his otherwise wandering attention that ancient life he cannot learn from a book. The girl who falls constantly a little behind

her class in arithmetic and geography and is in a state of listless discouragement is electrified by the discovery of her talent in harmonizing colors. Does this mean that she is allowed to devote her whole strength to her art work? Not at all; only that the courage, energy and self-confidence she attains, through her success there, may be turned back in a beneficent reaction on her arithmetic; just as the vigor, accuracy and self-control learned in the daily gymnasium drill is turned on the mastery of that most difficult of arts, English spelling.

An attempt is made to avoid what may be termed "pigeonhole learning"—mastering a subject and tucking it carefully away where daily contact cannot give it life, like the boy kept in after school to learn how to spell *gone*, who wrote it correctly two hundred times, and then in all unconsciousness left a note on the teacher's desk, "I have gorn home." Advantage is taken of the intimate relations of the school, made possible by its organization, to connect every form of thought activity with every other form, so that the quickening of intellectual life may not only be begun, by some one of the varied forms of study, but may be at once communicated to other thought centres.

Nature study in the elementary school is an excellent example of this constant effort at correlation. It is a great feature of the work of every grade to turn the keenness and accuracy of observation gained by first-hand contact with nature upon problems of the schoolroom. The children have Columbia campus as a place where trees and birds and insects may be studied, and their classrooms are always populated with rabbits, white mice, chickens, squirrels and the like in log cages, so that the habits of the commoner animals may be known to these little city dwellers. The attempt is made to teach how to extract information from a book with the same alert and undecieved vision used on natural objects. One feature of the modern school that has been developed to a high degree here is the use of lantern slides for illustrating lessons. For instance, when a class is studying Japan, from time to time quantities of slides are brought over from Teachers College and an imaginary journey is taken through the country. Often some member of the class is charged to prepare the lecture and deliver it, and the training in fluency and

self-possession thus acquired is invaluable. In the study of some historical period slides showing the costumes and manners are shown.

In spite of its size the Horace Mann School delights more in preserving individuality, the precious difference between child and child, than in any other feature. Classes are small, and trained minds are constantly at work upon the problems of making all systems of grading and the selection of studies as flexible as possible, while preserving a thoroughly firm framework of organization. The really wise pedagogue never forgets the child who was in a towering rage and climbed upon the couch kicking and spitting like a little fury. His mother looked at him sadly and said, "Why, what naughty devil has entered into my little boy?" Sitting up, indignantly, with tears of wrath and outraged originality streaming down his face, the little boy cried, "The kicking may come from the devil, but the spitting was my own idea!" Those "own ideas" are eagerly welcomed by educators interested in the "whole child," rather than in the "spelling child" or the "sum-doing child."

A check to undue openness to new pedagogic ideas is the merciful provision of Providence whereby every child has not only one teacher, but two parents. The very large body of intelligent patrons, most of them professional men, who have the keenest interest in the well-balanced development of their children, would form a solid and impassable barrier to the adoption of fads. Several times a year parents, teachers and officials come together for an informal discussion of educational matters.

Little children, the world over, are less easily compressed into uniform molds than those of larger growth, and consequently it is more a problem for high schools than for elementary schools to maintain the discipline and the stimulus which come from large numbers of pupils together, while caring for the individual student who is different from the rest. Private preparatory schools are accused of pampering weak students. Modern public high schools, by their very organization, are obliged to set to work, somewhat brutally, on the principle of the survival of the fittest. In this question, as in most questions, the Horace Mann High School occupies middle ground. It must prepare for college, like all preparatory schools, so that

it cannot be too indulgent to weak or slow students. Against this practical necessity is set the eagerness of the educational experts connected with the school to try the innumerable keys to a student's mind which a thoroughly modern high school curriculum provides. If classical instruction falls on deaf ears there are the big laboratories of science with trained teachers alert to see promise of scientific minds, even if the acquisition of fact be small at first. Shop work and the handling of tools may be the method by which a boy learns cause and effect and the necessity for accuracy.

This extreme flexibility of organization, whereby a student is shifted and changed till he finds his proper niche, is not attained in a large high school without a determined battle to retain systematic organization on the one hand and to avoid red tape on the other. With plenty of money, an independent position, no political interference and all officials united in the common aim of perfecting methods, it is possible to realize more ideals than in schools partly dependent on trustees or school boards not composed of practical educators.

A special teacher is kept constantly busy coaching those who are, for some reason, a little behind the class work. A week's absence is followed by careful attention to the student's work till the normal is again reached. There is a supply practically inexhaustible, of students of Teachers College who are only too glad to teach special classes or students for the sake of the practice.

The high school is among the very few preparatory schools in the country where college preparatory work is combined with a full course of manual training. Another phase of the cult of the "whole child" so eagerly worshiped at the Horace Mann is the great number of activities outside the purely school work, which are encouraged as expressions of individual initiative. Basketball, handball, bowling, and swimming contests are of daily occurrence, and the big gymnasium building is alive through all of its five stories with "athletic events," as the students delight to call them, in imitation of the doings in the Columbia gymnasium across the street.

But the school building itself is not deserted when classes are over. The Junior Literary Society may be giving a play on the top

floor; the mandolin club rehearsing in a vacant classroom on the fourth floor; the chess club deciding the championship of New York among "prep. schools" on the third; the fifth grade may be rehearsing a Norse drama, written by one of its members, on the second; the school orchestra practising in the big auditorium on the main floor, while from the front door the fifth-grade bird club may be setting out gaily for bird observations in Central Park. The sixteen-year-old editors of the high-school paper may be gravely discussing the relative value of manuscripts submitted in a prize contest, and the seventh-grade "reporters" for the elementary school magazine are keeping eyes open for all happenings of interest outside their regular work. No wonder the children love the big building.

In these days, when papers are filled with reactionary talk against the modern "extras" in education, it is significant to find them so highly valued in a school which may be considered, owing to unusually favorable conditions, as several years in advance of similar institutions. Here is no question of theories by pedagogues, but of actual test of what are sometimes called "fads" and of actual proof of their value when properly conducted. The great development of activities in the Horace Mann outside of regular school work goes to show that the tendency toward this in other schools is increasing.

In the utterly mixed life of the average American city it is certainly of value to have the varying interests of the children and young people grouped about one centre. Formerly the Church supplied this want, but in these cosmopolitan days of mixed and infinitely diversified creeds and no creeds at all the school seems destined to play this rôle.

Anyone more than thirty can remember the utterly deserted and lonely aspect of his school building after "lessons" were over. It was a real ordeal to go back through the echoing and unfamiliar corridors for a forgotten book. That condition was significant of the separation of the school from his real life. One of the most interesting features of modern education is the absorption by the school of activities formerly exercised elsewhere, but which, in the period of national transition from a simple to a complex life, were in danger of being lost altogether. It is said constantly of the Horace Mann School that it is a little world complete in all its

elements—a world of carefully planned occupations where every inhabitant has a chance for influence and profitable enterprise.

A visitor from Chile exclaimed one day, "But how can you dare trust the children to do so many things alone? Where do they get the initiative and the continuity of purpose to carry out long and difficult undertakings?" The old rhyme of "Mother, may I go out to swim?" was quoted at him, but naturally escaped the Chilean comprehension, so that a fuller explanation was needed. "They learn to do things alone, by doing them alone—by standing on their own feet, even if at first they cannot keep their balance. And the reason we are so eager to teach them to walk quite alone is that in our own country, as it is organized, every person must decide himself on the path he wishes to follow, and walk his own way therein, for there is no one who will help him."

There are constant streams of visitors at the school, from every corner of the globe; from Europe, all varieties, from Swedish professors to Italian teaching nuns; from South America; from Australia; from India; many from England and very many from Japan. Their comments are various, but with one accord they exclaim over the evident delight of the students in their work. English people often criticise this feature, saying that there can be but slight discipline in acquiring knowledge with so little pain, and that no great amount of knowledge can be thus acquired. The fact that it is, after all, merely a big preparatory school which comes up to the standards of college entrance examination and public-school curricula answers the latter criticism. To the first criticism the school must plead guilty. There is very little pain connected with learning in its walls. A dialogue of late occurrence will show this. An anxious mother arrived at school the morning of the great blizzard of last January to make sure that her children reached home in safety. One of the school officials met her in the hall and exclaimed, "Why, Mrs. —, you don't mean to say your children came to school this dreadful day! How did you happen to let them venture out?" To which Mrs. —, hurrying by, answered in exasperated wrath at her own discomfort and anxiety, "Let them come! How could I help it! I'd like to see a Horace Mann child you could keep away from school!"

EFFECTS OF TOGO'S VICTORY

ITS INFLUENCE ON THE POWERS OF THE WEST—JAPAN'S AIMS AND AMBITIONS
PEACEFUL—THE RELATIONS OF JAPAN, THE UNITED STATES AND GREAT BRITAIN

BY

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HISTORY often repeats itself in epoch-making events" is a by-word with Oriental historians.

Six hundred and twenty-four years ago, in the waters and on the very spot where the Russian Baltic Squadron met destruction, a great Mongolian fleet, its prows bent toward Japan in hostile invasion, was intercepted by Japanese vessels under Hojo Takatoki, and annihilated. Only three men of the formidable force returned to China.

It was a momentous victory for Japan. Under the Khans the Tartar Mongols were building up the bicontinental dominion which in India continued into modern times and which still limits the destiny of China. As they had overrun China, so—had this invasion prospered—they would at last have overrun and swayed Japan. When, in the full confidence of victory, the Mongolian fleet hoisted anchor the waters about Fukuoka were white with the awkward sails of lumbering war junks. On the result of the encounter that followed hung the fate of Japan: a separate existence, with development of her national individuality, or suppression of her national life. What might have been Japan's history can be read in the fate of Oriental nations that did not escape the blasting course of Tartar conquest, for Japan would have been but a dependency of the subdued Mongolian empire.

JAPAN'S TWO GREAT NAVAL VICTORIES

This battle, therefore, fought about the islands of Tsu and Iki and the province of Fukuoka, has been perpetuated in our histories for six centuries, taught in our schools, and talked of in our homes. It is a story that, told to our little boys and girls, sets their blood to leaping as when a Roman matron told to her children the tale of Horatius at the bridge.

But the victory won by Admiral Togo is a

greater victory than that of Hojo Takatoki, because its effects will be world wide. It is, to be sure, a victory for Japan, and every Japanese glows with pride because of it. The success of the Island Empire is the triumph of education and enlightenment in a race that had been excluded from world politics, and that was despised by the Russian Government as "little yellow monkeys"; and this victory was possible only because of one thing: From the day of the Mongolian defeat the Japanese people, moved by the union of loyalty, devotion and spirit that we call Bushido—"the Soul of Japan"—have given themselves, not only to the development of their military and naval strength, but to the development also of strength of individual and national character.

THE FAR-REACHING EFFECTS OF TOGO'S SUCCESS

Yet this victory, dramatic and astounding as it is, would be without importance to the world at large were it not to be attended by other results than the mere preservation of Japan for another six hundred years from the inroads of foreign enemies. It has a far larger meaning than this. By the battle that swept Russia's naval power from the high seas, the relations of the European powers to one another will be changed; the peace of the world will be secured; and the spread of civilization hastened throughout the Orient.

As Nelson, in saving England at Trafalgar in 1805, saved Europe from Napoleonic military despotism and preserved free government, so Togo, in 1905, fighting to save Japan, saves Asia from Muscovitish military despotism and China from dismemberment, and establishes the world's peace on a surer foundation. Nelson accomplished his work by making England a great European naval power; the world-wide results of Togo's

victory will come from the establishment of Japan as a great power upon the Asiatic seas.

MILITARY OPERATIONS NOW EASIER

Yet the immediate effect of the Russian defeat upon the Japanese land operations deserves a passing word. Manifestly, all likelihood of the interruption of communication by sea between Japan and her armies on the mainland has now been done away with. Supplies, troops and merchandise can be transported without danger of capture, nor is there any longer the need to accumulate great reserve stores on the mainland in provision against the possible breaking of sea communication. The greatest uncertainties of the Japanese military problem have been removed, and the moral stimulus of the naval triumph will act like wine upon our troops. The Manchurian campaign will go forward with strong impetus. Little, we may now say with confidence, stands between our armies and Harbin and Vladivostok; the fate of Port Arthur is awaiting her twin port.

EUROPEAN POLITICS RESHAPED

A larger result than this, however—which but indirectly concerns nations other than Japan—is the readjustment of European relations that is already taking place. The chances of a continental war have been lessened by the outcome of battle in Far Eastern seas. Germany, we must concede, has been relieved of a portion of her burden of home defense. Because of the decline of Russia, Germany's Baltic coasts for the present need no defense from the supposed power of her Russian neighbor, France's ally, and her Polack and Baltic Province boundaries require a less careful guard; yet the lessening of danger from the ally of her French enemy does not materially strengthen Germany.

On the other hand, France will perhaps gain by the loss of Russian cooperation. Her belligerent anxiety must hereafter be tempered by a touch of judgment when she realizes that she has now no allied power able to fall upon German flanks, and she is less likely to stir trial and trouble into the European kettle of diplomacy. Yet France gains, and gains immensely, by the good understanding she has thus been led to cultivate with Great Britain. In it are possibilities never offered by the Russian alliance. With Russia dwarfing day by day in international importance,

and with France and England upon terms of cordial understanding, the peace of Europe is safer than it has been for many a year.

JAPAN'S NEW RESPONSIBILITY

To Japan, however, fell with this victory something more than a mere opportunity to prosecute her own affairs successfully; a duty greater than her opportunity has overtaken her. As the Sea of Japan closed over the turrets of the last Russian battleship, there ended abruptly and forever the long struggle that has gone on to determine the mastery of the Oriental Pacific, and upon Japan fell inevitable responsibility for the safety of commerce, of travel and of life upon the waters of Eastern Asia and in the lands whose shores they beat.

Our military ability has been recognized, Yalu, Port Arthur, Liaoyang, Mukden—the list of testimonials to the power of planning and of execution of the Japanese staff and soldiery need not be repeated. Yet, until this battle, Europe seemed to hesitate in conceding us an equal ability in naval warfare. The shells, however, that shattered the hulls of the Baltic fleet destroyed the last reason for withholding judgment, and on the centenary of Trafalgar, when England suddenly assumed a leading rank upon the sea, Japan even more suddenly emerged into naval greatness. Russia had long laid claim to the mastery of the Pacific in the North and West; but in forty-eight hours Russia's sea power vanished—as completely as if her vessels had been only a mirage upon the horizon, that faded with the suddenness of an illusion. From that moment Japan had not only the right, by reason of position and power, to dominate the Western Pacific, but also the duty to control and protect it.

JAPAN'S SPHERE THE EAST'S GATEWAY

To perceive the significance of Japanese supremacy instead of Russian in the Asian Pacific, we must recall the distribution of the spheres of naval control among the great nations. Russia has been eliminated, France and Germany dare not despatch their stronger squadrons far from home; hence there remain of the powerful sea nations only the United States, Great Britain and Japan. With the battles of Manila Bay and Santiago, America took rank again as a naval world power; it dominates the Western and Southern Atlantic

and the Eastern and Southern Pacific. England is still what she became when she lost Nelson—the mistress of the North Atlantic, of the Mediterranean and of the Indian Ocean. There remains unoccupied only the Pacific region in the West and North, and this sphere falls now, naturally and uncontestedly, to Japan.

This distribution of spheres of dominance means much to the future of the world. "Westward," say your poets, "the star of empire takes its way"; westward, therefore, must Occidental civilization move—across the expanses of Asia until, enriched again by the philosophy of the "gorgeous East," it flows at last into Europe, whence it sprang. In its van goes commerce, and attending it come development and growth. Of this civilization Japan is, in the Orient, the harbinger and the champion. Freedom of thought, freedom of belief, freedom of trade and freedom of national government: she is pledged to these and devoted to them, and her control in Asiatic waters means the preservation of free intercourse. China will remain intact, and the door will remain open through which enter Western ideas, Western arts and Western economic practice.

THE GREAT TRIUMVIRATE OF NATIONS

In this allegiance to Western civilization Japan is united with the other two nations of wide-reaching naval power. With England she is bound by common sympathies and by formal alliance; and with the United States, although the American foreign policy forbids an alliance such as that with England, she is bound no less closely by common ideals and common aims. The three dominant naval powers, therefore, on whom depend the integrity of Asiatic territory and the safety of the world's commerce, are united in their general Asiatic policy and prepared to maintain it; the one dangerous opponent to this policy is apparently reduced to impotence; and the Far East, under tutelage of Japan, seems about to enter upon a wonderful era of peace, of educational development, of industrial growth, of commercial prosperity, of extending civilization. With the victory of Togo began a new era in history.

ARE JAPAN AND AMERICA RIVALS?

Already, however, the voice of the croaker is heard in the land, and the alarmist (even

more hasty than he who ran to Job) cries out that the Sabines of Japan fall upon you—in plain words, that Japan, grown arrogant, will not brook American rivalry in the Pacific and that her eyes have already measured greedily the distance to the Philippines. There is, I suppose, no more doubt that the alarmist is sincere than that he is mistaken utterly—and mistaken utterly he is.

There is between Japan and America no "rivalry." Japan does not believe, and never has believed, that America is a land-grabbing nation. Her behavior to Japan has been direct and honest; her behavior to China in the Boxer difficulty confirmed our faith in her; her treatment of Cuba and of the Philippines shows us that she respects the rights of other peoples, and that where she intervenes it is to build up, not to destroy. The objects of the two nations are alike: Japan does not expect American aggression.

On the other hand, Japan is not seeking territory for the sake of conquest, nor influence for the love of power—and were she doing so, what reason would there be for turning toward the Philippines and Guam when Korea and China are just beyond her? Japan hopes for neighbors of her own race, pursuing with her the arts and trades of peace, growing in commerce, growing in education, growing in individual and national character—neighbors with whom she can share equally in the give-and-take of national intercourse. She will not infringe upon foreign rights, nor does she look for infringement.

THE CLOSER BONDS OF FRIENDSHIP

Yet were America an exploiter of the weak and Japan eaten by desire of conquest, and were Japan's natural sphere of influence the Philippines instead of Korea and China, there would be potent reasons from the past why she would hesitate to profit at America's expense. The upright dealings of America with her throughout their fifty-one years of national acquaintanceship; the American freedom, in dealing with Japan, from racial contempt; and especially our indebtedness to the United States for our introduction to Western civilization, must give us pause. The United States and Japan, in closely similar ways, are seeking the same ends, and there can scarcely be an interruption of the cordial understanding that now unites them.

It follows, therefore, that an increase of

American naval force in the Pacific will not be challenged by Japan. It will, indeed, be welcomed. Japan has no small task before her in the patrol of all the North and West of the Pacific, and the presence of an effective American squadron in the same waters will relieve her from part of her burden of control.

Nor will America suffer by such association. Six years ago an American statesman, talking with me of diplomacy in the Pacific, explained that the American position was untenable without an alliance with some strong naval power in Asiatic waters. That alliance is now furnished, not upon parchment in a formal treaty, but in the cordial understanding that unites our two governments and the people of the two countries.

With no seriously conflicting interests, therefore, the governments of England, America and Japan can co-operate in preserving peace, advancing commerce and furthering civilization. Part of the world-wide meaning of the great victory is such a copartnership to such great ends. Not merely is there no cause of misunderstanding among the partners—there is a supreme reason for the closest union: the three great naval nations can and they must henceforth, command the peace of the world.

Until, therefore, the "waters of the Pacific turn unpacific" the relations of the three powers should remain free and cordial and their great work go on. In the fewest words, the meaning of Togo's victory is world peace and world progress.

ADMIRAL TOGO

A STUDY OF THE MAN AND OF HIS EXTRAORDINARY QUALITIES

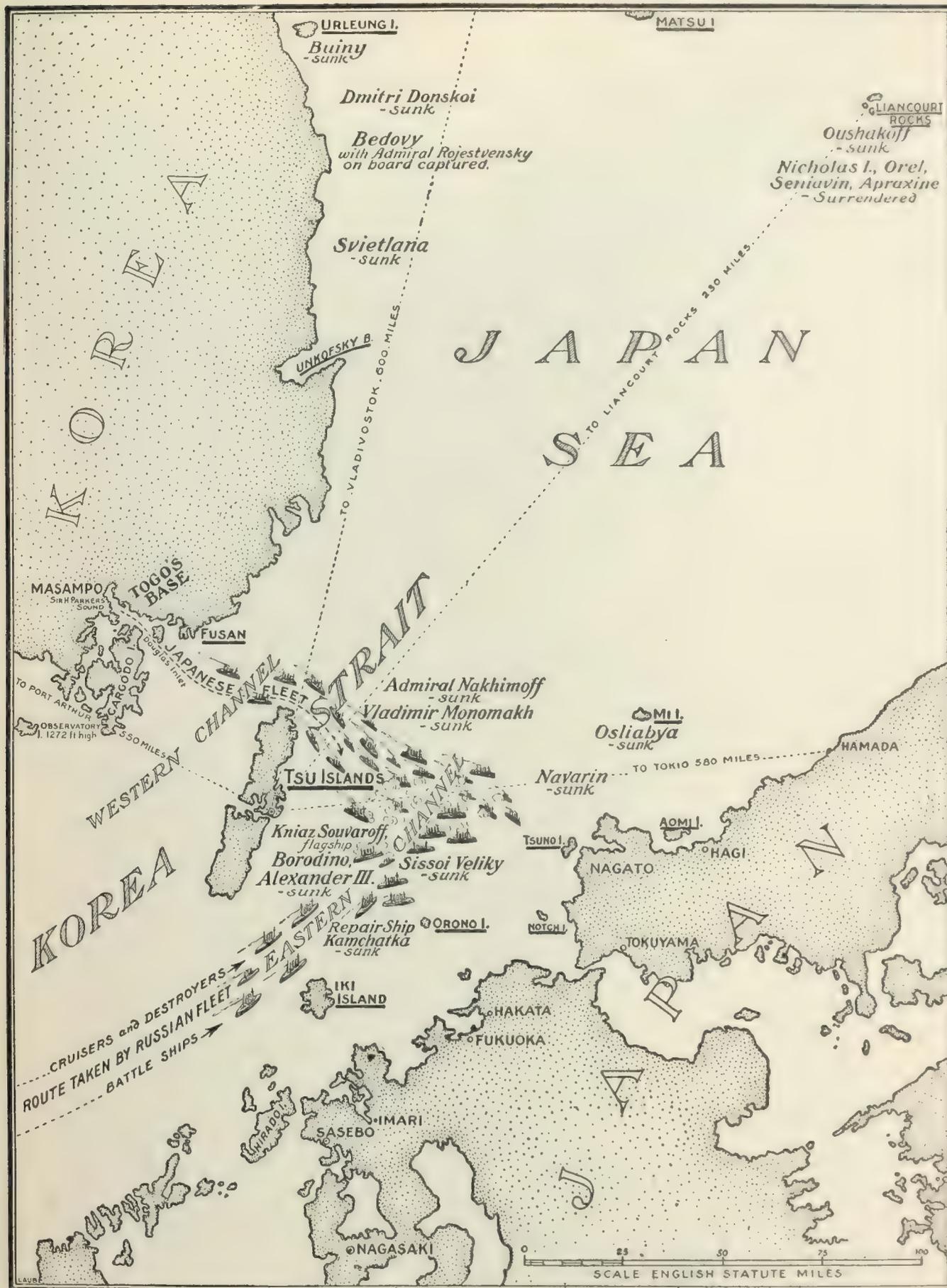
WHEN the battleship *Mikasa*, at the head of the Japanese line of battle, swung into the Tsushima Strait, on May 27th, a short, stout man with grizzled gray beard stood calmly on her bridge, like a statue in bronze. He had spent his life getting ready for this supreme test. From his fighting masthead fluttered the message: "The destiny of the Empire depends on this action. You are expected to do your utmost." And when the little yellow men in the sleek green ships behind him had answered the signal with the greatest naval victory of modern times, Admiral Togo had established a new standard of sea conflict.

For months the Western world waited for a sign from Togo. Amateur strategists wondered why the Japanese commander did not sweep down upon Rojestvensky while he was unprovisioned and before he was reinforced. They did not know that safe behind the rocks of the Inland Sea he was aware of every movement of the Russian fleet; that he was biding his time, adding a touch here and there to his almost perfect fighting machine; that he had selected his own battleground and knew its depths to a fathom. Togo knew how to wait.

It had been the same at Port Arthur. After the first dashing torpedo attacks, the world (that did not include Japan) wondered why Togo did not risk a large open engagement at once. But he waited—he knew the value of patience and watchfulness—and things happened. First he lured the gallant Makaroff to his death; he picked off the enemy's ships one by one, and what he left the land guns pounded to pieces. He said nothing; he risked as little as possible. Thus he emerges from all the sea fighting of the war with more ships than he had at the beginning in spite of his losses at Port Arthur.

BORN NEAR THE SEA

What kind of a man is this taciturn chief whose achievements rank him the greatest admiral since Nelson? Ask any Japanese naval officer and he says, "He is a very modest man. He does not talk much." That is all, yet those traits have distinguished him from his childhood. His full name is Heihachiro Togo, and he was born fifty-six years ago in the Province of Satsuma (the Satsumans comprise the most powerful warlike clan in southern Japan), on the Island of Sakhalo. In this province were born nearly



THE SCENE OF THE GREAT NAVAL BATTLE

all the conspicuous Japanese leaders of the present war—Oyama, Kuroki, Baron Yamamoto, Minister of Marine, and Admiral Kamimura, who helped destroy Rojestvsky's

fleet. Here, cradled by the sea, Togo grew up among people who loved and lived near the salt water. A descendant of the Samurai, the old feudal lords of Japan, his early education

was in charge of Professor Monemon Ito, a disciple of the philosophy of Yomei, which teaches a man ever to keep his presence of mind, and never to be taken by surprise. The fruits of that early teaching are manifest in Togo's achievements. When he was fifteen he volunteered for service in the navy of the Satsuma Daimiate Government. After the Restoration, when the present government was founded, he realized the need and value of knowing English, and studied it at Yokohama with an Englishman. He was the first cadet of the naval school at Tokio, where he was graduated in 1872. His Government sent him to England to study at the Thames Naval Academy. He was a model student, and was graduated with honor in 1878. Subsequently he studied at the Royal Naval College at Woolwich. When he returned to Japan he was a competent naval constructor (for he had studied every phase of naval science), and he had a large part in the building of the Japanese navy.

Togo invariably urged his shipmates to learn English and English methods, and often he was jibed about it. Once when he was attached to the cruiser *Kongo* Admiral Yamamoto came on board. One day he said to Togo:

"You always say 'England, England.' Let us see how good the words are. Let's have a race. I have not received an English education, but I will not be beaten by you."

Togo assented. It was agreed to climb the rigging. Yamamoto reached the top first.

"Now, Togo, are you satisfied that you have been beaten?" he asked.

"No," said Togo, "I was not beaten. I was left behind."

IN THE CHINESE WAR

Then came the war with China, in which Togo fired the first shot, under circumstances that proved his mettle. He commanded the *Naniwa*, and while cruising off the coast of Korea encountered the Chinese cruiser *Chin Yuen* convoying the transport *Kow Shing*, loaded with Chinese troops. Togo's ship was ordered after the transport, ordinarily a simple matter, but in this case a very grave one, because the ship belonged to an English firm, flew the British flag, and was navigated by British officers. But Togo knew international marine law. He ordered the captain of the transport to accompany him to a Japan-

ese port as a prize of war. The captain refused, saying that the British flag must be respected. Togo insisted that the ship was filled with Chinese soldiers bound on a hostile mission and was a prize of war.

"If the ship is not surrendered I will sink her," he signaled.

The Englishmen refused to leave the ship and Togo signaled them once more and prepared for action. The Englishmen left the transport in a hurry: then Togo torpedoed her. He was an early believer in the efficacy of the torpedo.

There was an international complication over the sinking of the *Kow Shing*. The Japanese Government offered to make reparation if it was proved that international law had been violated, but a naval board of inquiry held at Shanghai vindicated Togo.

After the Chinese War he was made Rear Admiral and during the Boxer uprising was commander-in-chief of the Japanese fleet with the allied squadrons of the Powers. During the years of peace he became conspicuous in the service for his discipline and taciturnity.

"THE DEMON TOGO"

Although beloved by his men, he is known as "The Demon," because of the iron discipline he enforces. Shortly after the war with China a naval officer asked one of his men if "the demon Togo" was the same man who had commanded at the naval station, Kure.

"Yes," said the officer, "but why do you ask?"

"Because," replied the questioner, "when I knew Togo years ago at Kure he seemed to be a very genial but silent man."

A CHARACTERISTIC INCIDENT

Events moved swiftly in the Far East. The diplomats were near the end of negotiations. But the navy was ready. The Naval Board sought a man for commander-in-chief and Togo was selected. He was chosen because he could be depended upon to strike a quick, daring blow and because he could be silent.

The Minister of the Navy sent for him to tell him of his appointment. He explained the long international negotiations and the delicate position in which Japan found herself. The nation was on the verge of war. Togo, after hearing elaborate statements for about an hour and a half, instead of asking

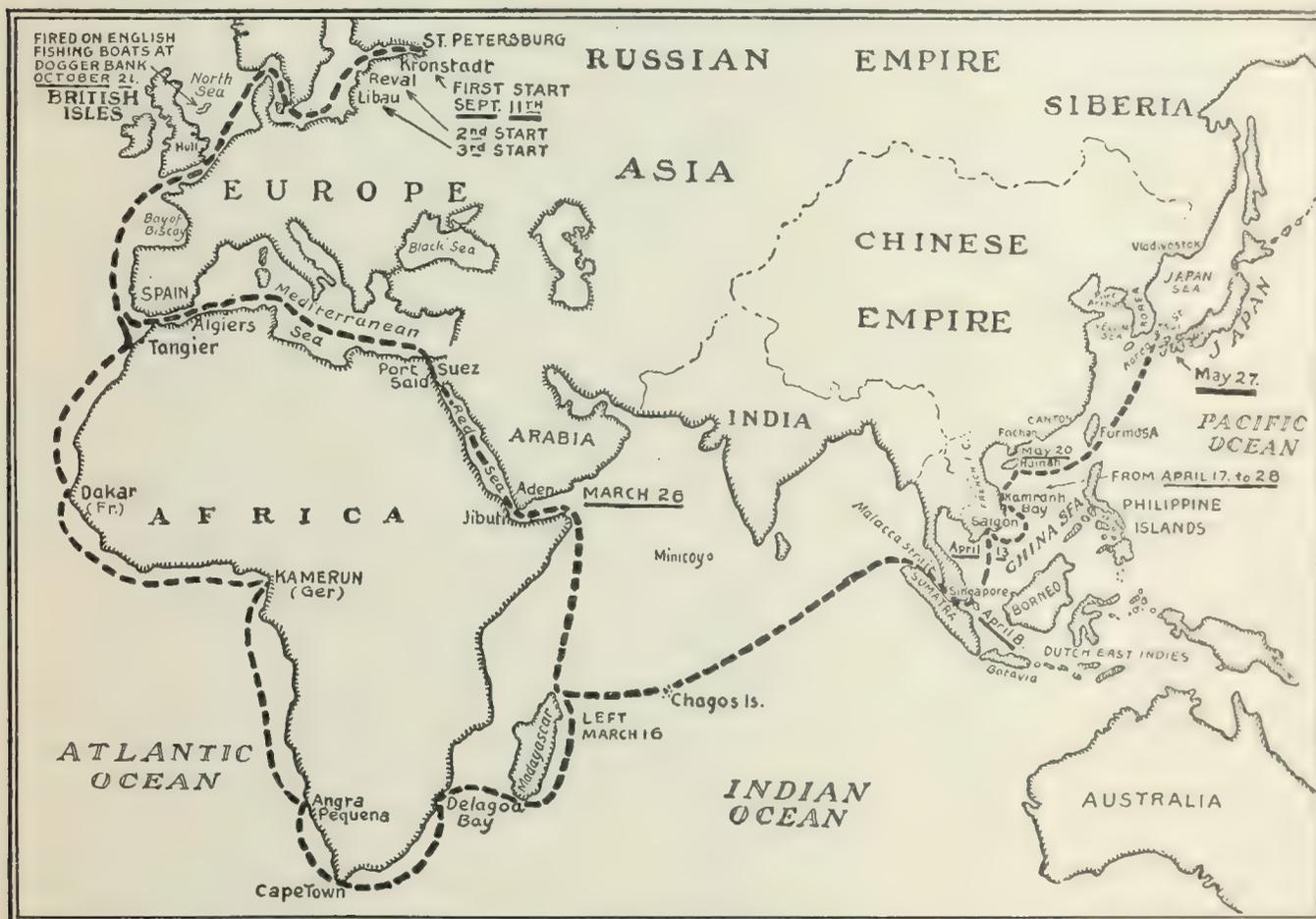
many details as to preparations, simply said in his laconic way:

"I fully understand. I will perform my duty."

Then he went away. He took only a light valise. He did not even tell his family where he was going. But he went to Sasebo and took command.

The naval officials were very much surprised at the unconcerned way in which he did things. Finally the Emperor sent his naval aide-de-camp to visit Togo on board his flagship. The aide-de-camp saw that the

Togo's squadron for Port Arthur. War had not yet been declared, but the strings were near snapping. The Japanese fleet had gathered at Sasebo, Japan's great naval base. Togo invited all the officers of his fleet to bring their wives and children to a banquet spread on the hills of Sasebo overlooking the sea. There was a great feast, and then the sailors bade farewell to their loved ones with the stoicism which is such a marked Japanese trait. When the women and children had gone, and night had fallen over the grim ships that swung at anchor, Togo summoned his



MAP SHOWING THE COURSE TAKEN BY ADMIRAL ROJESTVENSKY'S FLEET

battleship was in perfect order. After seeing Togo he joined the young officers, asking them what Togo had said to them when he took command. They all said that he did not give any hint that there would be war. He simply said this: "Henceforward you must not write home letters, you must not read letters or newspapers. Enjoy yourselves. When the time comes I will give the orders."

The imperial aide-de-camp returned from Sasebo and reported to the Emperor and to the Government. Then they realized Togo's grim determination.

A dramatic event preceded the sailing of

fleet captains to his ship. They found their chief in full uniform, seated at a small table. Before him on a cushion was the dagger with which the Samurai commit hari-kari (ceremonial suicide). Pointing to the gleaming steel he said:

"To-morrow we may go to meet the enemy. Go on that voyage with the idea that you will not return. Good-night."

The officers saluted and passed silently out into the night. The next day war was declared and the fleet sailed on that journey which established Japan as a great sea power.

More than one Japanese officer in the fleet

before Port Arthur, loyal to the traditions of the Samurai, which preferred death to failure in duty, is said to have used the hari-kari knife.

BEFORE PORT ARTHUR

During the blockade of Port Arthur a number of Japanese statesmen and noblemen, accompanied by the foreign attachés and newspaper correspondents at Tokio, visited Togo on his flagship at a harbor of the Elliott Islands, where the main fleet had retreated. After inspecting the ship the guests gathered in the ward room. Suddenly the captain of the *Manshu Maru*, which had transported the party, entered and said:

"Gentlemen, Admiral Togo."

In a moment everyone was on his feet, and every eye was turned on a little bearded man (small even for a Japanese), with black hair, high cheek bones and calm eyes, with a very grave but not unkindly face. He wore a white coat with only one decoration. Although he looked preoccupied (for at that moment the great sea problem of Port Arthur was before him), he was quietly courteous. He was the smallest man physically in the room, yet he dominated the whole company. One who was there said of him: "I never saw anyone who impressed me so much with a sense of greatness." About him were representatives of nations hostile to his own, yet they all vied with each other in sincerely doing him honor. His unobtrusive dignity was masterful. They drank his health and he touched his lips to a glass in return. In a few moments he bowed and silently withdrew to his own cabin. His presence was like an intimate glimpse into the power of Japan.

Togo never revokes orders. After the first engagement on August 10th, when the Russian fleet made a dash for the sea, he ordered his squadron to withdraw. His chief of staff, Admiral Shimamura, a brilliant tactician, advised him to recall the order and to pursue the enemy. Togo was convinced of the value of the suggestion, but he had already given the order to withdraw. To recall it he believed would give the impression to his men that his orders were inaccurate. So he stood by his first decision, although he frankly confessed its error to his subordinate.

Togo never seeks the shelter of the conning

tower. He stands on the bridge throughout an engagement. During the big battle off Port Arthur he directed his fleet from the bridge of the *Mikasa*. A six-inch shell struck the chart room, which is directly under the bridge, killing every man in it and wounding four of Togo's staff near him.

On board the ship was Togo's valet, an old-time retainer of the family. When he learned that the Admiral was in such great danger he forgot all the stern etiquette which Togo had imposed, and rushing to the bridge urged the chief to withdraw. Just then a shell exploded wounding an officer near by. The valet prostrated himself before the Admiral and begged him, for the sake of his country, to enter the conning tower. But Togo, with a serious smile, gently refused.

Another shell burst over the chart room, and a splinter wounded the valet in the leg. He was carried to the hospital, where, as he lay on his bed of pain, he implored the surgeons to remove the Admiral to a place of safety. Finally a number of high officers surrounded Togo and insisted that he should leave his dangerous place. To oblige them he reluctantly assented, but only for a short time. This high courage and his unique personal qualities have won the affection of his men, who are devoted to him.

One of Togo's marked characteristics is to be silent for long periods without moving a muscle. Often, before Port Arthur, he would be seen smoking, gazing apparently with impressionless eyes at the sea. In this respect he is like Napoleon.

This habit of taciturnity, developed to such a degree, is evident in his despatches. In short, jerky sentences he has told the momentous story of his greatest achievements. For example, after the battle in the Straits of Korea, he telegraphed Admiral Yamamoto: "The enemy's fleet is practically annihilated. Please be assured of this," a phrase to rank with "We have met the enemy and they are ours." Subsequently he sent the brief line, "My fleet is undamaged."

Like all his countrymen, Togo has a fine appreciation of sentiment. A distinguished Japanese nobleman who is now in this country gives the following very illuminating reason why Togo selected the Tsushima Strait as his now historic battleground.

"When Rojestvensky was coming near the Far Eastern sea, the world believed, as every

Russian commander did, that Togo was concentrating his squadron near Formosan waters, but this was a mistake. He was concentrating his naval force near the place where Hojo, the Japanese admiral, annihilated the Mongolian squadron 624 years before. Togo wanted to repeat that epoch-making event of the Japanese nation, in the same place and in the same manner, so as to save Japan from a mighty enemy. Thus, the place

engagement with Rojestvensky. He not only knows how to wait, but he can keep his whereabouts a secret. It was part of that masterly strategy which has dazzled naval tacticians everywhere.

His whole conduct of the naval programme of the war has demonstrated his confidence in the two extremes in ship construction—the torpedo boat and the battleship. His plan from the beginning was to save his big ships.



SERVING GROG TO THE SAILORS ON A RUSSIAN WARSHIP

Courtesy of Century Magazine

is consecrated by the splendid victories of two of our greatest admirals."

HIS MODEST DEMEANOR

Togo conducts himself with great modesty. When he returned to Tokio after his triumphs at Port Arthur his grateful countrymen gave him a magnificent welcome. But he declined a formal reception, saying: "The war is not yet over. When we are through with the Russians you may honor me if I live." When he left Japan he disappeared. The next that was heard from him was his victorious

His chivalrous attitude toward his foes, exemplified at Port Arthur and in the Korean Straits, has set a standard of courtesy in war. While Rojestvensky's ships were in rout, and the Russian sailors afloat and ashore were in distress, he sent out two auxiliary cruisers with doctors and medical stores for the aid of the wounded. He had previously ordered fishing boats to be in the vicinity of the scene of battle to pick up survivors. Toward his foes Togo has displayed a courtesy worthy of the chivalrous traditions of the Samurai. He mourned for Makaroff and he visited



ADMIRAL KOLTZHEVSKY

Wounded in the great sea fight of Tsushima and a prisoner of the Japanese at Sasebo.



VICE ADMIRAL EIKILOFF

Who had failed to succeed Komarov when the fleet was destroyed.



ADMIRAL TOGO

On the deck of the Mikasa.



REAR ADMIRAL URIU

One of Togo's chief subordinates.



THE NICHOLAS I.



THE NAVARIN

Rojestvensky as he lay wounded and broken in spirit in the naval hospital at Sasebo. He did not go as conqueror, but as sympathizing brother officer.

But at sea with his fighters he completely severs himself from everything but the grim work before him. It is part of the Japanese creed of stoicism to make parting in time of war unemotional. He replied to his daughter

the biwa. Once he invited a number of naval officers to his house. After he played one of the Satsuman airs he asked a professional biwa player to divert the guests with a patriotic song, "Entering Formosa," which tells the story of Kitashirakawa, a brave and lovable prince, who died fighting for Japan in the Formosan War. The monologue, with its musical accompaniment, moved Togo to



ROJESTVENSKY'S FLAGSHIP, THE KNIAZ SUVAROFF



THE OREL

who visited him, and who asked if he had any greeting to send to his wife: "Nothing in particular. Tell her I am well and happy and that they must not distract my mind by sending letters from home when I am away."

A GENTLE NATURE

Yet the Admiral is said to be a very gentle man. He is fond of music and sometimes plays the Japanese stringed instrument called

tears. He was unable to listen to the end and requested the musician to cease.

In public Togo is most retiring. He almost shrinks from the people. But the moment he is on ship he becomes the master. His very silence commands. The sea is his home. Shortly before he took command of the fleets he took a cold on land. He hastened to his ships despite the protests of his family and friends. "I always get well at sea," he said.

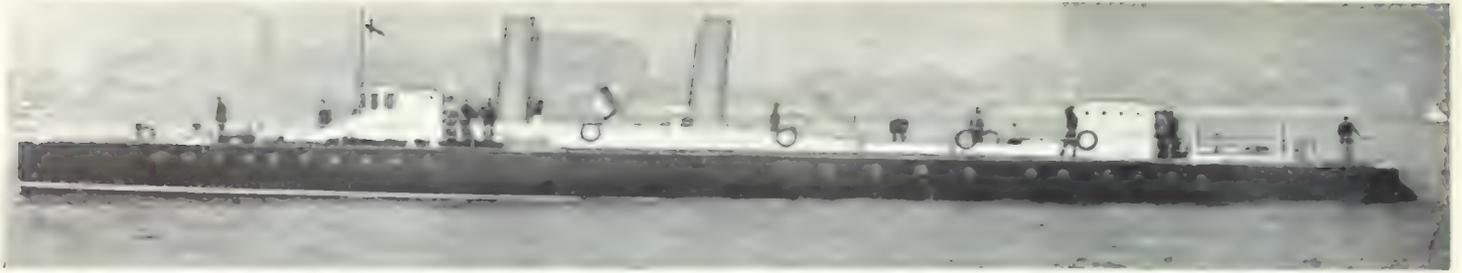


THE ALEXANDER III.



THE DMITRI DONSKOI

RUSSIAN BATTLESHIPS AND CRUISERS SUNK OR CAPTURED



ONE OF THE DEADLY JAPANESE TORPEDO BOATS

His private life is not unlike that of any Japanese gentleman of high rank. When he comes to his home in Tokio, where he lives in a simple house in the outskirts of the city, he ceases to be the grim sea captain and takes up the simplest mode of life. About his house is a garden, and here he may be seen digging among his chrysanthemums, which are his favorite flowers. He loves the sports of the sea and is a keen fisherman. Sometimes during his leisure he hunts in the mountains. He is a good shot. Unlike many sailors, he has good land legs and often tramps all day with a gun and a bag of game. His wife, who is a daughter of the late Count Kada, who was a member of the Imperial Privy Council, is of simple tastes and unostentatious life.

After the manner of the Samurai, she abstains from all luxury while her husband is at

war. She has dismissed her servants, does her own work, and waits calmly for the return of her husband from the war. She has three children—a girl, who recently entered the Peers' College for Women, and two sons, aged twenty and seventeen years respectively. Both sons are naval cadets. The older rides to the Navy Department every morning on his bicycle to get news of his father. The official channel is the only one through which the family learns of the doings of its distinguished head. Such is the denial and sacrifice of Japanese character. The Admiral and his family are Christians.

Such is the man Togo, whose personality, combining the fanatical courage and stoicism of the East, with the ideals and civilization of the West, attests anew the development of that remarkable people whose genius and power are the wonder and admiration of the world.



THE MICHIKI ADMIRAL TOGO'S FLAGSHIP

THE NEW SCIENCE OF BUSINESS

The first instalment of articles composing this new department, devoted to the real meaning of business and to the best modern business methods, appeared in the July issue of this magazine.

We can remember no series of articles which brought us so many letters of inquiry and commendation, and letters which showed a discerning interest. Every month we mean to make this department more valuable and helpful until it will appeal to every man who wishes to make his business more efficient and more profitable and to every man who regards his daily business life as offering opportunities for something larger than a mere getting of bread and butter by buying and selling merchandise. The human side of business—the treatment of other men in our daily affairs—will play a large part in the department.

THE VALUE OF FREQUENT "STATEMENTS"

BY

KENDALL BANNING

ASSUMING the perfection of modern business management, the proprietors of a commercial house would know accurately, at any minute, its actual condition, not only as a whole, but in every department. As perfection is impossible, the next best thing is to know as much as possible as often as possible. A bank makes up its statement daily, but a business house often only once a year, when the facts the statement reveals are sometimes so old as to be valueless. Other houses have a semi-annual, and perhaps the most progressive, a monthly statement. Most authorities now admit that to know the actual condition of a business, the profit and loss of every distinct branch, as often as once a month, is worth any reasonable cost. It not only protects the firm or company from losing money without knowing it, but it places the whole business in a new and alert attitude toward its own affairs.

Two years ago one of the old-time business houses of New York failed. The investigation of the firm's accounts during the subsequent reorganization disclosed the fact that for nearly a generation its business had been conducted at a loss, while the capital stock of the company was being gradually consumed, and the facts were not known to the owners.

In the same spirit a younger Eastern concern started a selling campaign. It "boomed" a supposedly popular article. Money was spent freely in manufacture, in

advertising, in incidental expenses. Orders came in rapidly and sales piled up. At the end of a year of enthusiastic effort came the annual statement of the expenses. They barely met the receipts. A year of effort had been lost. That firm did not know until the campaign was over, until all the expenses had been paid and all the income had been received, whether it was making or losing money.

When the young wife wrote as the first credit entry in her account book the acknowledgment, "received \$500," and a few weeks later wrote as the first debit entry the statement, "spent it all," she made precisely the same error and learned precisely the same lesson as did this business concern. For a business statement is not only a written receipt for goods received nor a bill for goods delivered. It is a written exposition of moneys or goods taken in and moneys or goods given out, compared at a designated time while such transactions are active—while moneys and goods are continuing to come and go. The difference between these two amounts represents in figures the status of the individual or concern whose property is involved. But too many errors may be made in the course of a year to make annual statements of real value as checks to unwise business policies.

"How much money did you make last month?" was the question put by the largest

steel manufacturer in the world to another merchant.

"I don't know," was the reply; "our statements are made out annually; you can't get monthly statements in our business."

"Then I wouldn't stay in such a business," came back the abrupt advice. "I get monthly statements in my business and you can get them in yours."

It took three years to systematize that business to the point where not only monthly but weekly and daily reports were made possible. Now that executive head may learn almost to the day when a department becomes dead. He may learn which departments are carrying the burdens of those that are falling behind. Leaks must spring in all business enterprises; those that are stopped the soonest incur the least loss. A leak undiscovered for a period of months may sink the entire business structure. The safeguard lies in regular inspections, as are made possible by means of systems of periodical statements from each department. In this way the work of each department of the business is mechanically brought to the attention of the executive, who is enabled not only to keep informed of the work and the expenses of each phase of the business, but to apportion them to the firm's income during the variable seasons of the year.

"The basic principle of this organization," said Mr. Robert R. Moore, president of the New Amsterdam Bank of New York, "lies in our pruning-down system. The moment a department is shown by the daily reports that reach my desk to be doing work that may be more easily done elsewhere or eliminated altogether, a change is made before the present methods involve further expense. Much of the success of this institution has been due to the economy of these daily statements."

So intimately do the executives of the Chicago stock yards keep daily track of the work that is being done, and so carefully do they maintain a balance between the debit and credit accounts that to-day the profit of the entire business is said to be derived from the waste products of five years ago.

From frequent statements the small man may learn the sources of profit and loss in his business. "It was not until I began to keep hourly record of my business," said a city storekeeper, "that I learned why I was not

making money. My former business hours were just long enough to enable me to meet expenses. My profit came as soon as I kept the store open an hour longer in the evening."

Time was when the head of the house kept in touch with his business by making the rounds of the departments every morning and by keeping in personal contact with his department heads. To-day the department heads come to him and present their daily or weekly or monthly reports in writing. These reports are noted, the figures are transferred to sheets or charts for comparison, and the original reports are filed for reference. From this information the head of the house derives that vital information on which efficient executive is based. A review of the output, sales and receipts of the preceding day has now become the first duty of the day for most business executives.

Such statements are usually in the form of balance sheets, on which a clerk summarizes the daily information sent from the various departments. These daily reports are condensed into the weekly reports, and these in turn into monthly reports. In this way comparisons are instantly made with any preceding period.

Bald statements of facts, however, are in themselves of little value. Figures are significant by comparison. The fact that a manufacturing plant used ten tons of steel last week becomes of real importance only when the fact is known that it used nine tons the week preceding and eight tons the week before. Hence every statement must be covered by a time period to be most effective, and a corresponding time period of some other date is necessary to make present conditions relatively apparent. There are two methods of doing this.

First, the report of each day's work may be added to a tabulated list on which appear the records for the whole month or for any other designated period. Thus by reading the figures in parallel columns, the executive may determine the relative value of yesterday's business.

The second method is of recent origin and is being used at present only by a few of the larger manufacturing houses, notably by the International Harvester Company and the Regal Shoe Company. Although it is too ponderous to be applicable to smaller concerns, its value to larger houses has been demon-

strated. It has proved particularly effective in presenting reports of conditions in such graphic form as materially to economize the time of executive heads who want a general *résumé* of the business without distracting their attention by the detailed minutiae of figures.

This system provides for a chart or a series of charts. These charts may be made to provide reports for any given period, although a month has been found the most effective. They are usually divided into sections by perpendicular and horizontal lines. Each day, by lines or addition to lines, the day's work is indicated. On the monthly sales chart, for instance, the perpendicular sections may denote the days, the horizontal sections may denote the amount of sales. On this single chart, for instance, may appear a quadruple expression of a single item—the cumulative credit sales, the cumulative cash sales, the total sales and the total daily sales. It shows the sales of each day in comparison with the sales of any other day as well as the cumulative sales from day to day. Even a brief glance at this chart—particularly if the executive has been accustomed to recognize colored lines to represent the different items—gives a survey of the daily sales situation, which if desired may be augmented by a detailed examination of the exact figures.

In the same manner a chart may cover every expression of the labor employed for an entire year or more, the output, the wage record, the power used in a plant and the

costs, and may be made to show every variation contained in a trial balance or to cover statistical records for any period. No numerical statement can show actual conditions so quickly and so effectively as do these charts, which are placed upon the executive's desk for his attention every morning.

"For railroad and insurance companies, banks, department stores and other business concerns," declares the chief of the system department of the International Harvester Company, "this method of presenting results to executives will be found so broad in its expression, so concise in pointing out conditions that need executive administration and so time-saving and clear in its whole presentation as almost to retire the use of the old-fashioned balance sheet with its numerical compilations and its lack of means of comparison."

"You actually saw the clerk register a wrong amount?" asked a cash-register salesman to a prospective customer who objected to a machine on the ground that it did not prevent theft. "If you saw that clerk steal, the protective function of the machine is fulfilled; it can't run after a man and arrest him; it can only point him out."

So the periodical report systems cannot prevent leaks; they can only call attention to their existence. They can present facts and figures for executive action before the opportunity for action is gone. The attention that is devoted to their maintenance is a small premium on the accident insurance policy of business.

CHARACTER AS A CREDIT ASSET

BY

S. A. NELSON

A BANK'S loans, of course, except in a small degree, cannot give character, as an asset, a higher place than the rules of sound banking permit. A good business character not only involves honesty, but it includes the possession of business capability. The negatively honest man—that is to say, the man who does not possess the mental qualities that spell success—will find that character as an asset as far as he is concerned is limited in exact proportion to his general business capability.

In Scotland, when a man has arrived at years of discretion and has won a reputation for capability, a bank will, simply on his note, backed only by his character, advance him sufficient money (usually a moderate sum) to start in business. This is considered—and the conclusion is based on results to be a good risk. In our large cities, New York and Chicago, for example, business is not so frequently conducted in that way, but there is no doubt that our great Western country owes much of its wonderful growth

to those far-sighted country bankers who realized that the borrower's character was the chief asset to be considered. Naturally character plays a relatively larger part in the loaning operations of a small bank than in a large bank; in a country bank than in a Wall Street bank; and in the beginning of a business man's career. Its relative importance is a matter of environment.

The credit man of a bank always likes to talk with the man behind the "paper." He can tell much from the borrower's itemized statement of financial condition, but the borrower's answers to questions and the expression of his face give an index to his character.

A singular illustration of character as a municipal asset, affecting all the population of a town, occurred recently on the Pacific Coast. The town had sold an issue of bonds and they were illegal. Counsel informed the town that the issue could be legally repudiated. The proposition was debated, and the business men and voters of the town decided that the town could not afford a bad character. It was cheaper, in the long run, to pay the loan and maintain a good reputation. A repudiated debt, they held, would affect not only the borrowing credit of the town, but the relationship of its business men with the outside business world. It is safe to say that it has cost every municipality and state that has repudiated its debts more than their total amount in loss of character. Apart from the morality of the transaction, it would have been better business to have paid and suffered even if the debt were unjust and illegal.

Opportunities are so numerous in this country that if a man fails he usually gets another chance to rise in the world. After making a fresh start his first thought is to pay his old creditors one hundred cents on the dollar, and often, to be above suspicion, he voluntarily adds the interest. He not only realizes the moral obligation, but he also knows that he is engaged in character building that is helping his credit, and if he be the right sort a good credit often means the difference between success and failure.

In 1895 a New York firm of merchants became heavily involved in enterprises that were sound, but in which the realization of cash was slow. The head of the house informed the representatives of the banks that they would be obliged to "carry the firm"

through its difficulties, or there would be a failure, when the banks would be heavy losers. The banks agreed that this was so and assumed the burden. In the ensuing investigation it appeared that the head of the house, in securing loans, had omitted certain facts that indicated a lack of frankness, we will say. Six years later that same man was elected president of a newly formed industrial corporation or "trust." It appeared in the money market as a large borrower. There was no reason why the accommodation should not be granted, until a particular banker was attracted by the signature of the president, when he recalled the episode of 1895. The final result was that the bankers informed the directors of the corporation that they could only have the credit desired when another president was elected. A flaw in that man's character cost him the presidency of this particular corporation.

A mining promoter, a man with a charming personality, endeavored to float a valuable mine several years ago in Wall Street. He failed to do so. Another man took up the work where he left off and succeeded. Asked why he failed, he said bitterly, "Personally, I am honest. Some years ago I had the misfortune, however, to be associated with a man who accumulated his money out of a questionable trade. I was said to be his adviser and confidential man. No one would trust him, and now I find that everyone is reluctant to trust me. I am 'a nice fellow, but—' and then I fall down. A good reputation would have been worth a fortune to me the last few years."

One of the most successful Wall Street bank presidents was invited upon one occasion to become a partner in a private banking firm. The opportunities for money making were very great. He thought it over and was favorably disposed toward the proposition. He consulted a friend. "But," said the friend, "a man of your character could not get along with (mentioning a member of the firm). Why? He is tricky." The banker rejected the offer. Two years later the firm in question dissolved, and the tricky partner retired, but he had impaired the standing of the house. The same banker was offered \$25,000 to become a director of an industrial company that appeared to be, and was, financially sound. "Your duties," said the lawyer making the offer, "will be

only nominal. We simply want your name." The banker concluded that he could not afford to be associated with the other men of the board. Surely the character of this man is a very tangible credit asset.

A Swede walked up to the president of a Western bank and said: "Ay tank Ay want to borrow \$5,000 and Ay tank Ay get him here." Cross-examined, it was ascertained that he had no money, except a few hundred dollars, but he wanted to buy a mill. He was honest, a hard worker, and a good trader. The banker liked him so well that he was willing to back his own judgment; and so loaned the Swede the money he needed. The borrower made good and became one of the most useful citizens of that community.

In a little Southern health resort town last winter I met a young merchant who did a business of \$35,000 a year on a borrowed capital of \$3,000. "How do you do it, and how do you get the credit?" "I turn my stock over ten times a year," he replied. "But the banks here know me and they know that I am a man of my word, and they knew my father before me. When I say that I will be at the bank to-morrow at eleven o'clock with \$1,000, they know that I will be there

at ten-fifty-five. I am a part of this town. I was born here; my wife and children are here, and I expect to die here. The man I bought this business from was not as honest as he might be. I worked for him, and at the same time I protected the two banks with which we did business."

I made a few inquiries and the country banker made this explanation: "The man who owns the business now worked for another man who owed us \$2,500. The present owner knew that the money was in another bank, and promised us that it would be delivered here at a certain time. The old owner drew out the money and went off on a spree. The present owner, rather than not make good his word, borrowed the money on his own note and paid us off. When the business came on the market we helped him get it, and are glad to do business with him. We only wish that we could get more like him."

There are 10,000 business men in New York who to-morrow might lose every penny they possessed and yet on the day following they would start new careers, full of courage and confidence, backed by the seemingly intangible but very definite assets—brains, health and, most important, good character.

THE FINE ART OF BUYING

BY

HAROLD A. WRIGHT

THE suggestion was made to a business man that he install a system in his purchasing department. He replied that he did not need it, as he had no difficulty in buying goods, his trouble being in selling them.

This is the attitude assumed by many manufacturers in regard to this department, which is usually the last to pass from under the personal control of the proprietor or firm.

There are many concerns that have found it necessary to secure experienced men from outside for their manufacturing and sales departments, and yet are satisfied to run their purchasing department in the same old way. Salesmanship has become known as a science, and the handling of credits is also a science. Salesmanship forms part of the course of many schools. We read the advertisements of some men who devote their

entire time to teaching it. As far as I can learn, the science of purchasing cannot be studied in a way that necessitates the return to the old days of apprenticeship, the only school being that of experience. Usually familiarity with the goods handled is the only requirement.

A glance at the advertising columns of our daily papers shows how little demand there is for buyers. Beyond the needs of the department stores for buyers in their various departments, there is no chance for a purchasing agent to better his condition. These things show that the mass of business houses have not yet discovered the fact that their purchasing department needs the application of modern methods of business economy.

By business economy we mean more than what is usually termed system. The systems

which are applied to a business or a department consist of a series of blanks upon which records are made. The buyer needs these also, but just which ones we will consider later.

At the disposal of the purchasing agent is placed the capital, credit and equipment of his firm, and as these are in most cases limited he must practise economy or run the firm into bankruptcy. The individual economizes by spending less, and often the corporation thinks that this is their only method.

Many business men provide for elaborate daily statistics of sales, collections, disbursements and bank balances, but not many know what their purchases are for the day. As soon as a purchase is made a liability is incurred, and the true condition of any concern can never be here known until this record is kept. If this is not done, the result of the buyer's work is not discovered until the statements received at the end of the month, and then it is too late to do anything but raise the money to meet their payment.

The department stores were the first to feel the need of having this information, and many of them are now placing upon every order the estimated amount of the purchase, and the invoice must not exceed this amount. As this fact is so stated upon the order, it prevents "stuffing" it.

These amounts are tabulated, and when they reach the limit to which their payment can be cared for when due, a halt is called. If this limit is furnished to the buyer in advance, he often has to figure closely to keep within it and still supply all demands. If it is left to his judgment, as is the case when the proprietor does his own buying, he must study even more closely.

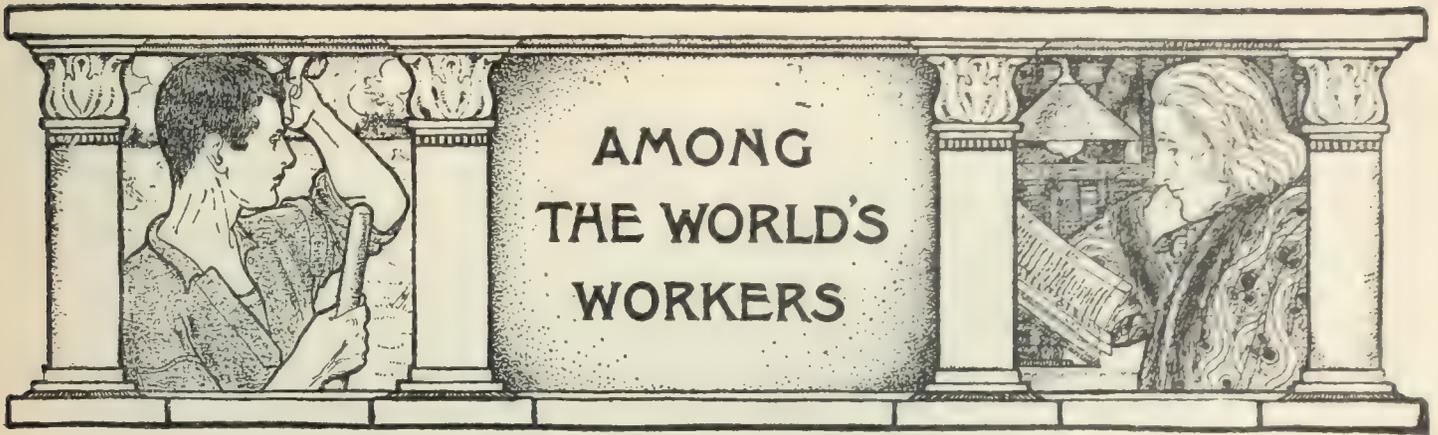
In buying, however, a house is not always limited in its bank account, for credit must be secured in order to supply its wants. There are many schemes for securing credit, but the successful ones seem to be based upon telling the truth concerning one's financial condition. Care must be taken in selecting the houses from whom credit is asked for any extension beyond the regular term of thirty or sixty days. Unless the concern extending this credit is a sound one it may be unable to carry its load, and the recipient of the credit will

be called upon at an inconvenient time. It is best to make arrangements with not more than two, or possibly three, concerns for unlimited credit and convenient settlements; to have them understand that everybody else is paid promptly, and that their accounts represent the total liability of the house for accounts payable. In putting the house in their hands they must protect it in order to protect their own interests.

In a factory the demand is always for the first grade of raw material and supplies, for the foreman making the requisition has no competition to meet in disposing of the goods, and he is taking fewer chances in using the best material available. This is often unnecessary, and he should be made to use the cheapest material consistent with a satisfactory product. A careful study of the use to which every article that is purchased is put will enable one to see many ways of cheapening their cost.

The purchasing department must be thoroughly organized. All orders given by the house should be in writing and should come from this department. Unless this is done, so that a record can be made in the department, there will always be delays in checking invoices. Telephone and telegraph orders must be confirmed by mail, and in the case of telegraph orders a copy of the telegram attached to the confirmation. Orders, which can be made out by any number of clerks in the department, should all be signed by one person if possible and never by more than two. Instructions should be given upon orders and remittance letters that nothing should be delivered except upon a written order signed by a person in authority.

Do not be unreasonable in your demands and do not get into the habit of marking every order "rush." Anticipate your wants and allow sufficient time for your order to receive careful attention. Your goods will then be up to your requirements. Do as much of your business as possible by mail, so that you will have a record of it. Make as little trouble as possible for the house with whom you are dealing, for if you increase their expense of handling your business they will make you pay for it by increasing prices upon some articles, and in such a way that you cannot detect it.



AMONG THE WORLD'S WORKERS

AN INTIMATE STORY OF JAPANESE HOME LIFE

AN incident in the life of Baron Kentaro Kaneko, former member of the Mikado's Cabinet, who is now in this country, gives an intimate insight into the relation between Japan and the United States.

The Baron is a graduate of Harvard University. After he had become one of his country's most distinguished statesmen, the university conferred the honorary degree of Doctor of Laws upon him. President Eliot gave a dinner in honor of the Baron, after which he said to him:

"Harvard University has conferred on you its highest honor. We can do no more. But I understand there is a son in your family. We claim him as a future recipient of the degree we conferred upon you. I trust he will come to us and be a worthy successor of his father."

"He will come," replied the Baron.

The Baron returned to Japan and told the Baroness Kaneko about the incident. She told the little boy that he was to go to Harvard and receive the degree, and the fact made a great impression on the child. Whenever he was naughty, the mother said,

"If you are not good, you will not receive the Harvard degree." He always became good.

Events moved swiftly in the Far East; the war with Russia came. Baron Kaneko, who had an important part in national affairs, prepared to go to the United States. A week before he started, this conversation occurred:

"When do you start?" asked the Baroness Kaneko.

"In a week," replied the Baron.

Just then the little boy interposed: "Where are you going, papa?"

"To the United States," he said.

"Then I must go with you and get that Harvard degree," exclaimed the child.

The boy is now a student at the Nobles' School in Tokio. Upon his graduation he will go to Harvard.

EDISON'S EARLY INVENTIVE GENIUS

THE qualities of imagination and persistence to which Mr. Thomas A. Edison attributes his success as an inventor, began to develop in him in early boyhood. A story of his own telling is the best evidence of the truth of the assertion.

"I used to be a railroad newsboy on the run from Huron to Cleveland," said Mr. Edison. "I got very much interested in electricity from hanging around the telegraph offices where my chum and I learned how to 'send' and 'take.' We had a lot of fun with it in the spare time we had when we were off the run, which wasn't enough, however, to suit me. I wanted to stay up late at nights making experiments with the batteries and instruments, but my father had the old-fashioned notion about 'early to bed and early to rise,' and insisted that I go to bed at nine o'clock. When I would come in evenings with a bunch of the day's newspapers that I hadn't sold, my father would start in to read them, and at nine o'clock I had to go to bed, while he sat up till eleven reading the news. I couldn't see any reason why I should go to bed before he did, but I couldn't convince him, so I saw that some strategy was necessary if I were to be allowed to stay up late.

"I had an idea how I could fix it, and my chum and I carried it out. He lived in the house nearest ours, a short hundred yards away, with an apple orchard between. We got a wire clothes line and strung it on the apple trees from my bedroom to his, and I made batteries out of some Mason fruit jars to supply the current. We connected the line up to the instruments and the plot was ready.

"The night after everything was in shape, I didn't bring any papers home: my chum took them all to his house. When I got in my father wanted a paper. 'Dick's got 'em all,' I said. That took him back a bit; but I didn't let on until about bedtime, and then I made a suggestion. 'Dick and I have a telegraph line working between our rooms

now. Maybe I could call him up and get the news by wire.' Well, I did, and it worked all right. I called up Dick and he sat at the other end of the line with a paper in front of him, sending the news while I took it on slips of paper, handing them over to my father to read as fast as each item was finished. There I sat till after eleven o'clock, feeding my father the news in broken doses, and getting a lot of fun and telegraph practice out of it. This went on every night for some time, until my father was quite persuaded that I could stay up late without serious harm, and then I began bringing papers home again and put my extra time allowance on my experiments."

THE STORY OF THE WIRE GUN

A CANNON that will throw a projectile weighing 100 pounds a distance of thirty miles is now being tested at the Sandy Hook proving grounds of the United States Army. How such a weapon resulted from the defeat of an American team at an international rifle shooting match at Creedmoor on Long Island, more than twenty years ago, is the story of the unusual ambition of Mr. John Hamilton Brown.

At the Creedmoor match, in 1882, the American team were defeated by 170 points, greatly to their own humiliation, and to the elation of their British rivals. The leader of the team was Mr. Brown. Pondering over the defeat, he became convinced that it was due to the inferiority of the rifle the team had used, for he not only knew how to shoot, but he was also familiar with the details of gun-making. He speedily decided that at the return match at Wimbledon, England, the following year, the American team should be equipped with rifles at least as good as those the Englishmen had.

He forthwith designed the Brown Military Rifle. When the match was shot at Wimbledon, eight out of the twelve rifles used by the Americans were of the new type. This time the Americans won. Both sides attributed the result to the superiority of the arm used by the American team. If no further result than this success, however, had followed Mr. Brown's pique at the Creedmoor victory of the British team, it would hardly be worth recalling now, after the lapse of twenty-three years.

But from his study of small arms, it was but a step to the investigation of heavy ordnance; and for more than twenty years Mr. Brown has been almost constantly at work on high power cannon for protecting the sea coast and for arming the Navy. The result of these years of labor is the Brown wire gun—an efficient and terrible engine of war.

The most efficient heavy guns made in England are wire-wound. But whereas the inner tube of the English gun is a solid forging, the tube of the American gun consists of a number of steel sheets, each one-seventh of an inch thick. Around these is wound twenty-one miles of square steel wire, one-seventh of an inch in diameter. The tension of this wire is so great that the inner tube is compressed to the point where it cannot be overcome by the explosion of gun-powder. The gun is so strong, therefore, that it cannot be burst by any charge that can be placed in it—although its powder chamber is much larger than that of any other gun of similar calibre in existence.

The 6-inch Brown wire gun will throw a shot weighing 100 pounds for a distance of thirty miles. A projectile fired from this gun will penetrate a greater thickness of armor plate at 4,000 yards than a projectile fired from any other gun at a distance of twenty feet. After flying thirty miles, the projectile will have enough power left to penetrate six inches of steel.

A 10-inch gun of the same type has been designed, but has not yet been built. It is Mr. Brown's ambition to have one constructed. The calculations made by Col. John M. Ingalls, U. S. A., retired, of the power of a wire gun of this size are startling. It would use a charge of 300 pounds of smokeless powder. When fired with an elevation of 45 degrees, it would send a projectile weighing 600 pounds, with a velocity of 3,900 feet a second, for a distance of more than 59 miles. The projectile at its highest point would be almost eighteen miles above the surface of the earth. To reach a target 59 miles distant, it would describe a curved path 71 miles long. The monster shot, as it left the muzzle, would have an energy in its blow equal to the lifting of sixty of the largest freight locomotives ten feet in the air. A warship lying off the coast at Atlantic City, if equipped with such guns, could throw projectiles into the heart of Philadelphia. New York could be bombarded by a hostile fleet which would be out of sight and out of range of the greatest guns now at Sandy Hook. With 12-inch or 16-inch guns of the same construction, projectiles weighing a ton could be hurled for a distance of one hundred miles, and London could be bombarded by batteries planted on the coast of France. These are the tests that are expected of the wire gun.

If the wire guns of large calibre fulfil the promise given by the 6-inch guns already built, the costly and cumbersome armor plate of the modern battleship will no longer afford protection.



"THE COMING OF THE WHITE MAN"

Bronze group by H. A. MacNeil, on the grounds of the Lewis and Clark Exposition at Portland, Ore.

THE WORLD'S WORK

AUGUST, 1905

VOLUME X



NUMBER 4

The Lewis and Clark Fair

BY

ROBERTUS LOVE

THE Lewis and Clark Exposition at Portland is the Pacific Northwest's invitation to the world to come and see the land and the people; and it is a graceful and hearty invitation. The Fair itself is a good one—instructive, attractive, and in several respects novel—in itself very well worth seeing. But its chief significance is as an index to the country and as a hint of the manifest destiny of this region and its people.

For there is a great empire here that most of the people in the United States do not yet know—room for profitable labor for many millions of men, not as pioneers (for the pioneer period is passed), but as developers of an already well-organized industrial, intellectual, and social life. The Fair sets forth what has been done, gives suggestions of what may be done, and is an evidence of the character, the enterprise, and the earnestness of the people. It shows the beauty of the Pacific landscape, and good taste in adjusting it to this pretty spectacular use; and it is a place where by object lesson, by product, and by information conveyed in a thousand ways, a visitor may study Oregon, Washington, Idaho, and California. He will see, too, the strategic position of this region in the future commerce of the world.

The Fair is a good occasion to visit not only Portland but other cities of this region; and the railroads have made generous provisions for cheap travel over a very wide area. They have, in fact, made lower rates than were ever before given for a journey across the continent, round about and back again.

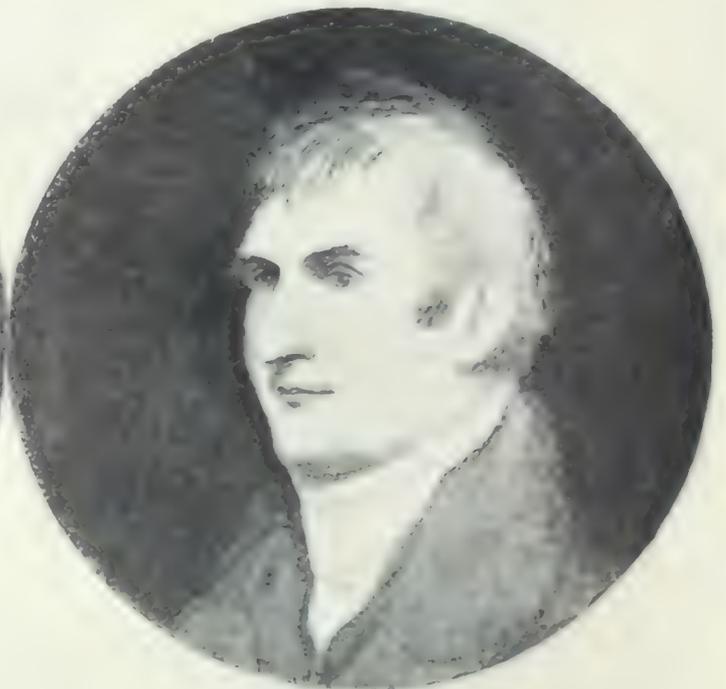
The long official title of the Fair, "The Lewis and Clark Centennial and American Pacific Exposition and Oriental Fair," tells in proper succession three correlated facts of importance in American progress: The story of exploration and heroic achievement of a hundred years ago; the chronicle and epitome of development in a new-found land that gave the United States its western seacoast; the story of the extension of American trade with the Orient, along the pathway blazed by Lewis and Clark and out from the shores of the Pacific.

It is historically fit that this Fair should follow immediately the Louisiana Purchase Exposition. Thomas Jefferson planned the Lewis and Clark expedition even before he began the negotiations which resulted in the transfer of the Louisiana territory from France; and when that transfer took place Lewis and Clark were in St. Louis ready for their journey of exploration. The explor-

our party penetrated both the Louisiana territory, just acquired, and the vaguely known region called the "Oregon country," thus finding a pathway from the Mississippi River to the Pacific Ocean. Though more than forty years elapsed before the United States definitely acquired the Oregon country up to the forty-ninth parallel, it was the successful fulfilment by Lewis and Clark of the task set them by Jefferson which gave the Government its chief claim to the territory now brought into more intimate acquaintance with the rest of the United States by the Exposition at Portland.

undertaking have worked hard and intelligently and produced a worthy, effective and beautiful result. The Exposition includes several features that are distinctively new.

Take, for instance, the vivid story of irrigation told here. A whole building in the United States Government group is devoted to the subject, with forestry as a subsidiary. In the Irrigation Building the immensity and the importance of the Government's land-reclamation projects, newly undertaken, are set forth by models and photographs, facts and figures, with insistent appeal to the



William Clark

Meriwether Lewis

THE EXPLORES OF THE NORTHWEST THE CENTENARY OF WHOSE EXPEDITION TO THE PACIFIC IS COMMEMORATED BY THE EXPOSITION

Primarily, the Exposition aims to make better known several commonwealths remote from the long-settled centres of population and commerce, which, by reason of this remoteness, are not properly appreciated. These states, comprising the Pacific Northwest, are opulent in opportunities, even though they have attained already a high standard of development, but that development has been as yet only in spots.

If people have become somewhat weary of expositions in other parts of the Union, the Pacific Coast offers a virgin field for exploitation of this nature, and the promoters of this

person who is interested in the progress of the world.

The Eastern reader, who has never seen an irrigated country, but who has perhaps read tiresome and apparently exaggerated reports of the wonders of irrigation, is not likely to have a proper conception of the subject. For irrigation is not a mere method of making dry lands as productive as lands on which the rain falls. It goes further than this. It is the only method whereby man can become in any sense a real master of the soil. Irrigated land is the main fact in agricultural progress and prosperity. Land where only

rainfall is depended on is in a measure secondary; or will become so.

Topographic models of half a dozen important reclamation projects, now under way or definitely planned, are shown here for the first time. Millions of acres in the West have lain dormant and neglected, which will become paradises of agriculture and horti-

waters of the Pacific. A dozen of them have advanced beyond the preliminary engineering stage, while the first of them, known as the Truckee-Carson project in Nevada, is completed, the waters having been turned into the distributing canals in June. This great work of engineering will reclaim 200,000 arid acres in central western Nevada. The



"HITTING THE TRAIL"

Group by Frederic Remington. At the head of Columbia Court

culture. In some irrigation projects both storage and distribution are required, but elsewhere it is a simple matter of distribution. No less than twenty gigantic irrigation undertakings are in progress or planned. These vast projects cover territory from the Canadian boundary line to the Republic of Mexico, and from the prairies of Nebraska almost to the

turning on of the waters marked an epoch in American progress.

The visitor may see in the Irrigation Building a miniature model of this important engineering work, showing not only the dams and sluices, the canals and side ditches, but the topography of the large area of country to be irrigated, with the towns, the mountains,

the plains and the forests. Close by are charts showing the scope of the work in figures, while set in the opposite wall of the building are photographic transparencies of the engineering work and the land concerned.

Models, transparencies and charts show



STATUE OF SACAJAWEA

The Indian woman who guided Lewis and Clark

the corresponding features of several other great reclamation projects, notably that of the Salt River district in south central Arizona and that of the Yuma Basin in southeastern California and Arizona. The Salt River project will reclaim 100,000 acres,

while the Yuma project will add 105,000 acres to the arable domain. Another important and vividly interesting model is that of the Uncompahgre project, in southwestern Colorado, where the waters of the Gunnison River are being diverted through a tunnel six miles long, cut under the solid mountains, to reclaim 100,000 acres. Authentic information may be obtained here also relative to the following irrigation projects under government control, using the titles given them by the engineers: Honda, southeastern New Mexico, 10,000 acres; Pathfinder Reservoir, south central Wyoming, acreage not approximated; North Platte, western Nebraska, 100,000 acres; Bellefourche, South Dakota, 60,000 acres; Shoshone, northern Wyoming, 160,000 acres; Fort Buford, eastern Montana and western North Dakota, 60,000 acres; Minidoka, southern Idaho, 130,000 acres; Huntley, southern Montana, and several others.

These figures give some hint of the vastness of these undertakings in the aggregate. All these projects have been planned during the past three years, since the passage of the land-reclamation act of Congress. The reclamation fund now amounts to about \$31,000,000. Within seven or eight years, according to the estimates made by the engineers, all the great projects now planned will have been completed.

No visitor can study this exhibit (which is in charge of Mr. Edmund T. Perkins, an engineer in the United States Geological Survey) without instruction and pleasure, for this is a new subject. It distinguishes the Lewis and Clark Exposition from all its predecessors.

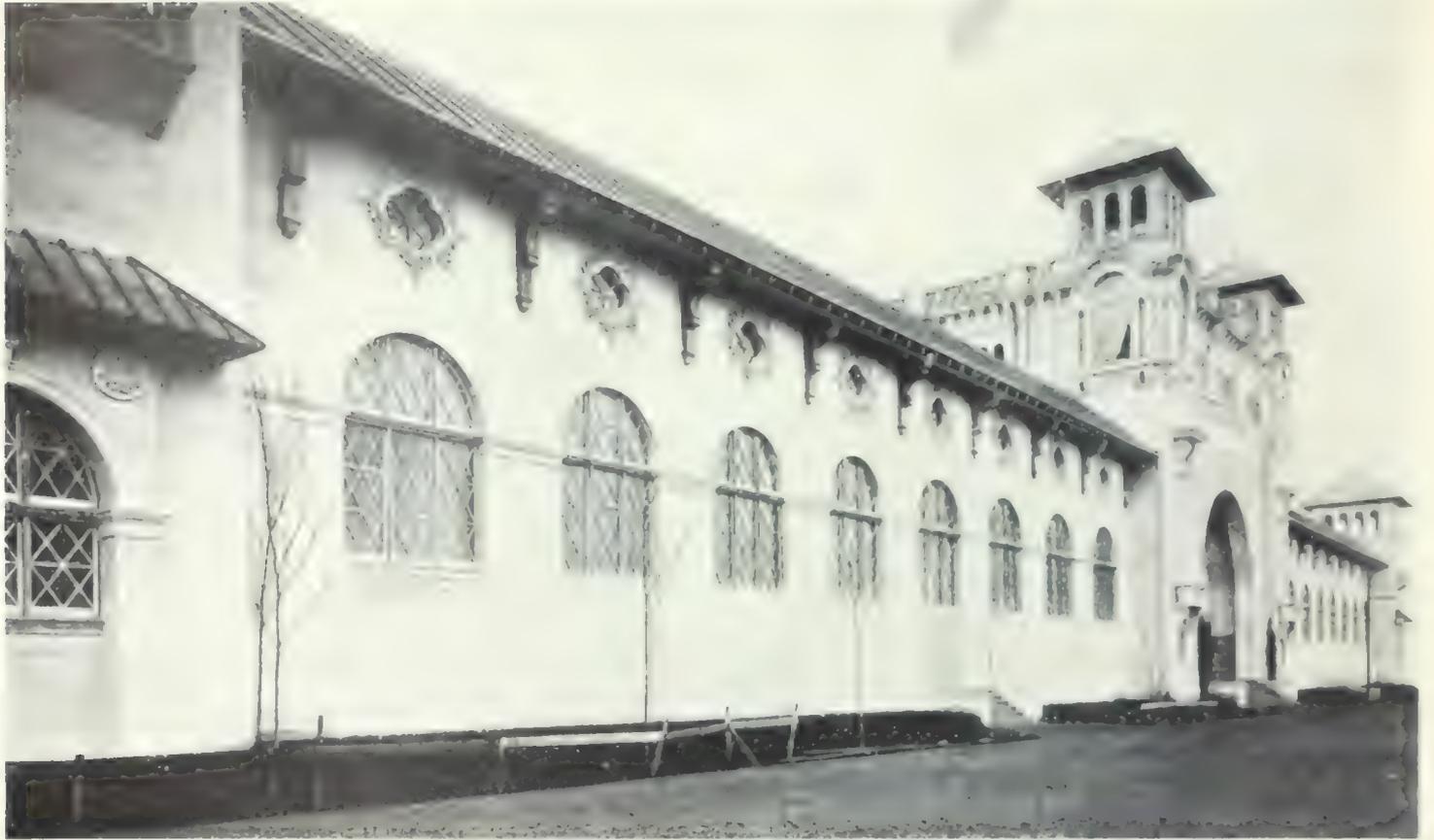
Another new thing is the Forestry Building, erected by the state of Oregon as an exhibit in itself and as a house for the accommodation of forestry, fish and game displays from the several states comprising the Pacific Northwest. Constructed entirely of logs from the forests of Oregon and Washington, it is the largest log house in the world, with a single exception—the Old Faithful Inn of Yellowstone Park. The Exposition log house, however, is built of larger logs than the inn.

It is scarcely figurative to say that gold grows on trees in the Oregon country. Certainly men turn trees to gold; but, even better than that, they turn them into houses where happy families abide, into stately



COLUMBIA COURT, THE MAIN PLAZA OF THE EXPOSITION

The Foreign Exhibit Building on the left, the Agriculture Building on the right. In the centre are the sunken gardens, with statuary and fountains. The group by Frederic Remington, "Hitting the Trail," is at the head of the court. This photograph was taken on the opening day of the Exposition and shows the ceremonial platform in the background



THE FOREIGN EXHIBITS BUILDING

Which contains all the foreign exhibits except those from the Orient

ships, into fast-flying mail trains that cross the continents, and to all the varied uses to which timber is adapted throughout the world. The forest wealth of these two states is incomprehensible. It has been estimated that in Oregon alone there are 300,000,000,000



THE ARCHITECTURE BUILDING



THE BRIDGE OF NATIONS

Nearly half a mile long, connecting the Government buildings with the main grounds of the Exposition



THE LAKE FRONT ON THE OPENING DAY AT THE LEWIS AND CLARK EXPOSITION

The troops were in the conclusion of the ceremonies. Part of "The Army" as the amusement ground is called) at the left. On the peninsula are the Government buildings.



THE WASHINGTON STATE BUILDING

feet of standing timber, board measure. In this Forestry Building is a well-constructed model showing the logging and lumbering industries in operation, with the hillsides covered with standing timber and cut logs, a tramway carrying the fallen giants to the

mills, and the streams floating upon their surfaces the mighty logs dragged down from the hills.

But the building itself is the real exposition of the logging industry. It has been called the "Oregon Cathedral." Within this temple



THE ORIENTAL EXHIBITS BUILDING



THE OREGON BUILDING.

The dignified building at the base in which the Exposition is being held. It is used as a reception hall for visitors.



THE CALIFORNIA BUILDING.

Constructed of four wings in the form of a Greek cross, the wing representing one of the California missions: La Carme, Dolores, San Luis Rey and Santa Barbara.



THE IDAHO BUILDING

of logs is a forest aisle in which the pillars are stately firs and cedars averaging six to seven feet in diameter, while from floor to roof every item of the constructive material is of unhewn logs—rugged, with the bark on. Such an exhibit as this is possible nowhere else, for this Exposition is in the heart of the big-tree country, where with comparative ease such raw material may be erected into an imposing cathedral.

Another new exhibit is a mining exhibit

made by the United States Government. A large separate pavilion has been constructed, near the Mines and Metallurgy Building, which is known popularly as the "Black Sands Annex." Dr. David T. Day, Chief of the Bureau of Mining and Mineral Resources of the United States Geological Survey, is supervising in this annex a series of experiments with a black sand common to the Western country—a despised material in which are to be found in paying quantities,



PART OF THE CURVED PERISTYLE CONNECTING THE GOVERNMENT BUILDING WITH THE TERRITORIAL AND FISHERIES BUILDINGS

according to experts, such minerals as platinum, gold, chromite, monozite, zircon and others. Doctor Day thinks that there is in these abundant sands a sufficient amount of magnetite to be of high commercial value, and one object of these concentration experiments is to separate the magnetite from the other minerals. Although the result of these experiments when this is written is conjectural, it is the belief of the scientific men in charge that a new and highly productive source of

ington also has striven, with success, to outdo all former efforts at showing the world her immense possibilities.

The Foreign Exhibits Building contains exhibits from each of the leading nations of Europe, while the nations of the East are represented in another palace called the Oriental Exhibits Building. The Orient is displaying here at the gateway to the East its chief products. Though several of the Eastern nations and principalities are repre-



THE INTERIOR OF THE FORESTRY BUILDING.

The pillars are solid and are twenty feet high.

mineral wealth may be added to the resources of the West.

There are ten state buildings, each of which houses a general display of resources, with the exception of Oregon, which has distributed its exhibits among the several general buildings forming the main architectural ensemble of the Fair. California, Washington and Idaho are particularly rich in original ideas of installation. California has provided the most complete and comprehensive display of her varied resources ever attempted. Wash-

ington also has striven, with success, to outdo all former efforts at showing the world her immense possibilities. She occupies more than half the space in the Oriental Building. It is understood that the Emperor, not quite satisfied with the excellent showing made last year at St. Louis, gave his commissioners instructions to outdo what was done at the Louisiana Purchase Exposition. Accordingly, Japan has the most comprehensive and representative display among all the foreign nations.

Agriculture and Horticulture share the

largest structure on the grounds. Manufactures, Liberal Arts and Varied Industries are grouped in one building, and another accommodates Machinery, Transportation and Electricity. Fine Arts are represented in a fireproof structure of artificial stone blocks, called the Museum of Art.

Even the "Midway" here assumes a novel aspect. It is named the Trail, in honor of the celebrated old Oregon Trail, the title having been suggested by the present writer and adopted by the Exposition company because it smacks so strongly of the West. The Trail is built out over the waters of the lake. It is a broad avenue of planking supported by piles, and this unique location gives it a distinction not possessed by any former exposition amusement thoroughfare. Though the Trail has some amusement features common to all expositions, there is much about it that is distinctively Western; for instance, a Klondike placer mine in operation panning out gold dust and nuggets.

The Exposition thus has its novel features and is a well-planned, compact Fair. It tells the story of the conquest of the wilds, of the passage of civilized man across the continent, and yet farther and farther westward



ONE OF THE STAIRWAYS IN THE FORESTRY BUILDING



THE FORESTRY BUILDING

No carpentry work was used in the construction except where it was unavoidable. The logs are fitted together in primitive fashion with wooden pins

—to the East by way of the West, for it commemorates an achievement, the ultimate results of which are yet to be appreciated, in the constant expansion of American commerce with the Orient.

The location of the Fair is convenient and attractive. It is on the outskirts of the city, easily accessible by many street cars. Its background is one of the beautiful hills that

floriculture has its wonders to show. There is enough outside adornment, but good taste has been shown in the moderation of it. It has both dignity and fitness.

The exhibits that are most interesting to visitors from a distance are the products of the Northwest; and these will give many surprises to any stranger, and they will take a larger part of the visitor's attention than



MR. H. W. GOODE, PRESIDENT OF THE EXPOSITION

rises from the Willamette River, and the Exposition is built on the border of a lake. The area covered is not large enough to cause weariness at all, indeed somewhat too compact for the best architectural effect. The grounds are well laid out with sunken gardens, a grand stairway to the lake level, and a bridge to the island where the Government buildings are. The beautiful outdoor part of the Fair consists of forest and horticultural and floricultural displays, in a climate where

at any preceding fair. Then, among the foreign exhibitors, Japan is easily the first, both in the variety and in the extent of the products shown. It is the best, because it is the latest display of Japanese ware, objects of art and of learning and ingenuity.

The whole Fair indeed is a successful effort to express the two dominant facts that impress a visitor when he first comes to the Northwest—the natural richness of the country and its relative nearness to Asia.

THE LAND AND THE PEOPLE

THE BEST HOME, PERHAPS, ON EARTH FOR MEN OF ENGLISH STOCK—
INCIDENTS AND OBSERVATIONS THAT HINT OF THE OPPORTUNITIES OF
THE LAND AND OF THE CHARACTER OF THE PEOPLE OF THE NORTHWEST

BY

WALTER H. PAGE

A DISTINGUISHED student of geography and of men has declared that the Northwest—meaning Oregon, Washington, Idaho, a part of Montana and a part of Canada—is likely to be the home of a better stock of men of our race than has yet been developed elsewhere in the United States, or in England, or in any of the British colonies. The arable parts of this region are so fertile that they will sustain a large population—perhaps 50,000,000; and yet they will live on a high elevation where snow falls; they will live in the presence of great constant aspects of nature—for, however much man may change the valleys, he cannot change the mountains; and they will live within reach of the sea. Ocean, stream, mine, forest, farm—all these have enduring variety and abundance of wealth. This country invites to an outdoor life more kindly than any other land of the same altitude or latitude.

You cannot study this region long without feeling the probability of such a prediction. Surely there is nothing extravagant in it; and every important fact about the land makes toward the truth of it. Not the least interesting hint of such a destiny is the universal belief in it by the people themselves who live there. They are sure that they have for a home the most advantageous part of the earth; and this feeling is not mere local pride such as you will find almost everywhere. It is a well-reasoned conviction based on study and on personal experience. It crops out in their daily conversation; it shows itself in their actions. They have planted their lives on it.

The miner, the farmer, the fisherman, the sailor, the town builder and the railroad builder—every primary and productive man—sees before him an endless chance of profitable work for himself and for his successors, under favorable conditions that nothing can change.

In many articles in this magazine the

physical facts about this region are set down, and the spirit of the people is illustrated. In many opinions and in many activities there may yet be a certain crudeness of thought and of action such as is characteristic of all newly settled communities; but there is nowhere a lack of power, of efficiency, or of self-confidence; and the total volume of performance is amazing. It is as much as to say: "You can foresee the limit of population and even of the kinds of activity in New England, or in Iowa; but you cannot see the limit of either in this region." And everywhere the call is for men—more men. They do not fear competition; they rest securely in the belief that every desirable newcomer adds to the total wealth, and benefits everybody.

The best evidences of the high destiny that these men look to, and of the cheerful work toward it which they are doing, are such brief glimpses of their towns and industries and careers as I shall now write. If they seem scrappy as you read them, they all at least support the prophecy of a masterful type of man in a home that fits him for mastery.

Elsewhere very brief descriptions are published of Portland, Seattle and Tacoma, as the largest seacoast cities, whose growth has been natural. But the inland city of Spokane is a sort of miracle. It began its existence, being inland, as a pretty tough town, such as you would expect to find in "the West." A visitor this year, who had last seen it ten years before, walked the clean streets of solid business blocks and asked what had become of the "tough" settlement of his earlier visit. Nobody remembered it. A beautiful, prosperous city it now is—beautiful, mind you, in spite of its newness. You will nowhere find residences built in better taste, nowhere a people who have more rational enjoyments; and this latter is a good

test. They are prosperous because of the rich mines near by (the Cœur d'Alène among them), because of the even richer wheat fields, because of the lumber and the fruit, because (and this is a late discovery) of the marble, because of the waterpower and of the mills. Very nearly every form of wealth production is there or near by.

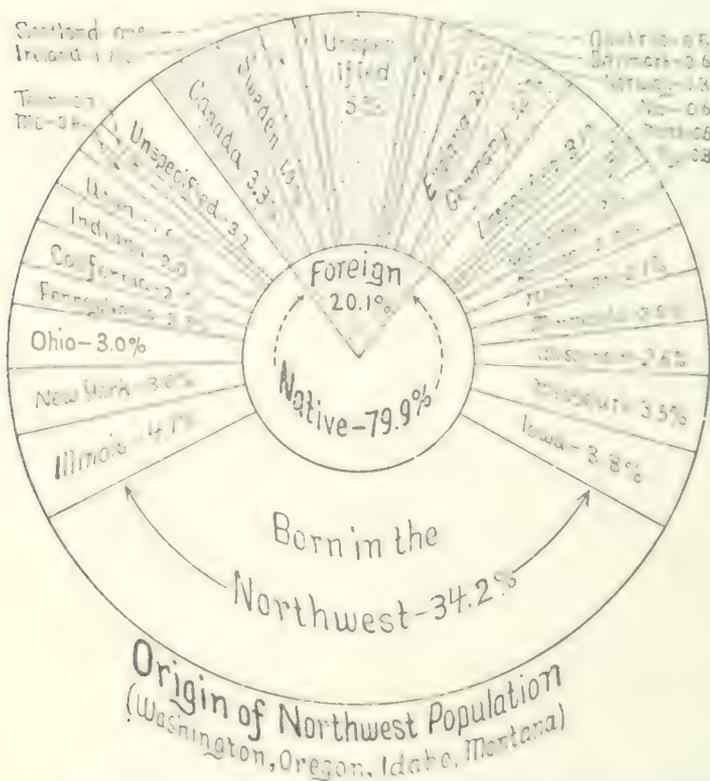
You cannot be in Spokane half an hour without becoming aware of the unusual number of good pieces of architecture. A bank here, an office building there, a residence yonder, and presently a whole section of

very beginning. Men who built good residences on the hillsides that overlook the whole city or on the beautiful river bank below the falls are men who knew the best home-building in the East, and their houses and their grounds ought to be (and some of them are) improvements over most Eastern residences of the same cost and kind. Many of the owners of these houses have fortunes—from mines, and timber, and mills, and transportation, and from the commerce that the rich wheat country yields; and they take life with ease and a dash of gayety.

In the Palouse wheat region they tell you such stories as these: One farmer on his sulky plow came to the end of his row just in time to meet his neighbor on his sulky plow who had come to the end of his row. "Have a cigar, John?" and he offered him a twenty-five-cent perfecto. Or this: A farmer came into town to ask at the bank for the address of a neighboring farmer who was traveling with his family for pleasure. The banker took down a series of telegrams and replied: "Yesterday he left Atlantic City for Newport. He will be there a week."

They have published in a local magazine the photographs of checks given to farmers for their wheat crops—checks for \$35,000, for \$24,000 and for somewhat lesser sums.

Now it is not a safe inference that every farmer smokes twenty-five-cent cigars, or goes to Newport, or receives \$24,000 for his wheat crop; but, as you go about in these towns and cities, or drive about the country, or travel in the trains, the men and women that you meet are of the kind that give credibility to such stories of exceptional achievement. There are in Clarkston, Wash., a man and his wife who make a good living on one acre of irrigated ground. They own but one acre. Their house stands on a part of it—a comfortable, clean cottage it is, too. Flowers grow on a part of it. A part of it is used as a poultry yard. A part of it is taken by a walk from the gate to the door. On the rest of it they grow fruit and vegetables enough (twenty kinds or more) to give them a good living; and they take prizes at the local fair for the products of their tiny ranch. They work only a small part of every year. In Clarkston I said to a man who makes window sashes and doors and such things, that if he wasn't careful he'd be a millionaire in a little while. "Just five years," said he.



THIS DIAGRAM SHOWS THE LARGE PREPONDERANCE OF NATIVE AMERICANS IN THE POPULATION OF THE NORTHWEST. IF TO THE AMERICANS BE ADDED ALSO THOSE OF CANADIAN AND ENGLISH BIRTH THE PREPONDERANCE IS STILL GREATER.

residences, will show that the men who have built the city employed architects to a good purpose. They built not as frontiersmen. The frontier is as far removed from them, in fact, as if the city were an old one. Its most important period of development is of course the period since the railroads came; and one city that is situated on a transcontinental railroad is in many respects as near as another to the centre of civilization (if anybody knows where that is). There was, therefore, no real reason why Spokane these ten years or more should not have had good architects. But it is none the less a great pleasure to see a town built right in most respects from the

"That's what I'm aiming at." And he told how on a recent visit to New York he had persuaded three or four families to come "where life is worth living." Well, Clarkston was a barren valley a few years ago; the settlement isn't yet old enough for all its fruit trees to have come into bearing.

Between Spokane and Lewiston-Clarkston you pass Pullman, where the Washington Agricultural College is—a wonderful dairy country; and nearby is the Idaho State University at Moscow. They already have their colleges and schools of applied science. A good schoolhouse stands conspicuously on the hill at every town, and Mr. Carnegie's libraries almost dot the landscape wherever you turn. The deep-chested sons and daughters of these farmers do not rush to town to become clerks and stenographers. They go to college and come home to till the earth, which is far more profitable.

The farmers in parts of Illinois, of Iowa, of Missouri, and of Kansas have perhaps reached as high a level of efficiency as men have reached on any large agricultural area. Taking their efficiency as a standard, there is much evidence to show that the farmers of Oregon and Washington have made a distinct advance over the men in these states of the Mississippi Valley.

There are several reasons for this. Where the soil is rich at all in these Pacific states it is almost inexhaustibly rich. The climate is milder. The number of profitable crops is greater. More important than all these facts, perhaps, is the difference in methods. Except in the great wheat fields and on the large cattle ranches, agriculture in Washington and Oregon is more intensive. The best land is in relatively small areas, a valley here and a valley there, with mountains between. Farming, therefore, has to be intensive. It is fruit culture or the growing of vegetables. Every foot of land is valuable. Or, it is an irrigated valley, every foot of which is still more valuable. Under such conditions men cultivate it with more care and with greater skill. Thus, in addition to the great fertility of the soil, is the better culture than is common or possible in the Mississippi Valley. For these reasons agriculture has really become here a scientific and profitable pursuit.

A visit to such a town as North Yakima, in Washington, for instance, makes a lasting impression. Agriculture on irrigated land is

practically the only industry of the people. Beyond the watered area is the sage-brush "desert." Within the watered area are fruit and vegetable and alfalfa farms—all small, of course. Five acres, ten acres, twenty acres—few are larger. A house on every ten or even twenty acres makes a town. Most of these farmers make money, that is, a net profit. They have cash in the bank. Their residences are comfortable, a few of them even pretentious. The public schools are good. Life is simple. There are few rich men and no really poor ones. There is little of the hardship of farm life or of country life of the East. The labor is light. Skill and good management are required rather than sheer toil. There is no isolation. Your next-door neighbor is within speaking distance. You live in a town, in fact, and have a town life. At the same time it is your orchard and your garden that maintain you.

In the business part of the town the stores are well kept, the streets are clean, and you may deposit your earnings in a bank that is safe or spend them in shops where you get good value. The "West" of extravagant prices is gone. You have your local daily paper. The express trains bring the larger papers from the larger cities early in the day. You are within easy reach of Puget Sound. You are not shut out of the world in fact or in feeling, yet you are a farmer with only a few acres of soil which not many years ago was a "desert."

The photograph of the pile of apples that appears in this magazine was taken in the orchard of Mr. F. Walden, of Zillah, in Yakima County. He is a retired preacher who went to the Yakima Valley about ten years ago, bought a tract of land at a low price, and set out an orchard. Three years ago it came into bearing. But Mr. Walden thought that he would sell it. He put it on the market, asking \$10,000 for it. He failed to get a buyer that year, and he had the crop on his hands in the fall. The fruit that year brought him \$12,500. The farm has not since been on the market. It is now producing every year from \$12,000 to \$20,000. Mr. Walden lives in Seattle ten months in the year, and spends the other two months harvesting and marketing his fruit crop.

The much older town of Walla Walla has a history similar to North Yakima, with the difference that it has reached a fuller develop-

ment and is even more prosperous. The second generation has now come to maturity, and civilization based on agriculture has reached a very high level. Men and women do not go away from the farm, because the farm is the pleasantest and the most profitable place to live, and it is—in the town. Even if a man have a profession—be a physician, a lawyer, or a preacher, or a teacher—he nevertheless (if he be wise) has his fruit trees or his garden.

And there are many such communities on irrigated land. The Sunnyside country in the Yakima Valley is fast coming to be one vast garden. Wenatchee, on the Great Northern Railway, is another such place. The true stories of success that are told of men in these communities would fill half a magazine. For instance, a Scotchman who lived for a few years in one valley sold his ranch and went home to see his pious old mother. He told his brothers of his success, but he had not told her. She seemed greatly worried about something; and at last one day she said to him: "Mack, I hear that you have made a great fortune—as much as £20,000. You could not have made so large a sum honestly." But he had merely sold his irrigated orchard!

To return to Wenatchee. It will become a famous place because of its fertility and because it is near Lake Chelan; and Lake Chelan is one of the scenic wonders of the world. When this country becomes as well known as Switzerland, or even as California, as many tourists will visit it as go to the Alps or will go to the Yosemite.

Beyond the Cascades, too, are regions as interesting as these inland places. And there the country is—versatile; that is the only word for it. Everett, on Puget Sound, at the mouth of the Snohomish River, for example, is as interesting a small city as you will find on our whole map. It is a maritime town and it is one of the termini of the Great Northern and of the Northern Pacific roads, and it has connection with the Canadian Pacific. Consider what it has and will have to ship. First in value is its lumber. Snohomish County is one of the great lumber areas of the Northwest. Then there is a mineral belt within the natural transportation area of the city. The agricultural life is different from the agricultural life east of the range. There is plenty of rain. But the greatest difference

is that this area is heavily timbered. The land must be cleared of stumps, which is by no means an easy task; for stumps are stumps there. But once cleared it produces the wonderful results which show that this climate and soil work a sort of miracle. Then there are the fisheries, here as everywhere on this coast.

With all these sources of wealth, the opportunities for profitable work are of so many kinds that there is no wonder at the growth of Everett in ten years to a population of 20,000.

Bellingham, further north on the sound, has a similar variety of wealth and opportunities. I asked a citizen of Bellingham to tell me the most interesting facts about it; and he said:

"For instance, it is the most northwesterly city, and Whatcom County is the northwest corner of the United States; it is the nearest important American seaport to the gold fields and fisheries of Alaska; it is the nearest important Puget Sound seaport to the Pacific Ocean; it is one of the west coast termini of three transcontinental railroads; it has the largest salmon cannery and the largest shingle mill in the world; it is the county seat of Whatcom County, which is larger than the state of Delaware and the District of Columbia combined; and in the county are 119 shingle mills, thirteen salmon canneries, twenty-seven sawmills, seven gold stamp mills and 1,400 farms and orchards; it has the best and most favored large harbor on the Pacific coast of the two Americas; it is the youngest and smallest of the four first-class cities of Washington, and it is bound to be—— But look," said he, "there is Mount Baker standing like a mighty white sentinel in the centre of the county, 10,827 feet high."

The pleasing fact about all these towns is that every community itself takes its development in hand. It is not left to real-estate agents. These men recognize the value of men and of industries to the whole community, and the whole community goes about the task of inducing men to go there. I have before me a thick and attractive illustrated pamphlet about Snohomish County. The first half leaf in it is a postal card addressed to the Commercial Club of — (you write the name of any town in the county about which you wish to get information), and on the back of the card this sentence is

printed: "I want to know more about your town and county with a view to engaging in —." If you sign your name and send that card, you will get information from a man who represents the public spirit of the whole town and who has no private bargain to drive with you.

The paper on which the pamphlet is printed was "grown" in the forests, manufactured and made into a book and printed in the county. The pamphlet frankly informs you that it is an advertisement of the county, that 100,000 copies have been printed for distribution, and that a committee, consisting of a member from every one of the more important towns, have prepared it; and their names and addresses are printed. You have an hour's straightforward reading about the county and its towns. The description contains few superlatives, but it is written in the language of men who believe that they have one of the best parts of the earth. The facts are told about geography, climate, the forests, the lumber mills; about agriculture; about mining; about food fishes; about sport; about waterpower; about railroads and markets; about schools, churches, libraries, the homes of the people. There is a brief description of every town in the county; there are good maps, and nearly 200 photographs of houses, industries, scenery, fields, agricultural products, trees, mines—everything.

Any man who has a normal appetite for interesting facts about our own country and its people will read this pamphlet with both pleasure and instruction. If such a man wish to seek his fortune in a new home, he will be likely to go there, if he can, to see these towns and this land. Even if he have no notion of moving, he will carry in his mind for the rest of his life two facts: (1) the resourcefulness of the country and a firm faith in its rapid development into wealth; and (2) an admiration of the public spirit of the people who thus work together sensibly for the growth of their communities. This kind of activity makes a new kind of citizen. It gives everybody an interest in the welfare of everybody else.

I have used Everett and Snohomish County and Bellingham only as examples. Many other communities do the same thing and do it quite as well. Everywhere you will find this public spirit—in the big cities as well as in the smaller ones. In Spokane, in Portland, in

Vancouver, in Seattle, in Tacoma—everywhere the foremost men, who have no personal profit to make by such activity, will put a respectable stranger in the way to find out what he wishes to know.

The expense and personal trouble that the enterprising men and active commercial bodies in Portland, for example, put themselves to for the public good would be incredible in an Eastern city. If you wish to find out facts about anything in Oregon, you can for the asking get accurate information that has cost many thousands of dollars, which have been spent simply for the public good, subscribed and spent by private individuals.

The helpfulness of the people is as noteworthy as the richness of the land. And it is a genuine public spirit—not the activity of land boomers. Every visitor to the Exposition at Portland this year who uses his opportunities to talk with men whom he may naturally meet there, will have his faith in American character and kindness made stronger.

This spirit is an important part of the resources of the Pacific Northwest. It makes men broader. It makes them better neighbors and associates—better citizens. A normal man will find a more normal development in a community of such men than in communities where life is a harder struggle.

Portland and the smaller cities of Oregon offer the same sort of chances that Washington offers, except they have no Puget Sound. There is, however, the great Columbia River, which is both an economic and scenic treasure. There are the Willamette Valley, the Hood River Valley, and many other valleys, the fertility of which matches the fertility of any other parts of the Northwest. Most of all, Oregon has the beautiful and well-developed city of Portland, whose hospitality thousands of strangers will enjoy this year. Large parts of Oregon are yet without railroads; and a great population will flock there as fast as these areas are made accessible.

The life of an "Easterner" who has spent even a month in this Northwestern country is thereafter divided into two periods—before he saw it and afterward. A studious visit makes a deep impression on such a man—if he have eyes in his head and a tongue in his

mouth, and any knack at making friends of the people that he meets. The high-sounding prophecy that is quoted at the beginning of this article becomes gradually a fixed faith. One of the many things that it will be worth living to watch for the next half century will be the extraordinary development of this region; and this development of people and of natural resources will make one of the most interesting chapters in our history.

For, if I have written mainly of natural wealth and of opportunities for fortune, every wise man knows that these are the subjects of first attention in a new land. In the hands of men such as are making these cities, these things are turned to high social and intellectual uses as well.

Further eastward on the transcontinental railroads are cities and towns in Montana of similar opportunities—the homes already of similar experiences. Montana has played and still plays so important a part as a mining state, that the outside world has forgotten, if it ever knew, its agricultural and grazing wealth. The valleys of the Gallatin and the Jefferson Rivers, which form the Missouri, present the same inexhaustible soil that is found in the best of the irrigable regions. Helena, the capital, which was built on a gold-bearing gulch, is now become the home of many men who have made their fortunes. A few of them spend their winters in Florida and in California.

The sight-seer has a pleasant experience at Helena, but to get a glimpse of the infernal wonders of mining, he must now go to Butte. Perhaps nowhere else can he have such an experience. In a sense the world is upside down. To begin with, the city takes its water from the eastern side of the continental divide, and thus diverts it from the Atlantic to the Pacific slope. Then, a large part of its population is always underground; and its underground alleys and streets (so to call them) are longer than those overground. All its wealth comes from these depths. Nothing green can grow there. In general Nature is turned topsy-turvy.

But it is rich—very rich—interestingly rich. The payrolls of the mines and smelters are \$2,000,000 a month, or about \$30 for every man, woman and child.

Within a radius of a mile from the court house there are 125 mines in operation, and

they are producing more than one-fourth of the copper mined in the world. From beneath the surface of this 1,000 acres have already been taken 1,750,000 tons of copper bullion—enough to make an ordinary trolley wire, they tell you, 1,000,000 miles long. If all the shafts, drifts, and crosscuts in the hill around Butte and under it could be put together into one straight tunnel, it would reach—so they assure you—from Butte to the Pacific Ocean. This wonderful place of mines—nobody who has ever seen it can forget it—is on the path that not many years ago Sitting Bull ranged with his braves.

The transcontinental railroads fill a big chapter in our national history for many reasons; and one reason is their wonderful work in peopling the country that they run through. Everybody knows that they publish periodicals, pamphlets, maps, folders, pictures—a larger volume of popular information about the earth and its fruitfulness than was ever distributed, perhaps, by any other method of publication. But only the inquisitive traveler knows how thoroughly this work is done or what a well-trained body of men are kept at work by the railroad companies to secure a thrifty population in their territories. Their organization is probably without parallel. From high officers to the humblest employees, the information that they give and the courtesy with which they give it must be reckoned among the important educational forces of our time. The very brakemen and porters answer questions intelligently. The station agent has expert knowledge of land values—or he will tell you who has. You may have your letters sent in his care. He will telegraph for the umbrella that you left in the car. He knows the mean temperature and the average rainfall. This excursion or that will interest you. Shall he give you an introduction to the road's agent at the town to which you go? Guides, philosophers, friends, sources of all information—these men do a service that suggests several thoughts.

From the high executive officers to the humbler employees, they have been well selected.

They have every one a pride in his road and in its men—a strong *esprit de corps*.

They do a public service with a courtesy and effectiveness that give a good example to all other classes of men who serve the public.

In a word, the railroad that has to settle a country develops a spirit of helpfulness that makes it a great personal humanitarian agency.

The strongest impression made on one's mind by two months' observation and study of this whole region is the effectiveness of these people as builders of cities, of towns,

of communities. They have local jealousies. They have grievances against the railroads. In a word, they are human. But every city, town, community and railroad has the same mind about bringing new men to help in the common task. This public spirit and this temper of helpfulness attract good men and make men good.

THE FUTURE OF OUR ORIENTAL TRADE

BY

JAMES J. HILL

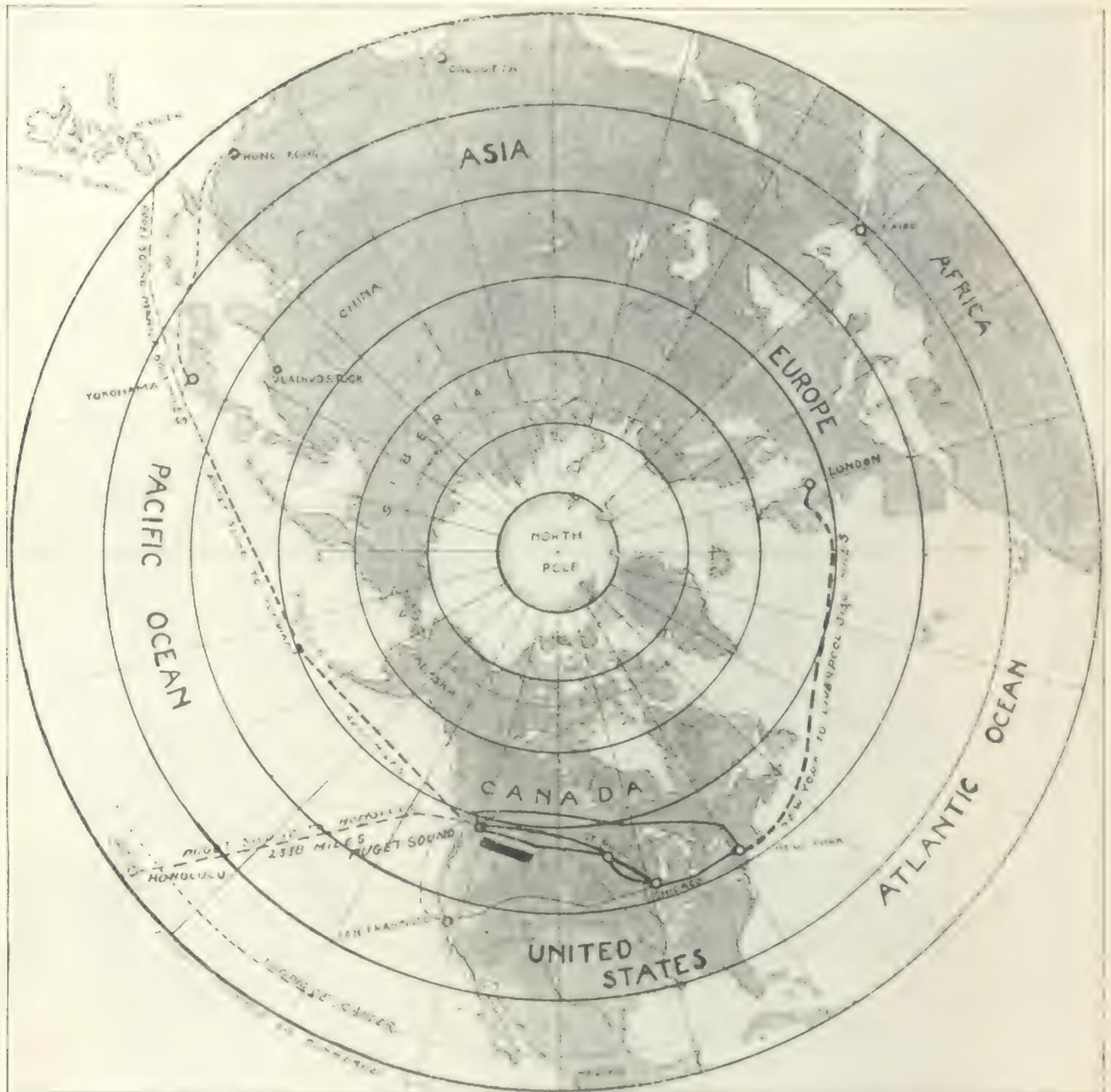
PRESIDENT OF THE GREAT NORTHERN RAILWAY

THE future of the trade across the Pacific depends almost entirely upon the assistance given to it by the Government and the people. We have gone as far as we dare go under the present conditions. I shall not build more ships for the Oriental trade until I know that the present ships are a success, and until I know that this business will be helped and not hindered by the United States Government and people. Up to a little time ago we were carrying thousands of tons of Minneapolis flour to Seattle for shipment to South Africa and Australia. They told us we had to publish our ocean rates. That would mean giving every foreign tramp steamer a chance to cut below them—and we had to give three or ten days' notice before we could change them. This compelled us to withdraw that rate, and we are now carrying none of that flour to those countries.

This whole Oriental trade is a matter of evolution. Ten years ago it was very small. What came across the Pacific came mostly through San Francisco and Vancouver. In 1893 the Great Northern Railway had just reached the Pacific Coast. It found there nearly 400,000,000,000 feet of standing timber—the best in the world. It had no domestic market. To bring it to the Eastern markets where it could be sold they had to pay 90 cents per 100 pounds. That rate was prohibitive. The question was how to make a rate low enough to bring this lumber East.

We could not afford to haul empty cars West to carry lumber East. It costs, roughly, \$125 to haul a car 2,000 miles across the continent. At that time our freight westbound was heavier than eastbound, and we had empty cars coming East. I met the lumbermen of the Pacific Northwest. They told me they could pay 65 cents per 100 pounds on the lumber. I did not think they could pay more than 50 cents. I offered them a 40-cent rate on fir and 50 cents on cedar, and those rates went into effect. The result was that the demand for this lumber grew until we had more cars of lumber to carry East than we had full cars going West.

To make them equal again we had to look for more tonnage from the East. We took cotton from the lower Mississippi Valley, Alabama and Texas and carried it 3,000 miles to ship from Seattle. More and more we got manufactures and other material from the East, going to the Orient. In 1896 the Japanese Steamship Company made a contract with us and put on regular steamers. We had previously sent men to Japan and China to study the trade—to find out just what they could use of our productions and what they would give us of theirs. That was the beginning of this Oriental trade. It came out of this effort to make the eastbound and the westbound trade nearly equal, so we should not have to haul empty cars either way. The Japanese gave us a chance to



THE NORTHERN HEMISPHERE

The map shows the relative positions of Pacific countries more accurately than a flat map.

ship them cotton and rails, we offering to pay any losses on the experiment. There were no losses. That business has constantly increased.

Now, this country cannot export very many things to the Orient. A people like the Japanese, who only earn a few cents a day, cannot pay for many luxuries. They have to get their food and clothing cheap. Because this country produces cotton, grain, iron ore and coal cheaper than any other, there are some things that this country can lay down in Japan and China cheaper than any other

country can lay them down. We can get the trade in these things; but in manufactured goods of most classes we are beaten by the Germans and the Belgians. Labor is too expensive in this country. You cannot pay our prices for labor and make many goods to sell to people who only get from ten to twenty-five cents a day for their work.

What we must do is to make the most of what we have. There should be no restrictions on our carrying grain, cotton, steel, machinery, etc., to the Orient. We must give the Japanese and the Chinese wheat flour

so cheap that they will use it instead of rice. We cannot do that so long as we have not a free hand. You must cut your profits to the very edge to make it possible. We cannot do that so long as we are constantly interfered with. Nor can we do it while the law compels us to tell every tramp steamer captain just what our rates are.

When I went to the state of Washington you could not give away the cedar logs. They used to let them run out into the sea to get rid of them. Because we made rates that made them valuable, the price has gone up about an average of \$12 to \$15 per 1,000 feet. On the 400,000,000,000 feet of timber in the territory the advance in value is about \$600,000,000. Low rates have added that amount to the taxable wealth of those states. Every year we have put millions of dollars into the markets of that country which could not otherwise have been put in circulation.

Take the single item of cotton. In 1901 we carried to Puget Sound 13,070 bales of cotton piece goods and 13,230,000 pounds of raw cotton. In one year these figures increased to 64,542 bales of piece goods and 41,230,000 pounds of raw cotton. Outside of cotton—in nails, wire, machinery and other things of that sort—we also built up a good business. We had to do it by making rates to meet the necessities of the case. It was to keep those rates low that I wanted the *Minnesota* and the *Dakota*—big ships of 28,000 tons. Somebody had to build ships of that class. To make them economical they must carry large cargoes, so we have

to make the tonnage to fill them. Most of the other ships on the Pacific are from 2,500 to 7,000 tons. I think the largest Canadian-Pacific ships are 6,000 tons.

You must realize that in this Oriental business we are not competing against the other railroads alone. On local business to the coast—to Seattle, Portland, San Francisco, Vancouver—we do compete with them. But upon freight from New York to Japan or China by rail and water we are competing with the all-water route from New York to the Orient around the Cape and via the Suez Canal, and with European commerce by sea. We have to make rates to hold the business against these routes. We must meet the English and other tramp steamers. No one regulates these tramps. Moreover, to lay down American goods in Hong Kong you have to make them as cheap as German goods, Belgian goods or English goods. These countries are nearer the market, and they have no long haul by rail. They do not have to haul their freight across the Rocky Mountains.

The future of this business remains to some extent a matter of conjecture. If all the railroad forces, the people, the Government and the laws unite to help this traffic, Puget Sound will be the great seaport of the Pacific. It will be the clearing point for the biggest volume of the tonnage going to the Orient and coming from it. Presuming that Japan will come to be a great commercial nation, American trade on the Pacific Ocean should soon rival that of the Atlantic.

AMERICAN MASTERY OF THE PACIFIC

AND THE OUTLOOK FOR MANUFACTURES IN THE
NORTHWEST ON WHICH IT MUST BE BASED

BY

JAMES B. MEIKLE

FIFTY years ago William H. Seward, in making a speech in the United States Senate, said: "The Pacific Ocean, with its shores, its islands and the vast region beyond, will become the chief theatre of events in the world's great hereafter."

Since that time the governments of Europe have overrun the Pacific, as settlers seeking homesteads and pre-emption claims overran the Western States, and have pre-empted, annexed, colonized, or extended their protection over as many islands and as much

mainland as possible. Germany, France, Great Britain, and the Netherlands joined in a rush for colonies in the Pacific.

Although vitally interested in these transactions, the United States took no part in them until 1898. Then the first steps were taken by the annexation of Hawaii and the occupation of Samoa. These were followed during the same year by the acquisition of the Philippines, Guam, and Wake Island as a part of the treaty of settlement in the war with Spain.

The possession of these islands gives to the United States an influence and power upon the Pacific never dreamed of prior to the battle of Manila. To-day, our territory and the territory of Japan almost join in surrounding the North Pacific Ocean. The northern islands of Japan are scarcely five hundred miles from the outermost islands of the United States, in the Aleutian group. The Philippines are only two hundred miles from the southernmost islands of Japan, while Guam, Wake Island, and Hawaii stand, as sentinels of the sea, along the southern border. The possessions of these two nations stretch along the eastern and northern coast for more than five thousand miles and nearly as great a distance along the western coast.

The Americans paid very little attention to Pacific Ocean matters until after the battle of Manila. During the years succeeding the Civil War, the idea had grown up that America was all-sufficient in herself; that we could build a tariff wall about us and live wholly within our own territory, and within our own resources, and get along very well without the people of any other country. Our people were taught by a partisan press, and by campaign orators, that the home market was the only market really worth considering, and they neglected the opportunities for the extension of their trade to the distant countries of the world. They had let the American merchant marine languish, until we were carrying less than 10 per cent. of our own products to market. In other words, they had gone to sleep in a commercial sense, while the nations of Europe were securing a powerful influence in the countries of the Far East.

The battle of Manila marked the beginning of a new era in our commercial history. The commercial spirit of our people once awakened, began to seek the avenues by which this

new field of trade in the Orient might be controlled, and from that time, on every hand, and in every quarter of the globe, American genius, American energy, and American enterprise have been pushing to the front.

No one was quicker than Mr. James J. Hill to see the great strategic value of the situation in the North Pacific Ocean. He had built a transcontinental railroad to this new country on the Pacific coast, to carry the lumber of this region to the East. The greatest obstacle that he encountered in operating his railroad profitably was the difficulty in obtaining freight to carry to the coast so that his cars would be loaded both ways. To overcome this difficulty he entered into a traffic arrangement with the owners of the Nippon Yusen Kaisha line, and in 1896 they established a regular steamship service between Seattle and Japan in connection with his road.

August 31, 1896, will long be remembered as one of the important dates in the commercial history of the North Pacific Ocean, for on that day the first Nippon Yusen Kaisha ship arrived at Seattle from Yokohama, under the traffic arrangement with the Great Northern Railway Company. There was great rejoicing in Seattle when the little ship, flying the flag of Japan, sailed into port. The whole city was down at the waterfront to see the wonder. The people made a universal holiday and celebrated the event by banqueting, speeches, music and fireworks. If such a ship should come into the port now, it would attract no attention whatever, except, perhaps, a small notice in the daily papers. Nevertheless it was an event of the greatest importance, for from that small beginning an enormous trade has grown up between Puget Sound and the countries of Asia.

Of course before that time steamship lines were in operation between the Orient and San Francisco and a great traffic had grown up. Lines ran also from Portland, Tacoma, and Vancouver, B. C., but the greater portion of the commerce was handled by foreign vessels. It was not until after 1898 that the American ship builders and ship owners realized the importance of handling American commerce in American bottoms. The immediate result of the war with Spain was the development of an extensive transport business between the Pacific coast ports and the

Philippine Islands. The Government was forced to purchase ships from foreign countries to carry on this trade, and after the close of the war a number of those ships were admitted to American registry, and permitted to enter into the coastwise trade, as well as into foreign commerce. This may be said to mark a beginning of the American mastery of the Pacific.

The operation of these vessels during the next two or three years demonstrated the coming importance of the commerce of the Pacific. Owing to the great gold discoveries of the Klondike and Alaska, an immense trade grew up between the Pacific ports and the countries of the North. This trade has grown until the number of vessels entering and departing from the ports of the United States to Alaska averages nine per week, or nearly five hundred in a year. As this trade comes within the provisions of the coastwise laws, it can be carried on only by American vessels, several of which operate on the Alaska lines during the open season and carry cargoes to foreign ports at other times. This fact greatly encourages the steamship companies to invest in American vessels in preference to foreign bottoms, because it permits them to carry cargoes wherever they may be found.

In 1901 the greatest struggle ever known came in the railroad world, the object of which was to gain control of the trans-continental railway lines to the Pacific coast ports, and particularly the lines reaching Puget Sound. The principal object sought was the control of the Northern Pacific Railway. It was developed in the contest that the stock of that corporation was almost equally divided between the forces led by Mr. Harriman, of the Southern Pacific system, on the one side, and Mr. Hill, of the Great Northern Railway Company, upon the other.

Both parties set to work to acquire the scattering shares, held by others, which constituted the balance of power, and stock rose to \$1,000 per share before the fight was ended. What did it all mean? It meant that the great financiers realized that a new field had been thrown open to American commerce, and that they intended to take possession of it. They had looked across the Pacific to the Philippines, with their 10,000,000 of people, and a commerce amounting to \$60,000,000 yearly, which the Americans

controlled; to Japan, China, Korea, and the Dutch East Indies, with a combined population of 500,000,000 and a commerce of more than \$1,000,000,000 per annum, which they believed could be doubled during the next twenty years, and which had increased 20 per cent. in the last three years; to Siberia and Manchuria, which were being opened by the building of the great Trans-Siberian Railroad and settled by husbandmen who would use American machinery and American manufactures; to Hawaii, Alaska, Australia, the South American republics, the islands of the southern seas, Mexico, Central America, and our own rich and fruitful coast; and, seeing the wonderful possibilities of the immediate future, they entered upon a struggle for supremacy in that commerce.

When the battle was over a count of the shares revealed the fact that Mr. Hill and his associates held a controlling interest in the Great Northern, the Northern Pacific and the Burlington railroad systems, which would enable Mr. Hill to carry out a great scheme of transportation which had been his dream for years, viz.: a scheme by which freight rates could be fixed from the point of origin through to the point of destination by one party.

This movement was immediately followed by the building of the mammoth steamships *Minnesota* and *Dakota*, to be operated from Seattle to Japan, China, and the Philippine Islands. The *Minnesota* and the *Dakota* are now making regular trips, operating in conjunction with the railroads, and carrying outward cargoes of 28,000 tons at a time, at prices which would have been impossible a few years ago.

There has been other great activity in the development of the commerce of the Pacific during the past seven years. Before 1898, the only American ships engaged in the Oriental trade were those of the Pacific Mail Steamship Company, running from San Francisco to Asiatic ports—a great steamship system that reflects much credit on its enterprising management. The foreign commerce of Portland and Puget Sound was handled by foreign vessels, which did not run according to a fixed schedule.

In the summer of 1900 the China Mutual Steam Navigation Company put on a line of vessels running between Puget Sound and Liverpool and Glasgow, making sailings once a month and calling at the chief Asiatic ports,

and have operated continually ever since that time. The vessels of this line make longer voyages than any other regular line in the world.

The Pacific Mail Steamship Company built the magnificent steamships, *Siberia* and *Korea*, which were completed in 1901, the *Mongolia* and *Manchuria*, which were completed in 1904, and placed them upon the run between San Francisco and Hong Kong, in addition to the American ship *China* and the British ship *Algoa*, which they already operated.

The Boston Steamship Company entered the field in 1902 with the American steamships *Shawmut*, *Tremont*, *Hyades*, *Pleiades* and *Lyra*, running between Seattle and Tacoma and the Oriental ports; and the Great Northern Steamship Company commenced operations in 1905, with the *Minnesota* and *Dakota*, running between Seattle and Yokohama, Shanghai, Hong Kong and Manila.

The Portland and Asiatic, a German company, operates a line of vessels, with a monthly sailing between Portland and the Orient. The Nippon Yusen Kaisha has a bi-weekly service between Seattle and Yokohama. The Nippon Kishin Kaisha operates three vessels between San Francisco and Yokohama; and the Occidental and Oriental Company runs two British ships between San Francisco and the Orient.

In addition to the traffic of the regular lines of steamships, thousands of tons of freight are carried by a chartered fleet, which is used to transport any freight that may be offered in addition to that which the regular lines can carry. A large business is done by these extra vessels. For example, during the first six months of this year ten large cargoes were loaded at Tacoma and Seattle with the surplus freight left over by the Nippon Yusen Kaisha, the Great Northern and the Boston Steamship companies, on account of lack of cargo space.

In 1897 the total tonnage of American steam vessels engaged in the foreign commerce of the Pacific Ocean was 23,426; in 1905 it had increased to 140,685 tons.

It takes courage, faith and patriotism to invest in American ships under present conditions, when the competition of foreign subsidized vessels is so keen, and the men who have promoted and built the magnificent ships of the Pacific Mail, Great Northern and Boston Steamship companies command our

respect and admiration, and deserve our commendation and support.

The state of Washington, with Puget Sound, although one of the youngest, is sure to become one of the most important maritime states of the Union. Her citizens now own more American vessels registered in the foreign trade of the country than any other state in the Union. So far removed from the seat of Government, it often seems as if these seagoing men of the Northwest were not only unappreciated and neglected, but forgotten, yet they keep alive a certain kind of patriotism that might well be cultivated east of the Rocky Mountains. More than 50 per cent. of the tonnage entered and cleared on the whole Pacific coast is of American registry, and in the commerce of Puget Sound more than 65 per cent. is American.

The value to this country of American ships in the foreign trade is well illustrated by the operations of the Pacific Ocean transportation companies. The owners of the vessels in that trade employ intelligent and progressive agents, who canvass the countries of Asia and Australasia, with the object of developing trade between the United States and those countries which will furnish cargoes for their ships, while the foreign steamship companies are satisfied to carry the freight offered them, without exerting themselves to create new fields of trade for American products. The testimony given some time ago before a Government commission by Mr. Schwerin, of the Pacific Mail Steamship Company, is one of the most illuminating documents on our marine condition and needs ever put forth. He showed the necessity of enabling Americans to enter the service of sea commerce and the disadvantage that our ships are put to because of the motley and underpaid crews of foreign ships.

The trade of the Orient will grow to vast proportions, because we do not compete with those countries in the production of the commodities which they export, and they do not compete with us in the production of the articles which we export. This trade is unlike the trade of the Atlantic, where we have to go into the markets of the world and compete with the countries of Europe for the trade in similar products; and this is a condition that will not soon change.

The commerce with Australia and the Pacific islands is growing slowly, and the

same is true of the trade of the west coast of Mexico and South America. America is still weak commercially in that quarter. The Pacific Mail steamers, from San Francisco, the Kosmos line of German steamships, running from Hamburg to Seattle around Cape Horn, six times a year, and the American-Hawaiian line running from New York to Seattle via the Straits of Magellan, handle the principal part of that trade.

In considering the trade of the great oceans, the fisheries should not be overlooked, for they play an important part. The deep-sea fisheries of the Pacific Ocean are the most extensive in the world. The United States Fish Commission has done some excellent work in investigating the codfish banks of Bering Sea to determine their number and extent. The report of the Governor of Alaska shows that there are not less than 125,000 square miles of codfishing in connection with the Alaska coast. A good authority has declared that "for every fish to be found upon the banks of Newfoundland, a thousand fish can be found on the banks of Bering Sea." Here is an immense source of wealth waiting for development. Very little has been done in codfishing up to this time. Some vessels from San Francisco have been quietly fishing, with great success, in the vicinity of the Shumagin Islands and in Bering and Okhotsk seas, since 1869, and during the past three or four years another company has been operating from Puget Sound.

The halibut fisheries off the coast of the state of Washington, and along the coast of British Columbia and Alaska have been developing rapidly during the past few years. The report of the American Consul at Vancouver, B. C., shows that the New England Fish Company of Boston, with three vessels, are shipping more than 10,000,000 pounds of halibut from the Pacific coast to Boston every year. There are a number of American fishers from Seattle and Tacoma, who also are selling their product in the cities of the Atlantic coast states.

Notwithstanding the wonderful progress made by America upon the Pacific Ocean during the past few years, the development of this traffic lies in the future. The trade with Alaska will grow enormously with the development of the rich mineral and agricultural resources of that district. A company has obtained a concession from the Russian

Government, which grants the exclusive right to exploit the resources of a territory in eastern Siberia larger than all of the New England States together, with New York, Pennsylvania and Ohio added. This country is similar to Alaska, particularly in mines and fisheries. This company is closely identified with another company which has purchased a number of vessels to carry on the trade with Alaska and Siberia from Puget Sound. A vast amount of money is now being expended in the development of the Siberian concession, and the results will produce a large traffic with the Pacific coast ports.

The completion of the Panama Canal will cause many changes in ocean trade, and will divert a large part of it to that new route. It is impossible to determine what effect it will have upon American interests in the Pacific.

The American mastery of the Pacific, if it come, must come as the result of a successful campaign for commerce, and the extension of the markets for the products of American fields, forests, mills, and factories to every country and every island whose shores are washed by that ocean. It is within our reach, but it will never be complete until we can build our own ships and carry our own products to market under the protection of the American flag. We have a monopoly in the trade with the Philippine and Hawaiian islands, which gives us a certainty of a considerable portion of the cargoes for our ships. With this advantage and with reasonable government aid to American merchant ships to overcome the advantages granted by other nations to foreign subsidized ships, which have from time to time forced American vessels out of business, American supremacy would be assured in the commerce of the Pacific.

THE OUTLOOK FOR MANUFACTURES

When the steamship *Minnesota* cleared from Seattle on her second voyage to the Orient, on the first of last May, she carried in her hold, besides many other things, seventy locomotives, a large number of railway cars, and quantities of construction materials for the railroads of Japan; 10,000 kegs of wire nails, and hundreds of thousands of dollars' worth of hardware, machinery, and other products of American mills and factories. These locomotives were built in Philadelphia. The railway cars and construction materials, nails, machinery, leather,

paper—in fact, nearly all of the manufactured articles—came from east of the Mississippi River, and were carried across the continent at a great expense. Why are not these articles manufactured on the Pacific coast? This region offers a field, yet practically undeveloped, to the future captains of industry.

Extensive markets, cheap raw materials, cheap fuel, cheap power, cheap transportation, and convenient facilities for the distribution of the products of mills and factories—all these are here. The market for the lumber and fish products is the whole civilized world. The principal markets for other products are Alaska, Canada, Mexico, Central and South America, the countries of the Orient, the Philippine and Hawaiian Islands, Australia and the islands of the South Pacific Ocean, and, not least of all these, the states west of the Rocky Mountains.

In Washington and Oregon there are 500,000,000,000 feet of merchantable timber, worth one dollar per thousand feet as it stands. There are deposits of iron, copper, lead and other minerals, in these states and in British Columbia and Alaska, which can be laid down at the wharves on Puget Sound, or the Columbia and Willamette rivers, at lower prices than they can be supplied in the East.

The state of Washington, British Columbia, and Alaska have coal fields which are practically inexhaustible. The mines of Washington produce more than 3,000,000 tons every year, and could be made to produce any amount necessary to supply the market. The coal is suitable for all kinds of manufacturing. Charcoal can be produced in large quantities at a very low cost, because an unlimited supply of wood, which might be utilized, is annually destroyed in clearing land, and the by-products of a charcoal plant, such as pitch, tar, turpentine, and wood alcohol, will more than pay the cost of operating it.

The swift rivers that flow down from the glaciers and snow fields of the Cascade and Olympic Mountains have power enough to turn the wheels of all the mills west of the Mississippi River. It is safe to say that at least 1,000,000 horsepower might readily be developed in every state of the Northwest. Portland, Tacoma, Seattle and Spokane are already supplied with power for lighting and

industrial purposes from their large rivers, and many of their mills and factories are run by electricity at a cost very much less than the cost of steam power.

Next to agriculture the leading industrial enterprise of the Northwest, at the present time, is the manufacture of lumber. The forests of western Washington, Oregon and British Columbia are the most extensive and most valuable to be found upon a like area in the whole world. Although more than 1,500 mills are at work turning out more than 3,000,000,000 feet of lumber and 7,000,000,000 shingles every year, there is enough standing timber to keep them all running at their full capacity for 150 years. The manufacture of lumber is the only industrial enterprise fully developed.

The next thing needed is the manufacture of iron and steel. One small furnace at Seattle has demonstrated the valuable quality of the ores, and has shown that a superior grade of iron can be produced at a low price and a large profit. The freight upon iron and steel from the mills of the East to the Pacific coast runs from \$11 per ton upward. That is a much greater protection to the Pacific coast manufacturer against the manufacturers of the world than the protective tariff is to the iron and steel kings of Pittsburgh and Birmingham. This is true of all kinds of manufactures. It is estimated that the iron and steel products used in the Pacific coast states amount to at least 600,000 tons per annum, and that the freight paid for their transportation amounts to more than \$7,000,000 a year.

The iron furnaces, as soon as they are built, will be followed by rolling mills, foundries, locomotive works, steel-rail mills, tube and plate works, and many other kindred industries. Portland, Seattle and Tacoma already have a number of large machine shops which make engines and machinery for the lumber mills, mines, and other industries of these states and Alaska. The owners of these plants are able to compete with the manufacturers of the East, notwithstanding the high prices they are compelled to pay for the iron and steel brought from the East. There are shipyards in all these coast cities. The battleship *Nebraska* was launched at Moran Brothers Company's yard in Seattle last October. Several other naval vessels have been built upon the Pacific coast,

including the battleships *Oregon* and *Wisconsin*, but the builders have received a 4 per cent. differential to enable them to compete successfully with the Eastern shipyards. With the development of the iron and steel industry, there is no reason why they cannot compete upon equal terms.

Alaska will require immense quantities of railway materials. In 1904 Alaska imported iron and steel products to the value of \$2,258,335. One of the most important items was tin plate, which is used to manufacture tin cans to pack the Alaska salmon. The shipments of tin plate to Alaska the last two years amounted to 17,290 tons. The salmon canners of Oregon, Washington, and British Columbia use a greater quantity of tin than the canners of Alaska, and the canners of fruits, vegetables, milk and cream also add largely to this demand. Tin is produced in northern Alaska in paying quantities. About one hundred tons were brought to Seattle in 1904 as the result of extensive prospecting. The owners of the mines expect to develop their properties and produce several hundred tons during this season. Plans have been made to construct a small smelter at Seattle, especially designed to treat these ores.

Nearly all of the furniture used on the Pacific coast is shipped from the factories of the East. One reason is the scarcity of hardwoods. This condition will be changed in the near future by the importation of the timber of Australia and the Philippine Islands as return cargoes for the lumber vessels which carry the Washington and Oregon fir and cedar to those countries. This return trade is expected to result in the establishment of furniture factories enough to supply the Pacific market.

At the present time the population of the three Northwestern states is about 1,500,000. Acre for acre, they are capable of supporting as large a population as any other section of the country. In area they are equal to the thirteen original states, which now contain a population of more than 30,000,000 inhabitants. The reclamation of arid lands by irrigation in the country lying between the Cascade and Rocky Mountains is going forward at a remarkable rate, and the indications are that within the next six or seven years the population of these states will be doubled, and they will soon rival their sister states of the East. California is also grow-

ing in like manner, and it will be but a few years until at least 10,000,000 people are living in the Pacific coast states. The home market for such a population will give a great impetus to manufacturing and bring about the development of many new industries.

Large works will be required to make the farm implements, wagons, and machinery. The ending of the war between Japan and Russia will open up a large market in Manchuria and Siberia, which can be more readily supplied from the Northwest than elsewhere. An era of railroad building is just beginning in China, which will open a large market for railroad construction materials, engines, cars, and other equipment. All these markets may be controlled by the manufacturers of the Northwest if they prepare to meet the demand which is sure to come.

Manchuria, with an area greater than the states of Indiana, Illinois, Iowa, Michigan, Wisconsin, and Minnesota, combined, with a soil and climate similar to those states, and a great wealth of natural resources, is practically undeveloped. It has vast forests of useful timber, such as oak, walnut, fir, and pine. It has an abundance of mineral deposits, including iron, gold, silver, coal, and copper in large quantities. Wheat, barley, and millet grow so luxuriantly that it is called the "Garden of China." In the warmer portions the grapevine flourishes, and cotton, sorghum, rice, and tobacco are cultivated. The Amur province of Siberia is also a productive country. The development of the resources of these rich countries will undoubtedly be begun in accordance with Western ideas of modern progress and civilization, as soon as the war is over, thereby furnishing a profitable market for American machinery and other manufactures, which will be shipped through the ports of the Northwest, and the manufacturers who are established nearest to that market will reap the richest rewards.

In addition to the railway equipment and construction materials now going to China, there is a large and growing trade, particularly in cotton goods and flour. The Chinese are beginning to use American wheat flour to quite an extent, and now it is common to see them selling wheat cakes in their stores, where formerly they sold rice cakes only. This flour trade will grow and be supplied chiefly by the Pacific coast and shipped from Portland and Puget Sound.

Some of the leading industries which will grow up in the Northwest, as a result of the commerce with the Orient and the importation of raw materials from the countries of the Far East, are cordage works and sugar refineries. The hemp and jute used in the manufacture of rope, twine, and sacks comes from the Philippine Islands and India. There are large factories in Portland and Seattle for the manufacture of these articles, which are beginning to compete with the Eastern factories for the trade of the Middle West. The island of Java alone ships to the United States, annually, from 300,000 to 500,000 tons of raw sugar. Now this sugar goes to the refineries on the Atlantic coast, but with the heavy outward cargoes from the Pacific to the Orient, and the light cargoes on the return voyages, a large part of it will be brought to these ports and refined and distributed to the interior. A refinery is now in successful operation at Vancouver, B. C., which controls the trade of Canada as far east as Winnipeg. There is no reason why a refinery at Portland or Seattle should not

control the American trade as far east as the Missouri River.

Textile manufacturing is still in its infancy in the Northwest, the only development being in the manufacture of woolen goods. There are fourteen woolen mills in Oregon and two in Washington. This industry will grow rapidly with the increase of population on the Pacific coast and in Alaska. The mills now in operation sell a large part of their products to the wholesale houses in Chicago and New York. Extensive experiments, made in the Willamette Valley in Oregon and in the Puget Sound basin of Washington, have demonstrated that flax can be grown in this climate which will produce a fibre equal to the fibre used in the manufacture of the Irish lincens.

There are many other enterprises which might be mentioned, but enough has been said to show that the Northwest as a manufacturing centre has a most brilliant future, and that it must soon become one of the leading manufacturing sections of the country.

WHAT THE NORTHWEST IS

THE SIZE AND QUALITIES OF THE COUNTRY
AND THE CHARACTERISTICS OF THE PEOPLE

BY

JOSEPH BLETHEN

DURING the recent rushing days of American prosperity the West has ceased to be a place and has become a condition. The United States has lost its physical frontier. It has instead a frontier of character which is called provincialism, and which may be found within every state and territory. The traveler west of the Mississippi may look from his car window and see a cowboy or an Indian, but in the next half hour his train rushes into a town wherein society has already learned the distinction between a man's bank balance and his wife's visiting card. Names of Western states no longer suggest vigilantes and Indian uprisings. Some of them now suggest rather the purchasing of seats in the

United States Senate. There are acres of waste land in the West as there are acres of useless land in the East; but in a journey from the Pacific coast straight to the Atlantic the dining car is not taken off the train till it goes east of Chicago.

The West has given way to the Northwest, the Central West, the Southwest, and so on. The Western man has given way to a sectional gentleman from Kansas, from Oregon, from Puget Sound, from Texas or from Indiana. The West was at one time around Albany, at another it was Ohio, and again Nebraska was a wilderness. In the same way Buffalo was once the Northwest, and then Chicago robbed even the lumber camps of Michigan of that distinction. Later, Mr. J. J. Hill discovered



Photographed by Scott

THE MILES AND MILES OF SAGE BRUSH "DESERT" IN THE YAKIMA VALLEY, WASHINGTON, BEFORE IRRIGATION

Dakota wheat, and men going two days and two nights eastward in a sleeping car to Chicago forgot that there was anything east of that city. In due time the millers of Minneapolis and the wholesalers of St. Paul began referring to Montana and Wyoming as the Northwest. Finally, men had business west of Spokane and said that they were going to the Coast. To-day one may stand on a dock built out into the Pacific and take a ship for Alaska. Which of these, shall we agree, is the Northwest of to-day? Since we are celebrating the Lewis and Clark Centennial, let us agree that our Northwest shall be the three states of Oregon, Washington and Idaho. Remember that Texas on the southern border, like Dakota on the northern border, is in the centre, east and west, of this country.

There has been a similar transition in character from Westerner to American. The horseback era followed the navigation of the streams, and then the railroad came to

hang the great spaces of the West with cities like long circuits of electric lights waving along a boulevard. With the railroad the Westerner passed away, leaving the American citizen proud of his section. With the railroad came the period of town building and town booming wherein the men from the East, traveling westward in a Pullman, endeavored to make fortunes overnight in real estate gambling. It took the collapse of the boom and the awful years that made Kansas bleed and Populism prosper to teach them that they had found a new empire. In these men are now blended the traits of the cowboy and of the real estate man, of the vigilante and the student of law; but added to all these are the conservatism of the capitalist and the responsibilities of success. They "plunge" less now, since they have more to risk; they fight harder now, since they have more to protect. But they are the same adaptable, energetic, optimistic spirits



AN ORCHARD ON SAGE BRUSH "DESERT" LAND FIVE YEARS AFTER IT WAS FIRST IRRIGATED



ONE OF THE VAST PRUNE ORCHARDS OF THE NORTHWEST IN BLOSSOM

who pushed the pioneer ahead and created for themselves great wealth where only opportunity awaited their coming. They are still pushing. These are the men who have made that three-fifths of the nation which lies west of Chicago so safe that the cliff

dwellers of Manhattan have grown richer by selling them their wares—from steel bridges to magazines, from life insurance to Massachusetts state bonds. Their one care is a constant watch for opportunity, and their rule of honor is respect for every other man's



A SEVEN-YEAR-OLD ORCHARD AT NORTH YAKIMA GROWING ON LAND THAT WAS FORMERLY A DESERT



THE SOURCE OF SEATTLE'S ELECTRIC POWER
Mt. Rainier and Spray Park

Copyright, 1923, by W. P. Demans, Seattle

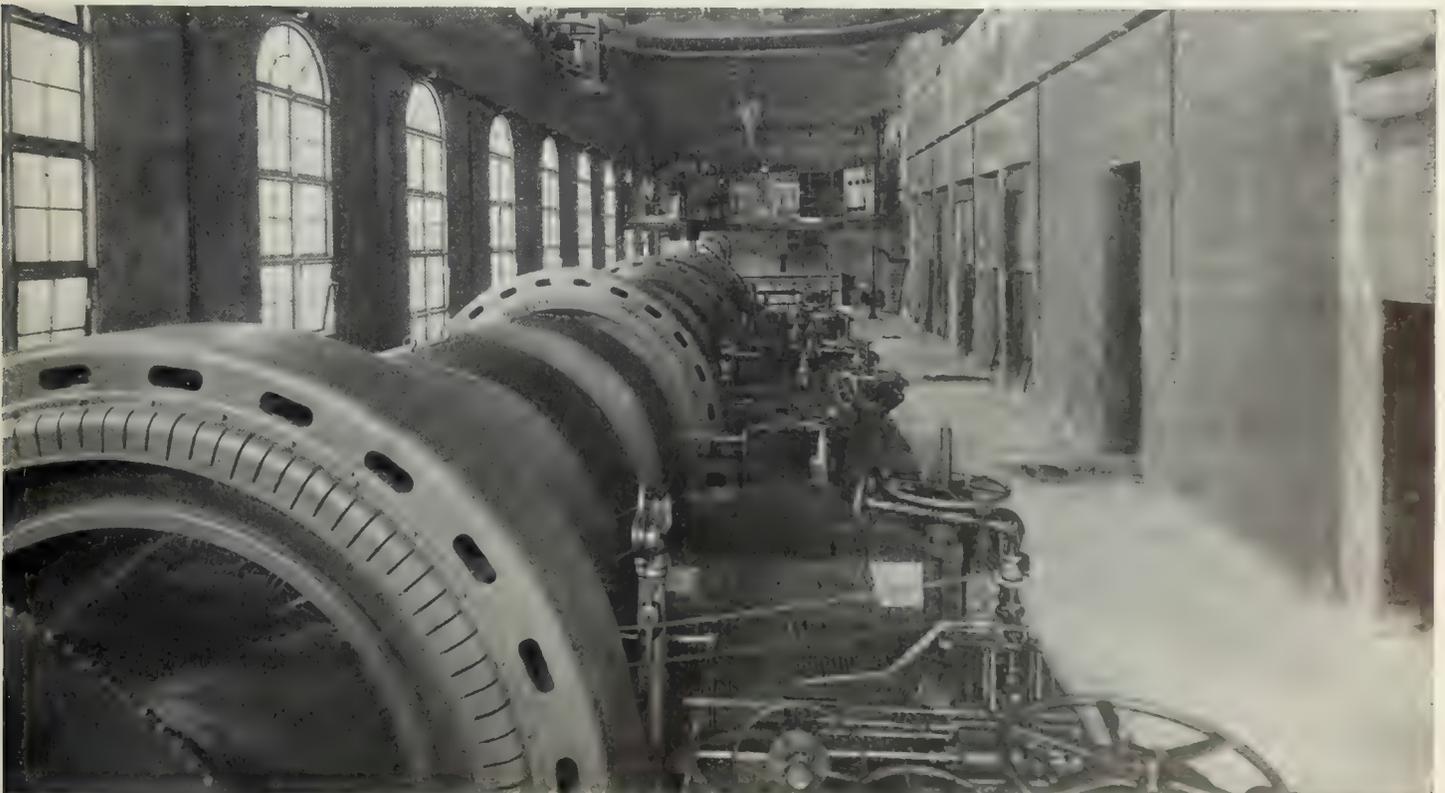
right to try. They laugh when they win, because success in a successful country need not be taken too seriously. They laugh also when they fail, because failure amid so many opportunities is ludicrous. They are crude and they meet their social problems in their wives' names. Their optimism is the optimism of plenty; their conceit grows out of their achievements. The New Yorker scornfully says: "Why should I go West? I have everything that is worth seeing right here in New York." To this the American replies: "Yes, everything except the United States of America."

"You think you are the whole nation," says the New Yorker.



THE FLUME THAT CARRIES THE WATER FROM THE MELTING SNOWS TO THE ELECTRIC POWER HOUSE

Photographed by Romans Photographic Co., Seattle



WHERE THE MELTING SNOW GENERATES ELECTRICITY

In the power house at Puyallup, near Tacoma

Photographed by Romans Photographic Co., Seattle



A FOUR-MONTHS-OLD RANCH AT NORTH YAKIMA, WASHINGTON

Beside the prosperous appearance of the crop, the many comforts about the house are noteworthy

"No," says the American. "I'm only a part owner. But I know my country and my partners. You don't."

The fathers of these men of the Northwest came on horseback. Later the ships of the Pacific brought them from California up the coast to the Columbia River and to Puget Sound. Then three great railroads sprang across the country—the Canadian Pacific, the Northern Pacific and the Great Northern. These came before the people came and caused a rush of town building. Later still, the farmers and the miners and the loggers came to make a few dots on the open spaces, and railroad traffic grew until now other

roads are boasting of "Northwest connections." Population is yet sparse; climate, resources, productivity, market and opportunity are all here. Newcomers do not make competition; they diversify industry.

The Northwesterner, then, is a man who is proud of his section because that section has been made within his own memory and partly through his own efforts, and because the section that is his pride has in turn made him "the rich man out West." The East sneers at him; he is too honest to be able to hide the fact that the sneer hurts. But he very properly regards the East as the most ridiculous thing within his knowledge. The West



A PROSPEROUS FARMER'S HOME IN THE IRRIGATED COUNTRY IN WASHINGTON



A VIEW OF AN IRRIGATED VALLEY

cannot stop the sneers of the East, but it is taking its revenge materially. The only men in the West who are despondent or who feel degraded by the optimistic informality which prevails around them are those unfortunate few from the East who have been sent out as the local guardians of certain Eastern investments.

The Indianapolis man asks, "What is Seattle's excuse for existence?" The Seattle man is surprised to find interurban trolleys just building in the densely populated sections of Indiana, while such trolley lines were built in the Northwest to develop interurban population. In the Northwest most of the towns are new, and attract people by the surprise at their growth. Yet there are some old places. Seattle has just finished one fifteen-story building of steel construction and is at this moment erecting three of twelve stories each. But in Portland it is the mellow glow of established wealth that charms. Here are wheat and lumber fortunes several generations old. Here are beautiful residences and the social castes of the East reproduced.

Thus it happens that some Western men,

having received their training in the real United States, have gone East and become successful even there. As presidents of railroads, as occupants of university chairs, as editors of magazines, they have made themselves known. The West taught them to take conditions as they find them and make them pay. They make money more easily than they save it.

In the West a professional man may see an opportunity to make \$50,000 in one year by operating a brick yard. He does so without hesitation. Would a professional man in the East do it? The man on the Atlantic coast gets only 3 per cent. on his home investments. The man on the Pacific puts his money out at 8 per cent. or puts it at work with himself at 30 per cent. profit.

The magazines are printed in the East for circulation in the West; the advertisements in them are for Western money. New York is to a great degree an assembly of offices for institutions doing business in the West.

Nature's broad lines all about the American citizen in the Northwest make him careless, open handed and optimistic. The very



AN ALFALFA RANCH IN WASHINGTON

Alfalfa has proved to be a good food for swine

Photographed by Wilse



Photographed by Frank M. Ingels, Missoula, Mont.

APPLE PACKING NEAR ZILLAH, WASHINGTON

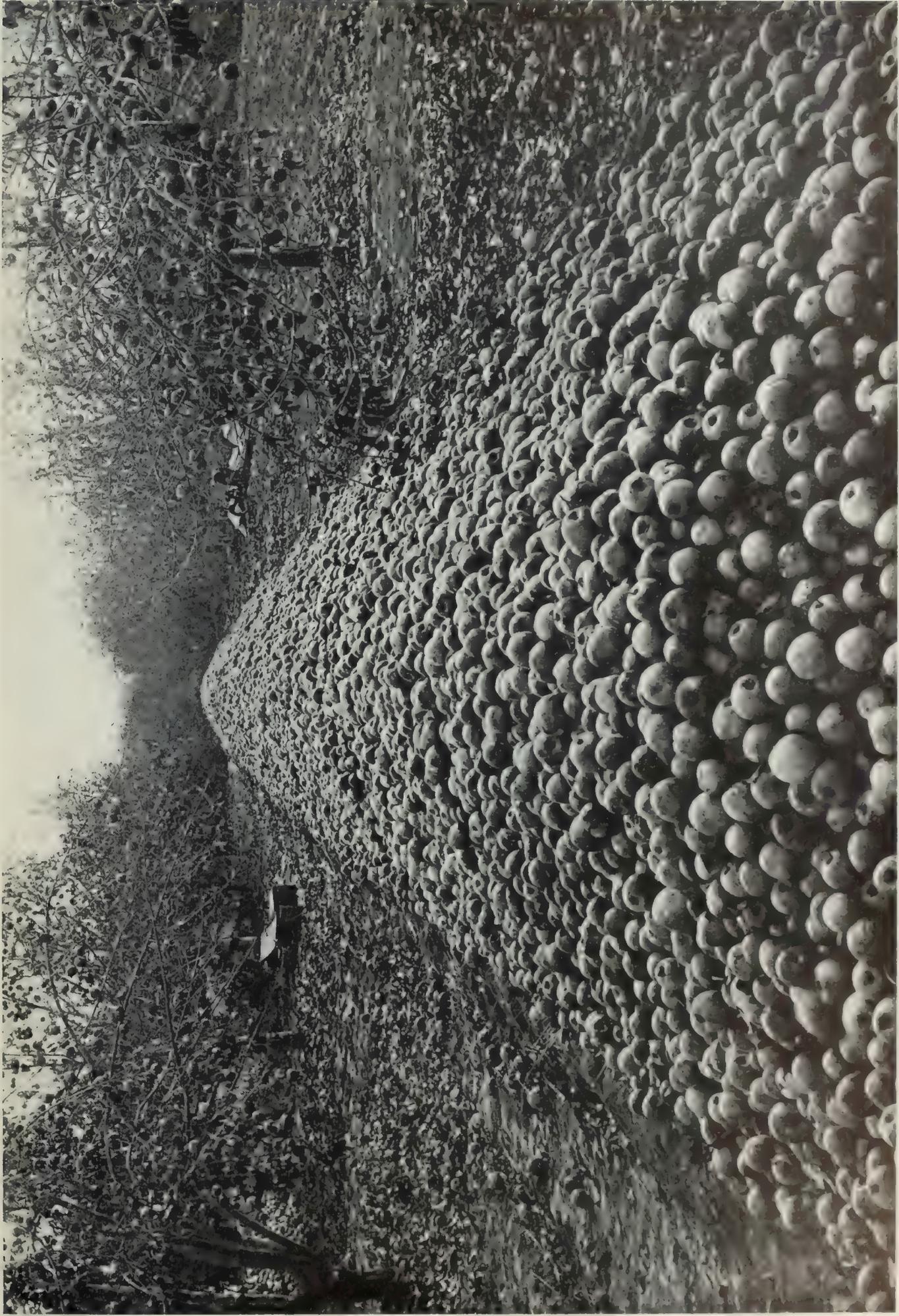
The Yakima Valley apples bring \$4 a bushel in London, at a profit of \$2.25 a bushel, which sometimes amounts to \$400 an acre.



Photographed by Scott

AN APPLE ORCHARD IN THE YAKIMA VALLEY, WASHINGTON

A ten-year-old tree frequently bears from 1,000 to 1,200 pounds of fruit.



FIFTY-FIVE CARLOADS OF APPLES WERE GATHERED FROM A FORTY-ACRE ORCHARD IN THE SUNNYSIDE REGION OF THE YAKIMA VALLEY

size of this furthest Northwest is a source of pride to him. If you will spend five minutes with a map of the United States you will learn some of the facts that compel the Westerner to feel that the Pacific Coast is, after all, to become the front door of the nation. Take your measuring stick and lay it along the southern line of Idaho and Oregon. The distance from the southeastern corner of Idaho to the Pacific is the same as from Boston westward across Massachusetts, New York, Pennsylvania and Ohio to within a few miles of the Indiana state line; or, from Philadelphia in a direct line westward to a point in the state of Illinois; or the distance between Chicago and Vicksburg, Miss.; or from Washington, D. C., to St. Johns, New Brunswick.

The distance from the southern border of Oregon to the British Columbia line—across the two states of Oregon and Washington—

is the same as the distance across New York, Pennsylvania, Virginia and half way across North Carolina to Raleigh; or from New York City west to Toledo; or from Philadelphia west to Indiana.

Puget Sound is an inland sea somewhat larger than a mere glance at the map indicates. The land in the Sound country, which future generations are to clear and plant in farms, farmer villages, towns and cities, is larger than the area of the state of Massachusetts.

The trail of Lewis and Clark from St. Louis to the Pacific touched eleven states. The combined area of the three states comprising this newest Northwest is equal to the following twelve states: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania, Maryland, Delaware, New Jersey and Ohio. These Northwestern states have as great an



HOP GROWING IN WASHINGTON

The yield is frequently as high as 1,000 pounds to the acre, worth 25 cents a pound



A FIELD OF STRAWBERRIES ON VANCOUVER ISLAND

The crop is often more than 100 crates to the acre, which brings a net profit of \$200

area, too, of inland waters as these twelve Eastern states. Their mountains, also, include a greater area and are higher.

But height and area do not invite human habitation. It is irrigation in the valleys between the Rockies and the Cascades that gives this Northwestern country a far greater ability to support a mass of people than these twelve states can support. In the future of Idaho also, irrigation is to play a wonderful part.

The ability of the Northwest to support a large agricultural population is easily demonstrated; but it is just as easily demonstrated that it will also be a section of large cities, created by the mining, the manufacturing, and the transportation opportunities. As the population increases, local factories will supply their wants more cheaply than Eastern factories can. The census of 1900 shows that every section of the United States is increasing manufacturing values for local consumption.

An undue proportion of the population of the Northwest dwell in cities, because in these cities men may pick up new opportunities more easily than in the country. For this reason also a visitor to the Northwest finds that nine out of every ten men in the towns have come from the Eastern cities. This produces a class of men of urban experience

placed in an atmosphere of new opportunities. In the country districts also there is a very large number of men who have come to the Northwest with sufficient capital to establish themselves comfortably. Up to the present time lumber, mining and miscellaneous manufactories and railroad transportation have developed so rapidly in the Northwest that the farming sections cannot supply the towns with food. The importation of butter, eggs and vegetables is growing instead of decreasing.

In eastern Washington and Oregon and in



STACKING ALFALFA

Photographed by Scott

The crop is stacked in the open field where it keeps long in good condition



A SNOHOMISH COUNTY, WASH., FIR TREE

Fifty feet in circumference at four feet above ground, log cut 135 feet long, scales 91,260 feet

Photographed by Kirk, Everett



A HOME IN A CEDAR STUMP IN WASHINGTON

Idaho the farmers do not diversify their crops as is done in other sections. In the wheat country many of them even buy their butter from the grocer. The Pacific States do not produce enough butter, eggs and



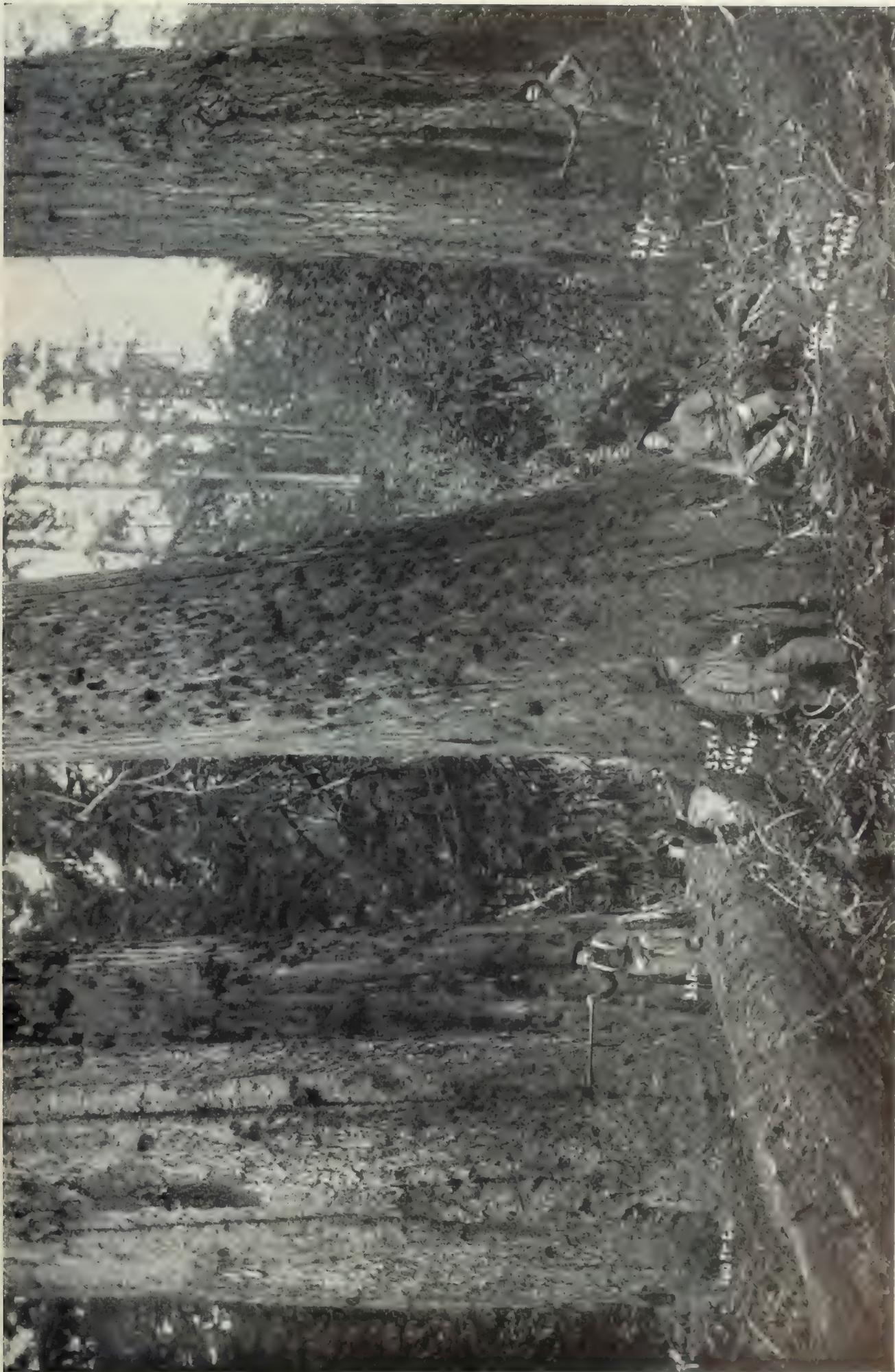
BICYCLE PATH FROM EVERETT TO SNOHOMISH, BUILT THROUGH A CEDAR TREE

Photographed by Kirk, Everett



THE WASTEFUL MISUSE OF LUMBER IN WASHINGTON

A bridge in which enough lumber has been put to construct a large building



THE GIANT FIRS AND CEDARS OF THE NORTHWEST

In the Northwest there are 8,000,000 acres of timber, averaging 10,000 feet an acre, worth approximately \$14 a thousand, or more than \$1,000,000,000



LAYING OUT THE SALMON NETS FROM THE BOATS, BEFORE DAYBREAK—THE ISLAND COVERED WITH WATER

poultry to supply their own needs. For example, the merchants of Seattle handle about \$5,000,000 worth of these products in a year,

than any other agricultural system in the United States.

The old "Oregon country" includes Wash-



WAITING WITH THE TEAMS FOR THE TUG TO BRING UP THE FARTHER END OF THE SEINE—READY TO MAKE THE HAUL TO THE OTHER END OF THE ISLAND

and at least \$3,000,000 worth come from east of the Rocky Mountains. Yet it is the commonest truth to say that irrigation as it

ington, Oregon, Idaho and a small portion of Montana and Wyoming.

The state of Washington alone is larger



DRAWING THE NETS

is practised in the semi-arid districts around the western mountains of the United States will support a greater density of population

than the New England States, together with the state of Delaware and the District of Columbia.



THE WEIGHER AND HIS SCALES IN THE FISH BOAT—THE FISH ON THE BEACH ARE SALMON



A FISH WHEEL ON THE COLUMBIA RIVER NEAR THE DALLES

Photographed by W. J. Piatt

Showing the fish drive leading to the wheel

Oregon is larger than New York, Pennsylvania and New Jersey together.

The "Oregon country" is equal in extent to the thirteen original states of the Union, which now support a population of more than 30,000,000 inhabitants.

The New England states, together with New York, Pennsylvania, New Jersey and Delaware, had a population of 21,231,450 in 1900, while Washington and Oregon together had but 931,639.

The combined area of England, Scotland, Ireland, Wales, Denmark, Holland and Belgium is 4,000 square miles less than the area of Washington and Oregon, and these countries have a population of more than 50,000,000.

France and Germany have each an area just about two-thirds as great as the old "Oregon country," and they support populations of 40,000,000 and 50,000,000 respectively.



FISHERMEN ON THE COLUMBIA RIVER



Photograph by A. H. Barnes

LOOKING UP RAINIER FORK
Mt. Rainier in the distance

Wheat is the large crop of the Northwest. But thousands of men are operating diversified farms that do not raise a spear of wheat. The normal crop of wheat in Washington, Oregon and Idaho is about 45,000,000 bushels. The acreage is increased year by year. The Department of Agriculture estimates that the crop of Washington alone will amount to about 35,000,000 bushels this year. The yield of winter wheat last year averaged 28.1 bushels per acre on more than 450,000 acres. The wheat lands of Washington produce more bushels per acre than those of any other wheat-raising state in the Union. The best lands are upon the higher elevations—that is to say, 1,500 feet or more above the sea level.

Irrigation farmers make alfalfa the basis of their operations. On this they feed their stock. Cattle, sheep, hogs and poultry are raised in abundance in the irrigated sections. Alfalfa-fed cattle are taking the place of the cattle that were formerly fattened on the ranges.

Mr. Henry Gannett, geographer of the United States Geological Survey, estimated the amount of merchantable timber standing



THE MONUMENT AT CHAMPOIG, OREGON, MARKING THE SPOT WHERE THE FIRST LOCAL GOVERNMENT IN THE NORTHWEST WAS ESTABLISHED

On May 2, 1841, a provisional American government was organized by 102 settlers in the Willamette country. The man holding the flag is Mr. F. X. Matthien, the only survivor of the 102. He is in his 88th year.



Photographed by Thompson

A BIG CEDAR TREE IN STANLEY PARK, VICTORIA, B. C.

in the states of Washington and Oregon in 1902 at 459,085,966,000 feet. At the present time the mills are cutting about 2,500,000,000 feet per year. At that rate it will take more than 180 years to use up the present supply, and in that time a great part of the land will be reforested. There are about 1,600 saw and shingle mills in the three states.

OCEAN COMMERCE

The Northwest is itself originating much of that growing bulk of supplies purchased by Alaskans. The future of Alaska means more to the Northwest than anyone outside this section dreams.

VALUE OF DOMESTIC MERCHANDISE SHIPPED

| | 1903 | 1904 |
|----------------------------|--------------|--------------|
| From U. S. to Alaska.. | \$ 9,518,043 | \$11,108,004 |
| From U. S. to Hawaii.. | 11,707,400 | 10,844,574 |
| From U. S. to Philippines. | 4,740,044 | 5,063,390 |
| To U. S. from Alaska.. | \$ 6,027,989 | \$10,544,453 |
| To U. S. from Hawaii.. | 29,467,374 | 25,339,305 |
| To U. S. from Philippines. | 12,491,024 | 10,225,338 |

SHIPMENTS TO ALASKA

| | | |
|------------------------|-------------|-------------|
| From Puget Sound.... | \$6,410,293 | \$8,029,507 |
| From San Francisco.... | 2,934,626 | 2,941,349 |

IMPORTS FROM PHILIPPINES

| | | |
|-----------------------|---------|-------------|
| To Puget Sound..... | \$ 933 | \$1,709,989 |
| To San Francisco..... | 432,335 | 600,372 |

The great cities of the Atlantic Coast have become ports of commerce, manufacturing and wholesale centres, because of the trade of the interior. Of late the trade with Asia has come to American attention. That will stimulate Pacific commerce. Alaska's future will stimulate coastwise trade. As on the Atlantic, the great ports of commerce will be toward the North. The American and Asiatic nations form a net around the North Pacific, on the shores of which are the mass of the world's population. And the Northwest is to be the controlling corner, because through it lies the shorter route across the ocean, and the kingdom of coal is there



THE BATTLESHIP OREGON WHEN IT WAS LAUNCHED FROM THE YARDS OF MORAN BROS. CO. SEATTLE



Photographed by W. T. Carpenter, Spokane, Wash.

THE LARGER COAST CITIES

SEATTLE, TACOMA, PORTLAND—THEIR REMARKABLE SITUATION, AND THEIR SIGNIFICANCE IN THE GREAT GAME OF INTERNATIONAL COMMERCE

W. H. P.

IF the world were new, and you had set out to find the most beautiful sites for great cities, you would select for at least one of them a place on Puget Sound; and you would find that Nature had done all that you could ask. This is one of the most beautiful sheets of water on the globe. It runs deep almost everywhere in its oddly shaped arms, and it comes up to the shore against a declivity that makes good harbors. Wherever you find room enough between the high hills and the water you could make a port for big ships, always free from ice, and with a variety of scenic attractions that is extraordinary.

You have all the year a snow-clad mountain behind you, whose constant streams give you water and light. In front (to the west or northwest) you have the perpetually snow-clad range of the Olympics. Besides scenery and a climate so mild that no kind of work is interrupted by the weather, you have as many sources of wealth as you have kinds of scenic beauty—all nearer Asia than any other part of the Union is.

If Nature, by the happiness of her fine work in making mountains and deep water,

and by her beneficent work in preparing all sorts of natural wealth, made this region uncommonly attractive, the next lucky fact is that the right kind of men have begun the development of it. "Begun" is the right word; for, much as has been done, the work is yet hardly started.

A visitor does not take a very serious interest in the local rivalries of the towns and cities of this region, from Vancouver to Portland. This is a passing mood. One may have more bottom land than another; one may have a better mountain view than another; one may have the biggest This and another the biggest That—whether you discuss totem poles and how they were come by or lumber mills or warehouses or steamships. No matter; the spirit of the people, their energy and their common sense, their hospitality, their sane enjoyment of life even amid their rushing industry—these are the things that interest and attract you.

The surprise that a stranger finds in the life of these cities is that the struggle for financial success is not as fierce as it has usually been in our young cities of the Middle



ALASKA BUILDING SITE
VIEW UP CHERRY STREET FROM FIRST AVENUE, SEATTLE—1888

West. Life seems less intense than in Chicago, for instance, or in Denver or Kansas City. If men do not quite take it leisurely or easily,

they at least recognize that some joy in the journey is quite as good as the prize at the end of it. They do work. But they play.



BUTTE MONTANA

A view of the hill where the famous copper mines are sunk. A rich city in which one-third the men are always beneath the ground and where not a tree nor a blade of any living green will grow.



ALASKA BUILDING—SECOND AVENUE AND CHERRY STREET, AS IT IS TODAY



BIRD'S-EYE VIEW OF MIDDLE FALLS AND THE

too; and they take time to enjoy themselves, to be hospitable, to travel, to consider other things as well as the game of business.

It is a pleasing custom, for instance, that the Rainier Club in Seattle has of setting aside every Saturday evening as ladies' evening, when the members and their ladies dine there. Of course every city has its golf clubs and country clubs; and they have all shown great foresight in laying out large parks. The educational pioneer, too, came with the other pioneers, and generous attention has been given to schools and colleges. In a word, civilization has ripened faster than it did in most parts of the Middle West; and in many respects the visitor feels that he is in cities very much older than these are

These were, in fact, never frontier settlements in the same sense as the settlements between the Mississippi River and the Rocky Mountains were; and in the latest period of their development Eastern men and women have come here and brought their Eastern methods of living. Those who set the pace and the fashion came in Pullman cars. But they are not like Eastern cities for all that.

Life here has its own kinds of provincialism, no doubt. It is a long way from New York and Washington, but it is a long way also from the point of view of New York, or Washington, or Chicago. Yet there is a grateful relief also from the old prejudices and from the provincialisms of the Eastern states. The talk that you hear in the clubs



VIEW OF SEATTLE LOOKING NORTH FROM FIRST AVENUE SOUTH AND JACKSON STREET—1897



MANUFACTURING DISTRICT, SPOKANE—1904

in New York, and Boston, and Washington, and Chicago seems very local and remote when you get to the Pacific coast. There is local gossip and small talk a-plenty in the clubs of these Pacific cities; but here big subjects seem larger. You begin to feel that the United States is very much bigger than it seemed in New York. These people have a way, and that without boasting, of assuming that *they* and not the Eastern people, are the masters of things—that the ultimate American judgment will be their judgment.

It is difficult to say precisely how they convey this impression. If you talk about politics they will frankly confess that their

politics are bad. Few men of first-rate ability or of the highest character have time to take an interest in public affairs. If you talk about commerce, the commerce of the Pacific is yet really to be developed. But they do think in large units. You will hear them talk about the effect that the Panama Canal will have, as if the canal were ten miles from where you are sitting. When they speak of going "south" they mean a pleasure journey of 2,000 miles, more or less, to Southern California. They talk familiarly of towns and camps in Alaska, as if they were a day's journey away. They talk of going to New York or Chicago as if they were con-



VIEW OF SEATTLE LOOKING NORTH FROM FIRST AVENUE SOUTH AND JACKSON STREET—1908



PANORAMA OF

tigious cities. Perhaps it is their large units of space that give a sort of continental scope to their thought

life. Eastern men do not all know Western life. Indeed, almost everybody here came from the Eastern or the Middle States



A SAWMILL AT BELLINGHAM, WASH

A better explanation is the wider knowledge that men here have of American geography and of American life than most men in the Eastern states have. They all know Eastern

Thus, a knowledge of the whole United States is common knowledge with them. But a knowledge of the Pacific coast is not common in the Eastern or the Middle States.



FROM THE WATER FRONT AT TACOMA, WASH

The photograph by A. L. ...



PORTLAND, OREGON

Life in these cities, then, in spite of the Pacific provincialism, is mature and broad—in some ways broader than American life elsewhere.

The dominant man here is American—that

New England grandfather or grandmother. Southerners have come, too, in large numbers. But the foreign born are in a small minority. Thus, the general impression is of a population that is homogeneous and American—a well-



TACOMA, WASH., WITH MT. TACOMA (RAINIER) IN THE DISTANCE

Photographed by A. French

is, he is not a Swede, nor a German, nor an Irishman, nor even a New Englander nor a Southerner. He came from the Middle States and he has American traditions for several generations. Most of them look back to a

dressed, healthful, vigorous population. The men and women that you see in public places, on the trains, at hotels, at theatres, at churches, in the clubs, on the street, are such as you see in the smaller towns of the Middle



THE HARBOR AT VICTORIA B.C.



PART OF HELENA, MONT. LOOKING NORTH

West to which there has been little European immigration. But they are more vigorous than the people that you see in public places in any other part of the country. There seems to be truth in the boast which you sometimes hear—that the best class of Americans are settling in these cities.

SEATTLE

Seattle, the largest of the Puget Sound cities, and the city, as every one of its citizens

firmly believes, that is to become the largest on the Pacific coast, ultimately outstripping even San Francisco, is already old enough and big enough to have had a stirring history, which they divide into six periods: (1) From the first settlement in 1852 to the founding of the University in 1861; (2) to 1870, when coal from nearby mines was first used by steamboats and shipped to San Francisco; (3) to 1883, when by the failure of Mr. Villard, the Northern Pacific road again fell



THE RAINIER CO. WAREHOUSE, SEATTLE, WASH.

into hands hostile to Seattle and the town had a hard struggle for ten years; (4) to the great fire (1889), which ruined individuals, but gave a chance to build the city right; (5) when the Great Northern Railroad arrived; and (6) beginning in 1897, when the first great shipment of gold dust came from Alaska.

Since the arrival of the steamer *Portland* in July, 1897, with the historic cargo of gold in her strong room, more than \$125,000,000 have come from the Yukon, Tanana, Atlin, Nome and other northern placers. More than 200 tons in weight, of a value of more than \$100,000,000, have passed in and out of the assay office, and a large part of it has gone into the business life-blood of the city, and has helped to increase the population more than twofold in eight years. Conservative estimates place this season's yield at \$22,000,000.

There are nearly one hundred steamers engaged in the passenger, freighting and towing business on the Sound, and most of them are registered from Seattle. During the summer ocean-going ships clear from Seattle for northern ports nearly every day, and a line of regular steamers runs all winter to the southwestern ports of Alaska. The commerce with Alaska, in 1904, was more than \$20,000,000, and most of it went from Seattle. A careful estimate of Seattle's foreign commerce in 1904 is \$35,000,000. This commerce is regarded as in its infancy.

The census of 1870 gave the city a population of less than 1,100; of 1880, about 12,000; of 1890, about 44,000; of 1900, about 85,000; and now it claims 130,000, and with its suburbs, 150,000.

The water supply, owned by the city, is from a mountain stream, fed by melting snows, delivering by gravity into a reservoir 412 feet above the water level. It also has its own municipal lighting and power plant of 7,500 horsepower, and two private plants with a combined power of 40,000 horsepower. The city has five railroads entering it, and the two transcontinental roads are building a modern granite and steel union depot, to cost \$300,000.

There is now one modern steel-and-brick skyscraper, fifteen stories high, but work has been begun on four more, which will be from ten to fourteen stories high.

Until quite recently Seattle was a large borrower of Eastern money, but the gold

coming here from the north, and the trade in the staples of the state—coal, lumber, fish, grain, fruit and dairy products—has decreased the volume of these loans and the rate of interest.

The scenic beauty of the place is unforgettable. Puget Sound lies in the centre of an extensive basin. On its margin, everywhere, often only a few feet above the green waters, is the deeper green foliage of the forest of fir, cedar, pine and hemlock, covering a succession of hills, gradually rising toward the mountains, east and west. Between these are narrow valleys, where the lighter green of maple, ash, alder and cottonwood intermingles with the evergreen. Beyond all these are the peaks of the ranges of mountains which form the walls of this vast amphitheatre. The forest once covered the seven hills that are now within the city's limits. From any of these a series of magnificent panoramas, each different from the other, and no hour the same, stretches toward every point of the compass.

To the southwest the waters of the bay and sound extend twenty miles away; westward the sound is nine miles across; in the northeast a dark-blue sheet, many miles wide, fades off almost to the horizon thirty miles away. Westward, shutting out a view of the Pacific, is a snowy range of the Olympics extending from the Strait of Fuca almost to the Columbia River. The highest peak is nearly 8,000 feet, and the tips of many peaks are always snow-covered, while in winter a snowy rampart a mile high is visible in clear weather.

Within the city's limits are two lakes, one a mile long and the other four miles. On the east lies Lake Washington, twenty-seven miles long and six wide. Eastward is the Cascade range, which can be seen from the Canadian boundary southward nearly to the Columbia River, for a distance of about 200 miles. To the northwest is Mount Baker, a snowy peak about 11,000 feet high; to the southeast Mount Rainier rises three miles above the level of the bay. Scores of lesser peaks of the Cascades are crowned with perennial snows. The rugged, fantastic shapes of the eastern and western ranges are so clearly outlined against the sky that they seem at most five or ten miles away, instead of twenty to eighty miles. It is nothing unusual to see Mount Rainier by moonlight forty miles away.

A jumble of facts like these—about scenery, history, trade—gives hints and glimpses of this interesting and busy city; and what more can any brief description do? But two important facts deserve emphasis. One is the extraordinary charm of the location. In common with all the cities of the Northwest, it has its mountains within view and its deep water. But the lakes at Seattle make its site unique. When it becomes a city of a million people, as Mr. Perkins predicts, they may all live, if they are wisely distributed, on a lake or within sight of the Sound.

The other fact of prime value is the Alaskan trade. A part of this comes to all the Northwest seaboard cities, but Seattle has the lead in it and will get the greater part of it. This trade not only brings wealth, but it gives a peculiar character to the city. The largest office building is called the Alaska Building (it was built with money that was earned in Alaska); there is an Alaska Club, whose publications make the country known; there is a definitely organized Alaskan trade in many commodities; the people go to Alaska—it is (in a sense) their new land, their frontier, their place for adventure. The frontier now lies beyond the water, and Seattle is on the way to it.

TACOMA

Tacoma, too, is a city that has a harbor deep enough and big enough to receive at once all the ships that cross the Pacific. The water by the docks is twenty-eight feet deep at low tide and forty-five feet when the tide is high, and wheat warehouses stretch along the main dock for 9,000 feet. They tell you that these are the longest wheat warehouses in the world; and you do not doubt it. Wheat, by the way, that is shipped through the tropics must be sent in bags and not in bulk. Most of it goes as flour. Around the docks elsewhere are sawmills, one of which is an enormous establishment, cutting 125,000,000 feet a year of fir and cedar and hemlock (sold as spruce) and 64,000,000 feet of shingles; and they load lumber on cars that go to Maine, for ship spars, to all the Eastern states for various uses, and on ships that go to the four quarters of the globe.

There is something that stirs the imagination in the sight of ships loaded to circle the globe. You may see them in New York or other Eastern ports that make such journeys,

but to see them here—at the back door of the world, which is putting up porches in expectation of becoming the front door—causes one to reconstruct one's old notions of geography and commerce. A steamship that I looked over was loading with cotton, and electrical machinery, and flour, and all sorts of things—products of the Eastern States and products of the West, bound for the Orient; then through the Suez Canal to Liverpool.

It is interesting to see what these Puget Sound vessels carry on their long journeys. Taking the shipping reports of one month as a specimen, the largest item is cotton and cotton goods, to the Orient ("Orient" is the large phrase that they use to cover many unpronounceable geographical names). These of course come from the Southern States. (Query: Will these shipments all go by the Panama Canal after it is cut?) Next in value comes flour. This is the product of Washington, Oregon and Idaho; next, barley, also a product of these states (they boast of their beer here, too); next, iron and steel, all brought from places east of the Rocky Mountains, in spite of the deposits of coal and ore here; then come meat products, also from the Mississippi Valley chiefly—for the cattle on a thousand mountains do not yet swell the Pacific exports directly; then tobacco and tobacco products, all Eastern grown; canned fish and fruit come in the list, and malt liquors. The great problem of the Pacific trade is to get full cargoes on the return voyage from Asia.

The economic problem of Tacoma, as of all these Pacific cities, is to increase its manufactured products—to make iron and steel things; to pack meat; to make woolen cloth; to make more furniture; to manufacture a thousand things that they have raw materials for, but that they have not yet had time to turn their hands to. Tacoma is making a successful effort to do this very thing.

School buildings crown the hills—not only public schools, where higher salaries are paid to teachers than in any other great section of the country, but colleges of several of the religious sects. And young as these cities are, they have not been unmindful of parks. A little park in the middle of Tacoma has a variety of trees and shrubs that bears beautiful testimony to the tenderness of winter on the coast; and the city has laid out larger parkways enough for a metropolis.

A happy name that the Tacomans give their city is the "Electric City"; for there is cheap waterpower nearby—the snow-clad Mount Tacoma (they always call it Mount Tacoma here, and it is a pity that the name was ever changed to Rainier), forty miles from the harbor as the crow flies; and from its streams flow a strong power. The city owns its own electric light and sells it to the citizens. Every night the whole tower of the city hall is brilliantly illuminated just for show; the great coal breakers are worked by electricity; some of the flour mills are run by it, and ships are loaded by it. Electricity is cheap, they remind you, as cheap as it is in Buffalo with Niagara nearby, and cheaper than in any other city with a deep harbor.

If you ask, "Why do not more men go into manufacturing enterprises?" they will tell you: "We are all busy, every man with the job he now has. The merchants are making money. Those that do shipping are making money. The lumber mills and flour mills are making money. All the men and all the money we have are busy; and every business is extending so rapidly that the profits are needed for reinvestment and enlargement."

PORTLAND

Portland is the oldest and (when you are outside of Seattle you may say) the largest of the Northwest cities. The characteristics of its people are admirably shown by the Lewis and Clark Exposition. They decided, without much parley, to have a Fair to commemorate the expedition that opened all this new world to the American people; and they subscribed a generous sum. The enterprise has from the beginning been managed with modesty, good sense and good taste, and it was opened without a dollar of debt. They did not undertake to do "the biggest thing in the world," but they have done well what they set out to do.

It is a rich city, for three working generations have been successful there. They had won financial independence before the era of railroads began; and they have never looked to the East for help, with money or in other ways, as much as most Western cities have naturally done. They built their city and fixed their habits of thought when they could reach the rest of the world only by water.

These habits their neighbors sometimes call slow. You will hear Portland spoken of

in some communities on the Coast as if it were as old as Rome; but you will observe that these same persons speak of it as if it were also as substantial as Rome. It has passed the boasting era. Its principal newspaper is the most influential journal on the Coast, and it does not feel the need of big headlines. Neither does the city. When it advertises itself it does the task handsomely by building an attractive Fair.

But it is an active city. The commerce, the flour mills, the lumber mills, the trade, coastwise and across seas, the great jobbing houses, the very good hotels, the strong banks—the facts and figures that tell the tale of these activities would fill long lines of numerals far down a long page.

Yet the life of the people does not seem as strenuous as we think that all life in the "West" must be. They have a social life that they cultivate and enjoy with the ease of a matured civilization. They have beautiful homes, and the commonest cottage will bloom with rambling roses to the roof. When a city has come to its own—has developed its character, and as good a character as Portland has—it is absurd, if not impossible, to write about it, for its life is very like life in any other city.

But it is Western for all this. Here is a commercial club, a chamber of commerce, and such organizations, all active, in the Western fashion, in making known the attractions and advantages of Portland and of Oregon. But if there are towns whose clubs and chambers fling broadcast charming pamphlets that promise fortune, Portland is too decorous to cry its attractions loudly. But from many documents you learn of cattle ranch, sheep ranch, rich valleys, orchards, wheat, lumber—it is a land of plenty. The bounty of it meets you everywhere. Everybody seems to live well. The people you meet, the clubs that you are invited to, the hotel at which you stay—all these give the impression of a people who live in a fertile land. The gardens of Walla Walla and of the Willamette Valley send a fruitful flavor over the region; and the waters are as bountiful as the soil.

And there are great chances here, too. That is the most interesting fact that presents itself. A man who can win success can find a dozen ways to win it here—not easily of course. The day when blind luck was waiting at the next turn of the road is passed

—except as she sits there for a few in all communities. For the many, open-eyed opportunity is here; and men help the newcomer to find it.

In New York there are state societies—the Ohio Society, the Pennsylvania Society, the Virginians, and the like, and these indulge in local patriotism once a year each at a dinner; and then these country folk in town go their ways for another year, provincials become cosmopolites. In Portland also there are men from every state, and they, too, have societies. Perhaps they dine; but they also keep rooms where newcomers may make acquaintances and get information and come to feel at home.

Nature is not only bountiful but beautiful here also. Up and down the Columbia River, from Astoria to The Dalles, are famous scenic wonders. It would be hard to find a more attractive panorama than the city and the river, and Mount Adams, Mount Hood and Mount St. Helen's when the air is clear, seen from the elevation behind the city. The city itself, spread in the valley before you, shows its solid qualities by well-built blocks, its beautiful homes, trees, shrubbery, roses everywhere; in the distance the ships are at the docks, and the chimney stacks tell the story of industry. This particular summer the added spectacle of the Fair is there, which is made up of evidences of the bounty of the land—of Oregon, of Washington, of Idaho in particular; and you are reminded by the foreign exhibits of your nearness to the Orient. Portland is, in fact, a city where the Yankee, without losing the stuff that makes him successful, has been softened somewhat by this fertile slope of the world that leans westward toward the East.

If anybody asks whether these cities will richly repay a visit—yes, for many reasons. For even a fast traveler will see the scenery, will observe the energy of the people, and will catch something of their enthusiasm for this region and their large conception of the United States. And this is an experience worth much travel. If by going the long distance from one ocean to the other, a citizen of an Eastern state has the physical bigness of his country borne in on him, so by acquaintance with the people west of the Rocky Mountains he gets a larger range of thought. They keep the hopeful tempera-

ment that is another name for healthful activity. There is a fine quality bred in men who see every day both snow-covered mountains and a river or a sea that never has ice. They are neither weatherbeaten nor enervated.

This is not the West of prairie or of mining camp, nor of hostile Indians, nor of rough ways. The people are tempered by the great ocean current that runs warm in a high latitude. It is a West that the popular understanding does not yet quite know.

Put yourself on the other side of the world and start to the mid United States. There are two ways you may come—the old way, westward, and you will land on the Atlantic; or you may come eastward and land on this Northwest coast. Which is the front door as you would regard the country? The Pacific entrance is the more impressive by its scenery. The Pacific slope offers more chances in life if you come to seek your fortune. It has richer soil and cheaper land. It has as patriotic a people, too, as energetic, as intelligent; it has less fierce competition; it has fewer social problems; it has a nearer approach to a democracy; it has institutions, aspirations, activities—all American.

You ask in some confusion: Where is the centre of things and which is the main gateway to it? This is a West as New England or Virginia is an East. It is a seaboard, not a hinterland. It was first settled, partly at least, as the Atlantic seaboard was settled, by men who came in ships; and the people have that instinct of mastery and of adventure which men more strongly develop who know the ocean than those who dwell far inland. They are coming to regard the Mississippi Valley as Atlantic seaboard men regard it—as their inland trading ground. St. Paul is nearer Puget Sound than it was to Boston twenty, or even ten, years ago; and it now gets tea and silk by way of Puget Sound as it once got them by way of Boston. The world is round. But, till the Pacific began to be a thoroughfare, we lived as if it were flat. We owe our geographical readjustment, as well as a certain rotundity of thought, to this broadening of our horizon. We have two seaboards, not one; but a man does not really know this till he looks at the world from these cities that the Pacific is building for the same reasons and in the same way that oceans have been building cities on their shores since men first made ships.

THE CONTEST FOR PACIFIC TRAFFIC

THE RIVALRY OF TRANSCONTINENTAL ROADS THE MOST REMARKABLE STRUGGLE, BY THE STRONGEST FORCES, THAT EVER TOOK PLACE IN THE WORLD OF INDUSTRY—THE STORY OF A REVOLUTION IN TRAFFIC

BY

C. M. KEYS

OF "THE WALL STREET JOURNAL"

THERE are but three railroad powers on the Pacific Coast. They are Mr. E. H. Harriman, Mr. J. J. Hill and the Canadian Pacific Railway Company. They are engaged in a tremendous struggle to gain control of the traffic of the Pacific Coast and the Pacific Ocean. They have spent during the past ten years more than \$500,000,000 cash. They have practically rebuilt the transcontinental railroads. They have in competition cut down the freight rates more than 30 per cent. They have built fleets on the Pacific Ocean. They have created cities. They have bridged seas and tunneled mountains. They have revolutionized the transportation methods of the age. They have accomplished feats of engineering and of executive daring that stand without parallel in railroad or industrial development.

The struggle began on June 18, 1893, when Mr. Hill's system was open for traffic. The last span of the new bridge across the Columbia River completed his connection with the coast. It was a bad hour for the Southern Pacific ports and for the railroads that had so long held a monopoly across the continent and across the Pacific Ocean.

Twenty-four years before, George Francis Train and Leland Stanford had opened the first of the transcontinentals. The Union Pacific and the Central Pacific had met at Promontory, Utah, on May 10, 1869. In the meantime there had been built five other great railroads—the Santa Fé, the Oregon Railway, the Northern Pacific and the Canadian Pacific, and the Great Northern, which in 1893 immediately became a competitor of all of these, not only for the traffic across the continent, but for the traffic of the Orient.

Two months after Mr. Hill's road was open the Northern Pacific became bankrupt. Later in the same year the Union Pacific also passed

into the hands of receivers. For three years the Santa Fé struggled against fate before it, too, succumbed. The Canadian Pacific cut its dividend in 1893, and even the indomitable President Van Horne could find no better encouragement for his stockholders than to point to the absolute bankruptcy of the railroads south of the border. It was indeed, to quote his phrase, an "extraordinary commercial storm."

Fiercely, even madly, the bankrupt railroads fought among themselves for the sparse traffic of those three lean years. Every 1,000 tons of freight excited a petty war. From 1893 until the crops of 1897 began to move they waged war for the crumbs of traffic left over from the rich years of the later eighties.

Yet all this was but the prelude to the greater war that was to follow; for up to this time they had fought only for local traffic for the markets of the great Northwest and the great Southwest. In those years men did not dream of foreign commerce as a thing worth fighting for. It was a war of local rates only, a fierce and bitter struggle for a small reward. Suicidal from the first, it finally ended in a peace when the owners of the roads decided to forego the pleasure of hurting one another for the greater pleasure of getting out of bankruptcy, paying their debts, and enjoying the luxury of dividends.

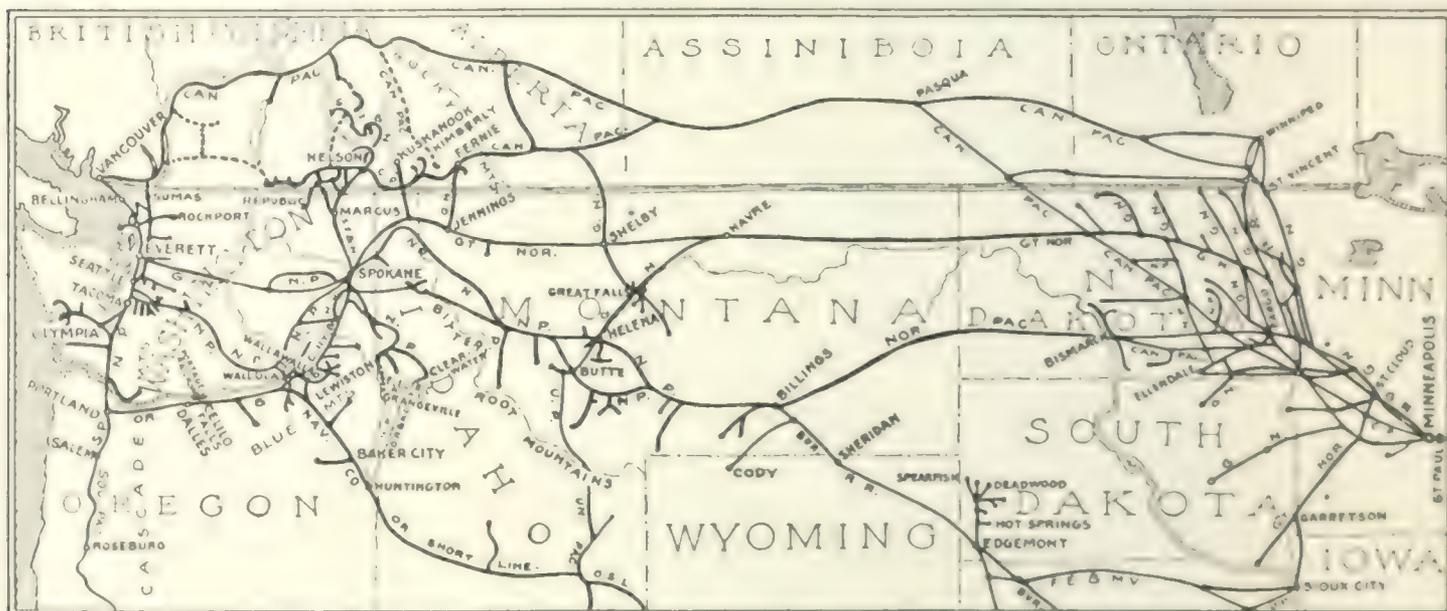
The reorganization period began in 1896. The Santa Fé, the Northern Pacific, the Union Pacific and the Oregon railroads were set upon their feet by strong and daring financiers. Aided by the return of prosperity, these corporations recovered quickly. Within three years the Atchison, the Northern Pacific and the Union Pacific were paying dividends. The Canadian Pacific raised its dividend rate to the old level. The Great

Northern had paid dividends from the very start.

Now came the period when the battle was drawn for traffic across the sea. San Francisco had become uneasy when the Oregon Railway and Navigation Company had reached Portland in 1887. When, in 1888, the first Canadian Pacific steamer arrived at Vancouver with a full cargo of merchandise from Japan and China, San Francisco became more uneasy. The press and the people had made bitter comment upon Mr. Hill's reaching the Pacific; and in 1896 he made arrangement with a Japanese steamship company for a regular trans-Pacific service out of Seattle; and the full force of this competition came home to San Francisco. Since that time, now nine years, the Pacific

has come to include Mr. James Stillman, president of the National City Bank of New York, the direct representative of the Standard Oil party—with all the wealth that this connection implies; Mr. Marvin Hughitt, representing the Vanderbilts; Mr. Jacob Schiff, the head of the strongest private banking house in the United States, Kuhn, Loeb & Co.; and Mr. H. C. Frick, the Pittsburg millionaire, who represents himself alone.

Mr. Hill has come to dominate the northern lines in the United States. Behind him stands the house of J. P. Morgan & Co. and the affiliated house of J. S. Morgan & Co., of London, England; the other great London house of Baring Bros. & Co.; and a dozen private capitalists of England and New York, whose combined wealth is probably greater



MAP SHOWING THE RAILROADS AND PROJECTED LINES OF COMMUNICATION IN THE NORTHWEST

ports further south have watched with growing uneasiness the wonderful strides that have been made by the northern railroads in securing the traffic of the Pacific.

Wonderful indeed is this story of the Battle of the Ports. Presidents Ripley of the Santa Fé, Huntington of the Southern Pacific and the Central Pacific and Harriman of the Union Pacific have been the generals for the southern ports. Former President Mellen and now President Elliott of the Northern Pacific, Mr. Hill of the Great Northern and Messrs. Van Horn and Shaughnessy of the Canadian Pacific have led the northern roads. Behind each one there has been a directorate of the strongest and the wealthiest railroad men in the United States that each could group together. The Harriman following

than the wealth of any national bank in the United States.

Sir Thomas Shaughnessy is the ostensible leader of the Canadian Pacific forces. That directorate hardly needs a leader. It is at one with itself and homogeneous. Back of the directors are the wealth of the English middle classes, the world-wide power of the Bank of Montreal, the wonderful prestige and the great personal wealth of Lord Strathcona, the Canadian High Commissioner to London, and the perfect confidence of the English people that the Canadian Pacific can do no wrong.

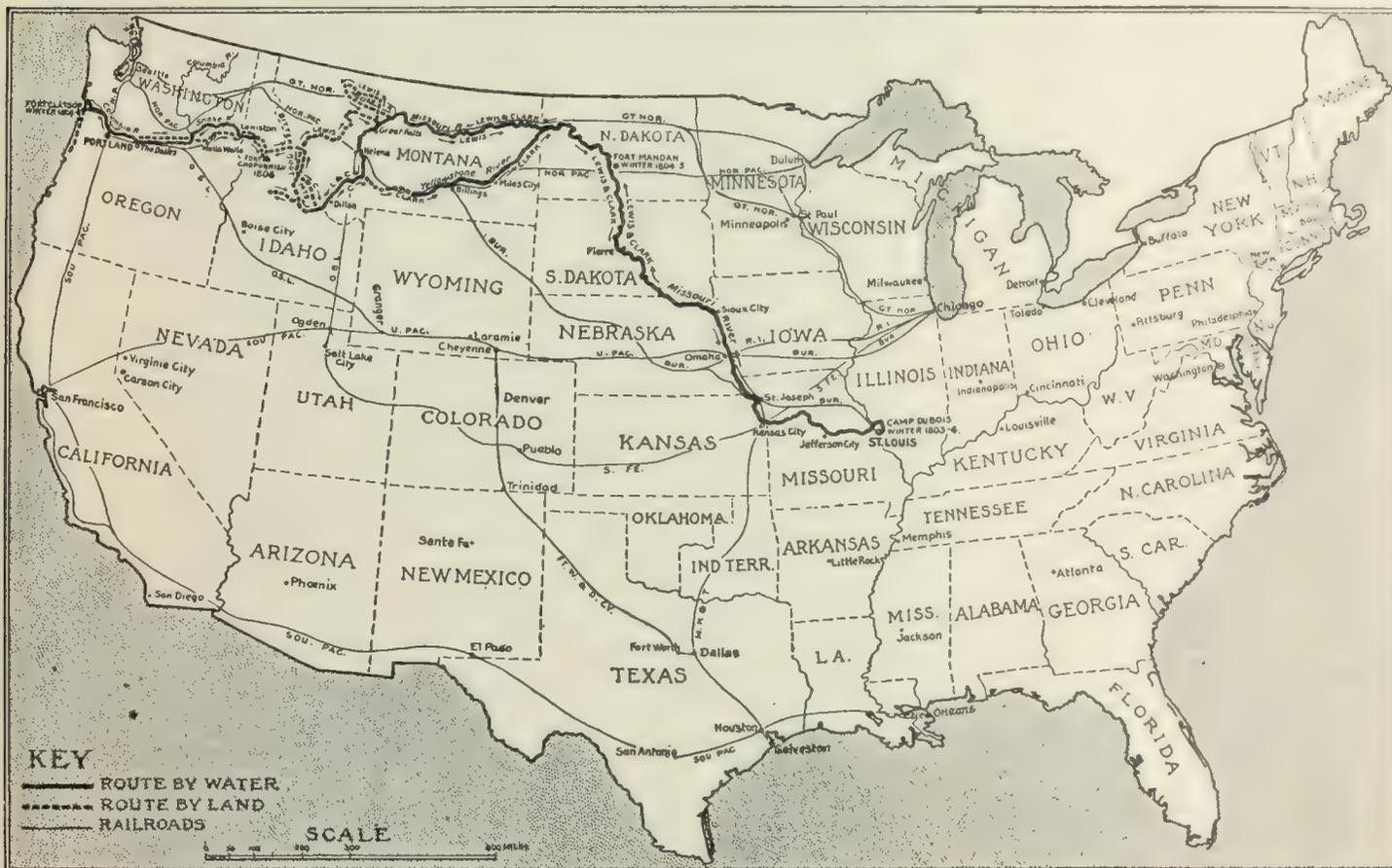
These three are fit competitors. There are no other powers bidding for traffic to-day across the continent. Mr. Harriman controls the traffic policy of every line that reaches San Francisco. He divides the Portland

traffic with Mr. Hill. Mr. Hill practically controls the traffic of the Puget Sound ports. Only recently he has reached into British Columbia to meet the Canadian Pacific on its own ground. Each of these has at his disposal great ports, large fleets, unlimited capital, thousands of miles of almost perfect railroad stretching away into the markets of the East, and the local territory to draw traffic from and to throw the traffic of the Orient into.

The best of it is, this long fight has not

the Pacific Ocean Seattle was merely a struggling seaside town. It has come to be a great city.

One result of this struggle is shown by the import and export tonnage through each of the principal ports. San Francisco's tonnage fell from more than 86,000,000 in 1890 to 70,000,000 in 1904; and the Puget Sound ports increased their tonnage from about 23,000,000 in 1898 to 34,000,000 in 1904. The story is here written pretty plainly. In 1898 San Francisco handled more than 70 per cent. of



THE ROUTE FOLLOWED BY LEWIS AND CLARK ON THEIR EXPLORATIONS AND THE PRESENT RAILROAD LINES TO THE NORTHWEST

On the return trip the expedition divided into two parties in the Bitter Root Mountains, Lewis taking one party to the north and Clark following a more direct route back

been a conflict at the expense of the communities that are served by the railroads. The countries through which the roads run have prospered exceedingly. The Harriman railroads have built up Denver, Salt Lake City, San Francisco and Los Angeles. The Hill railroads have built Great Falls, Spokane, Helena, Seattle and Tacoma. The Canadian Pacific has been the prime factor in the growth of Winnipeg, Regina, Edmonton, Vancouver and Victoria. The population of these cities, during that time, has increased in some cases more than 100 per cent., and in no case less than 50 per cent. When Mr. Hill reached

all the business that left Pacific ports either eastbound or westbound. In 1904 the percentage had dropped to 56. In those six years San Francisco shows a loss of \$14,000,000 in the value of its commerce; Puget Sound, a gain of \$12,000,000.

The tonnages of the railroads are even more instructive. In the following table the figures represent the number of tons of freight carried one mile by each railroad in 1898 and in 1904. It must be remembered that the Santa Fé, the Union Pacific and the Northern Pacific were, in 1898, just emerging from receiverships.

| | TONS CARRIED ONE MILE | | PERCENT INCREASE |
|------------------------|-----------------------|---------------|---------------------|
| | 1893 | 1904 | |
| Atchison | 2,779,550,000 | 4,682,270,000 | 68 |
| Southern Pacific | 3,142,120,000 | 5,337,597,000 | 70 |
| Union Pacific | 1,300,000,000 | 4,053,298,000 | 212 |
| Northern Pacific .. | 1,618,170,000 | 3,685,672,000 | 129 |
| Great Northern .. | 1,937,955,000 | 3,351,802,000 | 174 |
| Canadian Pacific .. | 1,769,959,000 | 3,879,812,000 | 113 |

This increase in traffic is eloquent of the advances in commerce throughout the whole West. It is not, of course, to be taken as a guide to the growth of the Pacific commerce. By far the larger part of the increase is due to the local development of the regions served. The Union Pacific's great increase is due to the development of the territory lying between the Missouri River and the Pacific Coast, and not to Pacific commerce. It will be noted, however, that the Santa Fé and the Southern Pacific, which serve the southern ports alone, have grown relatively more slowly than the northern roads. The largest increases are of the Union Pacific, the Northern Pacific and the Canadian Pacific. These lines have expanded, have added to their systems, have built up their territory, have established new industries, have created new cities. More than any other, the Union Pacific has grown strong in railroad alliances. It has come to dominate the east and west traffic within its reach. It has become a great trunk line, upon which the commerce of the whole rich region between the Missouri River and Chicago converges. Omaha has become a central point at which the St. Paul, the Northwestern, the Great Western, the Rock Island and smaller lines in that territory throw their freight to the Union Pacific. This accounts for the wonderful increase of nearly 212 per cent. in Union Pacific tonnage.

The history of these three great groups of roads during these twelve years ought to be glanced at. In 1893 the Union Pacific stood alone. It stretched from Omaha to Ogden. Till the spring of 1898 it was bankrupt. In that year a powerful syndicate, comprising the firm of Kuhn, Loeb & Co. and Mr. E. H. Harriman, took control. From that time the story has been one of conquest and success. In 1898 it bought control of the Oregon lines, giving it a port on the Pacific Ocean—Portland. In 1901 it bought control of the Southern Pacific, which owned the Central Pacific. This purchase gave the Union

Pacific another port—at San Francisco—and control of all the traffic from the Gulf of Mexico to the Pacific Ocean. In 1904 interests connected with the Union Pacific bought a big block of Santa Fé stock, thus making it friendly. In the same year a half interest in the new line from Salt Lake City to the Pacific, built by Senator Clark, was bought for the Union Pacific. Thus, at the beginning of 1905, the Union Pacific stands supreme over the commerce of San Francisco and of the whole Southern Pacific coast. It has grown to more than 30,000 miles in 1905.

The dominion of Mr. Hill also has grown. In 1893 he controlled only the Great Northern, with 3,351 miles of road in operation. In 1901 he added to his group the Burlington and the Northern Pacific. The story of the great fight for these two lines has been written many times. The issue lay between Mr. Hill and Mr. J. P. Morgan on the one side and Mr. Harriman and Kuhn, Loeb & Co. on the other. The Morgan-Hill syndicate won. They now have under their immediate orders more than 19,000 miles of road. The Hill system dominates the territory west of the St. Paul and north of a line from Sioux City to Portland and south of the Canadian border.

The Canadian Pacific has made few additions to its system. It has absorbed no rivals. Before 1893 it had taken over the Soo Line and the Duluth, South Shore and Atlantic, giving it a route into St. Paul and connections to Chicago. In 1893 the total mileage in this group was 9,076. In 1905 it is a little more than 11,321.

This brief summary comprises the most startling events in the history of railroading in the United States. The growth of the Harriman systems since 1898 stands out as a unique record of American enterprise. The Harriman influence has become undoubtedly the greatest single factor that has ever entered into questions of American politics, finance and commerce. The Harriman empire is the biggest and the strongest consolidation of interests that has fallen to the control of any one man.

Both Mr. Harriman and Mr. Hill are the products of competition. The struggle that has made the Pacific ports great commercial cities has made these men great commercial magnates. Wisely, deliberately, carefully, they have built up in their respective empires a traffic that has brought wealth and power

to their roads, and power and wealth to themselves beyond the imaginations of those who went before them. Mr. Hill was the pioneer. As early as 1879 he conceived the idea of using the insignificant Manitoba Company as the nucleus of a mighty trans-continental road that should rival the Northern Pacific and the Canadian Pacific. He threw its lines out across the plains to gather in the products of the untouched fields. He ran it where only trails had run before, following with his engines the wagon tracks of the pioneers. He made every mile pay as he built it. With the mileage grew the credit of the company. The cautious English and the canny Scotch watched his progress closely. When, at the last, he called for capital enough—and no more than enough—to push his lines through to the Pacific Ocean, these were the men that came to him and laid their riches at his feet. In Wall Street they called his dream "Hill's Folly." But the rich men of England and the bankers of Montreal took his stocks and bonds. He built his railroad to the Coast on foreign money. Always and above all other things, he kept the credit of his road good beyond all question. On that he built his system.

Mr. Harriman followed where Mr. Hill had blazed the way. As Mr. Hill took the Manitoba Company, bankrupt, Mr. Harriman took the Union Pacific, likewise bankrupt. Mr. Hill built his line across the continent, and Mr. Harriman bought his way. As Mr. Hill used the high credit of his Manitoba Company to build, Mr. Harriman used the growing credit of the Union Pacific to buy his way into Portland and into San Francisco. The progress was the same in each case. The difference was that it took Mr. Hill more than twenty years to build his railroads, whereas Mr. Harriman bought his within five years. Both now stand supreme in their respective territories.

The methods by which these results have been accomplished belong to technical science. The lumbermen of Puget Sound now ship for forty cents per 100 pounds lumber that they could not ship in 1893 because they could not pay seventy-five cents per 100 pounds. The methods by which this result has been accomplished are the methods by which the commerce of Seattle, both across the continent and across the Pacific, has been trebled during that same period. The triumphs of

Mr. Hill and of Mr. Harriman are the triumphs of method, of science applied to transportation. In the old days railroading was a trade. Now it is a science. Mr. Hill calculated the exact amount that could be paid by the lumbermen of the Pacific Northwest on their lumber, and he ordered his road to meet that specification. His engineers were told to make a grade that would carry the lumber at that price. The Great Northern never climbs a mountain for the sake of running down the other side. It snakes its way by devious paths wherever the slopes may favor it. The highest point on the line is Summit, 1,146 miles west of St. Paul. It is 5,199 feet above sea level. At Sherman, west of Cheyenne, the Union Pacific is 8,000 feet above sea level, and for hundreds of miles it is more than 6,000 feet. The Canadian Pacific crosses the Rockies at Stephen, 5,286 feet above sea level, but on the western slope of the Kicking Horse Pass it encounters five miles of grades that run more than 4 per cent. At Homestake Pass the Northern Pacific touches 6,328 feet.

This is the wonder of the Great Northern. Its passenger trains are drawn up the Rocky Mountains by a single engine at more than twenty-five miles an hour. It finds its way into the very centre of snow-capped mountain ranges without climbing a hill as high as the elevations crossed in a journey from New York to Buffalo on the Lackawanna or the Erie. It is this item that has given the Great Northern the key to the problem of Northwestern rates. Mr. Hill can ignore the Rocky Mountains. His engineers have removed them from the map.

He can, therefore, go to Texas and contract to carry raw cotton to Seattle cheaper than Mr. Harriman can ship it west to San Francisco. For that reason Mr. Hill's agents can take the lumber of Washington and put it down in Chicago in competition with the lumber of Michigan, which is at Chicago's doors. Because of the low grades of the Great Northern, Seattle has become the headquarters of the cotton export trade with the Orient.

The discovery of this grade has revolutionized the railroad map west of the Missouri River. The Lucin cut-off was thus made necessary, whereby Mr. Harriman shortened his line across the Great Salt Lake; and great grade reductions at many places on the Harriman lines have been made necessary,

which during the last three years have cost more than \$20,000,000. Every year since 1893 every president of competing lines has recorded in his annual letter that "grades have been materially reduced" on some important division of his railroad. This is a most important result of the fight for trans-continental and trans-Pacific trade.

Transportation has become a question of engineering skill. The constructive engineers of the railroads must make their railroads low grade, to permit of long trains; solid, to permit of enormously heavy engines and cars, straight, to permit of high speed. The equipment engineers must build their engines powerful enough to carry 1,000 tons of freight behind them; light enough to travel with safety over the long bridges and high trestles of the mountain roads; fast enough to meet the fearful requirements of the modern express service.

All these things have been done. Taking the Great Northern as an example, since 1893 the engineers have filled in and made solid embankments of more than twenty miles of trestle. They have laid more than 2,000 miles of new rail in the tracks. They have cut out hundreds of curves and eliminated dozens of small grades. Every year the wooden trestles are becoming fewer, the grades less frequent, the curves less noticeable. The increase of the equipment, too, is one of the most striking facts in the whole remarkable story.

During these twelve years practically the whole rolling stock of all these roads has been replaced. The engines that hauled the big freight trains in 1893 are now doing work in the yards, or have been sent to the scrap piles. More than 75 per cent. of the locomotives on these lines are modern, high-power machines.

The results of these changes are shown in the following table, which compares the average trainload on each system in 1893 and in 1904.

AVERAGE TRAINLOAD IN TONS

| | 1893 | 1904 |
|------------------|------|------|
| Santa Fe | 163 | 260 |
| Southern Pacific | 153 | 325 |
| Union Pacific | 163 | 378 |
| Northern Pacific | 153 | 339 |
| Great Northern | 239 | 447 |
| Canadian Pacific | 163 | 379 |

The average car carries half as much again as in 1893. In this, as in other traffic im-

provements, Mr. Hill has led the way. Mr. Hill himself has explained the reduction of rates on his road as follows:

INCREASE OF TRAFFIC AND DECREASE OF RATE

| | Number of Tons hauled per mile | Average Revenue per ton per mile |
|------|-----------------------------------|-------------------------------------|
| 1883 | 341,539,997 | Cents, 1.608 |
| 1888 | 562,531,432 | " 1.306 |
| 1893 | 1,003,692,312 | " 1.100 |
| 1898 | 1,937,955,894 | " .932 |
| 1903 | 3,606,835,176 | " .857 |

Now for the struggle for traffic across the Pacific. The steamship service out of San Francisco in 1893 comprised half a dozen trans-Pacific lines. The Pacific Mail, the Oriental and Occidental, and one Japanese steamship company had a full service across the Pacific. At Vancouver the Canadian Pacific operated a small fleet, whose first cargo had been landed in 1888. The Northern Pacific Steamship Company landed its first Asiatic cargo at an American port in 1892.

The Canadian Pacific fleet consisted of two ships of an aggregate tonnage of 9,000 tons. In 1891 this was increased to 18,000 tons by the addition of the three "Empress" steamers, and in 1898 to 26,400 tons. It has been a successful venture from the first.

Mr. Hill gained a regular fleet in 1898 by an alliance with the Japanese steamship company, the Nippon Yusen Kaisha. He has lately put in commission out of Seattle the two biggest carriers on the Pacific, the *Dakota* and the *Minnesota*, each with a capacity of 28,000 tons, or more than the entire capacity of the Canadian Pacific fleet. Each ship can carry 3,000 passengers.

The San Francisco and Portland lines, meantime, have not been idle. The Pacific Mail Steamship Company has greatly and steadily increased its tonnage. In 1902 it added to its fleet the *Korea* and *Siberia*, of 12,000 tons each. At that time they were the biggest American-built ships afloat. In 1904 it added two more giants, the *Mongolia* and *Manchuria*, of 13,639 tons each. Practically the Pacific Mail has added to its tonnage since 1901 nearly twice the tonnage of the entire Canadian Pacific fleet; while Mr. Hill alone has added still more.

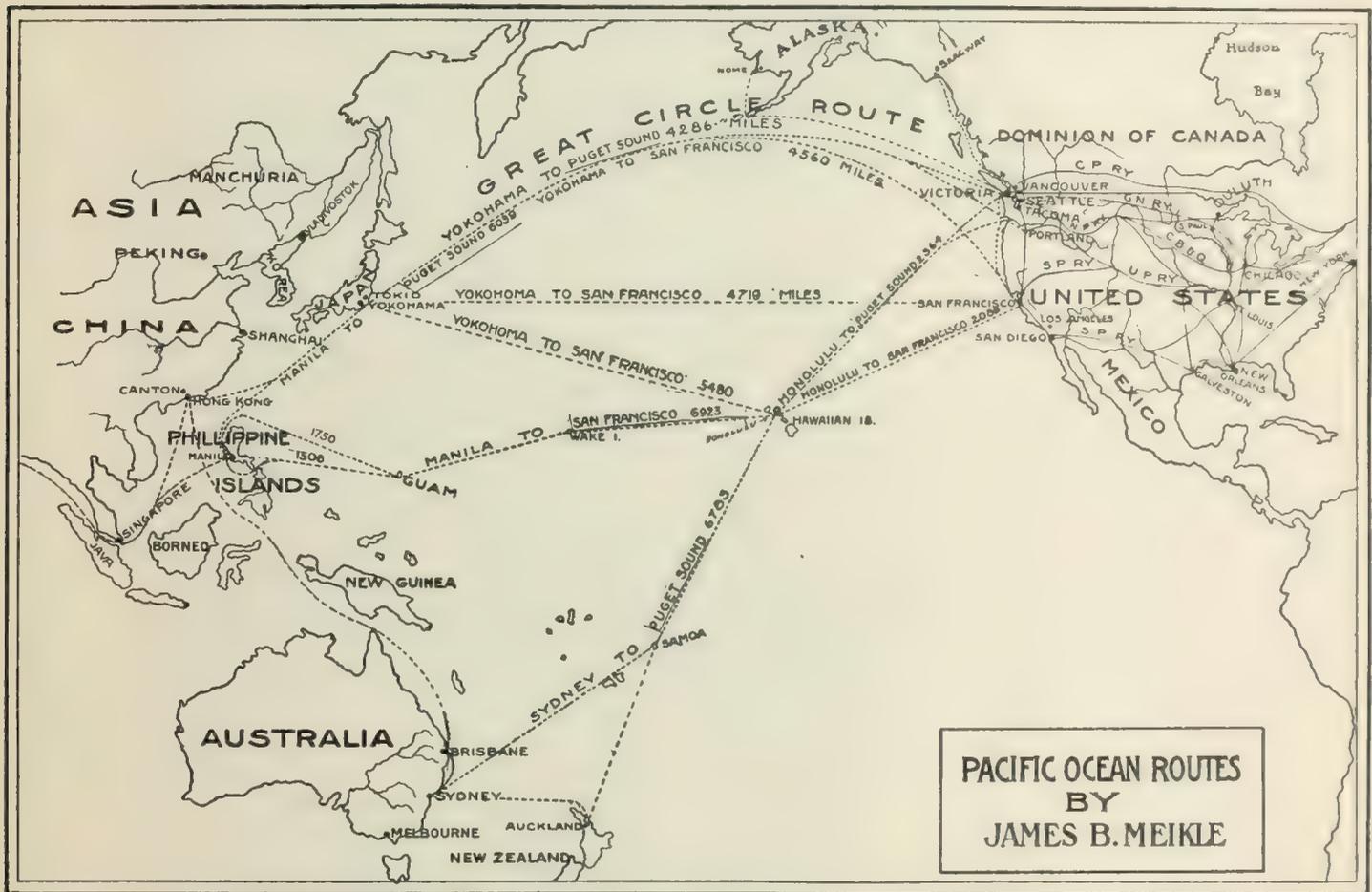
During these twelve years the railroads have had many troubles of other kinds. Legislation, local and national, and city councils in every state along their lines have "held them up." In Washington, Oregon and

California the accusation has constantly been that the railroads make rates to destroy manufacturing industries there.

Everybody knows the story of the litigation over the Northern Securities Company. But Mr. Hill holds the Great Northern, the Burlington and the Northern Pacific securely. He will control the northern traffic routes just as completely as he has controlled them.

What the future may bring in this long contest it is difficult indeed to say. But certainly, within the next three years, there is going to be at least one important change.

Again, the Chicago, Milwaukee and St. Paul, a strong and well-backed corporation, seeks an outlet on Puget Sound. It has bought property for terminals at Seattle, and threatens to reach them over its own tracks. Farther south yet the great Rock Island Route is bottled up at Denver and El Paso. No one can tell the purposes of the inscrutable syndicate that conducts that system. All that men know is that the Moores and their bankers are aggressive and strong. There may, therefore, be much transcontinental road building in the near future. One body



MAP SHOWING THE MAIN LINES OF PACIFIC OCEAN TRAFFIC, NOW BEING DEVELOPED BY THE TRANSCONTINENTAL RAILROADS

The Western Pacific road will bring the Gould lines into San Francisco, and may break the monopoly of Mr. Harriman on the South Pacific coast. In Canada, too, to the north of the Canadian Pacific, surveyors for the Grand Trunk Pacific are studying routes for another road to the ocean. They declare that they can build a shorter road than any existing route across the continent, with lower grades even than Mr. Hill's Great Northern. South of them the surveyors for the Canadian Northern are seeking right of way across the Rocky Mountains.

of opinion is that much will depend on the results of the war in Asia. If Japan and China are open to American commerce, the fleets out of Vancouver, Seattle, Portland and San Francisco may double and treble within the next ten years, and still lag far behind the commerce. The Western Pacific, the Grand Trunk Pacific, the St. Paul, the Rock Island, the Canadian Northern, may have their own great fleets on the Pacific Ocean and still not do more than handle the commerce of the Orient. But these things are for the future to determine.

THE FIRST AMERICAN GOVERNMENT ON THE COAST

HOW THE PROBATING OF A WILL BROUGHT ABOUT THE ORGANIZATION OF CIVIL GOVERNMENT BY THE AMERICAN SETTLERS AT CHAMPOEG, OREGON, IN 1843, WITHOUT THE CONSENT OF THE UNITED STATES AUTHORITIES—THE PART TWO FRENCH CANADIANS PLAYED IN THE MAKING OF OUR NORTHWEST

BY

GEORGE H. HIMES

ASSISTANT SECRETARY OF THE OREGON HISTORICAL SOCIETY

THE beginning of American government on the Pacific coast was made at Champoeg, Oregon, in 1843. Among the settlers who had come to the Willamette country (for they were then few) was Ewing Young. He died February 15, 1841, leaving an estate worth several thousand dollars—the first American who died in Oregon who had real property. He had been married, and it was believed that he left an heir. A new condition, therefore, confronted the settlers. After the funeral they organized a probate court, and an administrator was appointed, the property disposed of, and the proceeds lent out until the heir was found. This proceeding made the settlers realize the necessity for a government.

Oregon at this time was in a certain sense under the jurisdiction of both the United States and Great Britain. In 1818 a treaty of "joint occupancy" was signed to last for ten years. It was twice renewed, despite the fact that American settlers in Oregon in 1838 vigorously protested against it. Under this treaty the citizens of both powers had the right to acquire property, but the Governments made no provision for legal procedure to protect their citizens. Since the only English subjects in Oregon were the employees of the Hudson Bay Company, the head of that corporation was practically the judge in all disputes. He was a man of great force of character, intelligence, integrity and influence, and as a result of his firm yet kindly control he became practically the ruler of the land and was known as the "Governor of the Oregon Country." These were the conditions when Ewing Young died.

During the next two years the necessity

for civil government was frequently discussed. The settlers held "wolf meetings," ostensibly to unite on a plan for the protection of stock from wolves. The underlying motive of these meetings, however, was to find out the strength of the American spirit then in the country, with a view of effecting a political organization at the earliest practicable hour. At last a committee was appointed to prepare a plan of organization. They reported to "the inhabitants of the Willamette Settlement" on May 2, 1843. Then 102 men assembled at Champoeg (Indian for "the place of the camp")—long prior to this time used by the Indians as a camping ground. It was a motley company—Americans, English and French, most of the latter two nationalities being Hudson Bay employees. Dr. I. L. Babcock, a native of New York, was elected chairman, and George W. Le Breton, from Massachusetts; W. H. Willson, from Massachusetts; and W. H. Gray, from New York, secretaries. Le Breton moved that the report be adopted. Gray seconded the motion. Confusion ensued in taking the vote. Some had never taken a part in a political meeting. At a critical moment Joseph L. Meek, a Virginian, who had gone west in 1829 as a lad of nineteen, and who had been a hunter and trapper in the Rocky Mountains up to the time he came to Oregon in 1840—a man of giant stature and mighty voice—strode out of the little Hudson Bay Company's warehouse.

"Who's for a divide, follow me!" he cried, turning to the right.

The warehouse was emptied at once, those favoring the adoption of the report following Meek, and those opposed taking the left-hand

column. Far down the line on the left one stalwart French Canadian was seen gesticulating in loud debate with another; quickly both stepped across the intervening space and took their places at the foot of the right-hand line. The lines were counted, and it appeared that the report had been adopted by a majority of two.

Thus, without permission of the United States authorities, was the first American civil government west of the Rocky Mountains born.

In 1843 the settlement had an addition of nearly 1,000 souls. Then all fear of local disturbance vanished, and a stable government, able to protect itself, resulted.

Affairs were managed by an executive committee of three until June 5, 1845, when George Abernethy, a native of New York City, was elected governor, with the full number of necessary officers—there were no sinecures. These served until March 2, 1849, when General Joseph Lane, the first United States officer, came as territorial governor.

This government was called the “Provisional Government”; its founders proposed to sustain the American Idea on this coast until the National Government should become sufficiently aroused over the importance of its Pacific coast territory, jointly occupied with Great Britain, to end that occupation and set up its own supervision. Joint occupation ceased by treaty on June 15, 1846. This little republic (as it was practically) per-

formed all the offices of any government—levied taxes, provided postal routes, declared war, raised an army, fought through to victory, authorized the coinage of money, coined \$58,500 in five-dollar and ten-dollar gold pieces, exercised judicial functions, incorporated cities, granted divorces and punished criminals.

The fifty men who opposed the adoption of the committee’s report were all French Canadians, mainly under the influence of the Hudson Bay Company, if not in its employ. Of the fifty-two who voted for the committee’s report four were Scotch, six English, two French Canadians, ten of unverified nationality, and the rest from the States. It was this settlement that gave to California James W. Marshall, who discovered the first gold in that state, and Peter H. Burnett, provisional supreme judge in Oregon, who was California’s first governor.

In 1891 a monument was erected to commemorate this historic event. The inscription on it is:

ERECTED ON THURSDAY, MAY 2, 1901, IN HONOR OF THE FIRST AMERICAN GOVERNMENT ON THE PACIFIC COAST, ORGANIZED HERE ON TUESDAY, MAY 2, 1843, 52 PERSONS VOTING FOR, 50 AGAINST

And the names of the fifty-two men follow. May 2d is celebrated every year in memory of this event. One of the signers, Mr. Matthien, survives, in his eighty-eighth year.

“THE INLAND EMPIRE”

THE REGION OF IDAHO, WASHINGTON AND OREGON THAT IS A WONDERLAND OF PRODUCTIVITY AND OF NATURAL WEALTH—WHERE A MAN AND HIS WIFE LIVE WELL ON THE PRODUCTS OF ONE ACRE, AND A MULE DISCOVERED THE RICHEST OF COPPER MINES

BY

W. H. KIRKBRIDE

THE great continental plateau which lies between the Bitter Root and Cascade mountains is known as the Inland Empire. It comprises most of Idaho, eastern Washington and eastern Oregon, and is drained by the Columbia River and its

tributaries. It equals in area all the New England States, and New York, Pennsylvania, New Jersey and Maryland. It is thought to be unsurpassed by any other section of the world in variety and richness of resources.

The rolling hills and towering mountains

are solid masses of lava, caused by volcanic upheavals. Glaciers and the sun, snow and wind of untold ages have worked marvelous changes on the rugged peaks, giving them strange and beautiful forms. The greatest of these elevations constitute the Bitter Root and Cascade ranges. The great interior basin arrested the rains and rivers of generations until it became a vast sea, 1,000 miles long and 700 miles wide, which finally cut its way to the sea through the most fertile portion of the plateau, forming cañons 2,000 feet deep, through which the Snake and Columbia rivers now flow. In time the valley was drained of its waters, and the sea bottom became an immense plain, 3,000 feet above the level of the ocean.

The foundation of granite sand and basaltic dust was covered by many feet of rich alluvium from the rivers, thus forming a bed-rock soil abounding in all necessary chemical ingredients, similar in many respects to that of the Nile, which has preserved its fertility through thousands of years. Wild grasses and vegetable matter soon sprang up, flourished and fell back again through countless ages, forming a soil so prolific that to-day it yields the largest crop of grain and fruit for its area in the world. It is of a rich dark brown, and is free from alkali and injurious salts. While nature was thus enriching the valleys, giant forests were slowly growing, decaying and growing again on the mountains, until to-day they cover millions of acres containing billions of feet of the finest timber. Great masses of gold-bearing porphyry make this region one of the richest mineral belts in America. Immense quantities of nearly every mineral found in the United States were deposited somewhere within its boundaries.

EARLY DEVELOPMENT OF THE INLAND EMPIRE

The Indians, the first inhabitants, had little knowledge of the resources of their country, though here dwelt the Nez Percés, Flatheads, Cayuses, Chinooks, Palouses, Spokanes, Cœur d'Alènes, Kootenays, and many other tribes whose names are now perpetuated in the rivers, counties, and cities of the Northwest.

In 1804 Lewis and Clark crossed the continent on their bold tour of exploration, journeying down the Snake and Clearwater rivers on their way to the Pacific. Later Marcus Whitman and the pioneers he brought from New England settled in the Inland Empire.

The Whitman settlement, the Lewis and Clark expedition, and the discovery of the Columbia River by Captain Gray were the bases of our claim to "Oregon." The dispute with England about the ownership of the territory was finally settled with 49° as the boundary line, and in 1848 Congress created the whole country west of the Rocky Mountains into the territory of Oregon, which became a state in 1859. In 1853 Congress constituted the Territory of Washington, which was admitted in 1889 as the forty-second state in the Union. In 1863 Idaho became a separate Territory. It was admitted in 1890, as the forty-third state in the Union, and with that event, the "Inland Empire," a mighty, civilized kingdom, had replaced "Old Oregon," the vast, desolate wilderness.

THE DISCOVERY OF GOLD

Captain E. D. Pierce, a "forty-niner" from California, discovered gold on the north fork of the Clearwater River in Idaho. Intense excitement ensued, and almost in a night "Pierce City" grew into a camp of 20,000 people. Within a few years \$60,000,000 worth of gold was taken from the placer mines in the immediate vicinity. The centre of commerce for this district naturally was at the junction of the Snake and Clearwater rivers. By 1861 a small mining camp of tents and shacks had sprung up, and was named Lewiston. It grew rapidly, until the first riches of the country were exhausted. Pierce City, being fairly "panned" away, disappeared as if by magic, and most of the fickle population of Lewiston departed for other lands. The Boise Basin in southern Idaho, one of the richest placer camps in the world, was the next important discovery, and a throng of miners and traders flocked to that vicinity, establishing Boise City, now the capital of the state. The prospectors, who left Lewiston in their wild search for sudden riches, abandoned a wealth far greater than they could gain in gold. But the seeds for a prosperous city had been sown. The farmers from New England's rocky soil gazed in amazement at the enormous crops that were growing in the fertile valleys, and decided to remain. Acres and acres of the prairie and valley were homesteaded and put under cultivation, or used as pasture land for thousands of head of sheep and cattle. Little towns

sprang up throughout the country, towns that were destined to become mighty centres of commerce and industry.

THE RISE OF LEWISTON-CLARKSTON

For years after the first riches of the placer mines had been exhausted, Lewiston lay slumbering. In 1894 it had but 900 inhabitants. In 1895 half a million acres of the rich Nez Percé Indian Reservation was thrown open to settlers, and the city entered upon a new chapter of its life. This resulted in the development of the famous Palouse wheat country, which finally brought the Northern Pacific Railroad into the town; and a branch road was soon afterward carried 100 miles up the Clearwater to Stites, Idaho, through a rich country. The Oregon Railroad and Navigation Company then extended its lines north and west through the Palouse and the Walla Walla districts and continued its steamboat service up the Snake River to Lewiston. Lewiston immediately developed into a thriving town of great promise, and her business houses were soon reaping a harvest from the trade of the surrounding country. The price of real estate went up with leaps and bounds, and the population increased from 900 to 6,000 within five years. It was a permanent, healthy growth which at length gave Lewiston the distinction of being the richest town per capita on the Coast.

CLARKSTON'S REMARKABLE GROWTH

On the Washington side of the Snake River, not a mile from Lewiston, lie some 7,000 acres of land. In 1895 this tract was an arid, sagebrush plain, deserted but for a single log hut, where dwelt a lone bachelor with a few pigs. No thought was given to the "flat" by the people of Lewiston save as a convenient place to throw débris. The land was considered worthless until discovered by a party of Boston capitalists who were searching the West for a suitable locality for an irrigation project. A careful investigation was made and the wonderful possibilities of the desert land, if put under irrigation, were disclosed.

A company was organized, 300 acres of land were purchased, and, at a cost of \$50,000, canals, flumes and ditches were built to convey the water of Asotin Creek to the sagebrush desert. Within five months a network of flumes and sluices, eighteen miles long.

was distributing water over the forbidding-looking tract of land. The effect was magical. The sage brush withered away, and in its place sprang up orchards of flourishing peach and cherry trees. The company placed the land on the market at \$100 an acre. The deeds granted perpetual water rights to the land. The only charge was a maintenance fee of two dollars an acre a year, for which the company delivered water upon every tract and kept the system in repair.

The productivity of the soil was multiplied, improving the quality of the fruit until its size increased nearly one-fourth. Orchard after orchard was planted in five- and ten-acre tracts, and the price of land leaped from \$100 to \$300, to \$500, and to \$1,500 an acre, the highest-priced irrigated land in the Northwest. Within three years the peach trees began to bear, and the fame of the Snake River Valley fruit became world wide. Owing to the warm climate, they were the earliest fruits in the West to mature, thus finding a ready market.

A town site was laid out and called Clarkston. Houses were built, and the company extended its holdings to more than 6,500 acres, calling the outlying country Vineland. This land was immediately taken up at the high price of from \$650 to \$1,500 an acre, and converted into orchards of peach and cherry trees so wonderfully productive that some of them now pay a good revenue on an investment of \$2,000 an acre. I talked with one man, a former Long Island market gardener, who had landed in Clarkston with \$100, a wife, and six children. He entered into a contract with the company for a five-acre tract of land, making a small payment. He hired out as a laborer, working on his place in spare moments. At the end of two years he made another contract for five acres more, and at the end of five years sold his ten acres, bought a small place for garden vegetables, built a house and had \$6,000 in the bank. Frequently mature peach orchards yield an annual product of from \$400 to \$1,000 an acre, and cherries will do even better. The Bing and Royal Ann cherries, which are grown here, are said to be the finest in the world, and in size are often of the diameter of a half dollar. When packed properly they will keep for three weeks, so that it is possible to ship them to any part of the United States, and even to

Europe. I know of one exceptional eight-year-old tree in Vineland which yielded 100 boxes of cherries, which at one dollar a box gave a net profit of \$10. Berries and the smaller fruits are sometimes planted between the rows of trees, and an acre of strawberries will yield 150 crates at a net profit of more than \$100 an acre.

The town and vicinity of Clarkston grew so rapidly that the company considered it advisable to increase their interests. In 1898 a great 1,450-foot iron wagon bridge, connecting Lewiston and Clarkston, was built at a cost of \$110,000. This, and the railroad which was brought into Lewiston during the same year, assured the future prosperity of the twin cities.

The stockholders increased their working capital to \$2,000,000, and reorganized, as the Lewiston-Clarkston Company. They perfected and enlarged their system of flumes and canals, built waterworks, purchased the Lewiston electric-lighting plant, and extended it to Clarkston and Asotin, started an electric-power service of their own, erected a thousand-horsepower steam auxiliary plant at Clarkston, and built electric transmission lines to four nearby towns. They now have plans for large extensions which will greatly augment the prosperity of the country.

To anyone having seen the barren plain of eight years ago the Clarkston of to-day would be a revelation. It now has a population of 2,500, and more than 600 thrifty homes, two banks, a newspaper, a hotel, a schoolhouse costing \$13,000, five churches, a free library, fifteen stores, two fruit associations, several office buildings, plank sidewalks, telephone lines, electric lights, and all the modern accessories of a town ten times its size. Where could such a thing be possible save in the West? The population of Lewiston-Clarkston is now 10,700, and is rapidly increasing. With the exception of street railways, which will be built in the near future, its inhabitants are now enjoying all the comforts of civilization. They have electric lights, electric power, telephones, six flourishing banks with resources above \$2,500,000, an opera house, a Carnegie Library, a hospital, twelve churches, five schools, four newspapers, numerous commercial houses, and several mills and factories. Manufacturing is yet to be developed, but with the water electric power now in command, and with coal, raw materials of a great

variety, quick transportation and abundant markets, its growth is inevitable.

The climate of the region is equable and delightful. It is virtually a land of perpetual sunshine, and though in winter the snow-capped mountain peaks are plainly visible, snow falls but rarely in the valley. Storms from the coast are dissipated by the Blue Mountains, and wintry blasts from the east are completely shut out by the towering walls of the surrounding hills. The warm "Chinook" winds, due to the Japan ocean current, soon carry off any snow that may fall, leaving the air dry and pure. In summer continuous breezes from the nearby mountains keep the atmosphere of the valley sweet and refreshing. Though it is frequently warm, sunstrokes are unknown, and the nights are always cool and comfortable.

In contrast to these inland towns, which are still in their infancy, is Spokane, Wash., the metropolis of the Inland Empire. Spokane owes to the Palouse and Big Bend countries its waterpower, the Cœur d'Alène mines, and the railroads. Founded in 1873, it lay dormant for many years. In 1883 its population was less than 500 and its assessed valuation was \$1,800. By 1903 its population had increased to 65,000 and its assessed valuation to more than \$25,000,000. It is now one of the most important transportation centres in the West; five railroads enter it from different directions. The mighty fall of the Spokane River gives light to the city, operates flour mills, factories and elevators, furnishes the power for more than 100 miles of electric railroads, and operates the great silver and lead mines of the Cœur d'Alène district, ninety-eight miles away. There is 100,000 horsepower available in the two falls, though at present only the smaller fall is in use.

IRRIGATION WORKING WONDERS

Scattered here and there throughout the great plateau are hundreds of small prosperous towns, far from any railroad. Some of these villages owe their birth to the grain and stock industries, but many, like Clarkston, have been developed entirely through irrigation.

In 1000 Washington, Idaho, and Oregon opened for settlement 90,000,000 acres of land, one twentieth of the total area of the United States. The fertility of the soil was by this time well known. Great irrigation

projects were started. Private corporations and the respective states have contributed to this development, but the United States Government is now spending \$10,000,000 on irrigation in the Inland Empire. Under the National Irrigation Law all the money received from the sale of public lands in certain states will be spent in constructing irrigation works. It is estimated that every million acres

they irrigate 270,000 acres, through which run 700 miles of canals and flumes. The Washington Canal Company, in the Wenatchee Valley of the Big Bend country, has taken the waters from the river twenty miles away and now supplies the entire valley. The Deschutes Irrigation and Power Company of Crook County, Ore., has turned the waters of the Deschutes River upon 300,000 acres



BREAKING THE SOD

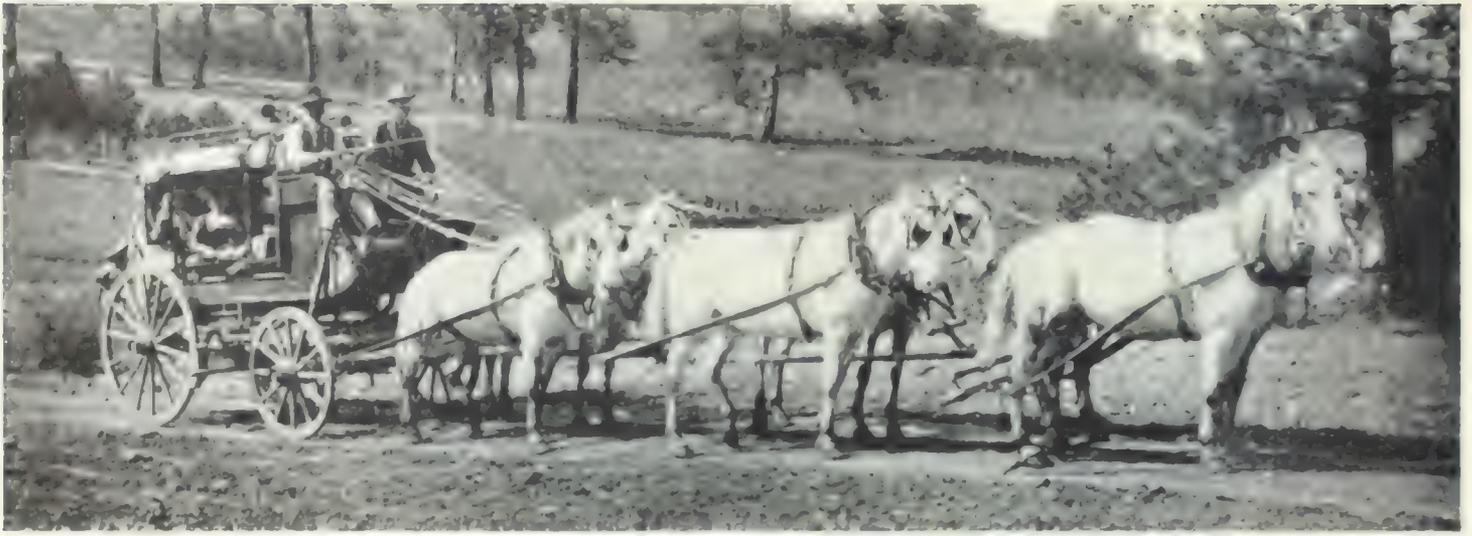
A traction engine drawing a plow that turns nine furrows simultaneously

reclaimed by irrigation adds \$200,000,000 to the wealth of the country.

The Twin Falls Irrigation Company has built a great dam, the largest in America, and the third largest in the world, in the Snake River at Milner. From this dam there run two ditches, one to the south, and one to the north. The former is 10 feet deep, 125 feet wide and 60 miles long, and together

of the fertile valley, which is rapidly becoming peopled; the Washington Irrigation Company has spent \$500,000 in irrigating Yakima Valley; the Walla Walla Irrigation Company has brought thousands of acres into high cultivation in that district; the Hood River Irrigation Company has more than 6,000 acres of orchards under irrigation.

Fruits, berries, nuts and garden vegetables



THE OVERLAND STAGE

Photographed by Fair & Thompson in Lewiston, Idaho

There are many small towns in the "Inland Empire" connected with the outer world only by stage lines

have proved the most profitable investment under irrigation. The cherry and peach orchards of Clarkston yield delicious fruit of enormous size. A grape grower in this vicinity makes 1,500 gallons of wine to the acre from his grapes. The apple crop for 1904 in the Hood River Valley exceeded 100,000 boxes, which sold for more than \$125,000. The strawberry crop for the same year produced 150 crates to the acre, allowing a net profit of \$200. The famous Yakima Valley apples are shipped to all parts of the globe, and bring \$4 a bushel in London, with

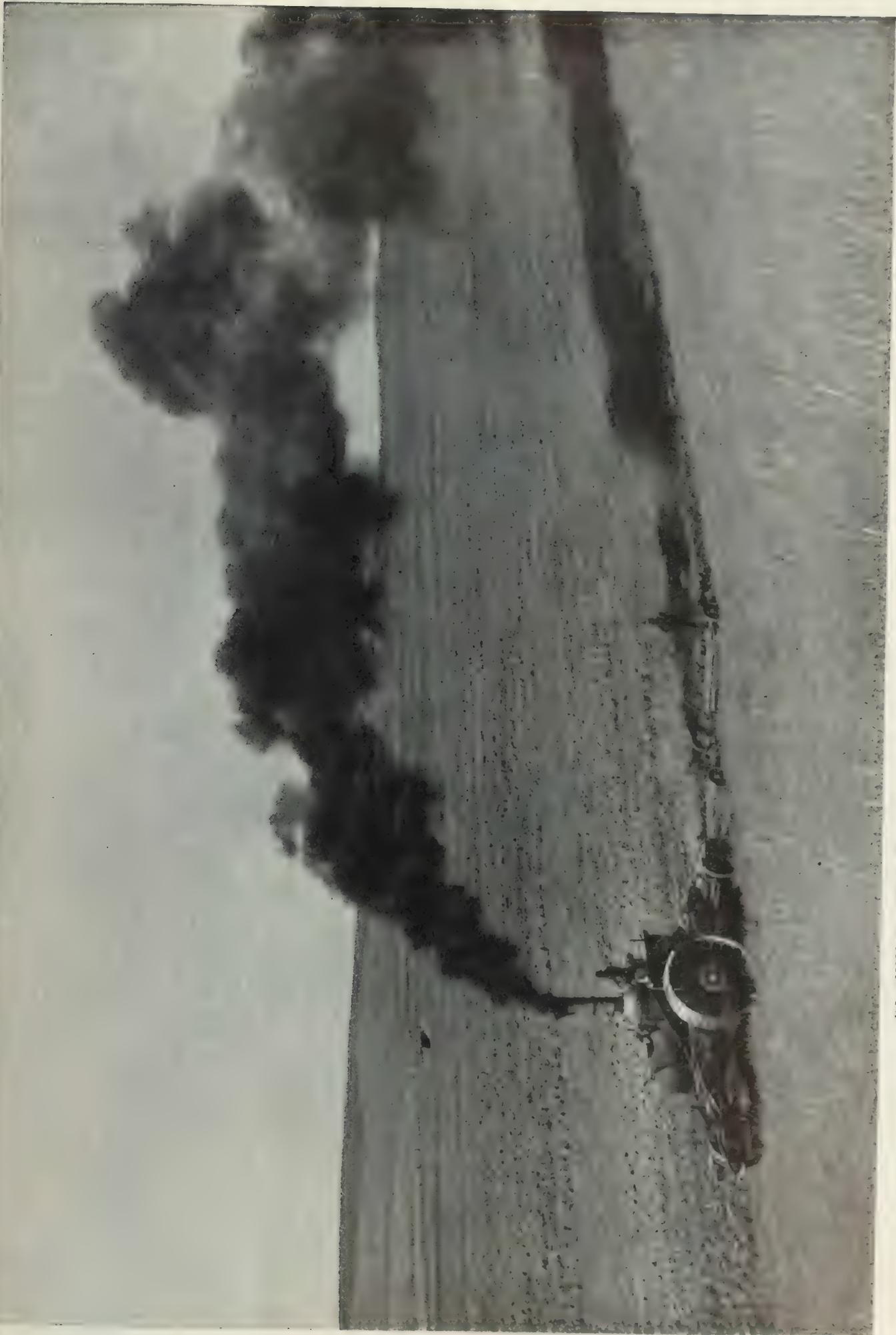
a net profit of \$2.25 per bushel for the producer, who often realizes \$300 or \$400 an acre. A ten-year-old tree frequently bears 1,000 to 1,200 pounds of apples.

Three crops of alfalfa a year, with five tons to the acre, are grown. No hay barns are needed. The grasses are simply stacked in the fields, remaining fresh and nutritious for years. It costs less than \$3 an acre to raise alfalfa, and the net income ranges from \$15 to \$30 an acre. Clover, timothy and blue grass are also profitably grown. The Inland Empire's 1904 output of potatoes exceeded



CUTTING AND THRESHING WHEAT

A tractor engine drawing a combined harvester



PLOWING THE ENDLESS WHEAT FIELDS OF THE NORTHWEST

The wheat crop of the "Inland Empire" for this year is estimated at 60,000,000 bushels, worth, at 70 cents a bushel, \$42,000,000. Because of the large yield per acre as well as because plowing and harvesting can be done on a large scale, wheat is produced here more cheaply than anywhere else in the world.



A LUMBER CAMP IN IDAHO

7,000,000 bushels, or one-twentieth of the entire crop of the United States. Hop growing has become an important industry, especially in the Willamette and Yakima valleys, where a yield of 1,200 pounds to the acre is of frequent occurrence. Hops usually bring about twenty-five cents a pound in the market. Melons, sweet potatoes, peanuts, onions, tomatoes and pickles are also successfully grown. The creameries of Yakima Valley are now producing annually almost 1,000,000 pounds of butter.

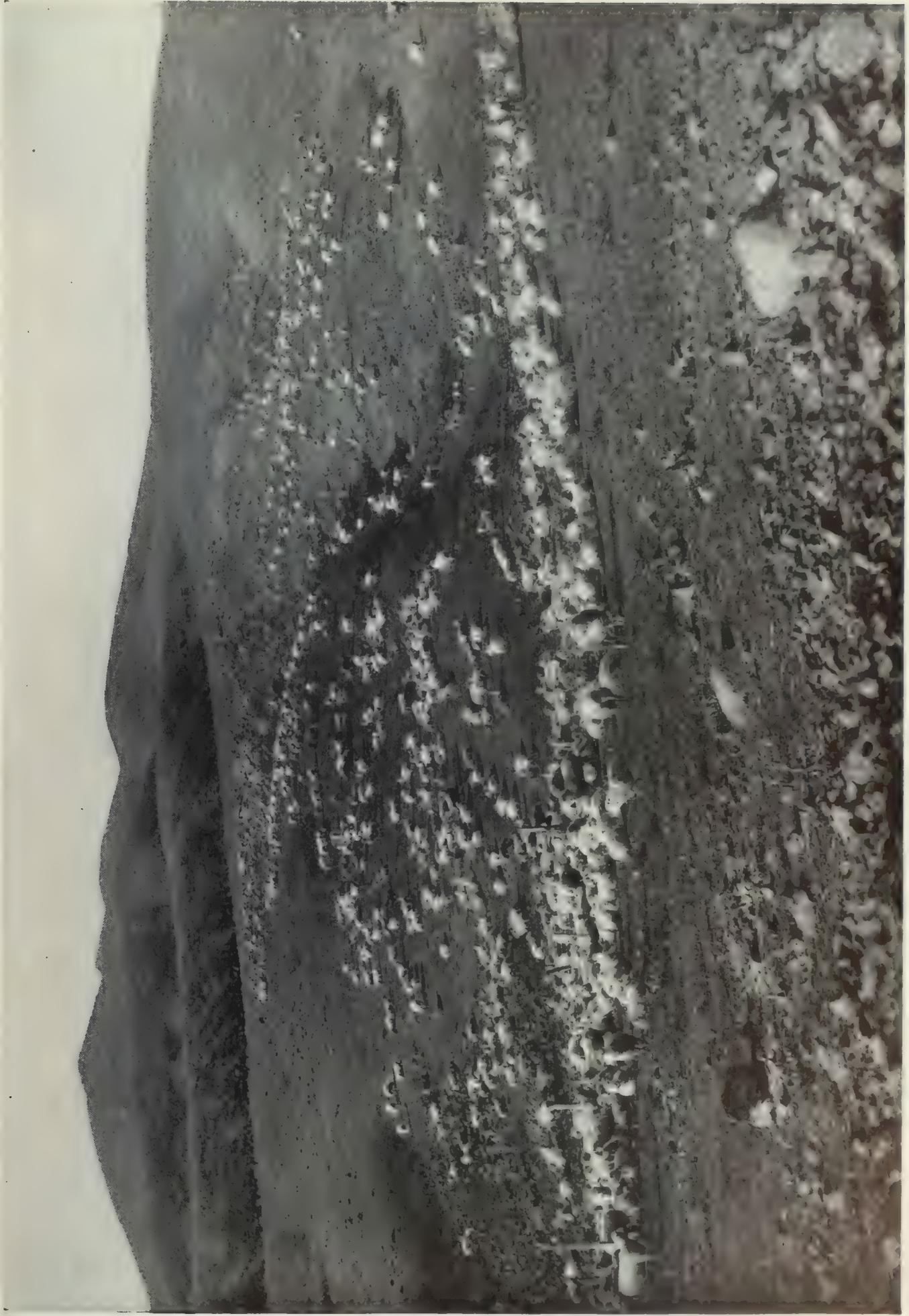
The great and all-important crop, however, of the Inland Empire is grain. It is so cheaply grown on the uplands that it does not pay to raise it under irrigation where other things are so much more profitable. All of the smaller grains, such as barley, oats, and flax, yield enormous crops. There are many instances where a quarter section—160 acres—has produced more than 10,000 bushels of oats, and barley often gives eighty bushels to the acre.

The Palouse, the Walla Walla and the



PINE TREES IN A NORTHWEST FOREST

It is estimated that there are millions of feet of yellow pine still standing in the Northwest



AN IDAHO SHEEP RANGE

Copyright, 1934, by Fair N. Thompson, Lewiston, Idaho



CLARKSTON, WASH., AN IRRIGATED TOWN FIVE YEARS OLD CONNECTED BY A BRIDGE ACROSS THE

Lewiston districts are the most important wheat-producing sections in the country, both for quality and for quantity. Year by year the yield has increased until it has reached enormous proportions. Thirty years ago no wheat worth mentioning was grown in the Inland Empire. This year's crop is estimated at 60,000,000 bushels, which, at seventy cents a bushel, represents a value of \$42,000,000. A single acre has produced sixty to seventy bushels. Minnesota, which was formerly looked upon as the greatest wheat state in the Union, last year averaged ten and a half bushels to the acre, while the Inland Empire averaged twenty-three and a half. The average for the entire United States for the same year was a little more than fourteen bushels to the acre, and for Idaho, Washington and Oregon it was twenty-three and a half bushels, nearly 48 per cent. higher than for the country as a whole. The cost of production in this section is so much less than elsewhere that the actual returns are much greater. Mr. L. F. Smith, of Endicott, Wash., this year received from the Northwestern Warehouse Company probably the

largest check ever issued to a farmer for a single crop of wheat—one for \$45,304. This represents nearly 62,000 bushels, the larger portion of which was grown on 1,500 acres.

The great threshing machines for harvesting the crop are operated by steam or hauled by teams of from twenty to fifty horses. They cut a swath of fourteen feet, and cover fifty acres a day; they head, thresh, clean and sack the grain at one operation, then drop the sacks in piles of six as they go along. These sacks, which contain each 140 pounds of grain, are not handled further until they reach their destination. The average cost of raising wheat is estimated at from twenty-four to twenty-eight cents a bushel, which gives the producer a net profit of about 100 per cent. Both spring and winter wheat yield from thirty to sixty bushels to the acre. It is even possible for wheat to be sown each year on the same acreage. A rancher in Columbia County, Wash., declares that since 1863 he has cultivated the same soil, and that in 1904 it yielded fifty-five bushels to the acre. The region is now turning its attention to producing flour for export. The Orient is



CLARKSTON, WASH., FIVE YEARS AGO

It now has 2,500 inhabitants, two banks, a hotel, a schoolhouse, five churches, a free library, telephones and electric lights



Copyright, 1904, by Fair & Thompson, Lewiston, Idaho.
 SNAKE RIVER WITH LEWISTON, IDAHO, ONE OF THE COMMERCIAL CENTRES OF THE "INLAND EMPIRE"

now consuming from the Inland Empire alone \$4,000,000 worth of flour a year.

TIMBER AND MINERAL WEALTH

Lumbering and mining are yet in their infancy. There are 8,000,000 acres of timber available for manufacturing into lumber, with an estimated average of 10,000 feet per acre. At least 9,000,000,000 feet of this are white pine, of a quality equal to that of the once famous Michigan white pine. Growing also in these acres are unnumbered millions of yellow pine, cedar, tamarack and fir.

For manufacturing purposes this lumber is worth, approximately, \$14 a thousand feet, so that the total value of the timber belt is considerably more than \$1,000,000,000. Probably half of this is owned by private corporations, the largest holders being the

Northern Pacific Railroad, Mr. J. J. Hill and his associates, and Mr. Frederick Warehouser, the Minnesota lumber king. In 1903 Oregon and Washington produced one-fourteenth of all the lumber manufactured in the United States. Idaho, with the greatest supply of them all, has scarcely been touched.

The mineral wealth of this district consists principally of gold, silver, lead, coal, iron and copper. Five hundred million dollars in gold has already been taken from the Inland Empire by placer mining, and its great ore bodies have yet to be developed. Half the lead that has been mined in the United States has come from the famous Cœur d'Alènes, the most productive lead mines in the world. Like many of the richest mines, they were discovered by pure luck. A man lent his mule to two prospectors. In



Photographed by Fair & Thompson, Lewiston, Idaho

A BUSINESS BLOCK IN LEWISTON, IDAHO



AN IRRIGATION DITCH

Showing how the fall of water is regulated by head-gate.

the course of their wanderings the mule was tied to a tree, and he, becoming impatient, pawed the ground and uncovered a lead vein which is now the site of the famous Bunker Hill Sullivan Mine. The owner of the mule



Wool in sacks ready for shipment by steamer.

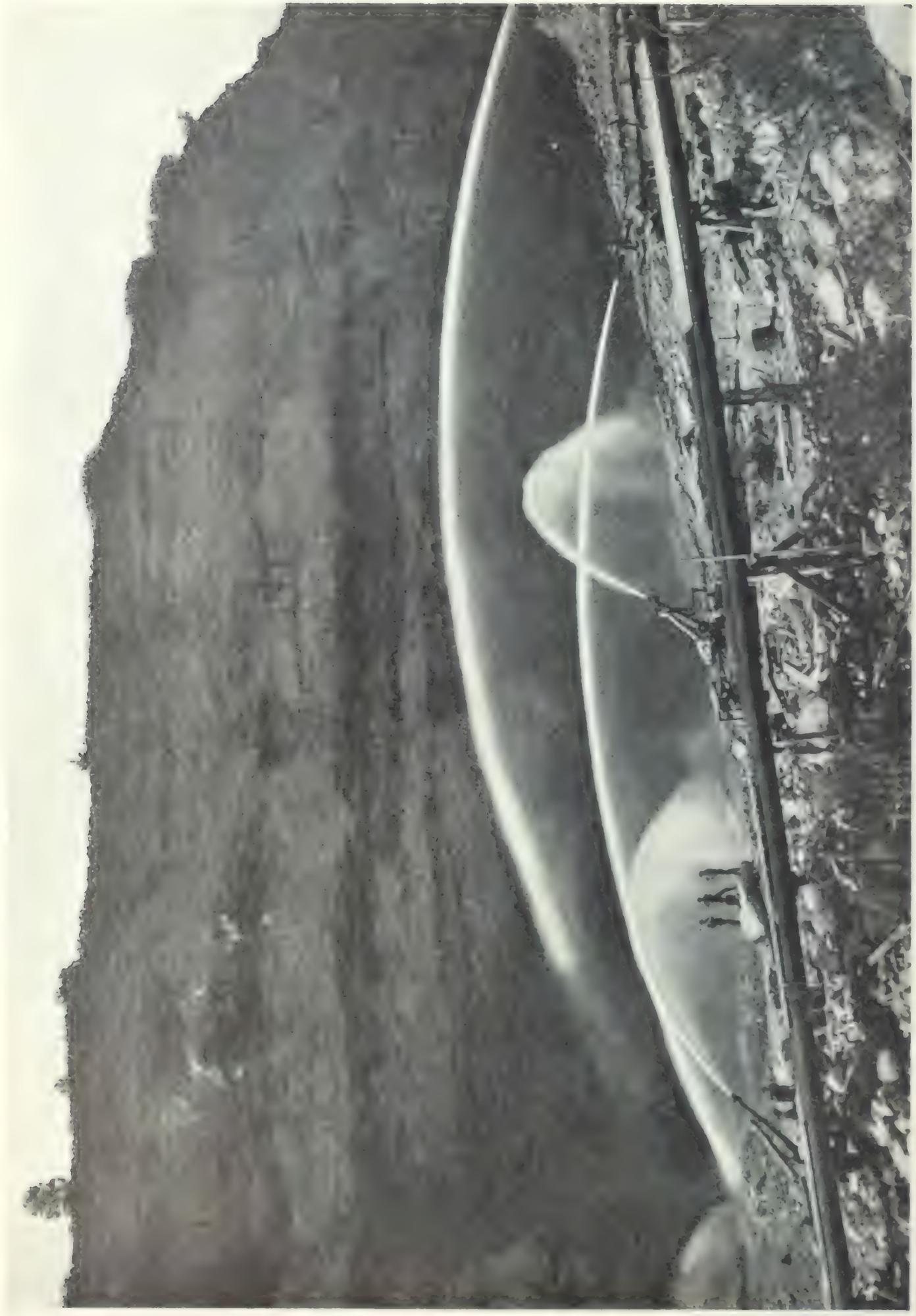
sued for a third interest in the claim, and the courts granted it to him, stating that as the mule had made the discovery, and that, as he was its owner, he was entitled to the mule's share. The three owners sold their discovery for \$500,000 and nothing was too good for that mule for the rest of his days. He was exhibited in a private car and lived on the



A COPPER CAMP IN THE SEVEN DEVILS MOUNTAINS, IDAHO



AN AERIAL TRAMWAY FOR BRINGING WHEAT DOWN FROM THE UPLANDS
Sacks are conveyed down the cable, in places 2,000 feet, to a tramway on the lowlands



HYDRAULIC MINING AT IDAHO CITY

The hydraulic mining at Idaho City is one of the best in the world. The hydraulic mining at Idaho City is one of the best in the world.

fat of the land, and now a tombstone marks his grave. His harness hangs in a noted saloon, where it is gazed upon with deepest reverence by the old-time prospectors. The mine is the richest silver-lead mine in the world, yielding a net revenue of \$1,500,000. Since their discovery in 1884 the Cœur d'Alène Mines have produced nearly \$200,000,000 in gold, silver and lead. Mr. Charles Sweeny, of Spokane, has recently consolidated these lead mines into the Federal Smelting Company.

Of the gold camps, Thunder Mountain and Buffalo Hump are the most important. Both

eventually passed into the hands of corporations which drove tunnels into the veins and erected stamping mills. The value of the Thunder Mountain district is as yet a conjecture.

In the Blue Mountains of eastern Oregon there is a huge mineral belt 120 miles square which contains gold mines of great value. The Eagle and Elk Horn Mountain districts, of which Baker City is the metropolis, contain mines which are producing \$500 to \$1,500 a day. Along the Snake River and in the “Seven Devils” district of Idaho there are



MAIN STREET—BOISÉ, IDAHO

were discovered recently. The Hump was discovered in 1898.

It was not until 1902 that precious metal was found in the Thunder Mountain district. Immediately there was a rush into the wilderness from all parts of the world, but the disappointed fortune hunters found no second Pierce City. There were no fortunes to be “panned” from the streams, for Thunder Mountain is not a placer camp, but a region of low-grade ore, and requires milling to extract the gold and capital to build the mills. There was intense disappointment and suffering, and the weary, bankrupt prospectors returned whence they came. Thousands of claims had been filed upon, and these

valuable copper mines, but the country is so rough that there has been little development. The Grand Roude Valley of Oregon and the Cle-Elum district of Washington contain thousands of acres of coal, the greater part of which is yet undeveloped.

STOCK RAISING

Although the vast free ranges are rapidly diminishing, the sheep and cattle industries are still a great source of income. Above the valleys on the bench lands and in the mountains are thousands of acres of land covered with a tall, nutritious grass which dries in summer to a natural hay, and is excellent fodder for both sheep and cattle.

Localities like the Lost River country of Idaho, where there are 3,000,000 acres of uncultivated land, and Horse Heaven, the great tableland above the Yakima Valley, are among the finest ranges for stock in the world. Twenty thousand head of sheep were sent this year from eastern Oregon in a single shipment.

Such, briefly, are the resources of this great empire, which is destined to produce immense riches. It is refreshing to see the faith the people here have in the future prosperity of

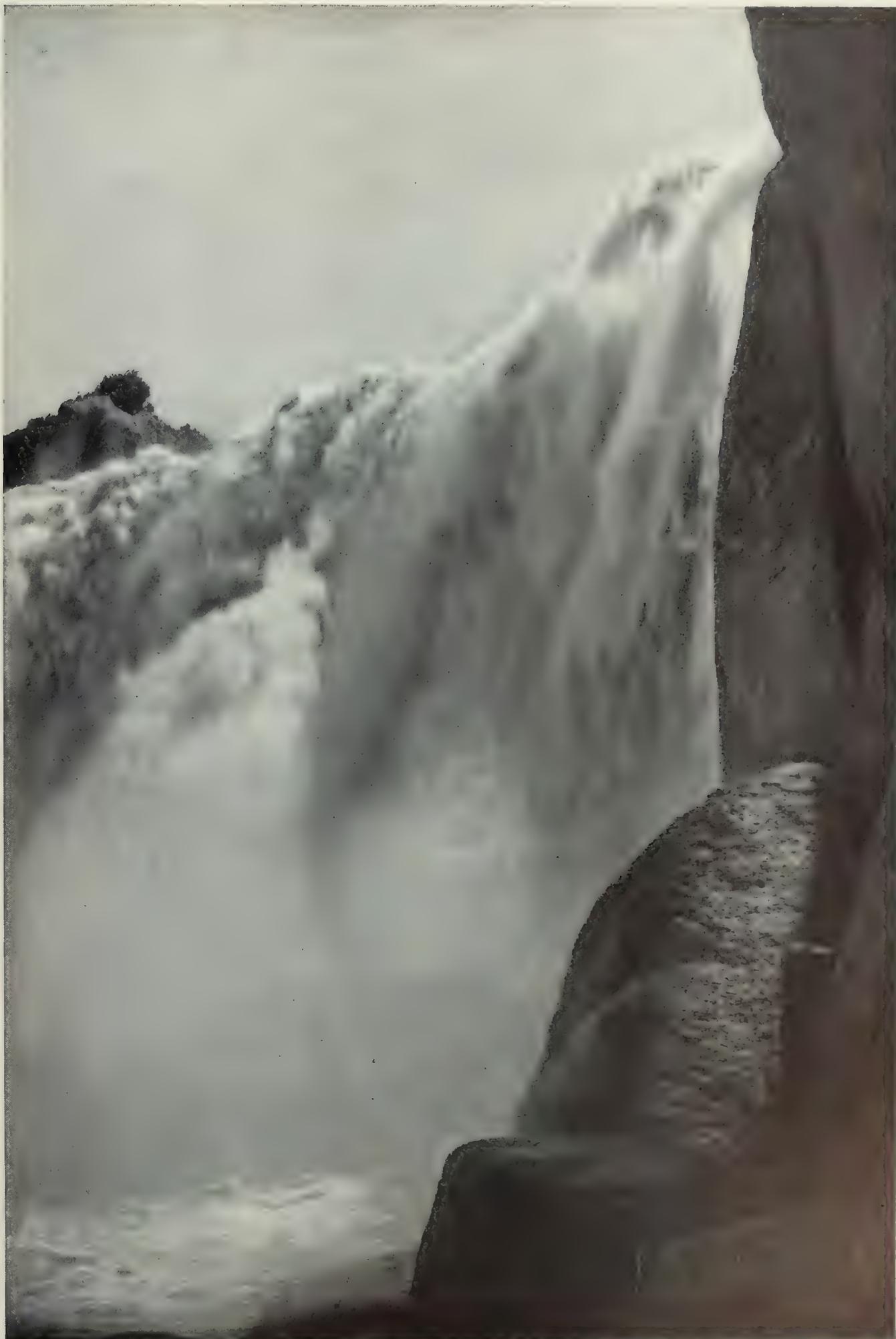
abounding resources, their sublime faith, and their superb energy and industry, the world must shortly hear of them. Without either multi-millionaires or paupers, the Inland Empire is a healthy, cheerful, prosperous community, populated by earnest, hard-working, sound-thinking, loyal American citizens. I can but ask myself, as I look over the great Northwest and study its growth and development, what would have been the condition of our country had our Plymouth



HILLS HALF ACRE, IDAHO

their land; it is inspiring to witness the free out-of-doors life they lead, and the splendid energy that they put into whatever they do, and it is most pleasing to breathe the air of good fellowship which exists, to see the bloom of health from gluttonous work, and to hear the cheery "good morning" from each passer-by. It is their faith in their land which has enabled them to accomplish so much, and their own achievements, if nothing else, give them the right to their vision of the future. With their

ancestors landed on the Pacific coast instead of on the Atlantic? Would these broad, fertile acres of wilderness, so endowed by nature, be by now thickly populated cities? Undoubtedly, yes. Would the rocky soil of old New England, with its scant resources and its severe winters, be a prosperous, growing community, or would it be a vast, bleak wilderness, known only to hardy trappers and explorers? It is impossible to answer, but ask the Westerner his opinion.



SHOSHONE FALLS, SNAKE RIVER, IDAHO



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ALASKA AN EMPIRE IN ITSELF

ITS IMMENSE EXPANSE—TWO AND A HALF TIMES AS MUCH COAST LINE AS THE REST OF THE UNITED STATES—THREE RAILROADS IN OPERATION AND OTHERS BUILDING—A DOZEN WELLEQUIPPED AND BUSY CITIES—ITS FISHERIES THAT PROVIDE COD FOR NEW ENGLAND, ITS TIMBER, AND ITS GOLD—AN INSPIRING STORY OF PROGRESS

BY

WILLIAM T. PERKINS

DO you know that Nome, Alaska, is three hundred miles west of Honolulu? Do you know that Alaska has almost two and a half times as much coast line as the rest of the United States? Of course, you do not, unless you are an exception, for even we of Alaska know so very little of its wonders and possibilities that we are surprised with new discoveries every day.

Spend a moment with me in the study of the map of Alaska, and fix in your mind a few geographical points. If you start at Seattle and go up the coast through four hundred miles of Canadian inland waters to the Portland Canal, you will come to that imaginary line that the Alaskan Boundary Commission decreed as the place where Alaska begins. This inland sea is very like the fiords of the coast of Norway, and destined in time to become one of the world's great pleasure resorts; and when you know this region you

will deplore the lack of diplomacy which lost us this picturesque coast line and left the Alaska of to-day detached territory. In very truth the cry of 1845 of "54-40 or fight" was right.

At the Portland Canal Alaska begins; and, as you sail up the thousand miles of this wonderful inland sea, of scenic beauty and grandeur surpassing anything in the world, you are in Southeastern Alaska, which includes the islands along the coast and the mainland from the shore line to the summit of the coast range as far north as Mount St. Elias. From the summit of this high peak the boundary line between Alaska and British Yukon Territory runs directly north to the "frozen ocean," as the old Russian treaty called it.

Westward from Mount St. Elias, following the coast of the Alaskan peninsula and the Aleutian Islands, to Attu (which is our extreme Western possession and is within a few



WRANGEL HARBOR
One of the southernmost ports in Alaska

Photographed by La Roche, Seattle, Wash.



THE MOUTH OF THE MUIR GLACIER FROM AN ELEVATION OF 1,200 FEET

Photographed by La Roche, Seattle, Wash.



THE LARGEST NUGGET DISCOVERED IN ALASKA
 Weight, 182 ounces. Value, \$3,270. Found September 8, 1903, at Nome

hundred miles of the Russian islands off the coast of Kamchatka), is a territory known as Southwestern Alaska.



By courtesy of Mr. F. T. Hamshaw
 "BLOWING GOLD"

Separating the "dust" and nuggets from the dirt



Photographed by Nowell
 THE COURTHOUSE AT JUNEAU, ALASKA

Go back with me for a moment to Skagway at the head of Lynn Canal in Southeastern Alaska; from tidewater at Skagway you can cross the coast range by the White Pass Railway, and it is only about thirty miles to the headwaters of the mighty Yukon, which carries almost as much water as the Missis-



Photographed by Nowell
 A TYPICAL PIONEER STORE IN ALASKA

On Fourth Avenue, Seward

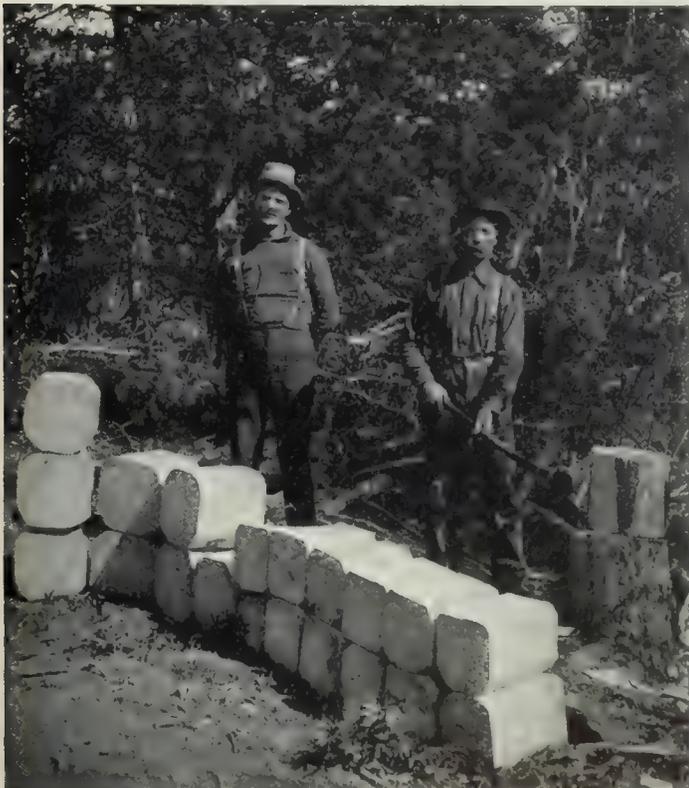


JUNEAU AND DOUGLAS ISLAND FROM THE "BASIN" ROAD

Copyright, 1889, by I. W. Taber

sippi, and drains a large portion of the Yukon Territory and all interior Alaska. It rises thus near the ocean, and travels nearly three thousand miles through central Alaska before it empties into Bering Sea. At Fort Yukon it crosses the Arctic circle, and in June you may stand on the deck of your river steamer and at midnight see the sun almost touching

the northern horizon as it sets, and then, as if suddenly changing its mind, begin again its glorious morning ascension. The mouth of



CHOPPING RIFFLE BLOCKS

To be used in the sluices



Photographed by Matthew Smith.

THE RIFFLE BLOCKS IN PLACE

The gold-bearing dirt is washed down through this flume, and the nuggets drop into the interstices between the blocks



A BIRDSEYE VIEW OF NOME IN 1923

Photo by Noyes



SEWARD, ALASKA

Photographed by Nowell

the Yukon is about ninety miles wide where it empties into Bering sea.

To the north is Seward Peninsula, or northwestern Alaska, with Nome as its commercial centre, a territory as large as the state of New York. It projects from the mainland of Alaska. Bering Strait is only thirty-two miles wide and the channel has varying currents, through which the waters of the two oceans mingle, the great highway into the Arctic Ocean. You may stand on the tower-

ing cliffs of Cape Prince of Wales, the Land's end of American possession, and gaze across the separating waters to Asia. From Seattle to northwestern Alaska direct by steamer, passing through the Aleutian Islands at Unimak Pass, is almost twenty-five hundred miles.

The territory of Alaska, over which we have taken this brief geographical glimpse, is about equal in area to the combined states of Michigan, Indiana, Illinois, Wisconsin,



THE BEACH AT NOME



THE MOST NORTHERLY PUBLIC SCHOOL HOUSE IN THE UNITED STATES
At Cape Prince of Wales, Alaska

Minnesota, North Dakota, South Dakota, Iowa, Nebraska, Kansas, Missouri and Kentucky. Maps are deceptive for comparison, unless they are drawn to the same scale; and unfortunately maps of Alaska are generally drawn to a small scale. But put Alaska on the United States, and it will extend from Savannah, Ga., to Los Angeles, Calif. The climatic conditions differ as greatly as those of North Dakota differ from those of Florida. The mean annual temperature of Sitka is

about the same as that of Washington, D. C., though the extremes of heat and cold are greater at Washington.

Thirty-eight years ago Mr. Seward, Secretary of State, bought Alaska for \$7,200,000. What were the reasons for this transaction between Russia and the United States is of no importance to-day, but no act of any administration in the history of the country was more strongly condemned than this purchase of a "land of icebergs," as it was popularly



AN ALASKAN REINDEER AND DRIVER

larly termed. The prevalent idea that it was a land of snow and ice stuck to Alaska, and has retarded its development and growth, and the discovery of gold first led to some accurate knowledge of the land. With a population approaching 100,000, and a growing commerce which in the last ten years has leaped with bounds astounding even to those who are engaged in its development, Alaska has now begun an era of development that will overturn all preconceived ideas of her commercial possibilities.

Congress, under pressure, and by the able advocacy of those members of both the Senate and House of Representatives who have cared to visit this land, and have become its friends and champions, is beginning to realize that long-suffering Alaska is entitled to some consideration; for, as Secretary Taft has said, "They are our kind of people." Who are these men, and whence did they come—these pioneers who are building this mighty Alaskan empire? That question can be best answered by a few figures taken from the membership record of Camp Nome No. 9, of the Arctic Brotherhood, a representative camp of that unique society which joins Alaska and Yukon Territory in the bonds of a fraternal organization. What is true of Camp Nome is also true of the other camps of the Order scattered throughout the territory. Of the members composing this camp, 96 were born in New England and the East, 28 in the South, 163 in the Central States, and 89 in the West—making 376 the total of those born in the United States; 32 were born in Canada, 64 in Europe, 10 in Australia, New Zealand and India—making a total of 482; of the 376 born in the United States, more than 80 are college men and 35 are members of Greek letter societies.

These are the men, the best blood in the world, who are working to found a new country, are molding themselves into the highest type of the bright, energetic, fearless Westerner, the typical American, in fact; but the United States Congress has so far denied them representation at Washington. But now commercial possibilities are apparent, and Congress is promising to listen to the demands of these pioneers.

RAILROADS AND RAILROAD PLANS

The miner was the first pioneer of Alaska, and the steamboat the next, but the railroads

are now vying with them in opening up the country. The White Pass and Yukon Railroad, one of the most interesting and scenic mountain roads of the world, was the first to cross the coast range, from Skagway at the head of Lynn Canal to the headwaters of the Yukon, and has since been extended 140 miles to a point below the famous White Horse Rapids. In connection with steamers from Seattle and British Columbian ports, and with steamers on the upper Yukon and its tributaries, it supplies a vast interior country. This road was not completed over the Pass when, 2,000 miles to the westward, Anvil Creek was discovered, and the first hint given to the world of the fabulous wealth of the Seward Peninsula, which contains the greatest area of gold-bearing gravel yet discovered. Now this peninsula, the extreme western point of the American continent, has three short lines of railroad in operation. They are destined to be parts of the system of railroads which must necessarily gridiron the peninsula and will ultimately become part of the Franco-Russian-American trans-Siberian project. It will connect with our own transcontinental railroad systems and make a reality of what but a few years ago was considered a visionary dream—a trip from New York to Paris by rail. At present the Nome Arctic Railroad runs from Nome twelve miles north on the divide between Snake and Nome Rivers. The Wild Goose Railroad runs eight miles from Council City, and the Council City and Solomon road is a standard gage of fine construction, running from Dickson, a new town at the mouth of Solomon River, situated thirty-five miles east of Nome, and is headed for Council City, fifty-five miles in the interior, with about eleven miles completed and in operation. The Tanana Mines Railroad is a new road under construction from Fairbanks and Chena, at the head of first navigation on the Tanana to the rich creeks, Pedro, Cleary and others, whose gold production is building a new and prosperous camp in the interior, destined to rival the famous Klondike camp of Dawson. The Alaska Central, starting from Seward, is now twenty-five miles from the coast and pushing for the Yukon via this new camp of Fairbanks. From Valdez the Copper Mountain and Northwestern Railroad has completed surveys and will begin construction toward the rich copper deposits of its interior

tributary country, a district equal in area to the states of New York and Pennsylvania combined, and will ultimately reach the Yukon, some five hundred miles east of the Alaska Central, being built from Seward. These roads tap and cross the great fertile valleys of Alaska lying south of the Yukon, and will make them accessible to the ranchman and farmer, who will surely follow the miner.

From June to October the great Alaskan

on the Yukon, where connection is made with the same fleet of river boats as at St. Michael.

Do not suppose, if your friends are going to Alaska, that they will have to endure hardships. Alaska has a dozen cities with all modern conveniences. They are cities of homes, schools and churches. Nome spent last year \$20,884.31 in the maintenance of public schools. All these Alaskan cities have their waterworks, their electric lights and telephones and modern and well-equipped



MAP SHOWING THE COMPARATIVE SIZE OF ALASKA AND THE UNITED STATES

The outline of Alaska (black), laid out on the United States, would reach from Savannah, Ga., to Los Angeles, Cal. The white area of Alaska is large enough to cover the states indicated on the map by the darker area. The strip of mainland and islands bordering the Pacific Ocean is as warm in winter as Kansas. The Arctic coast is colder than Dallas.

tributaries, the Yukon, the Tanana, the Koyukuk and the Kuskokwim, the present great highways of commerce for interior Alaska, have a large fleet of river steamers. During the short summer season all the supplies for the population of this vast interior country for the whole year must be landed at the various mining camps, trading stations and United States military posts; and, until the railroads from Valdez and Seward are completed, all this traffic must go by ocean steamers to St. Michael, and thence up the Yukon or its tributaries, or by steamers to southeastern Alaska, then by rail to the head of navigation

stores. Nome has 363 miles of telephone lines connecting it with outlying camps.

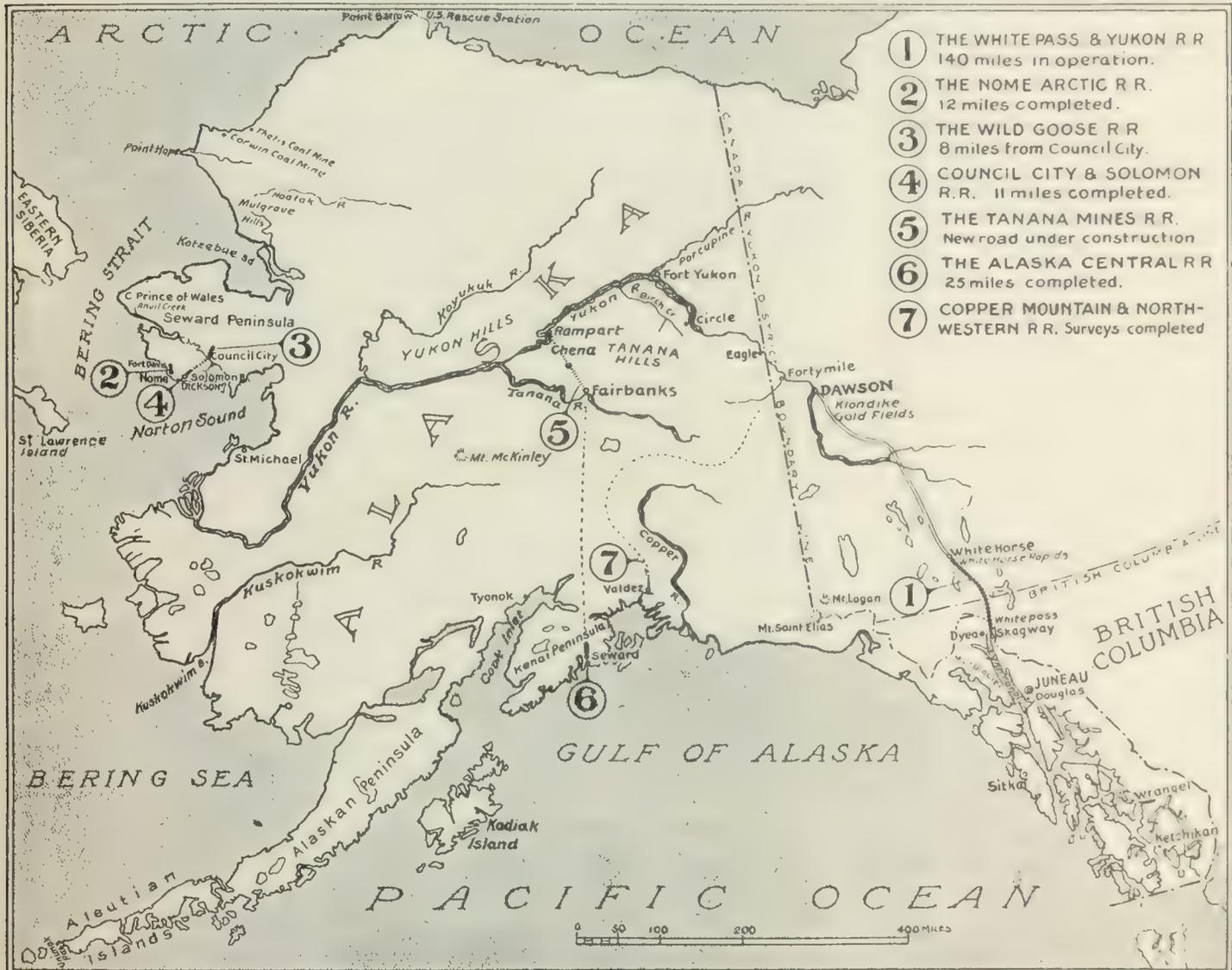
All Alaska, but more especially Kadiak Island and the Cook Inlet country in southwestern Alaska, could be well termed the sportsman's paradise; for the Kadiak Island bear is the big bear of the world, and his home might be very properly named Bear Island. Alaska is Uncle Sam's last great game preserve, but it is protected by game laws enacted at Washington from the Washington point of view. The Government has been experimenting with domestic reindeer in Alaska with more or less success. They thrive

well on the moss of the Arctic region, and with proper care may in time solve the problem of fresh meat in the extreme North.

In 1891 an agent of the Bureau of Education brought into Alaska from Siberia sixteen reindeer, and in 1892 landed 171 more at Port Clarence. From that small beginning the present Government and native herds have increased very considerably, and are now distributed from the mouth of the Kuskokwim

gable for more than 900 miles. It has a watershed with fertile valleys more than 300 miles wide, and has extensive meadows with grasses growing waist high. Already the pioneer cattleman is choosing his choice ranch location—the advance guard of the great herds which are to follow.

Alaska to-day is the source of the world's chief salmon supply. With thousands of miles of seacoast, with fiords and inlets and



MAP OF ALASKA, SHOWING THE PRINCIPAL TOWNS AND RIVERS, AND THE RAILROADS

to Point Barrow. In 1898 the relief expedition to the frozen whalers at Port Barrow used 248 reindeer, and this great service rendered at that time was possibly worth the cost to the Government of all the deer in Alaska.

Ultimately the agricultural interests of the great interior valleys will be developed, and cattle will be grazing on the succulent grasses of the region. The valley of the Tanana is 600 miles long and from fifty to sixty miles wide, and the valley of the Kuskokwim is almost 1,100 miles long, and the river is navi-

hundreds of tributary rivers heading in nearby lakes, with cool waters and gravel banks, furnishing ideal breeding ground for that best of fishes, the red salmon, Alaska has seen the growth of an infant industry with its first cannery established in 1877, and an output valued at only \$40,000, to such proportions that this year it will show an output valued at more than \$10,000,000, which will increase in the next ten years to at least \$30,000,000. These salmon canneries and salteries, in some seventy odd

plants, engage annually, during the fishing season, more than 12,000 employees, one half of whom are whites and the rest natives, Japanese and Chinamen. Last year they used 179 steamers, launches and sailing vessels, besides 2,000 lighters and boats.

The cod banks of the Atlantic coast made the early fortunes of New England fishermen, but the banks of Newfoundland are insignificant compared with the great banks of the Alaskan coast, which will furnish sea-food products to the agricultural millions of the interior United States. As the impoverished lands of a one-crop country call for new strength, Alaska will stand ready with guano, to supply thousands of tons of the best fertilizer in the world from the waste product of these gigantic fisheries.

Next in value to Alaska's wealth from the seas comes the wealth of ore from the mines; but the day will come when the output of the mines will head the list. Juneau is the capital of Alaska, and the chief commercial city of southeastern Alaska. Just across the channel is the famous Treadwell mine, which is, with one exception, the greatest gold mine and quartz-mill plant in the world. Along this southeastern Alaska coast are many other mines of course, which are now paying dividends to fortunate investors. Remarkable as has been the mining development of the country tributary to Juneau, Wrangel, Ketchikan and Skagway, still more remarkable will be the progress made in the next few years. The same may be said of southwestern Alaska, whose prospected copper properties give promise of excelling the other great mines of the world. Already the railroads are pushing toward these interior mountains of copper. Those already opened on this wonderful coast within reach of shipping sent to Puget Sound smelters last year 12,636 tons of copper ore.

In the vicinity of the coal in this section a petroleum field of considerable extent is being exploited, and several wells are already down which produce a refining oil of the same general nature as the Pennsylvania petroleum. The prophecy has been made that there will be located on the coast of southwestern Alaska the plants of the future great petroleum refineries, to supply the trade of the Pacific Ocean. All parts of Alaska have coal mines of different grades, from semi-anthracite to lignite.

The Seward Peninsula, for which Nome is the distributing point, is the extreme western portion of the mainland of Alaska, a section some 200 miles east and west, and 150 miles north and south, between Bering Sea and the Arctic Ocean. It contains the greatest area of placer deposits of high- and low-grade gold-bearing gravel ever uncovered, and, since the discovery of gold in Nome in 1898, followed by the discovery of the rich beach sands of the following year, this region has produced more than \$30,000,000, of which 90 per cent. has come from within seven miles of Nome. Quartz discoveries are following the placer. New camps are springing up all over the Seward Peninsula, and a new era of development has come with the constructing of great ditches, which are bringing the water to work those vast gravel beds which are opened up in various parts of the peninsula. Immense dredges are building which can handle thousands of tons a day of this dirt; and yet, with modern machinery and plenty of water, a hundred years hence these remarkably extensive gold placers will still be worked. Tin, also, both placer and quartz, has been discovered at Lost River and Cape Prince of Wales. The custom-house reports show that 132,175 pounds of tin ore and concentrates were shipped from these various tin prospects in 1904. It will not be surprising if these develop into producing mines.

Alaska contains almost 600,000 square miles; it is as large as all the United States east of the Mississippi, and has more than 26,000 miles of seacoast, which will be dotted with prosperous mining camps from Portland Canal to that point in the Far North where the boundary line touches the Arctic.

The possibilities of the future shipping interests of that length of coast line are wonderful. To-day shipping is an infant industry, seeking additional capital to extend its operations and showing every year a remarkable growth. Ten years ago Alaska had but one steamer a month. To-day there are several every week, plying between Seattle and southeastern and southwestern Alaskan ports, and new ones are being built for this growing commerce. They go loaded with domestic manufactures, machinery and supplies, and come loaded with ore from inexhaustible mines for the smelters of Puget Sound.

In twenty-five years Alaska will have a population of more than 1,000,000, developing

mines, catching fish, cutting timber—consumers too busy to farm, hence depending on the States for food, clothing and machinery. Last year Alaska shipped to the United States furs, salmon, codfish, halibut, whalebone, fish oil, copper ore, tin ore and bullion to the value of \$19,655,911. During the same period Alaska bought in the United States foodstuff and clothing to the value of \$11,108,004, leaving a balance in Alaska's favor of \$8,547,907.

It has been computed that the annual consumption of food and clothing per inhabitant in the United States costs an average of \$250. Based on the purchases made by the white population of Alaska, as estimated by the Governor, every Alaskan's annual consumption would average \$400. This means that Alaska with 1,000,000 population, which she will surely have, will be an annual purchaser in the markets of the world of \$400,000,000 of its manufactured products and foods. This will be an enormous market for the surplus products of the United States; and it will mean much to the Pacific Coast states. They are even now calling on the Eastern farmers to come and to clear and settle their

timbered acres. The great states of Washington and Oregon are now not raising sufficient food supplies of several sorts to satisfy the demand of their own growing cities and Alaska. Seattle, whose population has doubled in five years, and will double again in the next five, because of the Alaskan trade, knows that this trade is worth developing. Yet Alaska has to-day less than 50,000 white people. But they are all consumers, and they bought in the United States last year more than the 9,000,000 people in the Philippines.

Remember, in considering these figures and this future possible growth of Alaska that we are living in the electrical age. Chicago, a city which has been built in our day, is now the fourth city of the world—a marvelous growth, astounding to Europe as well as to America; the interior commerce of the United States increased in tonnage in the last ten years 50 per cent.—more than doubling the total of the previous one hundred years; the Pacific Ocean, and not the Atlantic, is to be the scene of the world's development for the next century. If we may judge the future by the past, in far less time a new world's city will grow into maturity on Puget Sound.

FIVE GRIZZLIES IN FIVE SHOTS*

AN EXPERIENCE OF A BEAR HUNTER IN THE NORTH-
WEST—INTERESTING HABITS OF THE GRIZZLY

BY

W. H. WRIGHT

IT is not as an authority that I write about the grizzly, but, having read and heard so much about this bear that is utterly at variance with my own observations, I thought it might not be amiss to record some of his peculiarities as I have seen them. The grizzlies in this narrative will differ in many respects from those seen and described by some other persons.

I have never found this bear to be the ferocious and ill-natured brute that others

seem to have found him, but, on the other hand, I have noticed that he is wary of man, and it has often taxed all of my ingenuity to match his cunning. I have always found him on the alert, and, no matter what he is doing at the time when discovered, he is always ready to give one the slip if possible. I do not say that he will not fight, for if it becomes necessary there is no wild animal that can put up a fight to equal him. Nothing but a bold bluff on the part of his antagonist or instant death on his part will arrest one of his mad charges, and when brought to bay by dogs it is very dangerous to go near him. Great caution must be used in the approach,

* Copyright, 1905, by W. H. Wright. Mr. Wright's account of one great bear hunt (a single experience out of a long series) gives so vivid a glimpse of sport in the Northwest that it is published in preference to any description of game and game territory.—Ed.

or one is sure to get a good cuffing if nothing more. He will then charge every living thing that moves and every bush that shakes. He is unlike the black bear in this respect. When the black bear makes a charge and a dog nips his ham, he immediately turns to rebuke his tormentor; but not so with Mr. Grizzly—all the dogs in the country might be hanging to him, and if he made up his mind that there was something in another place that he wished to investigate he would proceed to investigate it, and woe to anyone or anything that stood in his way.

After hunting and studying the grizzly for more than twenty years, I have come to regard him with great respect. Many, many are the hours and even the days that I have watched him work and "prospect" for his "daily bread." He is the only animal I have ever hunted whose habits you cannot depend upon; you may be hunting where he is feeding on berries, and because you saw him out feeding every morning for two weeks at precisely eight o'clock, there is no reason why you should expect him the following morning at eight o'clock. It would be just like him to come out then at high noon—a time when no self-respecting bear would think of showing himself. The grizzly likes seclusion and will leave his feeding grounds for other pastures if he is molested to any extent.

The grizzly is more wary than the black bear, and it requires the exercise of more caution by the hunter to get a shot at him. I have found them no harder to kill than other game, and it is very seldom that it has been necessary to shoot more than once if the first shot was well placed in the centre of the shoulder. If one gets this shot fairly there is rarely, in my experience, occasion for a second.

The grizzly differs in many ways from the black bear. In denning up for the winter the black bear will usually seek some spot down among the foothills where the first warm weather in March will thaw him out. He then gets up and hies himself to the lowlands where he can find something to eat. Grass, roots, frogs, fish, pigs or anything of that kind is acceptable to the hungry black bear. Of course, the grizzly will eat these things, but he does not seek the lowlands as the black bear does. On the contrary, he will go to the higher parts of the mountains for his long winter sleep, and usually goes to bed

on the northern slope, where he will not be annoyed by an early spring thaw, but can sleep until May, a month or six weeks after the black bear is out. At first he does not go far from his den, but, after a few days, he starts for the side hills, where the snowslides have swept the snow away and where he can get a few mouthfuls of grass. It takes him about a week to get up his "camp appetite," and then things hum.

The grizzly is more interesting to study than the black bear, and he seems to do everything by rule. That is, he seems to give much thought and deliberation to his actions and movements and to spend much time in working out results. A black bear will, for example, if he wishes to turn up a stone or log, grab it with his whole foot and use all his claws, but a grizzly will often use only one toe or finger. He can use these toes as a man can his fingers; each toe or claw is separate from the rest.

The grizzly will travel in the same trail for years if not molested, and his trail is unlike any other game trail. He will step in the same place, Indian-like, every time, wearing deep indentations in the earth. The ground between the tracks is undisturbed. I have known trappers to take advantage of this fact and to dig beneath these tracks and place traps beneath them. If care is taken in placing the trap the bear is invariably caught.

The black bear associates very little with the grizzly. In some parts of the country both kinds are to be seen on the same range, but in most places where the grizzlies are plentiful black bears are seldom seen. One spring while hunting with a party in British Columbia we saw twenty-one bears, and not one of them was a black bear.

The grizzly will live his life in a restricted area. He will go but a few miles in any direction if there is food at hand, but he will seek the food he wants if it is twenty miles away. A grizzly, however, nearly always selects a range where he will not have to travel very far to feed. He loves a dark, wooded cañon near good feeding grounds, and his trails will be found winding across this cañon. He is also fond of marshes where there are streams and where the grass and small willows grow thick and heavy. Along the edge of the stream will be found his beds, and there he will be during the hot days of the

summer. He is fond of a wallow where he can roll in the mud to escape the flies.

To be successful in hunting bears one must be thoroughly familiar with their habits and must have a large amount of patience; in fact, must be all patience. Many times have I seen a bear feeding, and, after putting in an hour or two sneaking and snaking through the wet grass, get almost within range, only to have the animal, without any apparent cause, suddenly rush into a cañon completely out of sight, and not appear again for a week.

One time I saw where an old and very large grizzly bear had been traveling so that he had made a very distinct trail across a cañon perhaps a hundred yards wide. It was the first bear's trail I had ever seen. On either side the ground was too hard to show his footprints, and I thought it would be an easy matter to watch this trail and shoot the bear, but after watching it for a week and more, and seeing nothing, I concluded that he did not use the trail any longer. In passing the spot again a few weeks later I saw fresh tracks, and therefore knew that he was still in the vicinity. Then I tried hunting through the cañon. I crawled through every thicket and looked into every place where it seemed possible for a bear to hide, but, aside from that 14-inch track and a few hairs that he would leave sticking to the trees here and there as he passed, I saw nothing that looked like a bear and I was almost willing to swear that there was not a grizzly in the cañon.

For two years I saw the big track in and around the cañon, but not once did the bear appear. Finally I made up my mind that if the bear was there I would see him anyway. I hired a man to go with me to attend to the camp and the horses, so that I should have nothing to do but to hunt for the bear with the big foot. We made camp about two miles from the cañon; and, after looking over the country, I saw that Bruin was still using the trail as formerly.

There was a large side hill facing the south, the lower part of which was heavily timbered, and through this timber ran the cañon. The upper part of the hill was cut up by many little ravines that ran up and down the hillside. These all converged at the bottom of the opening and formed the large cañon, and along the ridges between the small ravines the "sarvis" berries grew. As I could never get

a sight of the bear in the timber, I planned to watch the hill and catch him as he came out to feed. I selected a point which commanded a view of the whole hillside, and every morning, from daylight until ten o'clock, I sat in a little clump of fir trees looking for that grizzly, and from three o'clock until dark I was in the same place with the fixed determination of seeing him, at least, if he was there. Day after day passed without any bear, and the camp tender, while he did not say out and out that he thought I was "locoed," said he did not believe there was a bear in the whole country.

Upon examining the trail fresh tracks were always to be found, and I knew that something was making them—that they did not just happen. For a whole week I sat in that clump of firs, but not a living thing came in sight. I began to think I might as well give it up and move on, but, knowing that the animal must show himself in time, I took on a fresh stock of patience and again and again dragged myself up to the little clump of firs.

At last there came a rain; it began in the night and kept up until about one o'clock in the afternoon of the following day. It rained so hard that I did not go out in the morning. In the afternoon it was so wet that I thought I would not go, but then I thought that this might be just the time the old bear would select to go berrying, and, therefore, decided to go. Reaching the firs, I took a look at the side hill, and lo! there sat an old grizzly about a hundred yards above the cañon busily engaged in pulling down and eating berries. I immediately began the stalk of my life; I did not trust myself to walk, but simply got down on the ground and snaked it. I worked below the bear so that if he ran he would have to come my way or go up the hill, where it would be open sailing and thus afford me additional shots at him, in case I failed to score with my first. I had no intention of failing, however, if I got near enough for a shot.

I worked along so slowly that the bear had moved up the hill quite a distance before I finally got near enough to shoot. I got within about sixty yards before making up my mind to try a shot. Crawling behind a bunch of bushes without getting up, I first looked the ground over to see what the chances were of the bear's getting back into the cañon in case I failed to drop him at the first

shot, and no one can understand how I felt when, on looking down into the cañon, I saw another, the largest bear it has ever been my good fortune to see. I now began to think the woods were full of bears. Pushing back into one of the small ravines, I worked back down the hill toward the big fellow, and I then knew what had made those large tracks. I had thought nothing about the size of the first bear. I had been disappointed so long that any bear satisfied me. But now that I had set my eyes on the big fellow, I thought that he was entitled to first consideration, and then, if I bagged him (and I knew I would), it would be time to look after the smaller one.

I was now working out a plan whereby I could get both of them. Dropping out of sight, I wormed my way down the hill a short distance and then waited until the lower bear had worked farther up the slope. The first bear had evidently struck a good supply of berries, so that he was not moving away very rapidly, and, as the berries down near the cañon had been culled out, the large bear moved up the hill quite rapidly. When they were about a hundred yards apart I worked to the top of the little ridge between them to a point about forty yards from the large one and about sixty from the other. I figured on killing the large one at the first shot, before he knew anyone was around, and then turning on the other before he had time to take in the situation and shoot him also. I was quite sure that, in his surprise, the second bear, after hearing the shot, would stand up and take a look before making for the cañon, and thereby lose a few seconds, which would provide my opportunity and prove fatal to him. If he ran up the hill he was my bear; if he came down he could not escape. Things looked very favorable for a killing.

In those days I was shooting an old, single-shot, 45-calibre Winchester that weighed twelve pounds. I had selected this gun because I could always depend on it for one shot about every four seconds. I had experienced all kinds of difficulty with magazine rifles, and had returned to the single shot. I used the full charge of powder and had swedges made to swedge slugs that would weigh 600 grains of soft lead. This slug placed in the shoulder always gave me the victory.

I gained a sitting position that afforded me a right-hand quartering shot at the big fellow; this gave me a left-hand quartering shot at the other and would enable me to act very quickly after the first shot. I intended to take my time for the first shot and trust to luck and rapid work for the second. There was one cartridge in the rifle, and, by placing three others on the ground and holding two more between the fingers of my right hand, the single shot could be used very effectively, as the empty shell could be pumped out and another slipped in without loss of time.

After things were arranged to my liking I waited for a side shot at the large bear, and did not have long to wait. The animal was looking over a choice bunch of berries when the desired shot came, and I never looked through sights more carefully than when drawing a bead on that old bear. There was not much more than two inches square of bear visible, seemingly, when I pulled the trigger. As quickly as possible I turned to the other bear. He acted just as I had expected he would, turned side on toward me in order to see what bedlam had broken loose, and thus enabled me to send a slug of lead after him that caught him squarely in the shoulder. He wilted in his tracks as the other had done. Not a yard did either of them move after being shot. Getting up to look over the situation, I heard a clawing and rolling of gravel in the next ravine. Glancing about to see what caused the racket, to my intense surprise, three more bears were seen tearing up the hill. Their retreat to the cañon had been cut off. A mother bear and two half-grown cubs were making for the high divide as fast as they could. I dropped down with my elbows on my knees and took a flying shot at the old one. She was not more than seventy-five yards away and must have been quite near when the battle opened. The shot caught her with a quartering rake forward that rolled her back into the gully. This, of course, stopped the cubs, and they fell to the next two shots. Five bears down in five shots and in as many minutes! No thought now of the long hours spent in the clump of firs or of the soaking I experienced in making the sneak through the wet grass and bushes. This was all forgotten in the surprise and completeness of the greatest single battle with grizzlies in which I was ever engaged.



THE GREATER BRITAIN ON THE PACIFIC

A PLEASANT AND RESOURCEFUL LAND WHERE THE ENGLISH RACE IS BUILDING A GREAT EMPIRE—THE PLEASURES AS WELL AS THE OPPORTUNITIES OF LIFE THERE

BY

VINCENT HARPER AND AGNES DEANS CAMERON

“Far and far our homes are set round the Seven Seas;
Woe for us if we forget, we that hold by these!
Unto each his mother-beach, bloom and bird and land—
Masters of the Seven Seas, oh, love and understand!”

ROUGHLY speaking, this mighty Northwest, British Columbia, is a huge rectangular territory lying between the parallels of 49° and 60° north, and extending from the Rockies to the sea. It is 700 miles long and 450 miles wide. Within its area might be tucked away two Englands, three Irelands, four Scotlands, and a tidy little additional patch of country 5,000 miles square.

The whole coast of mainland and island is indented with deep fiords and landlocked bays. Again, few countries in the world have

such an extensive system of inland waterways. Excepting the Colorado, all the great rivers of the Pacific slope rise within British Columbia, and here also are the sources of mighty streams which empty into the Atlantic and the Arctic Oceans. The giant Fraser River is the great artery of commerce. Rising in the Rockies, it has traversed 750 miles when it rushes through the gorges of the Coast Range to find the waters of the Gulf of Georgia. Navigable for vessels of 20-foot draught as far as New Westminster, and for



A ROUNDUP NEAR KAMLOOPS, B. C.



FISHING SCENE OFF THE MOUTH OF THE FRASER RIVER, B. C.



SNOWED IN IN THE CANADIAN NORTHWEST

The photograph taken from the top of a freight train.



A NEW WESTERN CANADA TOWN

Showing wheat fields coming up to the edge of the village

lighter craft for another 100 miles, its inexhaustible supply of salmon itself gives rise to an industry of immense value. Dotting

the land are also the great lakes—Kootenay, Slocan, Okanagan, the two Arrows—over whose picturesque waters, up and down the



THE CANADIAN PACIFIC RAILWAY HOTEL AT BANFF—ALBERTA



MOUNT SIR DONALD. NEAR GLACIER HOUSE. B. C.

rivers, ply regularly the steamers of the great fleet which the Canadian Pacific Railway maintains in connection with its system of railroads that gridiron the southern half of the country.

Behind the rampart of the Rockies, and stretching to the foothills of the Selkirks, lies one of the most fertile valleys in the world, a rolling country 700 miles long and capable of producing anything grown in the temperate zone; between the Selkirks, again, and the Coast Range lies another valley, a tableland 3,500 feet above the sea, whereon is raised such a variety and grade of products that the "Happy Valley" is the Eldorado toward which the eyes of the Old Country are turning. Remembering that these mountain ranges teem with mineral wealth, that their vast slopes and all the seaboard are covered with virgin forest, that millions of verdant acres of grazing land await the herds, and that these deep and wide harbors are the natural gateway to the Orient, one does not wonder at the boastful and optimistic spirit of British Columbia.

The stalwart figure of Sir James Douglas must always loom largest against the background of British Columbia history. Truly the Father of his Far Country, he was the ideal governor of this outpost of empire. He achieved the distinction of establishing the first self-supporting and self-governing colony ever planted by Great Britain. A vital force in the development of the Canadian Northwest was the great Hudson Bay Company, whose far-flung cordon of trading posts became the nuclei of the prosperous towns and villages which now cover the map. And no glimpse of the history of the Northwest were complete without a passing reference to the *Beaver*, the first steamer to ply on the Pacific. Built on the Thames in 1834, she was launched in the presence of the Sailor King, William IV., and it was on her that Douglas and his little band of sturdy Scots rounded the Horn on their way to Vancouver Island; and then for more than half a century the stanch little craft played an important part in the story of the unfolding of the North. She bore the imperial hydrographers up and down the coast, and after having nosed her way into every inlet from Patagonia to Sitka, she died in harness, piling up on the rocks at the entrance to Vancouver Harbor in 1888. To-day whole fleets of palatial steamers of

immensely heavier tonnage ply these waters, linking East and West and promising to make Vancouver another Liverpool, but never one of them shall dim the record of brave deeds done by the *Beaver*.

The greatest present source of revenue in the province is the mines, but it is by the magnificent and practically untouched forests that British Columbia holds her heaviest mortgage on future prosperity. There are here the unthinkable number of 182,750,000 acres of primeval forest, the largest compact area of available timber on the continent if not on the globe. Norway and Sweden have only 58,000,000 acres, Australia and New Zealand together only 40,000,000 and Japan only 28,000,000. In the year 1904 the 135 mills in British Columbia cut 348,031,790 feet of lumber. It should be remembered that, owing to atmospheric conditions, the density of these forest areas is immensely greater than that found in the forests of the East, and the mildness of the winters permits operations to be carried on throughout the year. As high as 500,000 feet of lumber to the acre have been known here, while the Eastern lumberman considers 20,000 not a bad average. Here, then, is a practically inexhaustible supply; and the market is the world.

Again, the comparatively young industry of wood-pulp paper making opens a demand for all woods capable of being manufactured into pulp, and the Douglas fir, which is the dominant conifer here, is admirably adapted for this purpose. With wise forethought the Parliament of British Columbia has passed an act authorizing the Government to make attractive agreements with pulp manufacturers, granting them leases of forest lands on very favorable terms. Under the provisions of this act several companies are reaping the first harvests of this endless supply. Their present markets are Japan, Australia, China, New Zealand, Hawaii, South America and Asiatic Russia. These by no means comprise all the list of British Columbia's markets for her forest products. It is no uncommon sight to see lading side by side at these great sawmills ships bound for Glasgow, Shanghai, Ostend, Valparaiso, Philadelphia, Suva, Yokohama, Cape Town, London, Freemantle or Auckland.

The most abundant, as it is the most valuable, tree is the giant Douglas fir. Found from the very summit of the Rockies to the

sea, it attains its greatest size on Vancouver Island. Here it towers to a height of 300 feet, with a base girth of 50 feet. It has great strength, its specific gravity being the same as that of oak, and it is suitable for structural work, bridge building, fencing and the manufacture of furniture. Next in importance is the red cedar, found in the river valleys, on the slopes of the Selkirks and the Coast Range, and on Vancouver Island. Not so tall as the fir, it surpasses that giant in girth and the variety of uses to which its durable and exquisitely grained wood may be put. Whether as shingles, fence posts, or framing timbers, the red cedar is the settler's best friend, for its straight-grained logs yield readily to even his rude axe, froe and saw; the architect values it for interior finish in costly city houses, and the cabinet-maker selects his choicest "mahogany" panels from its modest heart.

Next in general importance is the spruce, which is the king of pulp trees, and therefore bears an important relation to the future wealth of the province in which its graceful pyramid of evergreen is found at every turn. In the by-products of these immense lumber areas British Columbia possesses a valuable asset, scarcely noticed thus far, such as turpentine, tannin, charcoal and other indirect products of the forest.

We begin this fish story with diffidence. Our tables of weights and measures will be certain to excite suspicion. Let it be clearly understood that our facts were not picked up in an angler's shack on the upper Cowichan, nor in the fo'castle of a sealing schooner, nor yet among the swarm of salmon sloops on the Fraser; but that we stand prepared to give chapter and verse from Government reports to the skeptical or envious sportsman and fishmonger of the effete East. Everything that swims in the sea, from a whale to an oolachan, is turned into ready money by the fisher folk of British Columbia, and the details and totals of this engaging industry are indeed impressive. To-day there is fitting out in the upper harbor a new steam whaler which a company with a capital of \$150,000 will send out to bring whale products to the proposed trying works on the west coast of Vancouver Island. Here also is the home of the sealing fleet which in 1904 brought in no less than 20,496 skins of a value of \$307,340. Riding at anchor in the snug upper harbor,

whose evergreen shores breathe the atmosphere of perpetual summer, these venture-some sealers carry the mind to the frozen North where

"Dark they lie and stark they lie—rookery, dune
and floe,
And the Northern Lights come down o' nights
to dance with the houseless snow;
And God, who clears the grounding berg
and steers the grinding floe,
He hears the cry of the little kit-fox and the wind
along the snow."

The British Columbia sturgeon is a mammoth, specimens weighing half a ton being frequently taken—a fact likely to make the Eastern epicure wonder why he has to pay so much for his caviar. Of late the halibut has been pressing close upon the salmon in commercial importance, improved means of quick transportation enabling the dealers to lay down the fresh fish in Boston in perfect condition. The possibilities in this industry will be appreciated when it is said that a week's cruise off the Queen Charlotte banks usually results in a catch of 100,000 pounds per steamer. At the other extreme, in the matter of size but not of money value, comes the oily little oolachan, or candle fish—a delicious pan fish not unlike the smelt. The Indians extract the oil from this fish as a substitute for butter and lard, and on ceremonial occasions, such as a potlach or medicine feast, the whole village is illuminated by burning oolachans, the dried fish making an excellent and inexpensive torch of dubious candlepower and much incense.

But it is of course the salmon which is king. With the Douglas fir the salmon shares the honor of being chief provider for its country; and like that mighty giant of the forest, the salmon needs not to be pampered, nor propagated, nor protected. It "just grows"—no man knoweth just where—and yearly at the psychological moment obligingly swims up to its finish at the very door of the cannery. The total value of the province fisheries in 1903 was \$4,748,356.60, much the greater part of which sum came from the salmon pack. Five varieties of salmon are taken in these waters. Of these the "Spring" is the largest and most plentiful, attaining a weight of from 20 to 100 pounds; but its pale whitish color is against it, for the principal market, London, is conservative, and the

tradition of the fathers has it that salmon must be deep pink. Luckily, the nimble and plentiful "Sockeye" salmon "makes good" here, its flesh being firm, toothsome and of orthodox hue.

Fancy a fleet of some 2,000 smacks with crimson and tawny and silver sails, manned by Japs and Greeks and Siwashes and Scandinavians and Britons, drifting lazily seaward toward the orange-red sun dropping behind the snow-veiled parapet of the magnificent Olympics. So still is the ensuing twilight that you can hear the polyglot jargon of this flotsam and jetsam of the nations as boat hails boat and prophets proclaim the outlook for the night's catch. Then, with the heaving flood tide, from the far cold depths of the sea comes in the racing, leaping, shimmering, tumbling mass of salmon making for home, goaded by nature's primeval instinct of propagation. One school may be a mile long, and the "run" will continue for several days. There is need of haste, for the packing season is only six weeks long, and every boat does its utmost. In the morning the catch is deposited upon the cannery wharves, and the packing begins. The "bosses" are white men, but most of the cleaning and packing is done by Indian squaws and Chinese coolies. Lest the enormous kill should in time decrease the supply, six hatcheries are now maintained, and in 1904 no fewer than 28,000,000 baby salmon were distributed in these waters to take the place of their canned parents.

Must we again asseverate? What will the Eastern angler say of trout weighing twenty-four pounds? To such a size does the steelhead trout of the British Columbia rivers grow, and frequently, while its average weight is well above twelve pounds. In other respects this splendid game fish appeals to the scientific fisherman, for it puts up a terrific and brilliantly strategic battle during the critical period between strike and landing net or gaff. It and many other kinds of game fish abound in these rivers and lakes. Indeed, it may be believed that the 49th parallel would not yet be accepted by the British Government had not officials reporting on the desirability of holding the "Oregon country" declared that "the blooming country, the whole of it, is not worth a copper, don't you know, for the blasted salmon won't rise to the fly!" These gentlemen

knew what gave a country value, and they had not made the acquaintance of the Cowichan and other streams and lakes where salmon and trout of colossal size and fighting temper thrill the pulses of the sportsman.

Of other game as well there is a great variety. Big game haunt the three mountain ranges: in the Rockies are bighorn, caribou and deer; in the Selkirks, goat and caribou; and in the Coast Range, goat and the true blacktail deer. Grizzly and black bear are very numerous throughout the province, and elk (wapiti) run in great herds in the northern end of Vancouver Island. The wing shot also will find his game, for here are pheasant, five species of grouse, swan and teal; Mallard duck literally swarm in the upper marshes of the Columbia, while the valley of the Fraser is the thoroughfare along which wild geese yearly migrate. Nor are guides and the necessary paraphernalia of the hunt wanting. Parties outfit at Hope or Lillooet on the Canadian Pacific Railway, where guides, cooks, ponies, and camping requirements are to be had at reasonable rates. Manson of Lillooet, the half-breed son of an old Hudson Bay officer, is perhaps the best guide in the country, and knows every nook and cranny in the mountains and the habitat and habits of all the big game in the Northwest.

The mining statistics published by the Government fill a closely printed volume of 176 pages, and a bare list of the mines now being successfully operated, the smelters, the promising "prospects" and the possibilities of development would more than exhaust all of our present space. As with the forests, the mines of this vast region have been scarcely scratched; the surface of the entire mountainous portions indicate inexhaustible buried treasure; and only the increase of railroad and river transportation facilities is needed to bring immense mining areas within the field of practical exploitation. Gold, silver, copper, lead, iron, nickel, zinc, coal and coke are the principal mineral products. Of these, it may surprise some to know, gold is in the lead, the output for 1903 being half as large as that of the Yukon, or \$5,873,036. Coal and coke come next, their combined output for 1903 amounting to \$4,332,297. The total value of the minerals mined during 1903 was the goodly sum of \$17,495,954. Thus far the enormous deposits of iron ore

along the coast remain practically untouched, notwithstanding the rare juxtaposition of cheap fuel, suitable fluxes, advantageously situated deposits with reference to tidewater, and a hungry nearby market. It may be that a future Pittsburg will be founded on the west coast of Vancouver Island. In a dozen years the value of British Columbia's mineral output has risen from \$2,608,634 to \$17,495,954, and the present ratio of increase is higher than ever before.

Once more, were the railroads already what and where they are soon to be, what might not be said of the agricultural wealth of a country in which anything from a strawberry to a thoroughbred Ayrshire can be and is profitably raised? Perhaps the lack of adequate transportation does not wholly account for the fact that of the population of the Northwest a comparatively small minority turn to the tilling of the soil. The predominant type of man who "hikes plumb through hell to the coast" is the sort of fellow to whom the risks, the romance and the results of mining or sealing or lumbering appeal more directly than do the isolation and drudgery and monotony of the remote rancheria. He will be followed—he is already being followed—by the man of steadier purpose and pastoral tastes; and for this one the Northwest certainly is a land flowing with milk and honey. Here are three great agricultural areas: The Fraser Valley, containing 350,000 acres of rich alluvial land; the southwest portion of Vancouver Island; and the network of fertile valleys known as the Okanagan District, with more than 500,000 acres. Between the Coast Range and the sea the conditions are: A humid atmosphere, no extremes of heat or cold, cool nights, a long growing season and profuse vegetation. The results: Tree growth is greatly stimulated, roots and vegetables flourish, the softer grains yield largely, grasses thrive, pears, cherries, plums and all small fruits yield enormously, roses and other flowers bloom continuously and shrubbery is dense. In the drier interior wheat ripens and mills well, and in many places peaches, grapes, watermelons and tomatoes mature fully and are exceedingly prolific, and apples of many superior varieties thrive. Sheep flourish best on the islands of the Gulf of Georgia, while immense tracts in the interior are admirably adapted for cattle

raising. Dairying is advancing with rapid steps, while recent results with fruit sent to markets as distant as Glasgow prove that the orchards of this region, of which there are now planted 13,430 acres, will presently be heard from. Prices obtained in England and Australia for British Columbia fruit were higher last year than those fetched by fruit from any other exporting country. The coming of the new Grand Trunk Railroad to the coast means the opening up of undreamed-of possibilities in the valleys of the North.

It is to the gigantic system of the Canadian Pacific Railway that the Canadian Northwest owes its population and prosperity; to it the strenuous city of Vancouver owes its very existence. It stands to-day the best possible illustration of what is doing and yet to do in the British Northwest. Less than twenty years ago, with a population of only 1,000, the village of Vancouver was incorporated as the city. To-day not far from 50,000 active, able, all-daring citizens, drawn from the four quarters of the earth, inhabit a city having 160 miles of graded streets, thirty-nine miles of sewers, fifty-one miles of water mains, and every conceivable feature of a thoroughly modern and wealthy community.

It is Transportation that is writ large over the portals of Vancouver's humming prosperity. Beside the Canadian Pacific, the Great Northern and the Northern Pacific railroads enter this gateway to the Orient. Situated "where East is West and West is East," with Yokohama only ten days away, and London only ten, with the future granary of the world and the inexhaustible forest and mine at its doors, who shall place a limit on Vancouver's hopes of becoming presently a greater Liverpool? Regular sailings take place from her wharves for China, Japan, Australasia, Fiji, Hawaii, Alaska and all the Pacific ports in North and South America, while an unending succession of free-foot "tramps" are forever lading and discharging the laughably heterogeneous mass of commodities which make up the world's exchange. Direct from the holds of vessels arriving from every part of the East and the Antipodes, into the waiting trains of the transcontinental railroads, is daily hoisted an enormous tonnage of tea, silk, sugar, rice, spices, and what not for our own Eastern and European markets. Presently these same bottoms put back to sea, laden low with lumber and food-

stuffs and cotton and an infinite variety of manufactured goods. A stroll along the waterfront carries the imagination to the shores of all the Seven Seas.

But the one trip not to be made in fancy only is that through the "inside channel" to Skagway and the Yukon. Northward for 1,200 miles the ship steals, among the exquisitely lovely islands of the Straits of Georgia, under beetling headlands, up stupendous fiords, past grinding glaciers and roaring gorges, toward the mystic land of the midnight sun, until the Northland yields up its nameless secrets of vastness and silence and eternal rest.

It remains to mention the Esquimalt and Nanaimo Railway, which connects Victoria and the great coal-mining region on Vancouver Island. This short line of only eighty miles has led to the successful development of other important mines than the Nanaimo coal fields, such as the great group of copper mines known as the Mount Sicker Camp.

Of greater significance still is the great Grand Trunk Pacific Railway, which has already been financed, and for which surveys and actual grading operations have been begun. This giant trunk line will parallel (roughly) the Canadian Pacific, running across the entire continent several hundreds of miles to the north of the existing line, to its terminus on the seaboard. This terminus will be at—who knows? To be in possession of this one fact, in advance of the hungry real-estate speculators, would mean fortune indeed, if what has taken place at Vancouver is to be repeated. And why not?

Two other projected lines of railroad destined to do much for the country are a line to the northern end of Vancouver Island, and the very important British Columbia Northern and Mackenzie Valley Railroad (a charter has been granted), which will run from the coast through the rich Cassiar gold country, giving an outlet to the Rosella Hydraulic Mine and other big properties, and finally reaching the extreme north of the continent.

On the southern end of Vancouver Island lies the unique and picturesque capital of British Columbia—Victoria. As different from its strenuous sister across the gulf as it might well be, Victoria resents the charge that it is sleepy, but surely it is the city of dreams. With an oddly cosmopolitan population—the presence of the army and navy at Esquimalt

adds a dash of color and interest to society here—Victoria may justly claim to be an ideal residential city. Here is a simply perfect climate, with less rainfall, more golden sunshine and fewer frosts or hot days than are found elsewhere on the coast. A happy, cultivated, quiet, sterling people live in their rose-bowered homes, amid sublime surroundings of sea and mountain. Here dwell the English "remittance man," the half-pay officer, the literary man, the retired merchant or rancher who has fled the killing winters of the East to end his days in comfort and the fellowship of gentlefolk. It is also the first and last port of call for all the shipping of the dominion, and at the wharves touch also the many vessels crossing the Pacific from Seattle and Tacoma. But for all that, may Victoria's claim to fame remain always, that she offers the man who loves home and flowers and outdoor life and the society of those to whom life is more than money getting, an ideal spot in which to drop anchor and take time to get acquainted with himself.

Such, then, is the empire over the north-western line. What of the relations existing between the men who do things there and their cousins south of the line? At a reception given in his honor recently in Toronto, Earl Grey, the Governor-General of Canada, said: "The more Americans that come (into Canada) the better. They bring capital, experience and character. They come from the same fountain head that we do, and I believe they are as glad to become loyal sons of Canada as we are glad to number them among our people." So much for official opinion. Let a man of men say his say. Clive Phillipps-Wolley, who lives close to the heart of all sorts of men in the Northwest, and whose verses and stories have made his home on an island of the Gulf of Georgia famous, has this to say:

"Shake! cries a voice from the mountain;
Shake! shouts a voice from the mine;
Shake! let the hands of brothers
Meet over the Boundary Line.

"Shake! let the hand of England
Go out to the hand of the States;
Let the hands which rule the nations
Meet in one grip—as mates!

"Why should we stand asunder—
We! men of one speech, one birth?—
Shake! and—God only under—
Be absolute Lords of the Earth!"

LITTLE STORIES OF PLUCKY MEN

INCIDENTS THAT SHOW THE QUALITIES THAT WIN SUCCESS
AND THE OPPORTUNITIES THAT THE NORTHWEST OFFERS

ALL through the winter of 1901 a straggling procession of fortune seekers made its way through the rough mountains of central Idaho, bound for Buffalo Hump. The cold was intense, the traveling difficult, the suffering great. Everything was expensive; shovels sold for twelve dollars, chickens for five, and wages were as high as fifteen dollars a day. Horse feed was a dollar a meal, and whiskey fifty cents a drink. A teamster who owned a horse that could wear snowshoes made \$1,500 in four months by hiring him out.

When the first adventurers arrived the snow was eight feet deep. They nailed their "location" notices on the trees and returned to civilization until summer. Others followed during the winter, locating "snowbird" claims on hundreds of trees without even seeing the ground beneath. The snow became deeper every day. On their return in the summer they found at places five or six notices on the same tree, one above the other, from five to twenty feet high. To whom did the claim belong?

A young Episcopal clergyman thought the Buffalo Hump mines a good place for missionary work. There was no such thing in camp as Sunday. The miners were too busy for that, and gambling and drinking were the only forms of recreation. There was, therefore, great excitement over the expected arrival of a "tenderfoot sky pilot"; some were opposed, some were pleased, and all were excited, for anything "new" was a relief to Buffalo Hump. For the first time religion became a topic of conversation.

When within sixty miles of the mines he was accosted by a well-wisher. He told him that the snow was too deep to ride further, and the well-wisher consented to buy his horse for five dollars, simply as a favor. He impressed upon the young preacher the importance of having a full knapsack, and advised him not to eat until he had gone far on his journey. Thanking him for his kind advice, the missionary courageously set out to

tramp through sixty miles of snow, with only a blazed trail to guide him. By ten o'clock he was tired and hungry, by three o'clock he was famished and exhausted, and by six he dropped in his tracks. With eager fingers he untied the knapsack to find in it—a rock! The Good Samaritan had relieved him of his lunch, and he had "packed" a useless, heavy burden for all those dreary miles!

But he had come to preach and not to cry, and his great good nature, his earnestness and his "gameness" deeply impressed the mining camp, and a wonderful change began to take place. Sunday labor was abandoned, and services were held every morning. Everything was a success but the singing, and that was a dead failure. "If we only had an organ," was the cry. The "sky pilot" said that they should have one. Returning through the silent woods to Lewiston, he purchased an organ and brought it into camp on horseback. That was a day of great rejoicing in Buffalo Hump. The only man who could play became so elated that he drank too much whiskey, and the service was postponed until evening, when it proved a great success. Men who had not been to church for twenty years came to that first service. A furious dog fight took place outside the log chapel during the sermon, but not a man left his seat. Christianity had come to stay at Buffalo Hump!

A MAN WHO WOULDN'T WORK FOR WAGES

THREE years ago Mr. A. S. Kerry was in a hospital because of an operation for appendicitis, and his sawmill was burned. A friend broke the news to him as gently as possible.

"D-did the whole works go?" he asked.

"The whole business," said the friend.

"It's all right; we'll build a better mill"; and the sick man turned over and went to sleep. When he got well he did build a better mill.

Mr. Kerry came from eastern Canada. At nineteen he was piling lumber in a Seattle

mill and at twenty-one he was the manager of the mill. It was burned down. With a capital of \$1,500 he leased another mill and started in business. He accumulated \$75,000, when his plant again burned. Then he went to Alaska, was gone two years, returned "broke," but not in the least depressed.

While at Skagway on his way out of Alaska he had an experience that his friends relate. Several men seized him and announced their determination to initiate him into the mysteries of the Arctic Brotherhood, a secret order that has since become a very large and influential Alaska organization.

"I've just bought my ticket, and it's three miles to the wharf, and my boat leaves in an hour," protested Kerry.

"There'll be another boat in a few days," was the assuring reply.

They stripped him of his coat, his waistcoat and his collar, and turned up his trousers, because, they said, it was raining over the Circle. They then led him into the lodge room. After they had shown him the aurora borealis, and had ridden him on the mountain goat, they told him that he would have to climb Chilkoot Pass. A 220-pound man fastened himself to his back and started him up a steep, crooked incline. The blindfold had slipped, so that Kerry saw the situation. He turned and jumped, kangaroo fashion. The fat man struck the floor. Kerry was out of the door in an instant, leaving half his woolen shirt in the hand of a miner, who was a "little too short in his reach."

While two doctors, a dentist and a deputy United States marshal were striving to bring the fat man back to consciousness, the rest of the Arctic Brothers gave chase and ran Kerry the three miles to the wharf. But they didn't quite catch him. When Kerry was asked in Seattle what he thought of Alaska he replied: "It's a great country; but the most satisfactory view I ever had of it was from the stern of a steamboat coming away!"

He had been in Seattle but a week when a millowner offered him a salary of \$5,000 a year to manage his mill.

"No," said Kerry, "I'm broke now, but there's too much money loose and I can't afford to work for wages."

A few days later he began a retail coal business. Then he built a sawmill. Although this mill also was burned two and a half years later, he had in the meantime bought large

bodies of standing timber, made successful investments in real estate and accumulated important income-bearing properties. He now has a new sawmill with all modern devices. His several interests and his property have made him one of the rich men of the state of Washington, all within five years, and he is not yet forty.

THE CAREER OF A GREAT SHIPBUILDER

MR. ROBERT MORAN arrived in Seattle twenty-eight years ago, a sturdy lad of eighteen. He came alone and had just ten cents when he stepped ashore from a lumber ship. His first job was as a watchman on a steamer. His promotion to fireman and then to engineer soon followed, for he did his job well. At night he studied navigation and drafting; then followed two seasons in Alaska, steamboating. At twenty-two years he opened a very small machine shop with a "hatful" of tools. At twenty-four he conceived the idea of creating a modern shipbuilding plant. He selected his site on the tide flats, and drew the plans of his proposed plant, making space for foundries, machine shops, ship ways, deep-water channels, a sawmill, pattern shops, boiler shops and copper shops, and providing for three ways of building Government fighting ships. Twenty-three years later—last year—there was launched from Way No. 1 the \$3,800,000 battleship *Nebraska*, which Moran Brothers Company is building for the United States Government. The shipbuilding works cover twenty-six acres, and have an appraised value of more than \$2,000,000.

Mr. Moran had the office of mayor of Seattle forced upon him against his wishes. He was nominated and elected on a non-partisan ticket. He was mayor in 1889. On June 6th a committee of citizens started to solicit donations to a fund for the aid of the Johnstown flood sufferers in Pennsylvania. The committee had secured \$1,500 when Seattle caught fire, and by night where the city had stood were acres and acres of ruins.

The Mayor called a mass meeting of the citizens for nine o'clock the following morning. It was decided to call upon neighboring cities for aid.

"What shall we do with the \$1,500 we collected for Johnstown?" asked one man.

"We'll send it to Johnstown to-day!" declared Mr. Moran.

An hour later the little telegraph office, in a tent, was transmitting requests to Vancouver, Victoria, Tacoma, Spokane, Portland and San Francisco for flour, clothing, tents, blankets, vegetables and canned goods. But among these telegrams was one to the Johnstown (Pa.) Relief Committee requesting them to draw on Seattle for a \$1,500 donation.

HOW A GREAT IDAHO FORTUNE WAS MADE

BORN in Germany in 1847, Mr. John P. Vollmer came to the United States with his parents in 1851. When a boy he left his home in Kentucky for San Francisco in search of fortune. The discovery of gold in Idaho attracted him to Lewiston in 1870, but in spite of the alluring prospects of the gold fields he was keen enough to see that for every man who was getting rich at mining ten were going "broke."

The population of Lewiston did not exceed 300, but there were, passing through the town on their way to the mines, thousands of men who needed clothes, food and tools. Mr. Vollmer bought a stock of goods in California and started a grocery store. All payments were made in gold dust, and in the mining camps it was not an uncommon sight to see tobacco and gold balanced against each other in the scales, ounce for ounce. On the arrival of a boatload of miners a merchant sometimes sold \$10,000 worth of goods in a single day. Then business would be dead until another boatload arrived. During the interval the stores might be closed and the proprietors passing the time playing chess. Profits naturally were great, and by 1873 Mr. Vollmer's log-cabin grocery had grown by extensive additions. He established a general merchandise business, opening a branch store in Mount Idaho. The Nez Percé Indian War of 1878 put a stop to all commerce and Lewiston was sadly in need of firearms. One of the three guns in town was a 22-calibre revolver, owned by Mr. Vollmer. With this for protection, he and others lay for many nights in breastworks on the outskirts of the city, expecting an attack from Joseph and his warriors. But the Indians did not come, and the war being ended, Lewiston entered upon a new chapter of its life.

The fertile valleys and prairies were taken up by industrious home seekers, the

mines were put in operation, the timber was milled, and the power of the rivers was utilized. It was in this period that Mr. Vollmer showed his genius. The opportunities were open to everyone, and he saw them. He bought acre after acre of the fertile land until he owned 193 ranches of the richest wheat lands of the Northwest, requiring 250 miles of fencing; he was the first to introduce the telephone on the Pacific Coast; he built the first telegraph line in northern Idaho; he rendered assistance to Henry Villard in the construction of the Northern Pacific Railroad; and was instrumental in bringing the branch line from Spokane to Lewiston, for which he was made state agent for the Northern Pacific—a position he still fills.

In 1883 he organized the First National Bank of Lewiston. It has had a phenomenal success, and to-day is the most substantial and reliable financial institution in the state, standing thirty on the roll of honor of the national banks of the United States.

With the further development of the country came the necessity for more banks and more stores, and he was ready. The firm of Vollmer, Scott & Co. was said to be the most prominent house of the Northwest. Four new stores were established in nearby towns, and the annual business transactions of this firm soon figured in the millions. The country was growing at such a rate that the Bank of Lewiston was inadequate. Three more banks were organized—one at Culdesac, one at Grangeville, and one at Gifford—and they all prospered.

By 1903 the lands in the vicinity of Lewiston were producing the largest yields of grain in the world. From the beginning Mr. Vollmer had realized the future of the grain industry, and now that the time was ripe, he organized the Vollmer-Clearwater Grain Company, erecting flour mills at Lewiston, Kendrick and Asotin, which now handle about 2,000,000 bushels of wheat a year.

His successful business career is due principally to three things—his own ability, his close attention to his business, and the development of the rich resources of the country. He studied the growth of the state, and advanced with it, step by step. The state is growing yet—is, in fact, in its infancy; and so, probably, is Mr. Vollmer's already very large fortune.

A MAN WHO STUCK TO HIS TEXT

WHEN Mr. J. E. Chilberg announced to his friends that he was going to Central America to organize a steamship line that should run ships between Puget Sound and Central American points, few had confidence in the project. He was then only twenty-eight years old and had seen little of the world outside of Seattle. But he left for the south with the confidence of youth and of good health.

At San Francisco he took passage on the steamship *Colima* with 214 other persons—men, women and children. When off the coast of Mexico a hurricane caught the ship; Chilberg was sucked down, but by a tremendous effort he reached the surface, dazed and almost strangled with the salt water that he had swallowed. Nearby was a lifeboat loaded with women and children. It was evident that it had but a few seconds to float. Further away was a life raft with seven men clinging to it. When Chilberg grabbed it then there were eight.

Two men climbed on top, but instantly the sea turned the raft over. For nineteen hours the hurricane continued, turning it over and over. The men clung on, and all were cut and bruised. When the storm subsided there were but five left. For twenty-one hours more the five survivors worried the raft toward the desert shores of western Mexico. When they finally reached land through the breakers they fell down exhausted. Out of the 214 people on board of the *Colima* but thirty-one men were rescued, and of these only one man was more than thirty years old.

Along the Mexican beach the five shipwrecked men limped until they came to a native village where there was a telegraph station. Chilberg telegraphed for money, closing with these words: "Am leaving on the next steamer." Of course his friends understood this to mean that he had had all he wanted of sea life and was hurrying home. But they were wrong. After sleeping one night in a bed he boarded a southbound steamer and continued on his way to Central America. There he not only organized the steamship line that he had in mind but he signed orders for three shiploads of freight.

He had gone to Seattle with his parents when he was eleven years old. At sixteen he was setting type on the *Seattle Post-Intelligencer*. At twenty-two he was the owner

and manager of the largest grocery store in the town, doing a business of \$1,000 per day. On June 6, 1889, occurred the great fire in Seattle which destroyed \$15,000,000 worth of property, and young Chilberg awoke the following morning to a keen realization of the fact that he was penniless.

"How are you?" asked a friend, as both gazed at the acres of smoking ruins.

"I guess I am a busted community," smiled Chilberg.

"What are we going to do?" the other asked.

"I know what I am going to do," said Chilberg decisively; "I am going into business this very day." And he forthwith used his credit by telegraph and opened up a wholesale grocery and feed business.

Then followed the organization of the Chilberg Steamship Agency (which still flourishes), and the development of the Puget Sound trade with Central America and with Alaska. At thirty years of age he was a Government mail contractor in Alaska, carrying mails and running steamers the 2,000 miles between Juneau and Unalaska.

In the early spring of 1897 the news reached Seattle of the Nome gold strike on the Seward Peninsula, fronting Bering Sea. Mr. Chilberg immediately sailed for Juneau, went over the White Pass to Lake Bennett, secured a Peterboro canoe and followed the ice down the Yukon into Dawson, a perilous distance of 600 miles. He was thus the first man in Dawson to give the news of the gold discoveries in Nome. He interested the owners of several steamers, with the result that with the first free water the stampede to the new diggings commenced, and Chilberg's company carried all the passengers. It is 2,200 miles from Dawson down the Yukon and across Bering Sea to Nome, but every steamboat making the voyage was crowded. At Nome Chilberg became a miner as well as a merchant, and, with his associates, he now owns and operates several of the very best mines in that region.

Last summer he was called from Seattle to Nome on important business. He had just three weeks to spare, and his time seemed fully occupied. One evening during his first week at Nome an associate remarked:

"You ought to have a bank here. You have one in Seattle, and the Nome connection would be handy."

"I have been thinking of that very venture all day," said he.

Three days later there was organized the Merchants and Miners' Bank of Nome, with a paid-up capital of \$100,000.

Now he is interested in a plan to build a railroad that will traverse the whole of Alaska, from some point near Valdez, reaching the Yukon River by way of the Tanana Valley, to St. Michaels, and thence northerly to Nome.

"What would support such a railroad?"

"The country will, as soon as the road is built," he said. "It will be settled up. It is no further north than large portions of Norway and Sweden, and is just as rich."

Five years ago Mr. Chilberg was attending a directors' meeting of the Seattle Bank, in which he is interested, when one of the officers complained that the bank's quarters were becoming cramped; that at times there was not enough room inside the bank for the people who came there. "We shall have to erect a building that will give us room," said he.

It required four years of scheming to induce the owner of the ground at the corner of Cherry Street and Second Avenue to consider selling his property, but at last he took \$252,000 cash for the site. The Century Building Company was organized, with Mr. Chilberg as president. A year ago workmen began tearing down the old buildings on the new bank's site. On the first day of last April the Alaska Building, a modern, fireproof, fifteen-story steel structure, was formally opened and tenants began moving in. Every office was rented at least five months before the workmen were done, and on the ground-floor corner is Mr. Chilberg's Scandinavian-American Bank, the finest and best-equipped institution of its kind in this state.

The Alaska Club, whose home is in the Alaska Building, is a commercial organization with a membership of more than six hundred. Mr. Chilberg is the club's president. At the formal opening of its new home a certain preacher, well known in Alaska, arose and said:

"I should like to call on our brilliant young president and ask him to tell us how he brought this Alaska Building to Seattle."

"There really isn't anything to tell you," was the reply. "It required patience, as everything does. I just stuck to my text and didn't wander."

If Mr. J. E. Chilberg's career were set down chronologically it would run thus: At sixteen

years of age a typesetter; at twenty-two a grocer doing a business of \$1,000 per day; at twenty-three, a steamship agent; at twenty-eight, the organizer of an inter-Pacific Coast steamship line; at thirty, an Alaska explorer and gold hunter; at thirty-one, a Government mail contractor in Alaska; at thirty-five, the president of the Seattle Shipyards Company, and a director in more than twenty corporations; at thirty-seven, the president of the Century Building Company; and at thirty-eight, banker, financier and successful man of affairs.

AN INTERVIEW AND THIRTY YEARS AFTER

ABOUT thirty years ago a lumber schooner from Puget Sound cast anchor at Portland, Ore. Among the passengers was a young lawyer named Cornelius N. Hanford, who registered from the village of Seattle. A young man named Eugene Semple, a native of St. Louis, was employed as a reporter on the *Portland Daily Herald*. Young Semple introduced himself to young Hanford and solicited an interview.

"We have a fresh-water lake on one side named Lake Washington," said young Hanford, becoming enthusiastic, "and on the other side are the salt waters of Elliott Bay. On the strip of land three miles between is Seattle. Some day there will be a ship canal cut through to the lake, and then Seattle will be the largest city on the Pacific coast."

Semple listened, made notes, and was much interested. In the morning the *Daily Herald* contained an article about Hanford and Seattle. The old Portland pioneers smiled.

After a lapse of years young Semple became governor of the territory of Washington. Still later young Hanford became the judge of the United States District and Circuit Court, a position he holds to this day. He is probably best remembered as the judge who put the Northern Pacific Railway in the hands of a receiver.

At the present time ex-Governor Semple is the president of a great corporation that is filling in the Seattle tide flats, redeeming them for business blocks and manufacturing sites, and at the same time digging a canal connecting the salt waters of Puget Sound with the fresh waters of Lake Washington, and the canal is being extended along Hanford Street in Hanford's second addition to the city of Seattle.

The March of Events

I HEAR that you are going to describe the Northwest in one number of your magazine," a citizen of Tacoma recently wrote. "You can't do it. We're too big for this sort of short measure. Your Eastern yardsticks don't go here. If you get this city down fine in type, it will grow a good deal before your presses stop running, and your report will be out of date."

True; and yet this very prediction of failure is a better description of one part of Tacoman life than a hundred pages of facts and a hundred pictures could present. For what is so interesting about any country as the spirit of its people? And there's a good deal of spirit in this friendly warning.

If, then, the writers and the photographers who have prepared this number of *THE WORLD'S WORK* have caught something of the spirit of the Pacific Northwest, the vast volume of untold things and of unpictured wonders need not plague us. For one illuminative fact is worth ten tons of exhaustive reports for the purpose of this undertaking—to show just now, when all the world is looking to the Pacific, that our own gateway to and from the Orient is for many reasons one of the most interesting parts of the earth, and especially that the men who live there are making changes in our national point of view and are preparing a home for a vast and robust population that will make an enormous contribution to our wealth and character.

If an American who dwells east of the Rocky Mountains seek entertainment or fortune or breadth of view, or all three of these, or if he wish merely to know our own country better, he will at the first convenient time go and see this part of the continent. Such a man, we trust, will find this magazine a convenient sign-board—that is all it is or can be. The man who has not been there and cannot go this year will find in it not only hints of an interesting country, but it is to be hoped, hints also of a far more significant thing, to wit: the newest place, and perhaps the best, for the masterful development of men of our race who shall, by their industry, their character, and their

command of the sea, have a great influence on the future of the Republic and rule a large part of the world. It is for this reason, and not merely to set down industrial opportunities, that the story is told.

THE EQUITABLE SCANDAL YET

THE revelations of the mismanagement of the Equitable Life Assurance Society made by the Frick Committee, which was appointed by the board of directors themselves; the further revelations made in the incomplete report of Mr. Hendricks, the New York State Commissioner of Insurance; the announcement by Mr. Thomas F. Ryan that he had bought a controlling number of shares of the Society; his appointment of Mr. Cleveland, Judge O'Brien, and Mr. Westinghouse as trustees of these shares, with power to elect ultimately a majority of the directors on the nomination of policy holders; the resignation of most of the old board, the election by the trustees of policy holders from different parts of the country to fill some of these vacancies; the acceptance by Mr. Paul Morton, the new chairman of the board and the chief executive, of the resignations of Mr. Alexander, Mr. Hyde and of other officers; the house cleaning that Mr. Morton has begun, and an investigation into the management of the Society, on his own account—these events are now all well known; and, when this is written the grand jury has the Equitable scandal under investigation and another chapter of revelations may follow, and possibly indictments.

The house cleaning is going on from the drawing room—where Senator Depew raised salaries, and himself received \$20,000 a year (for what?)—to the garret and cellar, where favored clerks and secretaries found such crumbs as \$7,000 and \$12,000 salaries, all the way to those dark recesses where sedate Wall Street gamblers played with the Society's millions as pawns.

The question is, will the house remain clean? The public persist in asking why Mr. Ryan, a successful adventurer in high finance who has not had the profound con-

confidence of the conservative business world, should have paid \$2,500,000 for stock which by law can receive only \$3,640 in dividends a year; and there are many technical difficulties in the way of "complete mutualization." But the acceptance of this trust by these three trustees, by Mr. Cleveland in particular, has gone far to restore public confidence. Mr. Morton's ability is conceded everywhere in the business world; and the best public opinion is disposed to give Mr. Ryan a fair trial before judging him. In time, by new legislation, "complete mutualization" can be effected. But the public will follow with an eager interest every step in the house cleaning, and (if it do not forget the subject) will demand of Mr. Ryan mutualization as soon as it can be made. Complete public confidence will not be restored till the company is so reorganized that no one man can possibly control its money. At present, the Society is regarded as in a state of tentative reform.

There is a feeling, too—whether warranted or not—that the New York State Insurance Department may not have revealed all it knows; for, if it had been alert, it would have made these revelations years ago. Its failure to make them calls to mind the insurance lobby at Albany, which everybody knows has existed. For all these reasons the public agitation of the subject of insurance is likely to last longer than this sensational episode of the Equitable, whatever the outcome of it be.

INSURANCE AND GOVERNMENT CONTROL

FOR one thing, deferred dividends and all the forms of insurance that have been presented as "investments" are not likely to retain the favor that they have enjoyed. For it is these that have given the great companies an abnormal surplus—the Equitable, for instance, so large a surplus that all this waste has not shaken its firm foundations. But it is clearly a perversion of insurance when it becomes a so-called method of "investment." The forms of insurance that are likely to be most popular are the simpler forms.

And whether criminal prosecutions follow or not, the public is likely to keep (for a time, at least) a closer watch on insurance legislation and the insurance lobby. For to a degree confidence has been shaken in all the very great insurance companies—not in their present soundness, but in their methods.

Doubtless the public willingness to believe evil may go too far. But a "system" and a lobby have appeared in these revelations; and many a man who would a year ago have regarded the thought of Federal supervision of insurance as foolish, has read with sympathy President Roosevelt's declaration at Williams College that if a way could be found to accomplish it, it might be a good thing to do.

Most disquieting of all is the revelation that the Equitable funds were used by adventurers in Wall Street; that railroad companies, banks, trust companies, and promoters tapped this vast reservoir of money to supply their power, and that by such use of it some of the "money kings" strengthened their grasp on the great industries and on the public utilities. Here was "system" enough, surely. But an alarmed public is capable of discerning systems of wider ramifications and more mysterious activities than ever existed. Thus an impetus may be given to what we loosely call socialism. A sort of panic in popular thought about financial management is conceivable. It may turn out before Mr. Roosevelt's term expires that his idea of the Federal regulation of great interstate industries, which has been so harshly criticised by these industries, will be welcomed by them as a refuge from public suspicion.

THE PRESIDENT'S APPOINTMENTS AND DISMISSALS

MR. ROOSEVELT'S appointments to office and his dismissals have kept the public service toned high. Mr. Elihu Root to succeed Mr. Hay as Secretary of State—that is, perhaps, the very best choice that could have been made. There is a quality of effectiveness in Mr. Root's work that enables one to understand the extraordinary praise that the President gave him when he put down the portfolio of War—that he was the ablest man in the public service of any country. The appointment has this advantage, too, that Mr. Root as a Cabinet officer is already known to our own people and to a considerable degree also to other governments.

Mr. Root has shown by his acceptance of the appointment that he has no sympathy with that low notion of the public service which would credit a man with great patriotism because he enters public life at a financial cost. He will "lose"—that is, he will fail to

make—large sums of money by returning to the Cabinet. But he will make a world-wide reputation. More important still, he will do a genuine service to the Republic. That is more to be prized than all conceivable riches; and the man who does not so regard public life deserves a worse drubbing than Secretary Taft gave Mr. Wallace, when he practically dismissed him as chief engineer of the Panama Canal.

Mr. Wallace, it will be recalled, gave as one reason for his resignation an offer of \$60,000 a year or more from a private company; and when Mr. Taft instantly accepted his resignation, he berated him with too high a regard for "lucre" in comparison with his duty and obligation to the Government. It has been strongly hinted that Mr. Wallace did not give all his reasons for resigning; and certainly there is not a happy state of things in Panama. The fundamental sanitary problem does not yet seem to have been solved.

And the Administration has been having other troublesome experiences. Mr. Bowen, who was our Minister to Venezuela, was dismissed by the President for undiplomatic conduct in regard to charges of dishonesty against his superior, Mr. Loomis, Assistant Secretary of State, while Mr. Loomis was Minister to Venezuela. Mr. Bowen's dismissal has been approved by public opinion; but public opinion has regretted that Mr. Loomis also was not dismissed. It is difficult for the public to make a perfectly clear judgment of such a complicated case as this; for it never has all the facts. But this much is certain—that the retention of Mr. Loomis, on the facts that were made known, seemed a mistake by Secretary Taft and the President.

In the case against the Santa Fé Railroad Company, in which Attorney-General Moody differed from Messrs. Harmon and Judson, the Government's special counsel, about the method of procedure, the President vigorously supported Mr. Moody, and Messrs. Harmon and Judson withdrew from further service in the case. This case a large part of the public has misunderstood. It has been assumed that Mr. Morton, who was a high and responsible officer of the Santa Fé, was on trial and that the President prevented a suit from coming to trial, purposely to shield him. The difference of opinion between Mr. Moody and Messrs.

Judson and Harmon was about methods of procedure. Mr. Morton was involved only on the supposition—a supposition that had not taken the form of legal evidence—that if the case had gone on as proposed by Messrs. Judson and Harmon he would have been made one of the defendants. There was surely good ground for Mr. Moody's contention. Nor is the assumption warranted that Mr. Moody and the President wished to "shield" Mr. Morton. They may have made a mistake, but they have all been the object of severe criticism on a wrong supposition. And the President's somewhat effusive letter to Mr. Morton had, on some minds, the effect of seeming to be a defence, and gave both the President's and Mr. Morton's critics food for much comment.

Mr. Holmes, one of the statisticians of the Agricultural Department, was dismissed for disclosing the Government's cotton reports to cotton brokers.

All these incidents, happy and troublesome alike, show one fact strongly—that the high standard of the public service that the President has set has brought public opinion to the point of expecting and demanding a constantly higher standard. A mistake in his judgment of men—or what seems a mistake—made by the President, such as many a time in the past would hardly have caused remark, now becomes a subject of severe comment for months. This very criticism is a high tribute to the standard of appointments that Mr. Roosevelt has set.

THE RUSSIAN REVOLUTION

RUSSIA, which once commanded the fear, and then provoked the contempt, now has the pity of the world. The shattering of Rojestvensky's fleet was the easier because of the lack of preparation and of discipline; and that was bad enough. But almost incredible events followed. The mutiny of a part of the remnant of the navy in the Black Sea was a spectacular part of a general revolutionary movement, which has completed the exposure of the Russian Government—whipped abroad and unable to suppress insurrection at home.

Practically all over the Empire the people have risen. There have been serious disturbances in more than one hundred towns and cities since the year began. In Lodz, and again in Warsaw and in Odessa, the uprisings have been nothing less than civil

war; for the insurrectionists (that is, the people) have been slaughtered by the thousand. The mutineers of the battleship *Kniaz Potemkin*, enraged by the killing of a sailor who complained of bad food, killed their officers and sailed to Odessa under a revolutionary flag. The body of the dead sailor was exposed as an incitement to resistance to the authorities. The subsequent story of the *Kniaz Potemkin* was inglorious. But the commander of the Black Sea fleet could not or did not capture her because of mutiny on other ships; and the mutineers for a long time had the practical freedom of the sea and declared civil war—till they sunk the ship and went ashore in Rumania. This was the signal for a mutiny at Kronstadt also, in the Baltic—the very port of St. Petersburg.

The war in Asia was almost forgotten in the presence of this war at home; and completely forgotten were the dilly-dally promises of the Czar, made some weeks before, of a popular assembly and other reforms. For he spoke too late and in too uncertain terms.

The outcome no one can clearly foresee; but it is a kind of revolution now in full activity. The autocracy cannot now—certainly not at once—regain its despotic sway. Some change of a radical character must come; for already enough lives have been sacrificed in Russia to appal even the bureaucracy and to make the whole world look on aghast. The ruling power has been overthrown at home—for the time at least—almost as completely as it has been beaten abroad. The outcome will depend on the character that the Russian people now show. But the long-talked-of revolution is at hand—if the people can pluck the fruits of the violent victory that they seem practically to have won.

THE PEACE CONFERENCE

IT is a profound gratification to all the world, and especially to Americans, that President Roosevelt was successful, by much patient and tactful labor, in bringing about a peace conference between Japan and Russia. It was a triumph for him and a proof of the far-reaching and international influence of our Government. The commissioners come with full power to make a treaty, to be ratified by their governments.

Baron Komura and Minister Takahira, Baron Rosen and his associates, with their

advisers, will come to an agreement; for Japan has not yet shown an exacting or unreasonable spirit by any act since the war began; and Russia, under her latest humiliations, cannot refuse peace offered on any honorable terms. History will take a new course from this end of a war that has pricked the bubble of Russian greatness and revealed Japan to herself and to the world as a first-class and humane power.

THE GREAT DESTINY OF JAPAN

WHAT effect will the Japanese victory have on the future of Asia, and especially on the future of China? This is the question that every man asks who studies the world in a large way.

The saddest fact that the widely traveled or the widely read man finds on the earth is the condition of Asia. The greater part of the human race live yet unhelped by the sanitary, mechanical, economic, and social discoveries whereby life in the Western World has been freed, to a degree, from plagues and famines and poverty and abjectness. These swarming millions of our fellow creatures miss most things that make life worth living, as we regard it—such as reasonable safety from hunger and want, reasonable labor, and reasonable freedom—a chance for a child to grow to full stature, to live a normal number of years, well clad and well fed, and to enjoy also a fair degree of independence in mind and character. During the few centuries that we have enjoyed these things, Asia has hardly changed at all. True, British rule in India has brought order in a small area and has made life safer and lifted it to a degree; but there has been no great change. Such change as has come has been superimposed. It has not proceeded from within nor taken deep root. The outlook of these hundreds of millions of human creatures is much the same as it was in the time of Warren Hastings. And China remains in a similar if a less sad plight. The fate that seemed even a year ago to await all these Oriental peoples was the unsympathetic domination of Western nations, eager chiefly to despoil them in trade—nations which were alien and which, therefore, lacked the ability even when they had the wish, to change the stagnant condition of Oriental life.

Now Japan's rise to power puts a new force at work in this Old World. The

most important question that touches the lives of hundreds of millions of men is whether the Japanese can do for other Oriental nations what they have done for themselves, and what no Western people can do—break up their stagnation and lift them to the Western level in health, in normal activity, and in opportunity. They are akin to the Chinese in race and thought and language and religion; and they are much nearer than any branch of the white race to the other Asiatics. Their ambition, too, must urge them to this ennobling effort.

This much at least is true—whereas there was no hope of Europe's awakening Asia to a healthful and active existence, there is now a chance that the Japanese may do this great task in the course of the coming centuries; and it is the greatest task of human helpfulness that is presented in the condition of mankind—to lift half the human race from stagnant sadness into healthful activities.

A TEN-MILLION GIFT TO HIGHER EDUCATION

THE gift by Mr. John D. Rockefeller of ten millions of dollars to the General Education Board is made with unusual freedom to the trustees. The principal is not to be spent, but the income is to be devoted, as

the trustees may see fit, to further higher education in the United States. The restrictions, if they may be called restrictions at all, go no further than to define the general purpose of the benefaction.

It is impressive to reflect that this great fund will remain as a perpetual help, for all time to come, to the work done by our good colleges. Such a sum would do a great service if it had been given outright to particular institutions or to a particular section of the country. But by putting it into the hands of a self-perpetuating Board, with perfect freedom of action, the good it may do is greatly multiplied. By a comprehensive plan, based on a comprehensive study of educational activity, it may for generation after generation give aid where aid at any particular time is most needed to bring opportunities for sound learning within easier reach of every class of students in every part of the land.

This gift has but three times been equaled by the gifts of individuals to educational purposes in our history—the Leland Stanford bequest, Mr. Rockefeller's donations to Chicago University, and Mr. Carnegie's foundation of ten millions to the Carnegie Institution to further original research.

THE GREAT SECRETARY OF STATE

IF a man look over the changes that have taken place in the world during the last decade to decide what is the most hopeful measure of human progress, he might well say that it is the lifting of diplomacy from the level of sharp practice to the level of frank and fair dealing; and this change is the measure of the work of John Hay. For he was a great man, and at least three of his achievements stand out as of world-wide historic value. One is the preservation of the Chinese Empire, another is the limiting of the area of hostilities in the Japanese-Russian War, and the third is the demonstration that the method whereby he achieved these results is the strongest method in diplomacy, the method of defeating trickery by forcing it to work openly or not to work at all. This is the distance that international politics traveled

from Bismarck to Hay; and it is a great American contribution to international government.

Of course these great results were not wholly the achievement of one man. Mr. Hay came into his high official activity at a time when the power and the influence of the United States counted for more than it had counted for before. But he had both the character and the skill to turn this power and influence to such high uses, and he had the world-wide knowledge to see the opportunity and the far-sightedness and imagination to seize it. We had the good fortune at that opportune time to have a man wonderfully fitted by training and temperament for these historic tasks; and, if we had not had such a man, the great opportunity might have passed unused and even unobserved. Diplomacy might have gone on as the art of low

cunning applied to great problems—the good weak and the strong tricky. He made frankness and uprightness strong, and he made trickiness weak by forcing it to confess its character or to retire.

It must be remembered that all his activity in behalf of Asia was a kind of activity that ran directly against the traditions of our State Department. Any but a great man would have said: "It has always been our policy to let the affairs of other countries alone." Any but an imaginative man would have lacked the vision to try it. It was a piece of far-sighted and original constructive work, and it will live in the history of diplomacy as a monumental achievement—a departure from precedent that changed the course of history. If he had not done it, the European governments would have despoiled China and divided it and probably have precipitated a European war.

Mr. Hay's career is a profitable and interesting one to study. He was born of a family that had strong convictions and a sturdy character. His paternal grandfather went west from Virginia because he disapproved of slavery. His father was a country physician in Indiana, and Indiana sixty-seven years ago was "the West." His mother came of a New England family. The boy was sent to Brown University at Providence, R. I.—that is, educated in "the East." As a student he showed his temperament by writing clever verses and by making a good record in scholarship.

The first "job" that he got seems now to indicate that Fate took him in hand for a great career. He went to Springfield, Ill., to study law in the office of his uncle. He was not fitted for the practise of law in that time and place; and, although he was admitted to the bar it is not said that he ever tried a case. But he attracted the attention of Abraham Lincoln, who was then the shrewdest student of national politics in the whole Union. When Lincoln was elected President he took young Hay, still a boy, with him to Washington as his assistant secretary.

From this intimate association with Lincoln till the day of Mr. Hay's death, he continued to make the acquaintance of the foremost men of the world; and probably he personally knew more great men than any other American of his time.

To be the intimate of Lincoln during his whole period as President was the next step in his remarkable education. He served him in confidential ways, civil and military, till the very hour of his death; and perhaps no other man knew him so well. May not the gentle humor that made Mr. Hay one of the most interesting men of his time, and the infinite patience that made him the most successful of great Ministers have had the better development in his well-rounded character because he had seen the part that these same qualities played in Lincoln's success? Mr. Lincoln's humor and Mr. Hay's were different only in the degree of refinement. Their patience was the same.

Mr. Hay's creditable military career was an incident of his secretaryship. He served his chief as his representative and informant in the field. But he was not a man of the military temperament.

When Mr. Lincoln died, Mr. Hay was at his bedside. His service to the great President was so well known and his personality was so winning that his appointment to a diplomatic post came naturally. In 1865 he became Secretary of Legation at Paris, and the most noteworthy career perhaps in our whole diplomatic history was definitely begun. Mr. Hay was young—only twenty-seven—but, serious as he was versatile, he went about the study of international events and relations at a time when the world was busy with interesting problems. Louis Napoleon was a cause of uneasiness in Europe; Prussia was getting ready for war with France; Maximilian was killed in Mexico; and Socialism began to make an apparently formidable organization on the Continent. After two years at Paris, he became Secretary of Legation and for a time Chargé d'Affaires at Vienna when the Austrian Empire was undergoing reconstruction and the dual kingdom was established. Then he became Secretary of Legation at Madrid. This wide experience at that time of life was ideal training for a career in diplomacy. He learned the politics of the world with thoroughness. His diplomatic experience at later periods consisted of his work as Assistant Secretary of State under Mr. Evarts, from 1879 to 1881, and of his service as Ambassador to the Court of St. James's by President McKinley's appointment, till he was called home to become Secretary of State.

If, when he returned from his first European experience, he could have foreseen the future, he could not have chosen his next form of activity with better reference to fitting himself for what was to follow. He had been absent from the United States five years; he had become familiar with European affairs, and he knew personally many of the most influential men in the world. It was time that he had another period of work at home. He accepted an offer to become an editorial writer for the *New York Tribune*, at a salary of \$5,000 a year—a large salary at that time for such service; and for a period he became its editor. Thus he continued to follow events in international politics; and to study affairs at home also. He learned the intricate working of public opinion, and the invaluable lesson of using the press at a later time, not as Bismarck used a “reptile press” but frankly to further noble ends.

It is worth recalling that when Mr. Hay first became Secretary of State in the McKinley Cabinet, he was very unpopular in a certain section of American opinion because he was supposed to be an “Anglomaniac”—an un-American “aristocrat,” wedded to Old World ideas and ways. A man without his knowledge of American opinion and of the American press might have continued to suffer such misapprehension. But he took the newspapers frankly into his confidence as far as he could without betraying secrets of State. The relation that he established with correspondents and editors was part and parcel of his frank diplomacy. Of course such an attitude won approval. His administration of the State Department began to be understood, and he quickly became perhaps the most popular and universally respected appointed officer of the Government in recent times. Few now even recall that many persons regarded his appointment to the Cabinet by Mr. McKinley as scandalous!

It was during his journalistic career that Fate again seemed to guide him; for it happened that the lady whom he married—a daughter of Amasa Stone, of Cleveland—brought him a fortune. He was a man who neither needed nor sought fortune for himself. But he adorned wealth and turned it to the carrying out of a literary plan which also was a great public duty. With Mr. Nicolay, his associate in service to Mr. Lincoln, he gave a dozen or more years to the writing of

the authoritative biography of Lincoln, which is more than a biography, being a history of the time covered by Lincoln’s life. For the use of parts of this in the *Century Magazine* the authors received \$50,000. Nobody else could have done this work so well. With the completion of this history Mr. Hay’s formal literary work was done; but his speeches in England, while he was our Ambassador, and his public addresses in the United States rose to a high level of literary work.

“Jim Bludso” and “Little Breeches” have been read by more persons than the “Lincoln”; and “Pike County Ballads” alone would have served as the basis of an enviable reputation. The same may be said of “The Breadwinners,” an anonymous novel that Mr. Hay has been universally credited with writing.

It is interesting to observe how the versatility of the man as shown by his writings reflected the various qualities of mind and the various experiences that went to make him the foremost diplomatist of our era. “Jim Bludso” shows the “Western” American, with the slang and hard sense and genuineness of a son of the soil. A master of precise and fastidious speech (tidy speech, as Mr. James calls it), Mr. Hay to the last kept a mastery also of the most expressive vernacular of the West, which he used on occasion as well as Lowell used the vernacular of New England. “Castilian Days,” essays written in Spain, are pole-wide from “Pike County Ballads,” for they reflect the cultivated scholar who knew his Old World—the Old World with which he was to deal in statecraft. His journalistic work and his “Lincoln” made him a master of our own history for the greater part of a century; and he knew the New World, its strength of character and its resources of manhood, as well as Lincoln knew it. Yet he was never even a candidate for an elective office.

All these experiences and activities made as directly for the great work that he did after he had passed his sixtieth year, as if he had known that this work awaited him and had deliberately planned for it. He had a more elaborate and many-sided and fortunate training for leadership in world politics than the wisest man could have laid out, and good fortune helped him at every turn. Poet, journalist, historian, essayist, master of modern languages, an accomplished citizen of the world, a thoroughbred American, the

companion of Lincoln and the friend of most great men of his time, a man of fortune, which came to him after the habits of a frugal young manhood had become established, singularly happy in his domestic life, trained, too, in diplomacy by a long experience as a subordinate and a successful career as Ambassador—no link was missing in this chain of accomplishments and experiences.

In addition to this training, he had the rare quality which has aptly been called the ability to do everything with a sort of "divine ease." If he had not had a great seriousness of character and of purpose, his death would still have left a gap in the world merely because of his personal charm and versatility. He was among the kindest and most thoughtful of men, not only to his intimates but to all with whom he came in contact. To give one little instance: This magazine, of course, took an earnest interest in his great work from its first number, which contained the portrait taken at his summer home. This interest did not escape his attention, and when he wrote his historic despatches to the Governments of Japan and Russia about limiting the area of war, he sent a copy of them to *THE WORLD'S WORK* before they were given to the public.

Thoughtful and kindly acts like this filled his whole life; and thousands of individuals felt when they read of his death that they had lost a personal friend, as the whole world knew that it had lost a great statesman whose activity made for the righteous use of power and the coming of honesty among the Nations.

He held the post of Secretary of State for more than six years; and the volume of noteworthy work done during that period is enormous, in addition to his work in preserving Asia from European spoliation. He negotiated more than fifty treaties—he was the great treaty-making Secretary of our history. Among them were extradition treaties which put an end to the scandal of some countries becoming the rendezvous of criminals from the United States. Other important treaties concerned the claims of citizens of the United States against other countries. Among these was the famous Pious Fund case against Mexico, which was submitted to The Hague Tribunal and decided in favor of the United States, and it went far to bring this tribunal into real use by other governments.

But these were routine tasks in comparison with his securing the substitution of the Hay-Pauncefote Treaty for the old Clayton-Bulwer Treaty about Panama. The old treaty stood in the way of our constructing the canal, and it had been a subject of more or less unpleasant and of endlessly confused discussion for a generation or two. The new treaty not only gave us a free hand on the isthmus, so far as Great Britain was concerned, but did much to bring an even more cordial understanding between England and the United States. The first treaty that he negotiated was defeated in the Senate; but he went to work with a quiet patience and made another one, with modifications that can hardly be called essential but which avoided some of the more or less captious criticism of the Senate, and it was ratified. Another long controversy that he caused to be ended amicably was the dispute about the boundary of Alaska. He cleaned up more knotty tasks that had hung on from one Administration to another than any other Secretary in our history.

Yet it may be that his greatest work of all was the strong forces that he set going to bring about the present close relations between the United States and England. It is now difficult to recall the silly bitterness that existed in the feelings of a considerable part of our people, and perhaps in certain sections of English opinion, only a few years ago. By his speeches while he was our Ambassador, and by his work in settling old controversies, he did more perhaps than any other man to bring the two great branches of the English family into the present good understanding—a good understanding that is the strongest steadying influence in the world to-day, and promises to remain so.

Thus the name and the achievements for peace of the Great Secretary will have a place in the history of Asia; they will have a place in the history of the Jews; they will have a place in the history of the world; and they will have a prominent and grateful place in our history during the period of our expanding power that began with the beginning of this century. That period found in him the man of constructive imagination, of the special training and of the unusual temperament that were required for its high opportunities. Again a great occasion brought a great man.

THE RAILROADS AND A SQUARE DEAL

MR. J. P. MORGAN has called the problem of regulating railroad rates "the greatest problem in the world." President Roosevelt holds that the National Government must regulate rates on interstate commerce; and he has expressed his conviction in these words:

"I hope to see the passage of legislation which will give, as an executive, not as a judicial function to the National Government, the supervision of the railroads of the United States, which are engaged in interstate commerce, with the power, when a rate is complained of as improper and unjust, to examine that rate, and if they think the rate should be changed, to change it to a given rate, and to have that given rate take practically immediate effect."—*Speech at Williams College, June 23, 1905.*

On the other side, practically all railroad presidents and many other men think that the Government would overstep its proper function by regulating rates and would make a bad matter much worse. This side also has strong support.

Mr. Lucius Tuttle, President of the Boston and Maine Railroad, said to the Senate Committee on Interstate Commerce:

"I believe that the man on the railway or the corporation that is charged with the duty of producing the goods, the commodity whatever it is, and with bearing the cost of the same and the losses incident thereto, ought to be left as free as possible to make the prices at which his or its product shall be sold."

These two attitudes are diametrically opposed. In general one party regards the railroads as public servants. The other party regards them as a form of invested wealth to be administered primarily for their owners.

At present the highways of commerce are not open to all on equal terms. A vast number of discriminations between persons, places, and classes of goods have grown up. These discriminations put into the hands of a few individuals the power of commercial life and death over shippers and communities.

The problem may, therefore, very well be called "the greatest problem in the world"; and the contest will come sharply between these two bodies of opinion in Congress next winter, and sooner or later at the polls.

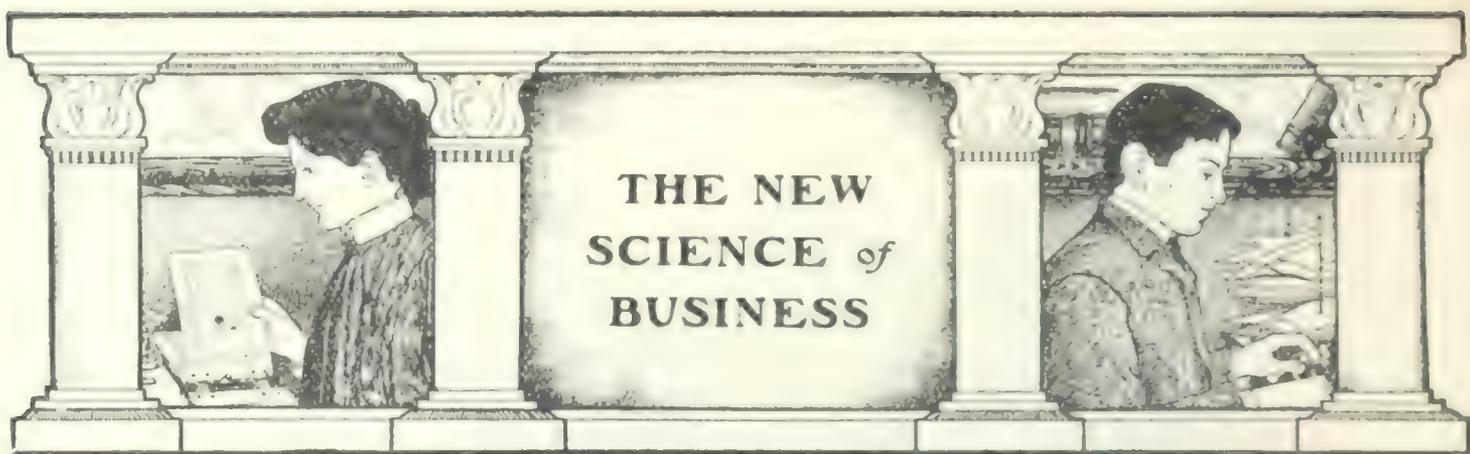
To set the most important facts before the readers of this magazine, Mr. Rowland Thomas, who came to the subject without prejudice, has made a special study of the history and of the practice of particular roads and groups of roads; and his articles will begin in the next number of *THE WORLD'S WORK*.

The first article will tell the story of the Santa Fé road—how it came to be a great system, what it has done for the country it runs through, and then how by secret rates it entered into partnership with certain industries and destroyed others.

The next article will tell the story of the so-called "Granger" railroad lines in the old Northwest; how they held the threat of discriminating rates over shippers and over cities to prevent restraining legislation.

Other articles will show how, by the combination of railroads, the commercial geography of the country has become a different thing from the natural geography, and how far some of these artificial adjustments have contributed to the public welfare, and how far some of them have done violence to it.

These articles will not be argumentative. They will give facts, without favor to either side of the controversy. They will aim only to show what "the square deal" is; and to enable men to make up their minds intelligently.



ARRANGING A MODEL OFFICE

BY

CHARLES A. SWEETLAND

AS a usual thing the accounting department is the least thought of in connection with the commercial business or manufacturing concern. Frequently the office is placed in a portion of the store or factory which is left after all other requirements have been filled, and on this account we often find offices contracted as to space, and so poorly lighted that almost all of the work has to be done under an electric glare.

Business men as a rule consider the accounting department as an unproductive expense, and frequently it is so classified in their annual statements. This is far from being the truth. The artisan who manufactures an article is a producer. The man who packs and ships goods is considered in the same line. The salesman on the road is also in this class. Why, then, should we stop here? Is it not equally important that the bills shall be made and sent to customers, the accounts entered and cared for, the statements made and collections closely followed? Are not all of these duties a part of the actual cost of the goods as delivered?

While a strictly model office would contain the most modern appliances for the conduct of the business, there is still an opportunity for making great improvement in almost any office at no expense, or, if any at all, a comparatively slight one.

If you go into the manufacturing department of any business, and look at the arrangement of the machines and their operators, you will find that the primal object has been so to arrange both that there will be no necessity for the product to be rehandled. This

same idea is the first one that I would suggest for the construction of a model office. It will cost the manager only a few minutes' time to step into his office and make the study of its arrangement. He should see whether the desks are most desirably arranged for their occupants to perform their various duties in the same manner that is followed in the manufacturing department. There should be no need of orders or bills going from one desk to another and back again to the original desk. There should be no necessity for rehandling of matter in the office any more than there is in the factory.

If there are various labor-saving devices in use in the accounting department, care should be taken that these devices are so placed that they can be used by the greatest number of people with the least inconvenience to themselves, for by this method only is it possible to secure the best results from any mechanical contrivance.

A large house-furnishing goods company had a three-hundred-dollar adding machine in their office, which I noticed was placed where only the cashier could conveniently use it. I called the attention of the president of the company to this fact, and he said that he did not see that it made any difference, as the bookkeeper could take his books over there if he wished to use it, or the bill clerk could do the same. A few words, however, convinced him that he was making a mistake. The office was a very small one, and by placing the adding machine upon a pedestal in the centre, so that it would easily swing around for the use of the bill clerk, the

bookkeeper or the cashier, the value of the machine to the company has been increased at least 300 per cent., and now, instead of hearing an occasional click, click, you will find if you should visit the office that full benefit is being derived from this investment.

I have gone into this to show the value of small things in the construction of a model office. Even if you are not supplied with the modern appliances for business, you can increase the efficiency of your office force in many ways by carefully considering these details and acting accordingly. There is scarcely an office in the country, large or small, which is not susceptible of some improvements along these lines.

Of course, if it is the desire of the firm to provide a really model office, the first consideration would be the selection of a location giving ample room for the different departments, and having them follow each other in proper consecutive order for the general conduct of whatever business is to be enacted. Beside the conveniences of good light, ample desk room, and proper location of the working force, there are many conveniences now in use in business offices which go to make up a perfect whole. The typewriter is so generally used and so well known that we pass that without a word. The adding machine (as the listing machine is generally known) and the computing machine (which is an adding machine that does not provide a list) are becoming fairly well known, but at the same time their benefits are not understood by thousands of business men who would add one or the other, or both, to their office equipment, if they could realize how much these mechanical affairs add to the speed of their operatives, and how they provide a test of accuracy which cannot be gainsaid. The machine which makes percentages saves fully two-thirds of the time of a bookkeeper who has many averages to figure out.

Never in the history of the world has there been as much interest taken in office appliances as has been shown in the last few years. The most inventive brains have been at work evolving mechanical aids in office work until their number is legion, and it is necessary to keep a close watch of the patent office to know what is being done in this direction from day to day.

Of course not all of these inventions can

be utilized, but there are so many of them that are truly beneficial in general office work that it seems almost impossible to enumerate them.

One of the greatest advances in systematizing an office has been made in recent years in various filing devices and card systems, the latter now being used for thousands of purposes where a few years ago it would have seemed impossible. The vertical filing system which has advanced so rapidly during the last few years is worthy of an explanation.

After filing letters flat for a number of years and taking copies of outgoing letters in a tissue book by a boy who spoiled both letter and copy in many cases, requiring the additional labor of indexing, it suddenly dawned upon some bright mind that more time could be gained, a greater precision derived, and a more exact arrangement effected by taking carbon copies of answers to letters, attaching these copies to the letters, or making the copy on the back of the letter itself, and filing this correspondence on edge instead of flat. By the use of a pasteboard folder for each correspondent, which is properly indexed, the unit idea is preserved and the entire correspondence is placed in this folder consecutively, to be found all in one place when sought for. In order to produce tissue copying devices which would meet this requirement, rotary copiers have been invented which copy on continuous sheets, cutting apart the duplicates as required so that the tissue can be attached to the letter instead of the carbon copy. Some business men are much in favor of this plan on account of the fact that a carbon copy does not necessarily show changes which are made after the letter has been written, and it also lacks the signature of the party responsible for the correspondence—oftentimes a very important matter.

Of late years the practice of billing on the typewriter has become so common that a special billing machine has been invented for this purpose, which adds to the neatness of the work, and which, it is claimed, will save its cost in a very short time.

Where a number of traveling salesmen are employed, routing-map cabinets are becoming quite common. These cabinets cover the territory occupied by salesmen, and by an ingenious arrangement of tacks and string the route of a salesman can be readily deter-

mined, the town where he is stopping showing plainly from day to day, and the succeeding towns of his trip laid out so there can be no possibility of mistake. Agencies and sub-agencies can be readily designated.

Office telephones are becoming almost a necessity. They are operated by means of a private exchange board, and serve to connect the different parts of a business establishment by communication much more prompt and efficient than a corps of office boys. The cost of maintaining a private telephone system is sufficiently balanced by its advantages for any house in which the departments are spread over much floor space.

Many of the largest houses use the phonograph (in place of stenographers) upon most of their desks. This practical little instrument is always at hand and letters can be given to it as rapidly as needful without disturbing the typewritist, who may be at the same time copying correspondence from other disks. While this innovation has not gone into general use, it has its advantages.

It would be almost impossible to mention in a brief article the large variety of inventions calculated to improve office work, but I will run through some of the most important with perhaps a word or two of explanation as I go. The check protector has met with very ready favor on account of the fact that a check cannot be raised if a good protector is used. Duplicating machines of various characters are found to be of great benefit, as form letters are frequently required at very short notice, and these machines are always ready to perform this work. In this connection, there are addressing machines which address envelopes so rapidly that one machine can do the work of several persons; and stamping and sealing devices, working either by hand or electricity, at a speed which is almost marvelous.

One of the latest inventions which is meeting with instant favor is an outlook envelope, or as some persons facetiously term it, "Peek-a-boo" envelope. This envelope has a transparent window in the face, through which is shown the address of the letter, statement, or bill enclosed, which saves addressing, at a relative cost of from \$1.25 to \$2 a thousand.

Autographic registers are very useful for the cashier or salespeople in stores, and are used in quantity by retail houses particularly. Automatic time stamps, which register the

time of the arrival of mail or orders, or the time of beginning and ending of any performance in the manufacturing department, also have their value. Numbering machines, numbering automatically from one to one hundred thousand, used for various purposes and made to change each time, duplicate, triplicate or continuous as desired, have become almost indispensable. There are hundreds of patents on clips and fasteners, convenient and necessary. There are pencil-sharpening machines, the use of which it is claimed is paid for by the saving in pencils. There are money counters, counting all the metal money, automatically, perfectly and with a speed of ten human counters. There are office "ticklers," keeping you posted in regard to engagements, delayed correspondence, new dates for accounts receivable and payable, and bills receivable and payable.

It does not follow that you should indulge yourself in all of the luxuries mentioned, in order to improve your office, although it is always a wise idea for those who are willing to consider the subject of improvement to keep posted on the appliances which will decrease their labor and increase their output.

If you wish to provide a model office, the first thing to do is to convince yourself of the importance of such an office to your business before you take a step. Then study your office as it is, until you feel that you know its shortcomings, and can see where improvement might be made. Next acquaint yourself with the advantages of every labor-saving machine connected with the office, and provide those which you feel can be used to the advantage of any employee, for if it can be used to his or her advantage, its greatest benefit will accrue to you, since the brain force of the operator is always expended for the benefit of the firm. You should not be penny wise and pound foolish. Machines cost money, more money sometimes than it seems they are worth; but a machine which saves 50 per cent. of an operative's time is worth to the firm one-half of the operator's wages. If these wages are only \$5 a week, it means an income from the machine of \$130 a year, 10 per cent. interest upon an investment of \$1,300. Probably the machine would not cost one-tenth of this amount.

Thus step by step, by the use of judgment and common sense, you can make your office, whether large or small, a model one.

EXPERIENCES OF A SALESMAN

BY

FORREST CRISSEY

ON one point all the first-class salesmen I have ever known are agreed: Sharp practice does not pay. Confidence is the only basis on which the commercial traveler, the resident salesman, or the clerk behind the counter can hope to build up a trade. Only a few days since I heard a star salesman, traveling for one of the largest wholesale grocery houses in America, express himself thus on how to sell goods:

“Confidence in the personal integrity of the salesman and in that of the house behind him is the underpinning of a trade. Then comes confidence in the ability, alertness, energy and judgment of the salesman. Especially is this observation true of all lines in which the salesman must see his trade constantly. Only in a trade in which the salesman has small expectation of seeing his customer again is there any reason for him to feel any temptation to indulge in sharp tricks. And then, of course, the impulse is a mistaken one.

“Now about inspiring the merchant with confidence in your ability, and the other qualities I have named. Let me indicate how it works in actual practice. For two years I have been calling on a certain merchant, trying to pry him loose from another good house that has a strong grip on him. But I couldn't budge him on an order that amounted to anything until just the other day, when he astonished me by saying:

““Yes; I'm going to surrender and give you a good bit of my trade if you treat me right. And perhaps you'd like to know why I've switched from the other house? Well, it's because Johnson doesn't keep posted on the market as he should. Crimmins, the man who had this territory before him, not only had his prices right down pat and seldom had to “look in the book and see,” but he kept in touch with the market in a way that made him a safe adviser. I could spend money safely on the information and advice that he gave me.

““Now Johnson is square as a die, but he's either too lazy or too much interested in something else to keep his prices under his hat as well as in his book; he knows just a

little more about the important market conditions than my delivery boy. It has cost me money to find that out—for he puts up a mighty good front and his ignorance of real conditions doesn't readily show through. What brought matters to a head with me was the choice consignment of misinformation on the tea market that he handed out to me. You may remember that you called and put in an hour's hard work trying to convert me to your views of the situation. Well, you had the lay of the market down right and he was way off. I bought on his advice, and the thing will make me lose about \$1,000.

““And even if Johnson did keep posted on his prices and on the market as closely as you do, I don't think he has the judgment to keep right on the way things are shaping. When a traveling salesman isn't up to acting as my special counsel, so far as the general market is concerned, or when I lose confidence in him in this capacity, then he can't command my trade. I buy advice on the market as well as merchandise, and if a traveling salesman fails to furnish me either advice or goods that merit confidence, then it's time for me to change houses.’

“Another important thing is to convince the merchant that all your goods are really low in price—lower than that of your competitors. This is not an easy thing to do, and it is seldom done by putting up a big howl about some one thing on which you have ‘got the bulge.’ The more talk you give the merchant about this and the cheapness of the price, the more is he settled in the opinion that you have gone out to make a big campaign on this article as a leader, and that you will take the loss on this thing out of him on some other item.

“Whenever I go out after a new customer I make it a rule to offer him something I am morally certain he will need, something that he cannot use any great quantity of, and I make the price uncommonly low. But the real point of the thing is the way in which it is put up to the merchant. This is in the most incidental and inconspicuous way possible.

““What's your price on that?’ the merchant asks after you have named the article.

"'Thirty-eight and a half,' you answer, without a change of voice to indicate that there is anything out of the ordinary in that figure.

"'Why!' he exclaims. 'That's a third lower than any figures I've been quoted.'

"'That's so?' is the answer. 'Anyhow, it's our price—and the goods are all right, as you know.'

"What is the result? He orders as large a quantity of this article as he can possibly use, and draws the conclusion that all your prices, at least as a general rule, must be in keeping with the price of this article. If not, he reasons, you certainly would have 'made a howl' about how cheaply you were offering the thing. Of course, you must have your house behind you in a matter of this kind, so that they will go out into the market and buy a big quantity of some staple article or brand of goods at a way-down price so that it may be put out regularly at a figure that your competitors cannot meet without loss. This cannot be done with an article that runs into large quantities or big money. I have added thousands of dollars to my trade by this simple practice, which, I contend, is good salesmanship and not trickery."

Another very successful commercial traveler declares that many salesmen make a mistake by "dressing themselves away from their customers." Let a traveling salesman who is exquisitely or flashily dressed enter a store where the proprietor and his clerks are clad in working clothes, and immediately they feel the difference between their own garments and those of their caller.

It is even more important that the salesman should not allow the merchant upon whom he is calling to feel that he holds a critical sense regarding anything the merchant has done or about his methods of conducting the business. Merchants do not like, for example, to be told, point blank, that they have made a bad bargain by paying some other house too much for a certain article. The tactful traveling man will not say to his prospective customer: "Why, I can beat the price you paid for that article by 10 per cent." But he will say what his price is, and intimate the difference without allowing the merchant to get the impression that he is saying to himself: "This man is a poor buyer; he didn't know any better than to let the other house stick him."

Generally, when a salesman has not tact enough to avoid this breaker, the merchant will punish the tactlessness by taking his business away from the man who charged him too much, but also keeping it away from the man who told him of his mistake.

At all times the traveling salesman should be quick to see the unexpected opportunity—and it might be added that often such an opportunity is brought to light by the impression made upon the customer by a genuine "leader." Once a bright young salesman went into the office of a Memphis merchant to sell him a bill of carbons for his arc lights. He was conscious of having a distinct advantage in a carbon that he could sell at \$11, for which his competitors were obliged to get \$16.50. "You can't sell that carbon for \$11, can you?" inquired the merchant. "Yes, sir; there is no mistake about it," quietly answered the young man. "If you feel any question about it just let me send you what you need, and if they are not all right in every particular you have only to notify me and I will come here personally and ship them back to the house."

"Well, on that understanding," returned the merchant, "you may ship me 5,000."

This time it was the salesman's turn to be astonished, for this was a sensational quantity for a merchant to buy for his own use.

"May I ask," inquired the young man, "how you are going to use so many?"

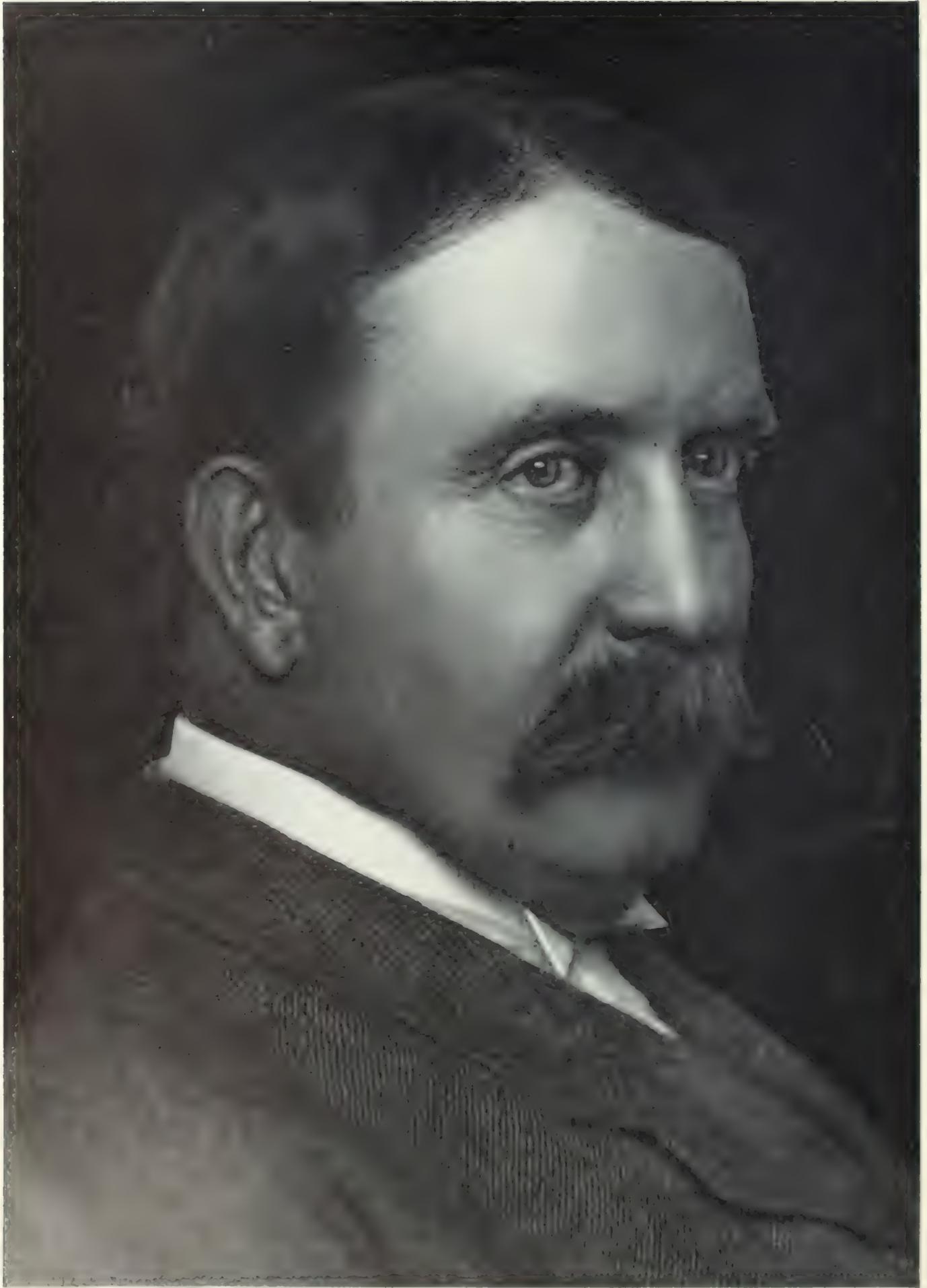
"Certainly," answered the merchant, drawing a set of contracts from a pigeonhole of his desk, "here are the contracts for a \$15,000 light plant that I am going to put in across the street."

"Signed them?" inquired the young man.

"No; but I'm going to to-night," answered the merchant, "for I've threshed the details of this thing over until I'm sick and tired of them."

"Now," responded the salesman, "I've demonstrated to you that I can beat those people all to pieces on the price of carbons, and I give you my word that I can do the same thing on the plant that you propose to put in. Put off the signing of that contract until to-morrow night, get on the train with me and go to our plant in Chicago and I will show you that I can save you money on equipment."

The merchant finally agreed, with the result that the salesman who saw his opportunity sold the merchant a \$15,000 plant.



MR. D. H. BURNHAM

THE DISTINGUISHED ARCHITECT WHO HAS SUPERVISED
THE BEAUTIFYING OF MANILA AND OTHER CITIES

(See page 50a)

THE WORLD'S WORK

SEPTEMBER, 1905

VOLUME X



NUMBER 5

The March of Events

THE success of President Roosevelt in bringing about a peace conference between Japan and Russia deserves universal and profound appreciation. It was a personal achievement. There was no obligation on him to undertake such a task—certainly no greater obligation than rested on the head of any other State. All the world regarded the chance of success as remote. There was even ridicule of his effort. He was told by a part of the American press—the part that for some strange reason lives in mortal fear of a President's doing anything lest he entangle us in quarrels with other governments—he was told that a war on the other side of the world was no affair of ours and that our duty was to keep clear of "entangling" relations.

But with characteristic energy and tact and patience he began and continued the delicate negotiations that resulted at last in his introduction of the peace plenipotentiaries to one another on board the *Mayflower* on August 6th. It was an impressive scene when the representatives of the Emperor of Japan and the representatives of the Emperor of Russia shook hands, brought together by the President's good offices. When a little later, at luncheon, the President said:

"Gentlemen: I propose a toast to which there will be no answer and to which I ask you to drink in silence standing. I drink to the welfare and prosperity of the sovereigns and peoples of the two great nations whose representatives have met one another on this ship. It is my earnest hope and

prayer, in the interest of not only those two great powers, but of all mankind, that a just and lasting peace may speedily be concluded between them"—

all the world was drawn closer together by the wish for peace. The Presidential office and the prestige of the Republic were never used for a more humane purpose; and the personal success of Mr. Roosevelt in thus using them gives every right-thinking man a thrill of pride in him as our Chief Magistrate.

THE "YAWNING CHASM" CALLED RUSSIA

RUSSIA is now, in Mr. Joseph Conrad's striking phrase, only a "yawning chasm open between East and West," and what her future will be is the most interesting speculation in contemporary politics. The fear abroad which the czars once inspired is gone, because their war power has vanished. If the Czar—any czar—should build 500 battleships and arm 1,000,000 men, no first-rate power would fear his navy or his army. The inefficiency of both has been made evident—not the inefficiency of Kuropatkin and Rojestvensky only, but of all their successors under an autocratic government.

For the pitiful failure of Russian arms on land and sea was not the mere failure of generals and admirals. It was the failure of czarism itself, the failure of the rule of an autocracy that has for generations done everything to suppress and nothing to develop the Russian people. The mass of the people have none of the characteristics of efficiency which in various ways all developing or



MR. JOHN F. STEVENS

WHO HAS SUCCEEDED MR. JOHN F. WALLACE AS CHIEF ENGINEER OF THE PANAMA CANAL

Portrait by George H. Clark

developed peoples show. They are government-ridden, priest-ridden, superstitious serfs. Even the educated classes are not really contemporaries of the educated classes in Germany, in England, or even in Japan. There is something "queer" about them, from Count Tolstoi to the humblest Russian nobleman or scholar. The rest of the educated world for the last century or two has been acquiring a state of mind—an attitude toward society and toward the universe—that we call normal civilization. It has not been so with the Russians. They have other points of view, other standards of judgment. They have little in common with the political, economic, or social thought of Europe. The peoples of the Czar's empire (for they are of many races) have simply existed and multiplied. Russia has played a part in the world since the forcible making of the empire only because of the fear of the war strength of the Czar and of the autocracy. They seemed powerful because of the fear felt by other nations, as they have grown rich on the fear of their own people.

Since that fear is now gone, what is left? A kind of social and political chaos. There will still be czars, but they will rule under different conditions; or, if they rule in the old way, they cannot again frighten the world or play the part of powerful sovereigns. Or the Government may at last become, by continual turbulence and local rebellions, rather than by sudden revolution, too weak to hold the people in subjugation. It is even conceivable that parts of the empire may in time become independent. What will happen nobody knows; for only this is certain—the thing that was Russia in the minds of governments and of men no longer exists. Japan pricked the most colossal bubble of modern times. But in spite of this condition, Russia has not by any means been exhausted by the Japanese victories in Asia. She could prolong the war for an indefinite period.

THE STATUS OF JAPAN

JAPAN, too, is, of course, in both a financial and a military condition to go on winning victories till the Russians are driven out of Manchuria as completely as they have been driven from the sea. The Japanese have not suffered a single defeat since the war began. Their navy is stronger than it ever was, for it has captured more warships than it has

lost, and they are building new ones. One of these is now on its way home from the dockyards of the British builders. A Japanese army could easily be maintained in Manchuria to meet and keep back any force that the Russians could send over the trans-Siberian railroad. The Japanese losses of men have been severe; but the patriotic quality of the people is such that new armies of recruits could yet be sent to the field.

Japan has thus far made a war debt of \$240,000,000 at home and \$410,000,000 abroad—a total of \$650,000,000. She had no foreign credit before, and the war has given her occasion to establish it. Every issue of bonds, both at home and abroad, has been many times over-subscribed. She can borrow much more at increasingly favorable rates; and her credit is now far better than Russia's.

If, therefore, the war end now, it will not end because of the financial or military exhaustion of either country. It might be continued for an almost indefinite period. Neither could hope to exhaust the other within any reasonable time, in spite of the fact that the victory is clearly Japan's.

MR. TAFT AND JAPANESE EMOTION

THE Japanese made a hero of Secretary Taft during his visit to the Empire, as a means of expressing not only their regard for him as a successful administrator but also their somewhat effusive friendliness to the American people. The individual Japanese is not demonstrative. He has an imperturbable and impenetrable self control. But the Japanese nation seems for once at least to have had an emotional mood—just such a mood as we have in times of weakness.

And a number of our writers are showing their emotional qualities by telling us how these canny folk are "playing" us—how they imitate us to their own profit, flatter us for their own gain, profess obligations while they inwardly dislike us, use us with a humble manner till they win military and financial and industrial power; and then, we are warned, they will laugh at us for having been so silly.

Well, perhaps; but human nature is human nature, East and West alike. They are proud—they have something to be proud of; they are not going to keep the humble place in the family of nations to which they were rudely assigned by Russia and France and



BARON FUTARO KOMURA

THE SENIOR JAPANESE PEACE COMMISSIONER. THE OTHER COMMISSIONER IS MR. TAKAHIRA, THE JAPANESE MINISTER TO THE UNITED STATES. TO THE LEFT OF BARON KOMURA IS COUNT YAMAZA, AND TO THE RIGHT MR. SATO, ONE HIS ASSISTANT, THE OTHER HIS SPOKESMAN TO THE PRESS.

(This group was in the great Japanese hall at the peace conference.)



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COUNT SERGIUS DE WITTE

THE SENIOR RUSSIAN PEACE COMMISSIONER

(See "The March of Events" and page 0070)



MR. THOMAS F. RYAN

WHO PURCHASED FROM MR. JAMES H. BIRD THE CONTROL OF THE FOUR
ALL THE ADVANCE NOTES AND THEN REORGANIZED THE COMPANY

Germany after their war with China; and they are learning much in every quarter of the globe. But it is a short-sighted view of them to suspect them. A nation that can keep a naval secret all winter, that has made positive advances in both military and naval practice over long-trained European nations, that has taught a warring world new lessons in humaneness, that can keep its fools at home and its internal dissensions quiet—we have too much to learn from these people to become prematurely suspicious. In other words, the best remedy for civilization is more civilization on our side of the Pacific as well as on theirs. Suspicion never cured anything.

THE CHINESE AND WE

THE Chinese exclusion law, which admits merchants, students and travelers but excludes laborers, was passed by the pressure of labor organizations in California, chiefly in San Francisco; and their argument was that Chinese laborers, millions of whom might come, underbid and underlived American laborers. It was a law which was declared necessary to protect American workingmen from this cheap competition. The subject has been brought up for renewed discussion for several reasons.

The law has been indecorously administered. It has, of course, been evaded; and this evasion has provoked American port officials to subject Chinese merchants and travelers to delays and inquisition and indignities that have been discreditable to us and offensive to Chinamen. This trouble the Administration has sought to remove by instructions to port officers. But this, after all, important as it is, is only an incident in the main discussion.

For the Chinese have made an effective boycott, in some ports and provinces, of American goods; and this has so spread that not only is our commerce suffering seriously but a general hostility to the United States is becoming fixed in the Chinese mind. It is this boycott that has given the Americans who object to the law an occasion to reopen the whole subject.

The most important protest against complete exclusion has come from the Portland, Ore., Chamber of Commerce. Mr. William D. Wheelwright, the president of the Chamber, has written a letter to President Roose-

velt asking him to take steps toward the admission during the next ten years of male Chinese laborers every year not to exceed one-tenth of 1 per cent. of the population of the United States, or about 80,000 a year.

The labor organizations and, therefore, the political organizations of the Pacific states violently oppose such a proposition; but opinion in its favor constantly becomes stronger even there. The old argument of the degradation of American labor by the Chinese is not sound because there is no American labor in those states with which Chinese laborers would come into direct competition. Unskilled manual labor, and especially menial labor, awaits laborers who cannot be found. Farm work, railroad work, domestic service—all such demands—are unfilled for lack of men; and the development of the Pacific coast is held back by the lack of them.

We may expect, then, a more courteous enforcement of the present law, and a renewed general discussion of the whole subject of exclusion. The labor organizations (who would exclude the Japanese also) will be on one side and the politicians will be with them as long as they seem likely to maintain exclusion. On the other side will be commercial and industrial men and bodies who wish to build up our trade with China and to secure manual laborers—on the Pacific coast and possibly also in the Southern states, as well as in the Philippines, Hawaii, and Panama. The moralists and social economists are divided. International morality forbids exclusion, but domestic morality (so to call it) is offended by the Chinatown in every city that has one. A clear conviction is not easy to arrive at. But a new treaty and a new law modifying the present restriction seem likely to follow the discussion.

MR. ROOT AND MR. HAY

MR. ROOT has taken the direction of the Department of State with the practically universal approval of the country and with the expectation by the people that he will keep that great office as high and powerful as it was under Mr. Hay. It would be hard to think of two strong men who are less alike. Mr. Hay had a genius for large political problems. He had the audacity of an imaginative mind. The bringing of England and the United States into closer rela-

tions appealed to him; so did the preservation of the administrative entity of China; so, too, the limiting of the area of war in Asia and the removal of old political hindrances to our cutting the Panama Canal. Big tasks of this sort pleased him. He was reared in the old school of statesmanship, which worked with nations as the units of thought.

Mr. Root also has these qualities, but they are not the dominant qualities of his mind. His is the practical temperament. He has the faculty of organization to an uncommon degree. Whatever he touches is shaped into an effective system. It was thus that he worked out the reorganization of the army after the Spanish War had shown its demoralization. He made the commissary department efficient. It is practical tasks that he instinctively sees and does. He belongs to the class of business statesmen. In many ways the Department will be better organized under him as a working machine perhaps than it has ever been organized.

OUR GOVERNMENT AND FOREIGN TRADE

AMONG the practical tasks that Mr. Root finds awaiting him is the task of encouraging foreign trade—of opening new markets and of showing ways to make old markets yield us more. This work implies a still better organization of the consular service. The service is no longer the reproach to us that it once was; for many of the men now in it have been admirably chosen and have had experience that makes them fit. But a great master of organization such as Mr. Root is will find ways further to improve it, and it is not an unreasonable expectation that his secretaryship will give a new impetus to our neglected and inefficient foreign commerce. Primarily, of course, the Department of State has to do with foreign governments and not with the commercial activities of our citizens. Its primary function is not to promote trade. But in the ever-increasing pressure of commercial rivalry statesmanship has more and more to do with commerce.

The Government already does much to promote it. The consuls' report on trade conditions and opportunities, and their reports, with other matter, are published daily. Although many trade treaties made by Mr. Hay are unratified by the Senate, many others are in effect, and special investigators

of commercial subjects have been sent to many countries to find how our trade may be increased. Still we lag. Our foreign commerce, in spite of the good showing made the last fiscal year, falls disgracefully short of what it ought to be. For instance, during the last four years the Russian Government has bought from German manufacturers more than half the material that its War Department ordered abroad. Before 1902 we had a much larger share of this trade than we now have. We lost it because our Government put upon Russian sugar a duty to offset the export duty repaid by the Russian Government to their sugar manufacturers. The Russian Government replied by placing on American machinery a duty that practically shut it out in competition with the German. This duty was continued throughout the war.

The American exports of machinery to Russia before this retaliation amounted to about \$35,000,000 per annum. Cincinnati alone sent over \$3,000,000 worth of machinery to Russia in one year. Since the duty has been in force, the Cincinnati exports to Russia have shrunk to less than \$50,000 per annum. During those same years the Russian orders for machinery and manufactured steel have immensely increased because of the war. This little tariff episode, therefore, has cost the manufacturers of the United States, in gross business, something over \$35,000,000 per annum, or a total of \$100,000,000. Meantime, the importation of Russian sugar has not been appreciably checked.

It does not follow that our State Department could prevent such unfortunate incidents, for the shifting of tariffs is not within its range of duties. But the better our whole governmental machinery is organized and informed regarding foreign trade, the less likely we shall be to repeat an experience like this.

THE SERIOUS PROBLEMS AT PANAMA

THE troubles that the President is meeting in pushing forward work on the Panama Canal are serious but not discouraging. Although much good sanitary work is reported to have been done, not enough has been done to prevent serious trouble. The thorough sanitation of the Canal zone must be made. Then the resignation of Mr. Wallace as chief engineer threw the work into more or less confusion. The gravest

engineering problems have not yet been solved—whether, for instance, the Canal shall be cut to the sea level or be a lock canal.

Besides all these difficulties, which resolve themselves into the difficulty of finding enough capable men, the act of Congress whereby the work was authorized is insufficient. Congress put upon the President the whole task. He was even to decide whether the Canal should be at Nicaragua or at Panama. Doubtless the President will wish to refer back to Congress at the extra session some of the difficult problems that have arisen.

To succeed Mr. Wallace as chief engineer, the President has appointed Mr. John F. Stevens, who has a creditable body of work to commend him. The son of a tanner at West Gardiner, Maine, where he was born fifty-two years ago, he became assistant chief engineer of the city of Minneapolis when he was twenty years old. He rose to be the vice-president and general manager of the Rock Island Railroad; and he distinguished himself in the hazardous survey of the Sabine Pass & Northwestern Railway. His principal work, however, was as chief engineer of the Great Northern Railway. One of his experiences in the survey of the coast extension gives a hint of his character. In a lonely pass, his Indian guides deserted him. His men wished to turn back, but he pressed forward, and, after many hardships, made his way out. At the time of his appointment to Panama, he was about to start for the Philippines to supervise the construction of railways there.

THE "BENNINGTON" DISASTER

THE shocking loss of life on the *Bennington* when a defective boiler burst and killed fifty-eight men, in the harbor of San Diego, Cal., produced a feeling of dismay and resentment. We take a boundless pride in the navy; we maintain an academy to train men for the service; we send chosen youth to it; we provide money for inspection and repairs; we expect mechanical as well as commanding efficiency; and yet the greater part of a crew of one of our naval vessels is killed by cold-blooded neglect of duty. It is a shameful thing that this could happen.

The long discussion, which has followed the "accident," of the effects of the naval personnel law which puts the engineers and the officers in the same class, is important

perhaps, but it is more or less from the point. Whatever the rank of engineers be, there must be capable engineers. There is a bad defect in administration somewhere. Secretary Bonaparte's prompt promise of a very thorough investigation which shall fix the blame where it belongs was received with gratification; and the report is awaited with eagerness. The patriotic public would like to feel sure that our naval management is better than such a shocking and disgraceful occurrence indicates.

THE PRESENT STATUS OF THE EQUITABLE

A LEGISLATIVE committee has been appointed in New York to investigate the conduct and the condition not only of the Equitable but of other life insurance companies as well; the Attorney General of the state has begun action looking toward the recovery of funds of the Equitable that were misapplied, and he has now brought suit against all the former directors. The presumption is, that when the affairs of the company are thus brought into the courts, the definite responsibility for the misuse of funds will be fixed. This proceeding will be watched by the public of the whole country with a more eager interest than any other case has been watched for many a year. For, if negligent "dummy" directors in this company can be held responsible for the mismanagement that went on under their eyes, why may not the law compel negligent "dummy" directors in other corporations to become responsible? The list of the old directors in the Equitable contains many of the best-known men in our industrial life. They have an influence in the financial and political world that is incalculable. If, then, this action be seriously pressed and the neglect be fixed and punished, the perfunctory conduct of corporations will become a dangerous business. Will it be pressed? So large a number of the best law firms in New York have been retained by the defendants that the legislative committee had much difficulty in finding competent counsel.

District Attorney Jerome, too, is trying to find definite evidence of guilt that will warrant him in bringing criminal action against the old officers or directors of the Society.

In the meantime, the practical work of house-cleaning and of the reorganization of the working force of the Society is carried

vigorously on by President Morton. Plans for complete mutualization and for the elimination of direct or indirect control by one man or one group of men continue to be discussed; and the presumption is that such legislation as may be required will be asked at the next session of the Legislature. For the present, the makeshift arrangement continues, of three trustees holding Mr. Ryan's stock and nominating policy holders for vacancies in the board of directors.

Thus the practical management of the Society has been wholly changed; suits are pending and expected for the fixing of the responsibility for the old misdeeds and for the punishment of the guilty; a temporary plan of trusteeship is in effect; but no plan for the satisfactory permanent ownership of the stock of the Society has yet been made.

THE FOOLISH PANIC OF THE INSURED

WE are surely a most emotional people even in business affairs. For instance, a considerable number of persons are surrendering their insurance policies and taking their cash values. The cash value of a policy is only what a foreclosed value of a house would be; and there is, of course, a loss to the man who thus surrenders it. He will regret such an emotional act a little later.

The Equitable insurance scandal has been bad enough in all conscience. Doubtless, too, there are other companies whose great prosperity has tempted them to extravagance. But there is nothing to show that any large life insurance company is in danger of insolvency. In fact, recent events make for more careful management. Men who surrender their policies from fear commit a grave mistake.

But there is a lesson for the insurance companies in the panic of policy holders. One reason why men feel a too easy despair and distrust is their inability to find out the condition of the companies in which they have policies. If the published reports of insurance companies were intelligible to laymen, laymen would be less suspicious. We always easily suspect what we cannot understand.

THE BLACKMAILING OF CORPORATIONS

THERE is one fact about the mismanagement of the Equitable that a wearied public ought not to forget. There is no doubt that a part of the unexplained "loss"

of \$685,000 was used for purposes that the officers of the Society did not care to have frankly set down in the books. Part of it, for instance, was paid, regularly and as a matter of course, as political campaign contributions, presumably, as is the habit of many corporations, to both political parties. It has not yet been judicially determined to whom the surplus of the Equitable Society belongs. But, if it belongs to the policy holders, as they were led to believe by the agents and all the literature of the Society, then the officers had no more right to pay money to political campaign funds than they had to pocket the money. Of course, too, as everybody knows, the big insurance companies have been "bled" by insurance inspectors or commissioners of some of the states as well as by politicians of high and low degree. If these facts can be definitely found out, and especially if somebody can be called to account for them, the political blackmailing of corporations may be stayed—for a little while at least. It is, perhaps, a more serious evil than the blackmailing of individuals.

A WORD FOR THE HONEST MAN

WHEN that enterprising broker, Mr. Lawson, has become an apostle of the honest life to the Kansans and Senator Depew the author of moral precepts in politics, it is little wonder that many men of humbler talent and of lesser sins have also turned moralists; and the most fashionable text now for all sorts of preachers is, Are we getting better or are we getting worse?

Better, undoubtedly, for we have been pretty bad. Oregon is a better place to live in since Senator Mitchell was convicted, and the United States Senate also is a better body. Philadelphia calls its soul and its treasury and its votes its own for the first time since Simon Cameron rose to power. St. Louis and Missouri are better communities because of Governor Folk's activities. Your life-insurance policy is safer (no matter in what company you are insured) than it was six months ago. The Government's crop reports will be more accurate for the next five years than they were for the last five. If you are a stockholder in any big company you may be sure that for a little while at least the directors of it will pay more attention to their business than they paid a year ago.

Railroad morality is stronger than it once was to resist the demands of big shippers. Your beef may not yet be cheaper, but there is a lull in the formation of great trusts. If you have a vulnerable or a vulgar ancestor in your closet, or a skeleton of domestic improprieties, you are not as likely as you were a few months ago to be called on to pay \$2,500 for a copy of a book about Families that have Paid for the Salvation of Silence. If you are a bond broker or a railroad reorganizer you will be more prudent than to deal with yourself as a director in a company that has money to lend.

The catalogue of big sins that have been spread out in daily and weekly and monthly publications for our meditation and reformation is long and discouraging; and doubtless many weak and morbid minds have been wrecked by such a succession of exposures. They have been more numerous because the eminent moralists who care most vociferously for our salvation have received high prices for their exhortations. But there is this consolation: a lot of vested wickedness—group after group of sated and reckless parasites—has been disturbed. The only way to keep a ship clean is to scrape off the barnacles once in a while or to anchor her in fresh water. This depressing experience has its justification, therefore, and good men have taken it patiently.

Yet, happily, at last the ordinary man, who is neither preacher nor detective nor "exposer" nor any other kind of person who profits or bawls because of the wickedness of others, is becoming a little weary of exposures and sermons. His mood may fairly be expressed in this way:

"Yes, all these wretched creatures must be punished—scoundrels in the Senate and in Wall Street as well as political and social thugs; but why do we have policemen and prosecuting attorneys and grand juries and courts but to do this work for society in an orderly way? For the love of decency, leave me and my family in ignorance of the details. I do not put myself in the hands of gamblers; I do not speculate; I do not live in Philadelphia; I am not insured in a life insurance company that is under sensational investigation; I am not called on to pay hush money; I am not a railroad traffic manager nor a United States Senator, nor an employee of the Agricultural Department; I am only a

quiet citizen, earning a living for my family by an honest occupation and trying to rear my children in a normal way. I do not care for them to read half the magazines nor to hear half the sermons that are offered on week days or on Sundays. I pray you, punish the scoundrels—that's what I pay my taxes for; but let me lead a quiet life, and hear and think of things that put living on a higher level and do not pull it down."

And the normal mood of the average honest man is the dominant mood at last—fortunately for us all.

MR. JEROME AND WHAT HE STANDS FOR

WE are in the habit of using the words "public servant" in a commonplace way, but there is one man in New York who has made their meaning specific again and given them a clear ring. He is Mr. Jerome, the district attorney of New York County.

In past times the prosecuting attorney's office in New York has been a sort of refuge for certain kinds of criminals. Almost always in recent periods before Mr. Jerome's term it failed utterly to do one of its main duties—to make the poor and the ignorant feel sure that exact justice awaited them. But he went to live in the tenement region. Day or night he can be found by anybody who needs him. He thus became the public's servant in real truth and he refused to be any party's or boss's servant. He chose men for his assistants and subordinates because of their efficiency, not for any other reason. He has not been awed or scared or flattered or cajoled into inactivity by anybody. A more fearless man never took public office.

By his fearlessness and his fairness and his energy, he has done more than any other single man of our time to make New York County a decent place to live in; and he is entitled to be called the most useful citizen of the county. The gamblers are gone. Vice is less flagrant. We still have a degrading liquor law, but the way to improve it has been more forcibly shown by him than by any other man. Criminals of unusual sorts have been prosecuted—lawyers, for instance, who disgraced the profession. Those who live by petty impositions on the ignorant people of the slums and those who do crimes of high finance alike know that the prosecuting attorney is as little afraid of one "set of influences" as of another.

Now Mr. Jerome has announced his wish

to be re-elected, if he can be re-elected independently. He is a Democrat in national politics, but he will not stand as the candidate of Tammany nor of any other local political organization. He stands on the principle that a man who holds such an office ought to be elected by the people, not by any party or faction or boss.

He is perfectly willing to be defeated for this principle. If the people of the county want this principle to prevail, they will re-elect him. If they prefer a boss-ridden or a party-ridden attorney's office, they will defeat him. The responsibility is theirs, not his. That ought to be and doubtless is an invincible position. But, invincible or not, it is eternally right; and it is a great thing for a great city to have such a man to stand for such a principle in so fearless a way.

He has thus made himself a national figure, and his re-election will have a strong influence toward the fearless enforcement of law all over the land.

ABOUT A GOOD PREACHER AND A BIG SIN

WHEN District Attorney Jerome made a speech at a Kansan "Chautauqua" in the summer, he hit the nail on the head this blow:

"The side upon which the trusts are wrong, the side upon which they should be checked, and ruthlessly, too, is that they debauch our public life. . . . They buy legislatures, they buy our judges, our administrative officers. They produce a moral evil that strikes at me and at you. It brings an atmosphere into our life that makes it go lower and ever lower."

Strangely enough, it is on this count that they go scot free. Our economists and moralists denounce the trusts and the trust builders because they crush competitors, because they force rebates from the railroads and because of other economic sins; but many of these same economists and moralists forget that the worst sin of all is the lowering of our public life. They say, for instance, that the municipal ownership of street railways and lighting companies would bring them into politics. Doubtless; but they are already in politics as a rule—so deep and actively that, in perhaps half the cities in the Union, the owners of franchises elect (or select) aldermen, or mayors, or members of the legislature, or the governors, or all these. The franchise makes the boss, the boss rules the city or the state. Do you know how many United States sena-

torial careers began in the political power that a city franchise gave? And the trusts have their aldermen, their mayors, their legislators, their governors, their senators—they *must* have them, they say when they are hard pushed.

Grievous as their economic sins may be, there is no economic sin as bad as this lowering of political ideals. Or, however many economic good deeds may stand to the credit of the trusts (and they are many), these good deeds cannot pull their credit up as far as this political sin pulls it down. This is our worst misfortune, our deepest shame, our lowest degradation. That a man like Senator Depew, for instance, should be in the United States Senate from New York—that is the sin of our commercial system which makes the peccadilloes described by Mr. Lawson insignificant. If a gambler robs you of thirty-nine or forty millions, that does me no harm because I do not associate with gamblers; but if trusts or combinations or whatnot send their personal hirelings to the Senate to do their bidding there, you and I and every other man in the commonwealth are harmed; and the Senate is harmed, and the political ideals of the people; and yet, while you make a mighty fuss about your dirty millions, we all continue silently to submit to be represented in high political places by the flunkies and parasites of great industrial companies.

HOW TO STUDY THE RAILROAD PROBLEM

ANY man who merely takes up a theory about the railroad problem has no opinion worth considering; for everyone who wishes to do honest thinking must find out facts and carefully draw a clear conclusion from facts. And the man is fortunate who can draw a clear and satisfying conclusion. The problem is whether the Government should fix rates. Now some of the ways to study it is to find out such facts as these:

(1) How badly the present practice works—how discriminations, such as have been made by the railroads, do a public harm. It is to throw some light on this part of the subject that the story of the Santa Fe road is told in this number of *THE WORLD'S WORK*. The story of almost any other railroad would have done as well—some others would, perhaps, have done better. The Santa Fe is used simply as an illustration.

(2) Is there reason to believe that the

Government could do any better than the railroads do in fixing so intricate a thing as freight rates? Nobody except men who have had experience can know how difficult and delicate the task is. For instance, a company in Japan may wish to buy a large lot of steel. They may buy it in England, in Germany, or in the United States. The freight rate from Pittsburg to St. Paul may be the turning point of their decision. The rate must be made at once. Could the Government do that task so as to enable our steel makers to get the order? Most railroad men say "No." But it is perfectly fair to ask, "Why not?" About forty men now fix the rates. They are the traffic managers of the most important roads. Suppose seven of the best of these forty men became commissioners of the Government to fix rates. Could they not do it as well in the employment of the Government as they do it in the employment of the railroads?

(3) Then there are groups of political facts. The railroads maintain lobbies and Senators and all kinds of political agents and parasites. If the Government fixed rates, would they have need of all this degrading expense and waste of treasure and loss of character? Or would politics play a still more important part? If a man wish to form a sound opinion, he must study facts of this sort.

(4) Again, there are financial facts about the control of railroads by a few men. Would the dangers from such control be lessened or increased by the governmental fixing of rates?

We have about 300,000 miles of railroads. A report recently issued by the Interstate Commerce Commission shows that the number of stockholders of these roads is 327,851. There is, therefore, about one stockholder for every mile of railroad. No fact could better show centralization of control than this. It must be remembered that only the stocks of the railroads give power to vote. The billions upon billions of bonds have no vote. The railroads of England have more than fifteen stockholders to the mile; and the roads of Canada have six or seven. The Canadian Pacific has 20,000 stockholders and the Grand Trunk more than 40,000. In the United States about a dozen great capitalists have secured control of our great roads. The Harriman interest, the Morgan interest, the Vanderbilt interest, the Hill interest, the

Pennsylvania interest, the Rock Island interest, the Gould interest, and the Standard Oil interest practically dominate more than 75 per cent. of our mileage. This centralization of power is represented in the list of stockholders by less than 25 per cent. of the total number of owners reported by the Interstate Commerce Commission.

Outside of these majority interests, the minorities are fairly well scattered. The Pennsylvania leads the list with more than 44,000 stockholders; the Santa Fé is second with 18,000; the Union Pacific, the New York Central, and the New York, New Haven & Hartford each have more than 10,000 stockholders. Eight other railroads each have between 5,000 and 10,000 names on their stock books. It is noteworthy that most of the railroads whose stock is widely scattered are in New England. The people of New England buy stocks in much the same way as the people in England buy them. It is the great railroads in the other parts of the country whose ownership has been most completely centralized.

Now what economic effect on this rapid centralization would the governmental fixing of rates have?

On all these sides of the subject this magazine will publish articles during the next few months, written to uphold no theory but to present suggestive facts, to help toward a sound opinion.

MAYOR DUNNE'S PLAN FOR MUNICIPAL OWNERSHIP

MAYOR DUNNE of Chicago was elected on a platform that promised "immediate municipal ownership." Three days after his election he delivered this message to a large crowd at Cooper Union in New York:

"Men of the East: We bring you tidings of great joy from the men of the West. Next Monday Chicago starts upon her mission of dislodging private capital from the control of one street-car system."

Then Mayor Dunne sent for Mr. James Dalrymple, general manager of the Glasgow tramways, which have been owned and successfully operated by the city since 1894. After an investigation of the conditions in Chicago, Cleveland, Philadelphia, Boston, and Minneapolis, Mr. Dalrymple is reported to have made the following statement before he went home:

"Until politics is entirely dissociated from municipal government and men entirely free from political influences are placed in office, successful municipal control of public utilities in the United States is practically impossible. To put street railroads, gas works, telephone companies, etc., under municipal ownership would be to create a political machine in every large city that would be simply impregnable. These political machines are already strong enough with their control of policemen, firemen, and other office-holders. . . . I came to this country a believer in public ownership. What I have seen here, and I have studied the situation carefully, makes me realize that private ownership under proper conditions is far better for the citizens of American cities."

The report that Mr. Dalrymple made to Mayor Dunne has not been made public; and the opponents of municipal ownership have interpreted the whole incident as a defeat for that principle.

Yet neither the platform on which Mayor Dunne was elected nor Mr. Dalrymple's discouragement touches the gist of the problem. The platform was an industrial plan made by politicians who are unfit to deal with industrial plans, and Mr. Dalrymple's judgment is a political opinion expressed by an industrial foreigner who knows little of our political life. Neither has got us far on the road toward the practical truth; for the truth in such a matter must be worked out by experience. We shall never know whether the municipal ownership of street railroads in Chicago will be successful till it is tried in Chicago; and it cannot be tried in three days, or three months, or three years.

Mayor Dunne seems to have come to a proper method of practical experiment. Three months after his election he did not consider "absolute municipal ownership practical just now"; but he suggested a plan looking toward that result. He would have a "friendly corporation" controlled by five trustees "in sympathy with the policy of municipal ownership," who shall hold twenty-year franchises for the control of the streets where franchises have expired or are about to expire. The stock of this friendly corporation is to be sold at popular subscription and no bonds are to be issued. The profits beyond 6 per cent. are to go into a fund to purchase new lines.

Such a plan would make a test of the earnestness of the popular demand for municipal ownership, and it would show whether it is responsible citizens who desire it or only a political class. If this plan be earnestly tried,

it will prove what nobody now knows—whether the intelligent and responsible men in Chicago really wish to try municipal ownership. Before an experiment is made, the most that can be said is that it will fail or succeed as the men who try it are with or without character. The right kind of men could succeed. The wrong kind would fail before they start. It is interesting to observe that Mayor Dunne stands by his guns and believes firmly in the practicability of his plan. He may put this down for certain—that mere preliminary discussion has no meaning. Nothing has any value toward the forming of a sound judgment but experiment.

THE KANSAN METHOD AND THE KANSAN SPIRIT

THE Kansas Supreme Court has declared the state's plan to refine oil unconstitutional. The bill to erect and conduct a refinery, which was passed by the Legislature as a blow at the Standard Oil Company, appropriated \$410,000. To evade the constitution, which prohibits the state from going into business, the framers of the bill provided for the work to be done by convicts. Thus it was hoped that the refinery would be constructively a part of the prison work of the state. A state twine factory has been in successful operation at the Lansing prison for eight years.

But this effort to evade the constitution failed. The court has held that the refinery bill, being a "popular demand for relief against a powerful commercial combatant," had nothing to do with the building of a branch penitentiary; the court quoted verse to impress its point:

"We must not make a scarecrow of the law,
Setting it up to scare the birds of prey."

The refinery bill was one of four anti-trust laws passed the last session. The others were: To prevent discriminations by corporations, forbidding them to undersell a competitor in one part of the state and maintain higher prices elsewhere; to make oil pipe lines common carriers as railroads are, and to establish maximum railroad rates—this to prevent rebates. But it was expected that the state refinery would strike the hardest blow at monopoly. While the court's decision, which was expected by all well-informed lawyers, stultified the Legislature, it

served several purposes. It showed the indignation of the people at unfair commercial methods—in a word, gave expression to their wish for independence and kept the spirit of revolt alive. That is worth something. Kansas may use wrong methods, but the Kansas spirit has to be reckoned with.

THE CONTROL OF YELLOW FEVER

DEFINITE knowledge is the only secure rest in the universe for the mind—a sweeping truism that has been happily proved anew by the outbreak of yellow fever in New Orleans. There has been a considerable number of deaths, there was much administrative confusion, much loss of trade and trouble to travelers, and there was cause for much anxiety. But not even the stricken city, to say nothing of the whole country, suffered a panic of fear. There was no such feeling of helplessness as swept over the land on previous outbreaks of the disease.

For it is definitely controllable, and efficient management will stop it and stamp it out anywhere as it was stamped out at Havana. When Dr. Walter Reed gave his life to prove that the disease is communicable only by a particular kind of mosquito, the *stegomyia*, yellow fever became, as smallpox and diphtheria had become, a dangerous disease only in proportion to the inefficiency of the prevention. If every patient is promptly screened, or if the deadly mosquito is exterminated, the danger of the spread of the disease is removed. That is what Dr. Reed died to prove, and all generations of men that come on the earth after him will be his debtors. The New Orleans epidemic is controllable; and, as health officers and physicians and the people themselves become familiar with the simple elements of the problem, the appearance of the disease will cause less and less general fear or danger.

A MIGRATORY PEOPLE YET

IN the days when there were continuous lines of "prairie schooners" moving westward with settlers going to occupy homestead land, we were conscious of a great migration; for that was one of the most important movements of population in modern times. Yet there are probably more persons changing their residence in the United States now than there were then. We are hardly conscious of these movements

because the streams are many and because most of the migrants go on trains and not on wagons.

The migration to Canada is noteworthy, for its volume is now, perhaps, 50,000 a year. There is another constant stream to the Northwestern states—Oregon and Washington—and to California, especially to southern California. Few cities have grown faster than Los Angeles is growing. There is a steady and strong movement also to Oklahoma and Indian Territory—steadier and stronger than the public in other parts of the Union are aware of. To Texas, also, whither many settlers are at all times going, there is now a rush. Six million acres of land are to be sold by the state very cheap (the minimum price is \$1 an acre) after September 1st, and the Land Commissioner received 2,000 letters of inquiry a day during the last month.

Most of these movements of population are made up of families who go from farms in Ohio, Iowa, Indiana, Nebraska, and other states in the Mississippi Valley. Cheaper lands attract them. Of course a considerable number of immigrants also fall into every one of these streams. But the main currents are of those who have already had homes in the United States. The moving is a constant process of better adjusting population to agricultural opportunities, helped, of course, by the wonderful machinery of the railroads. A man who wishes to settle in any of these communities to which settlers' travel is organized may go with his family and household goods thousands of miles at cheaper rates than men ever before traveled overland. The expense of moving has almost been eliminated.

We are, therefore, by no means a settled people yet. We are moving northward, northwestward and southwestward in great streams; and still another movement that is beginning—into the Southern states east of Texas—is for some reasons more significant than any of the others.

AN HEROIC ASSAULT ON RED TAPE

WHEN President Roosevelt appointed a committee to simplify the work of the executive departments of the Government—to cut out red tape—he described the bureaucrat as a man who "cares nothing for the case, but only for the documents in the case." That

port of man is found in every institution, but the governmental departments have become asylums for such minds, as everybody knows who has had to do with them.

For instance, not long ago a head of a bureau in one department wanted a simple piece of information from a neighboring department. He sent his clerk for it, and an inquiry was started on its rounds. Tired of waiting, he went himself the next day and in a "personal" way asked an acquaintance and found out in five minutes what he wanted to know. About a week later, he received a formidable official document which conveyed the same information in an "official" way. On the back of the document was a long row of "references" — "Referred to —," "Approved by —," "Referred to —," and so on. There were about twenty of these entries. Translated into plain English, each one meant that an officer had approved the request and referred it to another officer, who in turn had approved it and referred it to another, and so on. Finally it reached a clerk of too low grade to "refer" it further and he found out the information sought and started it back along the line of his superiors.

Again, there was lately printed the correspondence between officers of the Government about a request from an humble citizen to be allowed to bid for pigs that were fed at a governmental reform school and sold once a year at auction. Before the correspondence of forty or more letters ended, the lone pig then left there had died. Well, many a man has died before he could get the information or the action that he sought from many a department.

The President remarked in his letter of instructions to the committee that there is a vast quantity of unnecessary letter-writing. Good Heavens! yes; in these departments and out of them. As soon as a man has a stenographer, he begins to become diffuse—almost every man; and of course he writes dozens, hundreds, perhaps thousands of letters that he never would have written by hand. A stenographer really consumes the time of many a man rather than saves it, because of unnecessary letters and of unnecessarily long ones. It has come to be a mark of an efficient man that he can dictate a short letter. Your commonplace correspondents who have stenographers waste your time, too, as well as their own. When the whole account is

settled, it is a fair question whether most men who employ stenographers do not use more of their own time and of their correspondents' time than they used before. The great increase in postal receipts from letters that the postoffice reports show the last decade or so has been caused not wholly by a real increase in business and in the population, but by the deceptive ease with which correspondence is done since a stenographer and typewriter became a conventionally necessary aid to every man who supposes that he is doing something in the world.

Therefore, from San Juan Hill to the Peace Conference, the President never did a bolder thing nor a more difficult than when he set out to abolish or to curtail the red tape of the departments. An army must be slain to accomplish it, "systems" must be smashed, and deeply rooted habits of mind changed. The simple citizen will await with much curiosity the report of the excellent committee that the President has set to work.

AN ENDLESS WASTE OF WORDS AND PAPER

THERE is another kind of officialism that is still more absurd and costly and even harder to uproot than the silly red tape of the departments, namely, the stupid and monotonous method of writing Government reports and documents. Perhaps it is too much to hope that these will ever be written in plain, simple, compact English which an ordinary man may read with understanding, to say nothing of pleasure. If a dozen or twenty or a hundred good editors were engaged at twice the salaries that they can elsewhere earn and were set to work putting these reports into brief, good English, the saving of paper and printers' bills would, in time, pay the national debt. Then, too, thousands of them would be read by thousands of persons, which are now never read by any human being after they pass the proof-readers. In a great many of the departments much valuable information is gathered and promptly buried in unattractive graves and marked "Paid For." And that is the end of it.

The absurdity, if not the extravagance, of this practice may some day occur to somebody in authority—so you would think. Ours is a government supported by public taxation. It maintains great departments of experiment and investigation which issue

many documents solely for the public instruction. Yet many of them are so written that the public cannot understand them, and, of course, does not read them. If there be anything more absurd than this—pray, what is it?

GERMAN CRITICS AND AMERICAN EDUCATION

THE German professional men who visited us in great numbers last year have been publishing their impressions of our methods of work and of education. The defects which they discovered in our industrial system and our handicaps in the quest of foreign trade give them heart to believe that the "American danger" has been greatly exaggerated. Our high wages, our exorbitant express rates, our general heavy cost of handling business, and, most of all, our commercial indifference to everything outside the United States, are the principal topics of their discussion.

They make an almost general attack on American educational methods. Our commercial colleges they found a farce; our technical education is often meagre; we turn out a trifling annual contingent of chemists, engineers, and electricians as compared with the throng of our lawyers, physicians, dentists and unspecialized graduates.

There is much unwelcome truth in the criticism, but the conclusion that our educational system is radically unsound springs from the rooted German belief in an elaborate theoretical education for all the officers of the national industrial army. It is impossible to deny a certain success to the German method. It is scientifically based upon a rigid selection of the fittest. In Germany no boy is admitted to the secondary school who does not give distinct promise of ability to profit by further education. The thorough German training gives high efficiency to the talented youth. But it means the sacrifice of his duller brothers. The difference between the German way and the American way is as great as any difference that separates one man from another. It is a difference in the estimate of human nature.

The German seems to us far too dependent upon authority. He lives in a land where sheep follow their shepherd and men move about the streets and travel on trains under supervision that only children would submit to among us. The State there is wiser than the citizen, and it imposes its formalism in education, according to Professor Ziegler, "be-

cause the multitude are so frequently lacking in independent judgment." To an American the notion that the progress and government of humanity should be under the unquestioned superintendence of experts is almost as repulsive as the military organization of life, the class distinctions, and the intolerable etiquette of Germany.

To our thinking, German education does not produce elasticity, originality, or capacity for leadership. We make character and alertness and adaptability of mind the main object. We have learned much from the Germans, and we could learn more. But neither country could take the other's point of view nor adopt the other's method.

THE SCANDALS OF THE AGRICULTURAL DEPARTMENT

THE moral breakdown in some divisions of the Agricultural Department of the Government is doubtless a part of the demoralization that seems to be epidemic at a time when poorly paid men wish to become as rich as their neighbors are. There is no legitimate way for a salaried servant of the Government to accumulate money by the public service. Yet such excellent work as has been done in the Agricultural Department directly enables other men to become rich and brings a strong temptation to those who help to create wealth and are prohibited from sharing it. This explains, although it does not excuse, this long series of personal lapses from propriety and honesty.

First some statisticians who handled the crop reports were discovered to have sold information. Mr. Holmes, the Assistant Statistician, was dismissed, and Mr. Hyde, the Chief Statistician, went abroad and has been recalled as a witness. Following these came revelations of an even more surprising character. Mr. George T. Moore, of the Bureau of Plant Industry, a scientific man who has done most excellent work and is of high repute, had unfortunate relations with a commercial concern which profited by his work as a servant of the Government. Later still came other revelations of the same temptation which other officers seem hardly to have withstood.

These tempted men all received small salaries and saw others profit by information that they collected or discovered in the governmental service. The question arises at once

whether such men ought not to receive higher pay and more honor.

All these events have been very unfortunate for Mr. Wilson, the Secretary of Agriculture, who doubtless is a less efficient judge and manager of men than he is a capable promoter of scientific work. These scandals are a humiliation to him and to the public, but they are not proof that he is unfit for his office. The Department under his direction has become the most helpful institution of its kind in the world. There is no way to measure the practical benefits that it has done. These ought to be remembered with gratitude to the Secretary, and criticism of him should go no further than he deserves.

LIVING BY "FAVORS"

SECRETARY BONAPARTE returned a railroad pass and—set going an old discussion. His own act and what he said about it showed good sense and good judgment. He simply did not care, particularly at a time when railroad regulation is much talked about, to put himself under any obligation or criticism; but he would not pass judgment on other men or men under other conditions; for under many conditions passes may be properly accepted.

Passes have caused many a scandal, and they will cause many more. The railroads would be glad never to give another one. But "courtesies" of many kinds, habit and long-established relations on a basis of favor, keep them from the independence that they would very much enjoy; and a railroad needs as many friends as it can win, as other things and men do in this tangled world. Many states forbid public officers to accept passes—very properly; but even the law does not always keep men unnaturally virtuous. The truth is, the love of passes is a fundamental passion. A man who has once yielded to it finds it hard to reform; and the railroads do not dare to be unkind as they mean to be. Passes, free books, free periodicals, free lists of many sorts, tips—all these are very "un-American"; they do violence to sound economics and to individual independence, and both givers and receivers of them all wish, at the bottom of their hearts, that they were all abolished. But the routine of life and work takes them for granted. Every man who has the impulse to reform the system or to reform himself finds much additional trouble and expense in get-

ting what he wants, and in securing decent and respectful service when he goes or when he stays or when he eats or when he reads. He soon decides that his own life is too short to reform the world. He makes the best bargain that he can with his own conscience, and goes on giving and accepting embarrassing "courtesies" rather than be considered a "crank."

A WORD ABOUT A FEW BIG THINGS

THE reception of the August number of THE WORLD'S WORK, which was given wholly to an interpretation of the Northwest, was most gratifying; and it was instructive, too. For the number was not a mere pictorial description of a picturesque part of the country—that would have been an easy task to do, and it would have been as commonplace as easy. But an effort was made, however inadequate, to interpret the meaning of the industrial and social expansion of the people on our other great seaboard and to give their outlook and point of view. If a man after living on the Atlantic seaboard go to live on the Pacific, he becomes a different man. He sees our country at a different angle. He emphasizes different problems. He has another view of the world. It was to interpret this that the whole magazine was given to this one subject; and it is gratifying to know that people in every part of the country found it interesting. To say this is not to praise the magazine, for it fell far short of completeness, but only to say that the subject was uncommonly interesting.

Other large subjects to which space will be given this fall are the Railroad Problem, from every point of view; the Control of the Caribbean (Mr. Lyle's articles written from Santo Domingo, Porto Rico, Panama and other Carribean places, begin in this number); the Senate of the United States: What it Does and especially What it Does Not Do with its Present Personnel; Studies of Japan after the War—the Part it will now Play in the World, by Mrs. Hugh Fraser, the widow of the former British Minister to Japan, who is regarded as the best Western interpreter of the people and has unusual sources of information and who is now on her way first to Japan in the service of this magazine—these and other such subjects instead of casual articles about passing topics. It is the large subjects of the world that interest us most.

ARE MINORITY STOCKHOLDERS FOOLS?

THE American investor who purchases stocks or bonds of a railroad or industrial company without personal knowledge of the company or of the men who manage it belongs to a large class of optimists. His confidence and his bank account frequently suffer because of his faith in the glittering promises of a prospectus or his belief in its sponsors. Annually millions of dollars, representing too often the savings or legacies of widows and orphans, are exchanged for securities not worth the paper they are printed on. The national debt could be paid off in a short time with the money that American investors lose in buying them.

Even if the investor avoids such snares, and invests in the securities of an established company, he encounters dangers. If, as usual, his investments fall short of a majority of the shares of a company, his voice is not heard in the directors' room, and only once a year at the annual meeting of stockholders is he allowed to vote upon the management of the company's affairs. Even then he is asked merely to vote his confidence in the managers by approving all acts of the board of directors and the officers during the past year. The right of initiative is not his. He is only a "minority stockholder." And the minority stockholder has long been considered the legitimate prey of "financiers."

At least one-third of the wealth of the country is represented by corporations. At least 2,500,000 people are minority holders of stocks and bonds. The 1,200 railroads reporting to the Interstate Commerce Commission have 330,000 shareholders. The railroads of the United States, with 206,000 miles of steel tracks, are controlled by less than 100 men. They have capital stocks of \$13,000,000,000 in round numbers and a debt represented by bonds of \$6,500,000,000, and about 900,000 people have invested in these securities. The national banks have \$800,000,000 of capital stock, and at the date of the last official report had 318,735 stockholders.

It might be imagined that the minority stockholders—more numerous than any army

in the world's history—would merely have to signify their wishes to have them met by boards of directors. But in practice shrewdly digged pitfalls, carefully laid plans, lawyers learned in the methods of evasion, laws framed for the benefit of the few, boards of directors elected to carry out unscrupulous plans of high finance, have all conspired to keep minority stockholders in an impotent condition from which they can be released only when they learn to co-operate. Because of wide distribution of stocks and bonds and the concentrated control of properties by a few men holding stock majorities, the exploiting of minority stockholders has been easy.

One of the worst enemies of minority stockholders has been the "voting trust." Another has been the so-called "protective committee"—too often formed for the purpose not of protecting minority stockholders but of depriving them of their legal rights. A third enemy has been the board of directors. Voting trusts are becoming less common. "Protective committees" remain and so do boards of directors, with no end to serve but the personal fortunes of their members.

The voting trust has always been a favorite device of financiers' for holding control of a property without investing the capital required to hold a majority of the securities of the company owning it. A compact is made by which a few of the largest holders of stock pool their interests and agree that for a given term, or until specified conditions are complied with, their stock shall be voted and the property managed by trustees. These trustees form the voting trust.

A protective committee may represent, or be supposed to represent, the holders of the common stock, the holders of the preferred stock, or the holders of one of the classes of bonds a corporation has issued. Protective committees are formed after receiverships, or reorganizations or even in view of proposed receiverships and reorganizations. Too often the very group of financiers responsible for the receivership or the reorganization are sponsors for the protective committee. Thus

the investor whose knowledge of high finance is limited commits his interests to the men who have wrecked the company.

Boards of directors of a corporation are supposed to be elected by the stockholders, to act only after authorization and to work for the best interests of all the stockholders. But, in practice, boards of directors in large corporations represent only the combined interests of the largest capitalists. Its members are elected because they are *persona grata* to the powers in control, and they do not always direct.

It is difficult to believe, for instance, that Senator Chauncey M. Depew can serve as a director in seventy-three companies without often finding it impossible to vote upon a pending question with an undivided allegiance. And the following eighteen leading financiers and capitalists of Wall Street hold 813 directorships in important companies: Chauncey M. Depew, 73; William H. Newman, 67; W. K. Vanderbilt, Sr., 61; James Stillman, 58; George J. Gould, 52; H. McK. Twombly, 54; E. V. Rossiter, 52; E. H. Harriman, 49; Anthony N. Brady, 49; Frederick W. Vanderbilt, 49; J. Pierpont Morgan, 47; James Hazen Hyde, 47; George F. Baker, 43; Elbert H. Gary, 41; D. O. Mills, 35; August Belmont, 27; John D. Rockefeller, Jr., 8; and John D. Rockefeller, Sr., 1. This is an average of forty-five directorships to the individual.

On the other hand, when the United States Steel Corporation was created, Mr. John D. Rockefeller consented to serve as a director only after being personally requested to by Mr. J. P. Morgan. Mr. Rockefeller was then a director in one other corporation—the Standard Oil Company. He showed his views upon the duty of a director by attending all the meetings of the Steel Corporation held while he remained a member of the board.

The recent dissolution of the voting trust of the New York, Ontario & Western Railway illustrates obstacles confronting the minority stockholder in pursuit of his rights. In 1904, 143 firms and individuals, claiming to represent 186,000 shares of the common stock, demanded that steps be taken to dissolve the voting trust, and that a dividend be paid upon the common stock to terminate the right of the holders of the preferred stock to elect eight of the thirteen directors

—a right which, under the voting trust, the holders of the preferred stock, who were the trustees, were to have until the company paid a dividend. The voting trust had been in control for twenty-four years. There were forty shares of preferred stock and 581,139 shares of common stock outstanding. The holders of the forty shares of preferred stock (representing a par value of \$4,000) elected eight directors, while the holders of the 581,139 shares of common stock (representing a par value of \$58,113,982) could elect but five directors. Thus the \$4,000 worth of stock held by the trustees controlled a property of \$58,113,982 owned by about 2,000 minority stockholders.

The managers of the company had been for years using the surplus earnings, not to pay dividends—for that would end their control—but for betterments and extensions of the property. This policy enhanced the value of the property, but it prevented the minority shareholders from coming into their own. Nearly \$500,000 in 1903 and more than \$1,000,000 in 1904 were paid out of surplus earnings for improvements.

When the minority holders demanded that the voting trust be dissolved the common stock was selling at about \$19 a share. The public hesitated to buy it because its future seemed hopeless. But when it began to look as if the voting trust would be terminated because of the urgent demands of the minority stockholders, the price of the stock increased rapidly. Forthwith a powerful interest, represented in part by Mr. Jacob H. Schiff and Kuhn, Loeb & Co., entered the stock market and bought about 300,000 shares of common stock at prices ranging from \$25 to \$45 a share. Mr. Schiff was elected a member of the board of directors. Later a dividend of \$3 per share was declared. When the stock had been scattered, a dividend of fifty cents a share was as much as was expected.

The Kuhn, Loeb syndicate turned over its 300,000 shares to the New York, New Haven & Hartford Railroad at a price said to represent a profit of not less than \$2,000,000. Thus financiers in this particular case had been able to keep the minority stockholders powerless until they were ready to step in and reap the profits of the company's operations. The minority shareholders forced the dissolution of the voting trust—and got a new mas-

ter. The Kuhn, Loeb syndicate neglected to make any proviso for them when it turned over control to the New York, New Haven & Hartford, and they are as hopelessly minority stockholders now as when the company in which they were part owners was controlled by owners of forty shares of preferred stock.

The minority stockholder entangled in the web of a "protective committee" has an equally hard time. In 1903 the syndicate controlled by Mr. John D. Rockefeller and Mr. George J. Gould acquired a majority of the stock of the Colorado Fuel & Iron Company. By advancing cash—at one time a loan of \$5,000,000, and at another a loan of more than \$7,000,000—and taking over properties of the company as collateral for the loans, the syndicate, by 1904, held the best-paying subsidiary companies of the parent company. The syndicate desired a reorganization of the company to recover the cash advanced and to carry out plans for development. But the minority stockholders, this time as the holders of some of the company's bonds, appeared as formidable obstacles to the syndicate's plan.

In January, 1901, the company had authorized an issue of \$15,000,000 of bonds. In the agreement with the bank acting as trustee in the disposing of the bonds, the Illinois Trust & Savings Bank, was a clause providing that so long as the bonds should be outstanding the company should incur no indebtedness for any purpose other than for ordinary running expenses. A similar restriction upon the borrowing power of the company had been inserted as an amendment in the company's articles of incorporation. The holders of the bonds, thus fortified, believed their position impregnable. When some of them refused to consent to a new issue of securities, upon the syndicate's request, they thought that the plan would have to be dropped.

At this juncture a bondholders' protective committee was formed. It put through a plan which culminated in the issue of \$45,000,000 of new bonds and \$6,200,000 of new common stock, which was used partly as a bonus to bring recalcitrant bondholders into the fold, but chiefly to aid in raising cash to repay the advances made by the Rockefeller-Gould syndicate. The minority stockholders—in this case bondholders—had been defeated by the protective committee in their fight to

protect the standing of their securities as compared with the other securities of the company and to compel the corporation to live up to its compact with them. The outcome of the episode may be summarized by recapitulating what was done with the new issue:

THE DISPOSAL OF THE NEW ISSUE

| | NEW BONDS | NEW STOCK |
|---|--------------|-------------|
| To former holders of bonds | \$14,000,000 | \$2,800,000 |
| To the Rockefeller-Gould syndicate and for additional capital | 17,000,000 | 3,400,000 |
| Reserved for retirement first mortgage bonds | 6,000,000 | ... |
| Balance in treasury for working capital | 8,000,000 | ... |
| Total | \$45,000,000 | \$6,200,000 |

The bonds in the table, however, are not bonds of the Colorado Fuel & Iron Company. A new corporation, the Colorado Industrial Company, was organized under the protective committee plan, and its bonds, guaranteed principal and interest by the Colorado Fuel & Iron Company, are the bonds offered the holders of the original bonds, who thus were forced to give up what they had and take what they did not want.

The treatment accorded the minority stockholder by boards of directors does not differ materially from that accorded by voting trusts and protective committees. Minority holders of stock in the Illinois Central Railroad were confident that this year the board of directors would increase the dividend, and, as more than the increase had been earned, they believed they had a right to expect it. The "No" of Mr. Edward H. Harriman, who had influence in the board, prevented the increase. This influence in the board of the Southern Pacific Railroad has thus far set at naught all efforts of minority holders to secure a return upon their investment. At the meeting of stockholders of the Metropolitan Street Railway Company to vote upon the plan to turn its properties over to the Metropolitan Securities Company, Mr. Isidor Wormser, as a minority stockholder representing several thousand shares, strenuously objected and demanded to be heard. "Let us vote first," said Mr. P. A. B. Widener, who was presiding, "and then the gentleman may be heard."

When the United States Steel Corporation was organized, the Duluth & Iron Range

Railroad and the Duluth, Missabe & Northern Railroad, two short ore roads of the Missabe Range, were included in its properties. The Duluth & Iron Range had nineteen shareholders, and the Duluth, Missabe & Northern six shareholders, who stubbornly refused to part with their holdings. Unable to secure all the outstanding shares, the boards of directors controlled by the billion-dollar corporation apparently decided upon a test of the endurance of the minority. No dividends were paid, and year after year passed with no return to the shareholders, though the treasuries of the companies were overflowing with the surpluses earned. But in 1904 blight seized upon the steel trade. Net earnings dwindled. Dividends were not earned. In this time of general stress the reward of patience came to the minority holders of the Duluth & Iron Range and Duluth, Missabe & Northern. The Steel Corporation, needing the money, tapped the treasuries of the two railroads by declaring dividends and took from each \$4,000,000. The minority stockholders of course shared in the dividends. Those of one received 100 per cent. on their investment; those of the other 150 per cent.

But the twenty-five minority holders in these two roads who ultimately received the reward of their long wait for equitable treatment, simply because the corporation itself tired of the game of "freeze out," were of a rare type. Few investors have the pluck or the patience or the financial strength to "sit tight" while the majority exhausts such methods as those outlined here, of forcing them to part with their holdings.

Mrs. Hetty Green has fought more winning battles in defence of her rights as a minority stockholder than any other investor, even though she fights single handed. A board of directors of a certain road was once in session preparing to take action which would mean millions to the favored few in the inner circle, when Mrs. Green demanded a hearing and got it. As a result, the bonds she held were included in the reorganization. Last year the majority interest in a great railway system planned to guarantee a 7 per cent. dividend upon the stock paying only 6 per cent. but earning 16 per cent. The difference between the guarantee and the actual earnings meant

about \$6,000,000 a year additional profit for the majority. Mrs. Green opposed the plan and it was abandoned.

As a result of the widespread infidelity of directors to the obligations of their trusteeship, which seems to have reached its worst stage in the affairs of the Equitable Life Assurance Society and to be now less rampant, long-needed safeguards in the interest of the minority stockholder are likely to be set up. They must necessarily include: (1) The holding of directors to strict accountability and the abolition of the dummy director. (2) The right of the minority stockholder to sue a corporation in any state where it is doing business. (3) The enactment of uniform laws, lack of which causes most of the evils attendant upon the creation and operation of stock companies. (4) Requiring adequate annual reports of each company's financial condition. (5) Restricting under penalty the method of voting by proxy so that an individual may vote only a specified per cent. of the capital stock at an annual or special meeting.

And already there is promise of a better day and a new era. The growing public demand for a purification of business morals following recent amazing disclosures of the methods of financiers has already borne fruit. Some existing evils of long standing have been modified and a change in others is indicated. A better public understanding of the rights of the minority stockholder is gradually focusing attention upon boards of directors, and in turn to their duties, obligations and legal responsibilities. Under the searchlight the attitude of corporation boards toward the minority stockholder is changing. The time seems comparatively near when trustees for other people's property will be forced to give allegiance and service undivided to stockholders. Intangible as at present seems the evidence of this tremendously important change, it appears susceptible of proof. It is a long step forward, for instance, when the reorganized board of the Equitable Life places on record in its minutes a resolution declaring that in the future no director shall use the funds of the association to aid his personal ends, nor be a participant in syndicate profits earned through unauthorized use of any part of its \$400,000,000 assets.



Photographed by Steele & Co. Winnipeg

WINNING THE CANADIAN WEST

ANOTHER GREAT GRANARY TO WHICH THOUSANDS OF AMERICANS
ARE GOING—REASONS FOR THEIR MIGRATION OVER THE BORDER

BY

THEODORE M. KNAPPEN

THE old territorial districts of Canada—Assiniboia, Alberta, Saskatchewan and Athabasca—are now become the two colossal provinces of Alberta in the west and Saskatchewan in the east, each about as large as Texas. This region is the best home for the white man still left open within the British Empire to occupation by a numerous population. It was of its vast reaches that Sir Wilfrid Laurier was thinking when he recently said in the Canadian Parliament:

“The nineteenth century has been a century that has been remarkable for the marvelous development of the United States. During the whole

period of that cycle of time the United States has been the great centre of attraction for all the world, but a new star has arisen upon the horizon, a star not in the orbit of the American constellation, but a star standing by itself resplendent in the Western sky, and it is toward that star that every immigrant, every traveler, every man who leaves the land of his ancestors to come and seek a home for himself, now turns his gaze.”

Even as Sir Wilfrid spoke, eager immigrants were pouring into the Dominion from the United States. Long trains of freight cars were crossing the border loaded with “settlers’ effects.” Thirteen-coach passenger trains were carrying thousands from the States to Canada, and the “prairie schooner”



Photographed by Eugene A. Shpart, Montreal, 1905

A TRAIN OF AMERICAN IMMIGRANTS INTO CANADA



Photographed by Eugene A. Shpart, Montreal, 1905

COWBOYS RAFTING ON THE LITTLE BOW RIVER AT A GENERAL "ROUND UP"

This primitive method of transportation is being rapidly superseded by the automobile.



Photographed by Eugene A. Shpart, Montreal, 1905

FLIGHT LEAVING EDMONTON FOR LLOYDMINSTER

Settlers going into new homes in Western Canada by way of the Saskatchewan River



BREAKING WHEAT LAND IN CANADA

was conveying other thousands; keen American capitalists were scurrying throughout the Canadian prairies, buying and selling

a country of emigrants as well as of immigrants from other lands.

The influx of American farmers and capi-



A CANADIAN WHEAT FIELD NEAR CARBERRY, MANITOBA

millions of acres, seizing the thousand and one opportunities to win riches in a virgin land. At last the United States had become

talists is only a third of the whole stream, for from the British Islands and from the countries of Europe 100,000 people come annually.



A FOUR-YEAR-OLD HOME OF AMERICAN IMMIGRANTS



HUDSON BAY COMPANY TRANSPORTS LOADED WITH FURS
At Fort Smith on the Slave River

But the American invasion of Canada has come in earnest. Eight years ago Americans resident in western Canada were as rare as Eskimos in Africa; to-day they are nearly a third of the population, and their number is almost a quarter of a million. With them have come American machinery, American ideas, American ways of doing business, American capital. To-day, travel where you will over this great land into which forty-six Americans timidly came in 1896, and you will find Americans. You will find them in trains, in hotel lobbies, and on the land behind toiling horses or traction engines. The Canadians have welcomed them. Nine Canadians out of ten will tell you that, barring their own countrymen, no settler, no investor, no business man is so welcome as the Yankee. An immigration association—the Western Canadian—representing all the business interests of the West, has been formed to stimulate American immigration.

Americans go to Canada because it is only in western Canada—in Alberta and Saskatchewan—that they can get what they want: fat black land, cheap or even free, in the region of sufficient rainfall. Canada has it. In the American West such free land is gone.

To-day 75,000 homesteads are ready for settlers in the prairies of western Canada. "Take them, run the plow through them this year and garner forty bushels of golden wheat to the acre next year," is the invitation Canada gives. Forty thousand newcomers accept the invitation every year; and around these homesteads are millions of acres of good land that may be bought for a price seemingly insignificant compared with the prices of the black lands of Illinois and Iowa.

"It's all America," said a farmer who left southern Iowa four years ago and found a home in Manitoba. "I didn't much mind leaving the States; the trusts were getting so bad there that it didn't seem to be the same country to me any more. But as Canada has everything else American, it will soon have the trusts, too. The Canadians are Americans—they can't help themselves. Why, they object because the people of the United States are trying to monopolize the title. I don't see much difference between living in Canada and living in the States. They're a little more for law and order up here. Why did I come here? Because it seemed to be the only place to go. The old homestead was worth \$100 an acre. It was



A TRAIN OF IMMIGRANTS FROM IDAHO ENTERING CARDSTON ON THE FOURTH OF JULY OF LAST YEAR



MAKING THE MAIN DITCH FOR THE LARGEST IRRIGATION PROJECT IN NORTH AMERICA
Near Calgary, Alberta. The ditch is sixty feet wide at the bottom and will carry ten feet of water

too small to divide among the boys, and the neighboring farms were too high priced to buy." So the father went "land looking." The search for cheap land of the right sort carried him across the border. To-day he is making as much from his seven-dollar land in Manitoba as he was from his hundred-dollar land in Iowa. He has a good bank account and the satisfaction of having his sons on farms around his. This man's story explains how it comes about that Iowa is losing population. One Iowa farmer has bought thirty-two neighboring farms; another, thirteen. That is why there are scores of country schools with a rapidly declining enrolment.

Many American farmers have explained their quest to me as being prompted by a desire to sell high-priced land, buy cheap land at least equally productive, and make room for the boys and girls around the parental home. In Illinois, Iowa, and other states the farmers' sons leave home, and flock to the cities, because the alternative is tenant farming. Half the crop is often the basis of rental of farms in these states. A tenant pays more in annual rental than would suffice to buy

him a good farm in western Canada, to say nothing of a free homestead. Five years ago, when a farmer made up his mind that such conditions were unworthy of an American citizen, he crossed the Missouri. Now, for an opportunity, for cheap land, where—in a northern climate—can he go except to western Canada?

Thousands of these American settlers are men who, having made one small fortune out of Uncle Sam's gift of 160 acres, propose to make another out of a gift from Canada. I met a North Dakotan who had just sold for \$4,000 a homestead he took for nothing in North Dakota five years ago. With the money deposited in the bank, he was on his way to pick out a quarter-section in Assiniboia, with which to repeat the process.

There are places in western Canada where you may drive for fifty miles without meeting anyone except a former American citizen. A good story is told of the experiences in such a community of the new Minister of the Interior of Canada, the Hon. Frank Oliver, a Liberal. He was stumping Alberta with Mr. Patrick Nolan, of Calgary, a Conservative.



A TRAINLOAD OF AMERICANS ARRIVING IN CANADA
At the Soo-Pacific station at North Portal, Assiniboia



PONOKA, AN AMERICAN VILLAGE IN ALBERTA

Settled two years ago by Americans from Iowa, Nebraska, Kansas, the Dakota and Missouri.

The rival orators spoke at Ponoka, where nine out of ten of the farmers are Americans. Afterward they went to the village hotel, and mingled with the farmers to overhear comments on their addresses.

"Say, Bill," said a man from Missouri, "them fellers wuz right smart speakers, wuzn't they?"

"Right you are, Cy," answered Bill, "but somehow I can't make out what they wuz drivin' at. I can't fer the life of me tell whether they wuz fer Bryan or McKinley."

What has happened in our West is happening in the Canadian West. The cheap land of to-day will be the high-priced land of to-morrow. In a few years the last homestead will be gone in Canada, land will be too high to attract population, and the American invasion will come to an end—but not until it has resulted in transferring from the

United States to Canada 1,000,000 of our best farmers.

The diversion of population from the States began in this way: The Liberal party came into power in Canada in 1897, and Clifford Sifton, a Manitoba barrister, a man of immovable determination, a lover of the West, was made Minister of the Interior. Mr. Sifton believed in Americans. He determined to get some of them upon the vacant prairies of western Canada. The Government established agencies in city after city throughout the Middle West of the United States, advertised freely, printed immigration "literature" and distributed it by the ton. At first it was hard sledding. One agent worked six months without inducing a settler to go to the Canadian West. After two years the great buyers and sellers of land in the Northwestern states found themselves



THE FARM HOME OF MR. W. M. DOUGLAS, AT INDIAN HEAD, ALBERTA

A house better than the average city dwelling set here on the edge of the wilderness.

out of land. There was no more to buy at wholesale and sell at retail. About the same time the poor man in search of a home began to find that there was no entirely satisfactory place for him to go. Into the hands of these men fell this literature of the far-seeing Mr. Sifton. The homesteader journeyed north. The land operator went over and investigated Canadian lands. St. Paul, the capital of the land business in the West, became interested. Simultaneously ambitious Canadians began to wonder why they could not sell some of their cheap lands to Americans.

Five years ago, for example, two gentlemen from St. Paul, who had made a success

lands to American farmers. Next his company bought 1,000,000 acres from the Canadian Pacific Railroad in southeastern Assiniboia, the last acre of which has already been sold to settlers.

Then the land men and the settlers swarmed over the boundary line. Another Minnesota business man headed a company that bought 1,000,000 acres from the Qu'Appelle, Long Lake and Saskatchewan Railroad. An excursion of bankers and capitalists from the United States went up to look the purchase over, and a fifth of it was resold on the train. In a year it was all gone—and this was land that the original grantees had



PART OF THE RESIDENCE SECTION OF WINNIPEG

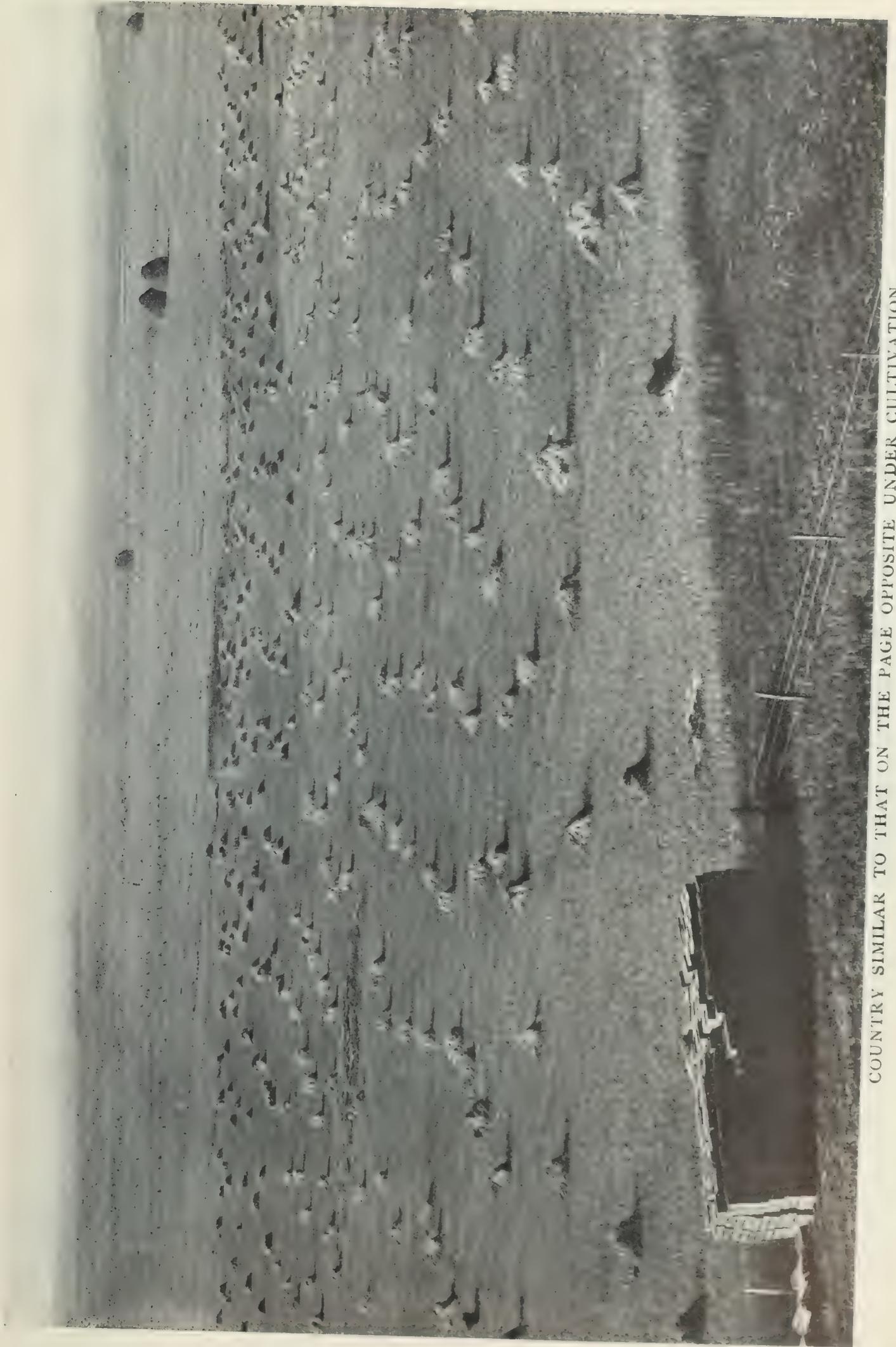
of the land business in Minnesota and the Dakotas, looked around for other worlds to conquer. One of them bethought him of western Canada. He traveled quietly through Manitoba, where farmer after farmer told his tale of success. He went from farmhouse to farmhouse asking the farmers how much wheat and other crops they were raising. He found twenty to thirty bushels of wheat to the acre, and land worth only \$10 an acre in a well-organized, well-governed, and comparatively thickly settled province. The man from St. Paul soon had 50,000 acres of that land. The ink was hardly dry on the deeds before new ones were required to transfer the

declared not fit for settlement. For ten years the railway that earned this grant was two streaks of rust 250 miles long, from Regina, the capital of the territories, to Prince Albert, on the North Saskatchewan. Since the last buffalo herd disappeared in 1882 there had been almost no life between those points. Travel over the line to-day and you will never be out of sight of new houses. At every station you will see new settlers from the States with their household goods and their families. The prairie soil intact for ages is now broken into 10,000 farms. Next the company acquired another 1,000,000 acres, the land grant of the Cana-



THE EDGE OF THE WILDERNESS—THOUSANDS OF SQUARE MILES OF UNTILLED CANADIAN PRAIRIE

The buildings are barracks of the Northwest Mounted Police.



COUNTRY SIMILAR TO THAT ON THE PAGE OPPOSITE UNDER CULTIVATION



A YOUNG APPLE TREE IN THE CANADIAN WEST
In British Columbia alone there are 1,143,000 acres of orchard.

dian Northern Railway, and forthwith the settlers began to pour into another section. Meantime the Canadian landowners went south looking for buyers.

Meanwhile, also, the Canadian Government kept steadily at work, and its efforts were supplemented by the work of thousands of agents of the land companies. Long passenger trains carried the thousands from the interior states to their new Canadian homes. From the border states, and even from Utah, the home seekers came in picturesque prairie schooners. By the end of 1903 50,000 Americans had settled in western Canada. On the wheat farms, on the cattle ranges, on the general farms, on the irrigated ranches,

in the towns and cities, in the forests, in the mountains, on the lakes and rivers—everywhere were Americans. Mingling with them were 60,000 people from Europe—Scots and Irish and English, French, Belgians, Germans, Scandinavians, and Galicians.

For the most part the American settler is too busy endeavoring to get rich to think much about international politics. He knows that for ten years Mr. E. Boono, of Indian Head, Assiniboia, has had an average wheat crop of thirty-five bushels to the acre. He knows from his own investigation that farmers in all parts of western Canada are accumulating riches at wheat farming which, compared with corn raising and dairy farming, is easy farming. The success of Mr. William Wishard, of Portage la Prairie, who is perhaps the first American farmer of western Canada, is a type of the success that will come to those who have followed him. Mr. Wishard came overland from Missouri in 1875. His wealth consisted of \$300, and he had a wife and three children. He now owns 480 acres of land, worth \$40 an acre; he has a good bank account and a completely equipped farm, and he has earned and presented to six sons and two daughters 320 acres each of rich black land. And it is Wishard's boast that he has never made a dollar that wasn't earned by hard work.

Mr. Thomas Fuqua, recently of Dodge County, Nebraska, now of High River, Alberta, sold forty acres of his old farm in Nebraska for \$72 an acre, and twelve acres at \$30. He bought a farm in Alberta for \$3.75 an acre. He is making more per acre in Alberta on about one-tenth as much capital.

Mr. A. J. Cotton of Swan River, Manitoba, in sixteen successive crop years, with sometimes as high as 760 acres in wheat, has had only two seasons when his wheat yielded less than twenty bushels to the acre, and only six crops that gave less than twenty-five bushels to the acre. The average wheat production per acre of the whole Canadian West is twenty bushels, as compared with about twelve bushels in the spring-wheat states. Mr. Cotton was "staked" by friends when he made his start; to-day he owns nearly 3,000 acres of good land, together with a complete farming equipment. Hundreds of western Canadian farmers make so much money that they regularly spend their winters in California, Florida, and eastern Canada.

Such men are making this the great wheat-producing country of the world. This year western Canada will produce 100,000,000 bushels of wheat, and the railway lines are crowded with elevators that will collect the grain and forward it to Port Arthur, and Fort William, on Lake Superior, where already towers the largest grain elevator the world has ever known. And it was built by an American firm. Not a tenth of the good arable land of this region is as yet under the plow, yet 5,000 miles of railway are taxed to their utmost to handle the products of the fields now cultivated.

The railways are busy pushing their lines onward. The Canadian Pacific Railway, entrenched in prosperity, fortified by an immense land grant, enjoying the advantage of being first on the ground, is throwing out branches right and left. You need a new time table twelve times a year to know where you can go on this company's lines. Yet it has scarcely begun its growth in the West. The map is dotted with its projected lines; the main line is being double tracked from Fort William to

Winnipeg, and millions are being spent in reducing grades and curvature. It has an empire yet to develop.

Side by side with the Canadian Pacific, the Canadian Northern is now progressing across the plains and through the forests. The Canadian Northern means Mackenzie & Mann, originally a firm of contractors with nerves of steel and the endurance of adamant. Mr. Mackenzie is the financier, planner and operator; Mr. Mann is the best railway builder in Canada. These two men own the railway, and, to say nothing of what they control in eastern Canada, they have 2,000 miles of line in operation west of Lake Superior; yet a few years ago these masters of a hundred enterprises were poor. "On to Edmonton!" is the cry of the steel gang on the Canadian Northern main line this year, and Edmonton is 800 miles northwest of Winnipeg. Edmonton will be reached in the fall. And then? Men who know William Mackenzie say that scarcely five years will pass before he will have a line from the wheat fields to Hudson Bay, opening up a new route to Europe.



A PILE OF GARDEN PRODUCTS FROM NORTHERN ALBERTA

Grown by Mr. D. Ross, at Edmonton, 300 miles north of the boundary line of the United States



Photo credited by Steele & Co., Winnipeg.
THE HALL MINE TRAMWAY, CENTRE STATION,
NELSON, B. C.

Mining is one of the industries into which the American immigrants are entering.

Taking over the old Northern Pacific lines in Manitoba, Mackenzie & Mann have made them the nucleus of a system that aspires to rival the Canadian Pacific. There is no better agricultural country in the West than that penetrated by the lines of their system, which seems to have the faculty of making lines pay while they are building. It is only a matter of time until it will have its own Atlantic coast outlet.

The last Parliament decreed that a new transcontinental railway should forthwith be built in Canada. It is an outgrowth of the Grand Trunk Railway, and more particularly of the ambition of Mr. Charles M. Hays, the American general manager of the Grand

Trunk, to be the father of a road from coast to coast. Now a thousand men are in the forests, mountains and prairies from Moncton, New Brunswick, to some port on the Pacific, looking for a location that will not have a gradient higher than four-tenths of 1 per cent. east of the Rockies, and that will climb the backbone of the continent on a maximum gradient never before dreamed of. A railway system which does not exist to-day will within ten years extend 4,000 miles.

There is no arid country, yet Canada is not without its irrigation enterprises. The Canadian Pacific Railway is spending \$5,000,000 at Calgary, in southern Alberta, on the greatest single irrigation project on the continent—one that will water uncultivated land enough for 15,000 farms. Many lesser projects, long in operation, attest the success of irrigation in this latitude.

With all this development of highways and forests, mines and farms, there has gone on a remarkable growth of city and town. The population has doubled within five years. Winnipeg, with 100,000 people, is enjoying a growth that makes the old settlers think they have been transferred to a foreign country. It is the metropolis of the region. What Chicago is to the American West, Winnipeg will surely be to the Canadian West. There are now four daily trains each way between Winnipeg and Minneapolis and St. Paul. Winnipeg gathers up and binds together all the railway lines of the West. Regina, lately capital of the territories and since July capital of the new province of Saskatchewan, has trebled its population in four years; Calgary, the most impressive town in the West after Winnipeg, has done as well, and so has Edmonton, which has recently taken on a new dignity as capital of the newly created province of Alberta. Saskatoon has hopes that it will be the permanent capital of Saskatchewan province. Dauphin, Medicine Hat, Battleford, Brandon, Portage la Prairie—all have aspirations; and Port Arthur and Fort William, as the lake ports of the West, consider their future assured.

Reviewing all that is being accomplished, all that is promised in western Canada—not to mention what is going on in eastern Canada—who will say that Sir Wilfrid Laurier was merely indulging his fondness for rhetoric when he declared that a new star had arisen upon the international horizon?



THE EFFECT OF THE AMERICAN INVASION

BY

J. OLIVIER CURWOOD

WHEN the Canadian Liberals began their campaign and secured 35,000 settlers and their families from the United States, in 1900 and 1901, a partisan war began in Canada, which has kept the Dominion in a foment of dissension, and has aroused feelings of resentment in England. When the 35,000 pioneers entering western Canada from Michigan, Ohio, Illinois and the Western states, were followed in 1902 by 40,000 others, the Conservatives raised the cry that the Government in power was determined to sink Canadian individuality under a flood of immigration from across the border. During the last two years this alarm has spread, although the Liberals have maintained their political ascendancy.

Now the immigration question has reached a climax. It takes only three years for an immigrant to earn a vote in Canada, and

75,000 former American voters will soon come into their Canadian suffrage. There are in round numbers 190,000 males more than eighteen years of age in western Canada who formerly lived in the United States, 150,000 of whom are old enough to vote. There are now between 750,000 and 800,000 settlers, with a possible voting population of 240,000, a high percentage because many cattlemen without families are emigrating from Montana and Wyoming. By the end of 1905 the American vote in the Canadian West will be overwhelming.

In eastern Canada thousands of people believe that this invasion means the ultimate annexation of western Canada by the United States. The Liberals, however, calmly argue that the Americans will make good British subjects. But to arrive at the true state of affairs, one should study the "coming nation"



Photo by A. J. C. Wood
A HERD OF BUFFALO IN A PUBLIC PARK IN WINNIPEG

A few of the remnant of the herds that once roamed the Canadian prairies.

from Winnipeg to the mountains of westernmost Alberta. One will then see that the fears and the hopes of both Liberals and Conservatives are in many ways wrong. The investigator will be satisfied that it is not Canada's destiny to become annexed to the United States, but that rather a new nation will be born in the West, formed of the very flesh and blood of the United States.

To see how American settlers in Canada feel on this subject, one must live in their homes, eat at their tables, participate in their sports, talk with the women and with the little children. Anywhere from Winnipeg for nearly 1,000 miles along the Canadian Pacific this can be done. Over this vast stretch the population of the towns and country is more generally American than that of the state of



A CANADIAN HUNTING PACK

Even in remote parts of Canada the people enjoy the hunt of sports.

New York. Many of the towns have American Reeves and councils made up of men who three or four years ago were tilling fields or keeping stores in the United States. These people form a striking contrast to the people in the eastern provinces, where French sleepiness and inactivity still prevail in many parts. No city in the Dominion is more prosperous than Edmonton, which a few years ago was only a bit of prairie land. Every



Photo by A. J. C. Wood
1,000 GOULACHANS IN ONE CATCH

Photo by A. J. C. Wood
The fish are packed in barrels and sent to market.

town is hustling with American spirit. The West has twice the land and twice the possibilities of the old Canada east of Manitoba. Within a few years the tail is bound to wag the dog, and Americans are hurrying the country on to that day.

In Alberta the results of the American invasion are astonishing. Between Calgary and Edmonton, a distance of 200 miles, one may travel along the line of the railroad from house to house, and five out of every six people encountered are Americans. Thirty thousand people have settled the country between these two towns. Both Calgary and Edmon-

ton are hustling American cities, and so are a score of smaller towns, ranging northward from the Montana border. Alberta is the "Wild West" of the Dominion. Across the border from Montana and Idaho have flocked hundreds of cattlemen. It is common to see wagon trains of them coming down from the foothills of the Rockies into the sunny plains of Alberta. Half a million head of cattle have been brought over in this way, and 10,000 cattlemen and cowboys now range over the region. They build no fences, and confine themselves to no especial territories. Their cattle range like buffalo. But these Americans are far sighted, like their brethren along the railroads and in the towns. They foresee that in the near future the vast prairies will be homesteaded, and they have all taken claims and are working toward citizenship. Many of them already vote.

These men, unlike the farmers from Michigan or Ohio, "come with guns on their shoulders," and many shout loudly that it will not



Photographed by Steele & Co., Winnipeg
PORCUPINE BRIDGE, ON THE CANADIAN & WESTERN RAILWAY



Photographed by Muirhead Bros.
AN OLD CANADIAN PROSPECTOR

be long before Canada will become a part of the United States. But Americans of this type form only a small percentage of the total number in Alberta. In places, it is true, the nationality of candidates has won or lost for them. Some Americans now hold office by grace of the fact that they were born and raised in the United States. But, on the whole, one is struck with the unprejudiced character of the voting.

Indeed it is difficult to believe that prejudice could play such a small part in politics when one is in Edmonton, Calgary or any other Alberta or Assiniboia or Saskatchewan town on the Fourth of July. The small American boys—even those born in the new land—look forward to the day with as great anticipation as do the youngsters over the border. The parents foster the feeling, and join in the sports of the day themselves. American settlers who never celebrated the day to any extent in their old homes rejuvenate their boyhood enthusiasm. On Fourth of July night the cities and towns of western Canada are aglow with celebrations, and the



MR. CHARLES M. HAYS

The American railway man who manages the Grand Trunk Railway and is constructing the new Canadian transcontinental line, the Grand Trunk Pacific.

flash of skyrocket and the twinkling of balloons may be seen as far as the eye can reach over the settled prairies.

But the Americans adopt new customs also, and this fact makes firmer the amalgamation of the different nationalities. Americans, Germans, Canadians and English are adopting new things in common. Farmers who never rode horseback in the United States now find one of their chief pleasures in riding behind the hounds. There is hardly a neighborhood of any extent in western Canada, and particularly in Alberta, which has not its pack of fox and coyote hounds, owned either jointly by a number of people or singly by individuals. There is probably not a fairly well-settled community from Winnipeg to Edmonton that has not one or more social organizations, and while Americans predominate in nearly all of these, the membership is cosmopolitan. German, English, Canadian and American settlers may all be found in one club. In farming communities the settlers take turns in entertaining their neighbors for several miles around. Under these circumstances it is not difficult to understand why the people of Alberta, Assiniboia, Saskatchewan and a large part of Manitoba regard themselves as "Westerners," with identical interests, and

not as people of various countries and with racial prejudices.

Already there is a growing aristocracy. Many farmers who live far from towns move into them during the winter. Medicine Hat is now the Newport of Canada's prairie lands. During the recent winter ranchmen and farmers moved in from seventy-five miles around, and for more than four months the city was constantly enlivened by social events. Up to March eighteen ranchmen and nearly twice as many wheat growers had built winter homes there, some as fine as one would see on a fashionable street in a large American city. The farmers and ranchmen also gather in the winter at Edmonton, Calgary, and other college towns. All of these things are tending toward the upbuilding of a new nation.

"Look at that house," said a Manitoba farmer who took up a homestead four years ago. It was a comfortable, modern dwelling to which he called attention, but near it was another building, a rough shanty made of logs and boards, with a grass-thatched roof.

"Four years ago," he said, "I lived in Iowa with a \$2,000 mortgage hanging over me. Taxes and interest were eating me up. I



MR. WILLIAM MACKENZIE

President and Treasurer of the Canadian Northern Railroad

came up here, got 160 acres of land as a gift from the Canadian Government, and for two years my family and I lived in that shack. Now I own that house, and every board in it is paid for. Eighty acres of my land are under cultivation. My wife and my children are well fed and well clothed for the first time in years. Do *we* want to be annexed? I guess not!"

This is the spirit that one constantly meets. Nine out of ten Americans who emigrated to the free homestead lands entered the country with just enough money to keep them going until they could reap their first acre of wheat. Thousands hired themselves out by the day or the month to older settlers until they could save money with which to begin work on their own lands. They built houses of sod and clay or little log cabins, which now dot the plains and river bottoms. But no matter if a settler and his family did have to live and sleep in a dug-out, they owned 160 acres of unmortgaged land, and this made them contented. After two or three seasons comfortable houses and large barns replaced the cabins. The people who had lived in toil and poverty on some little worn-out farm in the States found themselves in comparative affluence. This is the story of the great majority of the Americans. Last year 110,000,000 bushels of grain were harvested in western Canada—an average of 140 bushels for every man, woman and child. It is not unreasonable that Americans should love this country. I have met men who to-day would fight for it. Four out of five of the Americans, while not overjoyed at being the subjects of a king, would vote against annexation to the United States. They are content to remain British subjects until the time comes for the birth of another great commonwealth.

The settlers are immensely satisfied with the taxes and the schools. A farmer may own 160 acres of land under cultivation, barns and a dwelling, and yet his taxes will be only \$10 a year. If there is but one settler living in a certain district, and that settler has eleven children, the Government will build a school for him, and if there is an average attendance of six during the year the school is entitled to an annual grant from the Government. Out of this grant comes nearly all of the school expenses, the teacher's salary included, so that the educational facilities are practically free. One-eighteenth of the vast fertile belt

between the Pembina and the Saskatchewan is set apart for the maintenance of schools. On the whole, the provincial settlers are better satisfied with the school service than with that in the United States. The country teachers all have government certificates, and few of them have charge of more than fifteen or twenty pupils. Every city and town has its school of higher education, and Edmonton, Calgary, Brandon, Indian Head and a score of other western places have become college towns. Students in the colleges receive aid from the Government.

Many of the towns and cities are in some ways more progressive than places of the same size in the United States or the eastern provinces of the Dominion. American politicians have not yet begun to emigrate. As a result the thousands of American voters in the new West are not hampered by the pits and traps of the ward heeler and the campaign boss. From this West have been sent to Ottawa honest men with a love for the new country—men like ex-Minister of the Interior Clifford Sifton and Deputy Minister James Smart, both of whom recently resigned during the school-question fight because they believed their homestead constituents were being unfairly treated. Such men are sent by a direct and honest vote—mostly the vote of American farmers.

Municipal ownership is triumphing, and the liquor question is handled better than anywhere else in the world. Edmonton has a telephone system. Work has already been begun on an electric railway that will tap the surrounding prairie lands for fifty miles on all sides, and this system will undoubtedly come under legislative control. When completed it will be without a rival in Canada. The single-tax idea of Henry George has also been adopted in Edmonton, and a number of other towns are planning to adopt it. "Where you find clean saloons you'll find clean politics," said a Calgary man to me. "For nine years I voted in an Ohio city, and only once in that time did my candidate win, and every time I voted for the clean man. But I was up against the saloon element. Here we have no saloon element."

Every American farmer and townsman in western Canada is interested in the saloon question. As a result the liquor traffic is under the control of the people. From Manitoba to the Rockies, a distance of 600 miles,

there is not a saloon. The only places where liquors are sold as drink are at hotel bars. No person can get a license who does not have a house with a specified number of rooms, and the house must be a hotel in fact and not a "blind." Only a certain number of hotels in each town have bars, according to the population. There is little temptation for country youths, for a settlement of a few houses cannot support a hotel, and consequently there is no bar. In every district

put under little restraint. Even policemen on their beats "drop in" at late hours for their free "nips." More than once I have seen policemen in American cities under the influence of liquor. All day Sunday the majority of American saloons are doing business. The police officials know it, yet seem blindly ignorant. In Calgary it is different. The town is the centre of a great cattle-grazing district, and the market place for cowboys and rangers for miles around—men



MAP OF WESTERN CANADA

Showing how the four territorial districts, Alberta, Athabaska, Assiniboia, and Saskatchewan, have given place to the two new provinces, Alberta and Saskatchewan. Railroads in operation are shown by continuous black lines; railroads in course of construction and proposed routes are shown by broken lines. The shaded area indicates the part of the country that is practically unsettled, the white area the part that is settled.

there are commissioners, usually reliable business men, to see to the proper enforcement of the liquor laws. The bars are not only closed tight all day Sunday, but are closed at eight o'clock Saturday evening, and are not opened again until eight o'clock the following Monday morning. There are no "side doors."

It is interesting to contrast a Saturday night in Calgary with a Saturday night in an American city. In the United States the saloons run wide open until the early hours of Sunday. Drunkenness and carousing are

whose natural instinct is to drink and hold boisterous revel. Yet there is no drink in Calgary on Saturday night. Everything is quiet. Hotel barrooms are closed and locked, and the windows are curtained. The scene shows that the liquor business can be brought under control—if the people get to work before the politicians.

Calgary is now filled to overflowing with new settlers from the United States. There is not a vacant house in the city. Many people are living in barns and sheds, and there are

nearly 1,000 in tents. Since early in March the influx has been so great that the Government agents who meet and aid the settlers have had more than they could attend to. In 1901 Calgary had less than 5,000 people. In 1904 the population had grown to 10,000, and now it is more than 15,000, including nearly 13,000 Americans. During the last twelve months permits have been given for buildings worth \$1,023,000. There are seventy-three wholesale business houses in the city which enjoy traders' rates from the railroad, and six other big wholesale houses are under construction. Ninety per cent. of the business is controlled by Americans. A little more than a year ago a fire destroyed \$250 000

worth of property in Wetaskiniwin. The place was almost wiped off the map. Now it has almost become a city, and is one of the most important places west of Winnipeg. Since the fire half a million dollars' worth of buildings have been erected. A \$35,000 brick school edifice has been completed. The town is illuminated by a \$50,000 electric-light system, a gas company is in operation, and the housewives are supplied with this fuel at seventeen cents a thousand feet. Already Winnipeg, a city of 100,000 people, American in almost every sense of the word, possesses the largest railroad yards in the world. These are examples of what the Americans are doing in the "coming nation."

THOMAS F. RYAN, CORPORATION-SAVER

AN INTIMATE CHARACTERIZATION OF THE MAN WHO
NOW CONTROLS THE STOCK OF THE EQUITABLE

THOMAS FAULKNER RYAN, the "Savior of the Equitable," is one of the most remarkable figures in the financial world. He is the most active among those who control the National Bank of Commerce, the third strongest bank in the metropolis, and the Morton Trust Company, one of the six strongest trust companies in America. Early in June he made announcement that he had paid \$2,500,000 for 502 shares of Equitable Life Assurance Society stock, which controls the \$400,000,000 held by the Equitable Society.

Mr. Ryan is a lucky man. He is a type of the son of fortune, the kind of man that has come to be recognized as a characteristic American product. It took Mr. Ryan only six years, from 1868 to 1874, to graduate from the position of a small mercantile clerk in Baltimore into a membership in the New York Stock Exchange. For thirty-one years he has been a "Wall Street man."

He has had no business but Wall Street. The public has been asked to look at Mr. Ryan as an industrial giant, because he helped to form the Tobacco Trust; as a pioneer in street-railway development, because he helped to consolidate New York traction lines into the Metropolitan Street Railway

Company; as a great banker, because he founded the Bank of Commerce; as a railroad man, because he is a director of the Seaboard Air Line, the Hocking Valley Railroad and the Père Marquette Railroad; and as a philanthropist, because he eliminated Mr. James H. Hyde from the Equitable.

Mr. Ryan is not one of these things. Wall Street, when it reads these statements, winks. Its judgment of Mr. Ryan as a banker, as an industrial giant, as a street-railway developer, as a railroad man, and as a philanthropist, reads like this:

"The National Bank of Commerce and the Morton Trust Company are strong, clean and businesslike banks because the masterly and ambitious undertakings of the 'Ryan clique' need the backing of at least two strong, clean and businesslike banks, whose reputations must be as spotless as that of Cæsar's wife.

"Mr. Ryan's connection with the Tobacco Trust and his long connection with the Consolidated Gas Company are mere means through which he directs to his coffers the profits of large speculations in their stocks and bonds.

"Mr. Ryan's street-railway achievements, looked at from the Wall Street point of view, have consisted of the piling of capital in

inverted pyramids upon the sterling properties now owned by the Metropolitan Securities Company, with the result that the old, solid, respectable and safe securities have almost all been changed into Metropolitan Street Railway securities, that the value has been squeezed out of them by substitution, and that the dead, bloodless tissue has been sold again to the guileless public, to the amount of more than \$70,000,000 in stocks and bonds of the holding company, to take the place of the retired issues.

"Mr. Ryan has never owned, and does not now own, an interest in any railroad that was not acquired to be sold again, after being put through a financial process intended to turn one dollar of the real securities into two dollars, or more, of new securities, to be marketed at the best price obtainable.

"Mr. Ryan's philanthropy begins where it will end—at a big desk in the front room on the first floor of No. 38 Nassau Street, New York, where Mr. Thomas F. Ryan spends his days looking after his 'business interests.'"

This judgment is supported and authenticated in nearly every detail by the official records of the New York Stock Exchange, an institution through which all the threads of all Mr. Ryan's marvelous webs run before they reach out to wind about the public purse.

Mr. Ryan has been intimately associated with the American Tobacco Company since its early financial era, although he did not become a director until 1899. In 1901 the stock of American Tobacco was practically retired by an issue of bonds of a new company—the Consolidated Tobacco Company. Only three years later a new plan was put out, to retire the bonds of 1901. Mr. Ryan played the part of a promoter. The manipulation of American Tobacco stock became so flagrant that it was for periods discredited in the market in spite of the prosperity of the company; and it was a "curb" market stock.

These comments pertain to the market history of the trust. That is the only part of its history into which Mr. Ryan enters. He was a maker of market values, not of cigars or cigarettes. He paid little or no attention to the business of selling tobacco. His business was that of creating and selling tobacco securities; and in this branch of the business Mr. Ryan was a singular success.

A striking commentary upon the business career of this master of speculation, of short-

term investment, and of reorganization, is furnished by a digest of the things that have happened to the corporations with which he is most intimately connected. The list is taken from his own statement, put out as "official," when he bought the Equitable.

Consolidated Gas Company.—The centre of a great fight in the stock market between the Morgan and the Whitney-Ryan interests. The stock has at all times been the centre of wild speculation, with Tammany politics and all forms of political graft always prominent features of its market history. The company is the New York Gas Trust.

Hocking Valley Railroad.—Sold in 1903 to six other railways, netting very large profits to Mr. Ryan and his associates.

Père Marquette Railroad.—A reorganization of the Flint and Père Marquette Railroad, of which Mr. Ryan was a director. Bought in 1902 by Mr. Ryan and his associates and sold by them in 1903 at a large profit; now resold to the Cincinnati, Hamilton and Dayton Railroad at another profit. Bonds have been floated to pay for it.

Metropolitan Street Railway.—A tremendously capitalized consolidation, whose stock, guaranteed 7 per cent. dividends, sells below 130 and is very speculative. In 1902 the Metropolitan Securities Company was formed to take it over and guarantee the dividends. This company, Mr. Ryan's creation, is still a mystery, as inscrutable as its maker. Meanwhile, in a market generally advancing, the 4 per cent. bonds of the Metropolitan Street Railway have gone down 6 per cent. in the past two years.

Seaboard Air Line.—The road fell on hard times in the decline of 1903. Mr. John Skelton Williams, who controlled it, failed. Mr. Ryan appeared as a savior and friend of the company. Four plans of reorganization have been brought out and fought by Mr. Williams.

Upon these data is founded the reputation of Mr. Ryan. He is a wonderful person. When opportunity knocks at his door the door flies open of itself. His fortune, which is estimated by some as high as \$60,000,000, and by better judges at from \$25,000,000 to \$35,000,000, is founded upon the one word "reorganization." He is a professional life saver of drowning corporations. When the stormy financial sea was pounding into wrecks the Hocking

Valley Railroad, the Metropolitan Street Railway and the Seaboard Air Line, this strong and skilful swimmer of financial whirlpools came nobly to their rescue. When a tempest of public opinion threatened to engulf the Equitable Society, he came forward to save it. When the Washington Life Insurance Company was on the verge of bankruptcy—well, here is Mr. Ryan's way of putting it:

"When the company was on the verge of bankruptcy last December from mismanagement, I joined Governor Morton and others in subscribing the necessary money to put the company in the strong financial position in which it finds itself to-day. Its business is daily increasing, and the policy holders are to be congratulated on Governor Morton's willingness, wholly from the sense of duty, and in spite of his advanced age, to step in to prevent impending disaster to a company of which he had been a charter member."

Out of every reorganization Mr. Ryan has made a profit. Mr. John Skelton Williams charges that the Seaboard Air Line has been "milked" for \$2,000,000. The Hocking Valley episode is thought to have netted Mr. Ryan more than \$500,000. The Metropolitan deals are still paying him revenues. He saves the corporations from ruin and they save him from poverty.

Mr. Ryan is a splendid if dangerous type. He is a tall, strongly built man of about fifty-five. His hair is beginning to turn gray about the temples. His face is deeply lined, yet with a lurking touch of merriment. His forehead is impressive. His eyes are startling in their brightness. He is one of the best-groomed men in Wall Street. He is a fair sample of the business type of the man-about-town.

This is the man as one meets him away from business. Mr. Thomas F. Ryan at business is quite another man. The "keenest scent in Wall Street" has been credited to him. He scents a bargain in the receivership market at a dog scents game. When he strikes he strikes like lightning. When he buys he buys overnight, and announces his purchase to a startled Street next morning. Ryan plans never "leak." Silent, alert, dispassionate, he is ready at every moment of every year to put his money and the money of his banks where it will do the most good—

to Mr. Ryan. Never in his thirty-one years in Wall Street has his diary recorded failure. His bitterest foe admits him able, sturdy, powerful. His friends claim for him a breadth of view and a daring in execution second to none among the bankers of the world.

With the man and his record thus transcribed, the question of the hour looms up:

Why did he pay \$2,500,000 for 502 shares of Equitable Life stock, which cannot pay him more than \$3,514 a year?

"Philanthropy," says the *New York Sun*, in an eulogistic and characteristic sketch. "Treachery," says the *New York World*. "Business," says Wall Street, "and nothing else." A few days after Mr. Ryan made his purchase one of the keenest and cleverest financiers in Wall Street, himself probably the closest parallel to Mr. Ryan in habits of mind and action, made this remark:

"James H. Hyde has missed the play of a lifetime. When the question arose he might have chosen his own trustees, handed over his stock to them and gone to Europe for a couple of years. By the time he was ready to come back he could have resumed control, or could have sold his stock to the Equitable at his own price."

Undoubtedly this critic put his finger on the secret spring. He was looking at the situation from the point of view of a business man of the keenest and most enterprising type—from the point of view of a Thomas F. Ryan, in fact. If Mr. Hyde missed the play of a lifetime, is it not possible that Mr. Ryan, who never misses anything, is going to make it?

There are two beliefs in Wall Street about Mr. Ryan's "business" idea in this unexpected purchase. The first is that the stock was bought in a bona fide purchase, to be sold to the Equitable when public opinion forces the Society to mutualize—and sold at Mr. Ryan's price. If the three trustees—Mr. Cleveland, Justice Morgan J. O'Brien and Mr. George Westinghouse—advise mutualization, Mr. Ryan will have in his vaults the one and only stumbling block to such mutualization. If Mr. Paul Morton and the trustees decide that it is worth many millions to the Equitable to become a mutual company, certainly they could not fail to recommend the purchase of this stock, even at Mr. Ryan's price. The

storage of stock for a few months might net Mr. Ryan a million or two of dollars.

The second theory is the same up to this point, but goes farther. Is it not possible, nay, probable, that Mr. Ryan is retrieving Mr. Hyde's financial error? Is it not probable that the alleged sale of 502 shares to Mr. Ryan was, and is, a technical and legal sale only? May not Mr. Hyde be a silent partner of Mr. Ryan? Mr. Hyde is about to disappear from the financial world. When will he return? What will he do when he returns? There are possibilities in these questions. The "Sphinx of Nassau Street," the silent Mr. Ryan, is a fit purchaser of the Equitable stock. He can keep a secret.

Few believe that Mr. Ryan intends to perpetuate the mistakes of Mr. Hyde and his associates. He is not going to unload his securities into the Equitable's vaults. The principal reason is that he does not deal in such securities as the Equitable dare buy. He would not dare sell, even to the trust companies owned by the Equitable, the stocks and bonds that have made his name a bugbear of the Stock Exchange.

Mr. Ryan is a very wise man. When he sees a stone wall he does not try to butt it down; he looks for a gate. In this instance he is, as always, seeking "business profits." He is not going to seek them in selling securities to the Equitable, and so running head first into the stone wall of legislative supervision backed by public sentiment. Instead he will enter into his heritage of profit through a good wide gate—a sale of the stock, recommended and indorsed by the three trustees.

Mr. George Westinghouse, one of the trustees, is authority for the statement that Mr. Ryan will turn over his stock to the trustees at cost, all other stockholders to do likewise. Mr. Westinghouse suggests that the 1,000 shares of \$100 each be split up into 5,000 shares of \$20 each, and the new stock be offered to the largest policy holders at \$1,000 per share, no man to have more than one share. Seven of these policy holders are to be elected directors each year.

This plan is believed to have the approval of Mr. Ryan. It provides for the sale of his 502 shares of stock at the price he paid for them. It leaves him, apparently, where he started, with only added prestige to pay for his trouble. Wall Street notes, however, that

it lets Mr. James H. Hyde entirely out of his unpleasant position in the Equitable. The arrangement is taken on the Street to prove that Mr. Ryan and Mr. Hyde have acted together in the matter. The suggested sale to the trustees is merely a sale by Mr. Hyde through Mr. Ryan. Any commission paid by Mr. Hyde to Mr. Ryan is purely a personal affair between those two.

At some time or other most men who make opinion in Wall Street have come in collision with Mr. Ryan or have observed him in collision with others; and their judgment may be unfair, as professional judgments sometimes are. But Mr. Ryan's whole active life has been spent in Wall Street and there are no facts or opinions outside Wall Street to judge him by. The prevalent opinion in this world of active and practical finance, that he could have had no motive except personal profit in buying this Equitable stock, may do him injustice; for there are other things that he can gain:

First, reputation for doing a big deed at the most opportune moment. Glory is worth something even to reorganizing financiers.

Second, the widening of his sphere of interests and activities. The first law of such a man's nature is to do new things, especially if they be also big things.

Third, a wish to keep confusion from becoming worse confounded. A sort of panic in the whole insurance world might have followed further acute uncertainty about the future of the Equitable.

Fourth, a wish to associate with an act of his such eminent trustees as the three that he selected.

All these motives doubtless played a part, with the certainty, of course, that he could in no event lose money. Fame and good company and the wish to do a "big thing" are strong motives even in men who do not work for mere fun.

And be his motives what they were—one or many—he turned the situation from an intolerable state of personal quarreling to a state of investigation and reorganization. It will be time enough for final judgment when investigation, reorganization, and mutualization have been concluded. For these processes cannot stop now without arousing fresh suspicion. As far as they have gone, they have at every step improved the previous status.

THE RAILROADS AND THE SQUARE DEAL

THE STORY OF THE SANTA FÉ

BY

ROWLAND THOMAS

IN considering a square deal between the railroads and the public there is one thing to remember all the time, That the roads are the public highways of commerce; and one question to be asked, Are they open to all on equal terms? I shall, in this series of articles, take up the story of various railroads and groups of roads from this simple point of view. First comes the story of the Santa Fé, to show how far it has fulfilled its duties as a common carrier.

Back in the prehistoric days of the new West, half a century ago, Topeka was a straggling frontier settlement on a storied highway called the Old Santa Fé Trail. Twice a year, in spring and autumn, a long, slow train of oxen and white-covered wagons wound through it. There were 12,000 men in those trains, 7,000 wagons, and 70,000 oxen. They went West with sugar and salt and calicoes and silks for the alien people who had built the half-mythical city of Holy Faith at the end of the Trail, and they came back with dollars of Spain and Mexico—five and a half millions of them in 1850.

A man named Colonel Cyrus W. Holliday was living in Topeka then, and those dollars appealed to him immensely. Along in the fifties the Colonel began to amuse his friends by proposing to build a road from Topeka through Santa Fé to San Francisco, with branches to Denver and Galveston. He had the faith that tunnels mountains and overcomes doubt, and in 1859 he found himself president of the paper model of a railroad. In 1859-60, the year of "the drought" of Kansas history, he began his appeal to Eastern capitalists for funds to construct it through a famine-stricken land to a terminus in the Great American Desert. After ten years of importunity he got the money, and in 1869 a special train ran the length of the line from Topeka to Wakarusa, thirteen proud

miles in thirty minutes. Even the doubters were convinced, and planned a main line to Wichita, 100 miles farther west. When the Colonel died a year or two ago the Wichita line was a branch, 1,000 miles in length, striking tidewater at Galveston, while the main line extended from Chicago to San Francisco, throwing out a feeder here and there over half the breadth of the country.

That buoyant hopefulness which makes nothing of rebuffs or checks has been the spirit of the Santa Fé ever since. Men who have thought to direct the fortunes of the road have been caught up in the rush of it and made *conquistadores* in spite of themselves. When they had pushed on from Dodge City to the state line there was no traffic, and they ran a mixed train—two empty box cars and a coach—out one day and back the next, just to keep the rust off the track. But the groping head of the rails crept out across the wastes of Colorado till it tapped the Denver and Rio Grande at Pueblo, and the traffic of the mining camps flowed in like released water. Then the engineers at the front uncovered vast beds of coal at Trinidad, Col., and earnings rose still more. Eastern stockholders heard rumors of a dividend, and in their satisfaction planned to elect one of themselves president, and make the Santa Fé as comforting to the pocket-book and as innocuous to the nerves as the good old Boston and Lowell.

Even then, in 1878, their road had outgrown their control. Their insatiable executive, whose private car was generally a "dog house" at the rear of a freight train, had sent his general manager over the Raton Pass by stage coach, to secure legislation favorable to the construction of the road through New Mexico in the direction of the Pacific. New Mexico was a Spanish territory then in language and ideals, and its Legislature

was very much opposed to Yankee innovations, but the manager came back with the charter, and the Santa Fé began its career as a transcontinental road.

A LEGACY OF AGGRESSIVE FAIR PLAY

The name of that general manager was Strong, and with him begins the story of the Santa Fé that we know, for he built it and fought for every rail-length of it. He got into New Mexico by stealing the Raton Pass, and he only failed to get into the Salt Lake Basin because the narrow-gauge Rio Grande was more successful in mobilizing men with guns. He built the main line from Chicago to Kansas City and crisscrossed Kansas with branch lines because the Goulds and the Cables had paralleled 1,000 miles of his tracks. He moved his western terminus in one jump of 1,000 miles from Albuquerque to Mojave, and then jumped another 400 miles to San Francisco and attacked the well-intrenched monopoly of the Southern Pacific on its own ground. That last exploit bankrupted the Santa Fé, and the Southern Pacific barely tottered through; but when the smoke cleared away southern California was filled with thrifty, hard-working folk who were busily turning the sand hills into orchards and vineyards.

Mr. Strong was a fighting man, but he fought openly and only for the sake of his road, and he imbued all his subordinates with his spirit. When the Santa Fé and the Rio Grande were racing for the Raton Pass Mr. Strong's chief engineer reached it first and climbed the pass very early one morning with a shovel. When the cohorts of the Rio Grande arrived they found him alone among the big gorges, digging.

"What are you doing here?" they asked.

"Constructing a railroad," the engineer answered, as he sliced another shovelful of earth from the 8,000-foot hill. He dropped the tool and hitched up his sagging belt.

"Anyone who interferes with the Santa Fé does it at his own risk," he said impassively.

First the Rio Grande men laughed, and then they swore, and then they turned and went away, and their road was cut off from the south forever.

THE SANTA FÉ'S BRIGHT RECORD

This spirit of frank aggressiveness left as a legacy to the Santa Fé by the men who

lived and died fighting for it was one of the assets which made it powerful. Common sense was another. The funds for construction came partly from a grant of Federal lands in Kansas, 3,000,000 acres of prairie covered with scanty bunch-grass and thrifty sagebrush. The Santa Fé had to people that empire, and it brought immigrants from the East and from Europe, and made adoptive children of them. It gave them free transportation when they bought the land, and free seed wheat when the crops were killed by grasshoppers or drought, and took them back to their homes if their hearts wearied of the struggle.

When the Kansan desert was peopled and productive the road continued the same work farther west. The Pecos Valley, the Rio Grande Valley, and southern California even, are daughters of the Santa Fé. "A country without transportation is like soil without water," is a tenet of the road, and wherever water can be brought to soil it brings transportation, too, and traffic springs up from the wastes overnight. No other management seemed to realize so clearly that the lasting prosperity of a railroad is founded on its hearty co-operation with all the producers who are dependent on it for a market, the small as well as the large.

THE OTHER SIDE OF THE STORY

It is by such struggles with inhospitable lands and hostile or apathetic or discouraged men that railroads rise and fall, and the story of them is often romance of the bravest, cleanest sort. Yet after all, the railroads were built for a public service, and when any manager, no matter what his reason, adopts the motto, "My railroad right or wrong, but still my railroad," our admiration for his resourcefulness must not blind us if it turns out that he sold the birthright of his road to gain success.

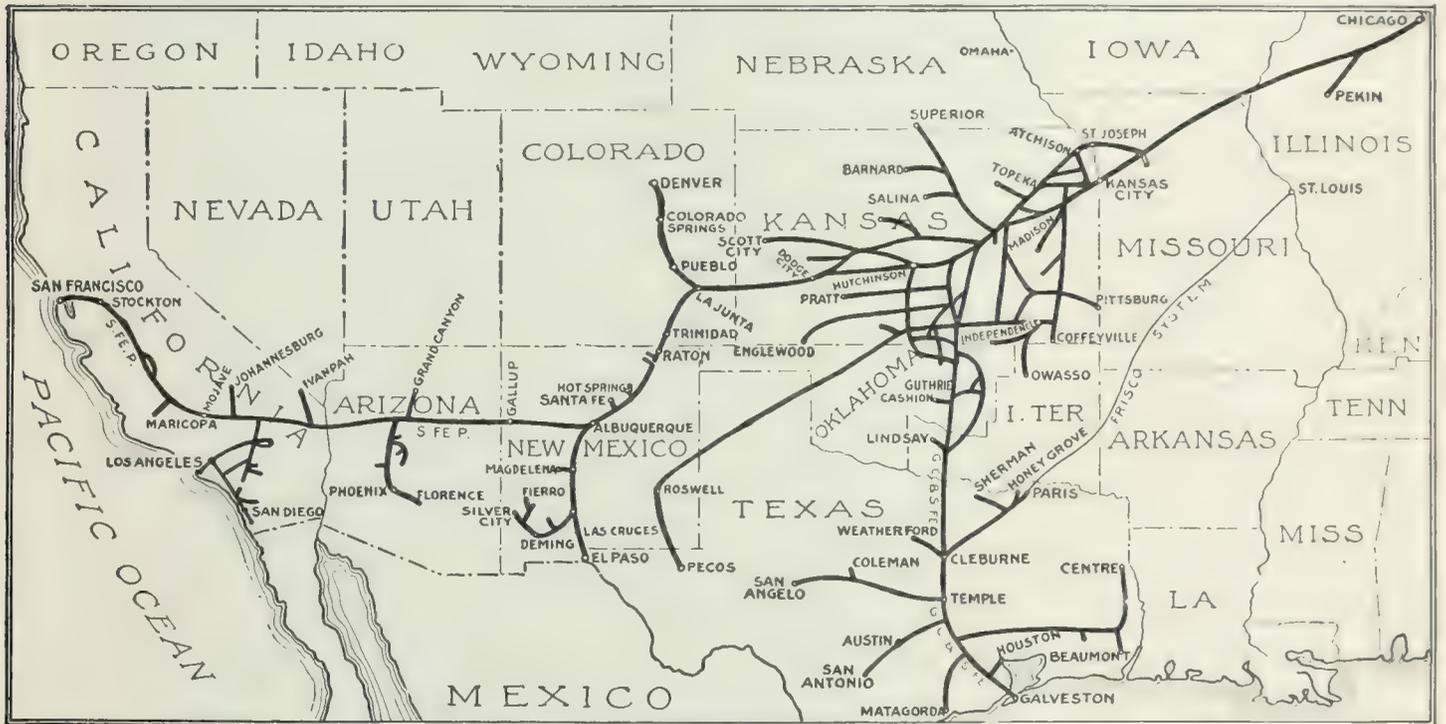
There is another side to the story of the Santa Fé, for, despite its splendid record of service, a big industrial corporation, within the last ten years, has compelled it to crush the life out of a little industrial corporation by discriminations in freight rates. We have three persons to follow, the Colorado Fuel and Iron Company, the Caledonian Coal Company, and the Atchison, Topeka & Santa Fé Railway system. They will all meet in the God-forsaken little town of



Photographed by Taber, San Francisco
THE WESTERN TERMINAL OF THE SANTA FÉ
 At Point Richmond, San Francisco Harbor



THE EASTERN TERMINAL OF THE SANTA FÉ
 Dearborn Street Station in Chicago



THE ATCHISON, TOPEKA & SANTA FÉ RAILROAD TO-DAY
 In 1869 the line was but 13 miles long



TOPEKA, KAN., TO-DAY
 The centre from which the system grew



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THE COLORADO FUEL & IRON COMPANY'S MAIN PLANT—A SCENE OF ACTIVITY



MR. PAUL MORTON

Who has been a president of the Colorado Fuel & Iron Company and who was the manager of the Santa Fe when the railroad made most discriminating rates.



ALEXANDER BOWIE

President and General Manager of the Caledonian Coal Company when litigation was started through the Santa Fe's discrimination in rates in favor of the Colorado Fuel & Iron Company.



THE HOMES OF THE EMPLOYEES OF THE CALEDONIAN COAL COMPANY BEFORE THE RAILROAD DISCRIMINATED AGAINST THEIR OUTPUT—NOW A SCENE OF DESOLATION



A SANTA FE TRAIN TAKING ON OIL IN CALIFORNIA

The locomotive burns oil instead of coal.

Gallup, on the western border of New Mexico.

The Colorado Fuel & Iron Company is a very big and aggressive mining corporation. A majority of the stock is now controlled by Mr. John D. Rockefeller, Jr., and his friends. The great steel mills near Pueblo are the outward manifestation of the company to most people, but it has devoted almost as much attention to securing control of promising coal and iron lands throughout the West as to actual production. It is pre-eminently a company that looks to the future. In making new purchases a few of the directors generally form a company with an original

name, buy the lands, and lease them to the Colorado Fuel & Iron Company. At the close of 1895 the company owned in Colorado more than 70,000 acres of coal lands. It mined during that year 1,485,240 tons of coal, or 45 per cent. of the production of the state. In 1895 a mining expert, not writing for publication, said of its coal properties in Colorado:

"The situation of the company, not being that of an actual monopolist, is little less, and I do not believe that any amount of money spent could to-day procure anything like it in that part of the country. Thus the fear of an arising future competition is



A HUGE CALIFORNIA FRUIT TRAIN COMING THROUGH THE ATACHE CANYON ON ITS WAY EAST

forever removed. The company's market for soft coal and coke extends from the Missouri River to Utah, and from the Dakotas to the Gulf of Mexico. The concern is now so large and controls so much freight that it can always sell the railroads their fuel, and it now sells all the roads entering Colorado, excepting the Union Pacific and Santa Fé roads, which operate their own coal mines." A little further on he says: "The principal competitor of the company in Colorado is the Coal Department of the Santa Fé Railway, which has several mines in the state, and which does business on that road. In addition, there are a number of small concerns in different parts of Colorado with which the company competes easily."

BUILDING A MONOPOLY

In other words, a group of enterprising and prudent men had at the end of 1895, by foresight and good management, secured such control of the coal deposits of Colorado that they had but one important competitor in that state, the Santa Fé. Outside Colorado important coal fields have been opened in only two Western states thus far, New Mexico and Wyoming. The Colorado Fuel and Iron Company did the obvious thing under such circumstances: guarded itself against cut-throat competition in the present by coming to a working agreement with its one competitor, and began providing for the future by acquiring as far as possible the control of outside supplies.

On August 19, 1896, its president, Mr. J. C. Osgood, wrote in his annual report to his stockholders: "A lease of the coal properties of the Atchison, Topeka & Santa Fé Railway Company in Colorado has been negotiated, taking effect August 20, 1896. These properties consist of . . . 19,200 acres of coal land. . . . The coal mines are adjacent to mines now owned and operated by this company. . . . A contract has also been made to furnish coal to the Atchison, Topeka & Santa Fé Railway Company for the operation of its lines of railway. This arrangement it is expected will be mutually advantageous; the fixed rental for the property is comparatively small, with a royalty on the tonnage of coal actually mined. The Atchison, Topeka & Santa Fé Railway Company has been this company's principal competitor in the coal and coke business."

The Santa Fé had a reason for making that lease. President Strong's policy of aggressive construction during the eighties had increased the funded debt enormously. Fixed charges stood over \$11,000,000 annually in 1889, and the bitter rate wars had reduced the earnings. Practically all the capital of a railroad is sunk in its roadbed and equipment beyond possibility of liquidation. It cannot cease operation when times are hard, for its value to its ultimate owners, the bondholders, is measured solely by its earnings. If those earnings are not sufficient to meet fixed charges the road is in a very bad way indeed; \$11,000,000 is a huge amount of interest. Then in the early nineties the road met one of those combinations of misfortune against which no one can provide. A failure of crops and a long-protracted strike reduced the net earnings to nothing, and a financial panic threw the stock on the market at any price. In 1893 the bondholders foreclosed their lien and the road went into the hands of a receiver.

It was not till 1896 that reorganization was attempted, under the guidance of Mr. J. P. Morgan. Mr. E. P. Ripley was made president of the new company on January 1, 1896, and chose as his second vice-president and traffic manager Mr. Paul Morton, who from 1890 to December 24, 1895, had been vice-president and traffic manager of the Colorado Fuel and Iron Company.

THE SANTA FÉ'S PRICE FOR TRAFFIC

The time was ripe for the Fuel and Iron Company to force terms on its competitor in the coal business. A bankrupt road is helpless; it must get traffic at almost any price that will pay the cost of keeping up roadbed and equipment. The Colorado Fuel and Iron Company had that traffic to offer for a consideration, for it was one of the biggest shippers in Colorado. The former vice-president of the Fuel and Iron Company became vice-president and traffic manager of the Santa Fé. It is no reflection on Mr. Morton's integrity to recognize that his intimate relations with both parties must have rendered easier the negotiations of the contract about which Mr. Osgood wrote, on August 19, 1896, with the satisfaction of a man who has done well by his stockholders: "This arrangement it is expected will be mutually advantageous. The Atchison, To-

peka & Santa Fé Railway Company has heretofore been this company's principal competitor in the coal and coke business."

To an outsider the mutuality of that advantage seems to be very much on one side. The leased fields were those around Trinidad, which gave the Santa Fé its first dividend and had all along been one of its valuable assets, yielding it fuel for operation and a large surplus to sell. The lease to the Fuel and Iron Company provided for a merely nominal rental, with a royalty on the tonnage of coal actually mined, so that the income of the Santa Fé from these mines thereafter depended solely on the amount of coal the Fuel and Iron Company chose to take out.

On the other hand, the Colorado Fuel and Iron Company secured advantages much more far-reaching than a monopoly of the coal trade of Colorado. It incorporated in the lease a contract to sell the Santa Fé fuel for operation at a very low price, and this apparent mutualizing of interests, together with its power to give or withhold a very large volume of traffic at a time when the Santa Fé needed traffic above all things, enabled it to make the road virtually its partner in reaching out for the coal trade of the whole Southwest, as the experience of the Caledonian Coal Company shows.

RISE OF THE CALEDONIAN COAL COMPANY

The Caledonian was operating in the New Mexican fields at Gallup. The coal there is soft, almost a lignite in quality. Such coal comes from the mine as a mixture of lumps and fine stuff grading down to dust. It is run over screens with a 3-inch or 4-inch mesh, and the portion which passes over is known as "lump coal." The remainder, screened and washed of the fine dust, is called "steam coal," and is useless for domestic purposes. The problem of the Western mine operator is to sell his steam coal at a price sufficient to cover the cost of mining. If he can do that, the lump coal, sold for domestic purposes, will yield him a satisfactory profit. Lacking a market for his steam coal, he might as well go out of business.

The Southwest at present offers but two markets for steam coal, the railroads and the smelters. Gallup is situated on the western border of New Mexico, and its natural, almost its only, railroad market is the Santa Fé.

There were already three small companies

operating at Gallup when the Caledonian Coal Company was organized in 1888 by a group of Western men, minor capitalists in their way. It found a ready market for its steam coal with the Santa Fé, and under the last contract, which expired September 30, 1899, it was supplying the road with 30 per cent. of the coal used in operating the main line between Albuquerque and Mojave, a distance of 800 miles. West of Mojave the engines burn fuel oil; east of Albuquerque the fuel supply is drawn from those advantageously leased fields at Trinidad. Nature placed Gallup just at the point to fill the gap between the two really large supplies of fuel and gave it a strategic importance beyond the size and quality of its field.

Besides selling that 30 per cent. to the Santa Fé, the Caledonian had a contract with the Santa Fé, Phoenix & Prescott Railroad to furnish its entire supply of fuel—1,500 or 2,000 tons per month. These contracts consumed almost all the production of steam coal, and as there was a moderate but steady demand for the more valuable lump coal in the towns along the line, the Caledonian Coal Company prospered modestly until the Colorado Fuel and Iron Company entered the field in competition.

THE OUTREACH OF MONOPOLY

Along in the middle of the nineties the mines of Gallup were united in a combination called the Crescent Coal Company. The Caledonian Coal Company alone refused to enter the alliance, being composed of the type of men who have confidence in themselves and their undertakings and prefer to work independently. In 1899 the Crescent Coal Company's mines—everything at Gallup save the Caledonian—were purchased by the American Fuel Company, a newly organized corporation composed of Mr. J. C. Osgood, president of the Colorado Fuel and Iron Company, and a few of his friends. Almost immediately the American Fuel Company turned the operation of the mines over to the Colorado Fuel and Iron Company.

This was just after the fuel contract between the Santa Fé and the Caledonian had expired. The purchasing agent of the Santa Fé refused to renew that contract, and informed Mr. Bowie of the Caledonian that he had made an agreement with Mr. Osgood to furnish all the supply of coal for the Santa Fé.

Interstate Commerce Commission in Washington. The officers of the road have lately admitted this fact, explaining that in 1902, after a Federal court had enjoined the Santa Fé and a number of other roads to observe their published tariffs, Mr. Biddle, traffic manager of the Santa Fé, issued a circular, calling the attention of all agents to the provisions of the injunction and directing compliance with it in every particular. This proves, they say, that the road intended to obey the law, and this secret tariff is simply the result of an unfortunate oversight.

The answer is more plausible than convincing, for the injunction was granted on March 25, 1902, and the secret tariff was published in Mr. Biddle's name six months later. They seem to have overlooked the observance of the law rather than the breach of it.

HOW THE RAILROAD CAME TO OFFEND

That phrase "Prices in dollars and cents per ton (including price of coal)" gives a clue to the ease with which a railroad slips from just to unjust dealing when it makes an alliance with one of its shippers. There is nothing illegitimate or immoral in including the price of a commodity and the freight in one sum and letting the railroad collect it all, providing all shippers get the same chance. In this case the practice arose quite naturally. In the early eighties the balance of trade was westbound, and the Santa Fé was hauling hundreds of empty cars back to the East. It costs no more to haul one loaded car than two empty ones, and it occurred to the traffic manager that the road could make a double profit by loading those cars with coal from the Trinidad mines, then owned and operated by the company, and selling it in Kansas. To avoid the expense of agencies and the uncertainty of credit, he lumped the price of the coal and the freight in one sum, and the plan worked to the mutual advantage of the road and the consumers of the coal as long as the Santa Fé retained control of the mines.

Mr. Morawetz, vice-president of the railroad, recently explained to the Senate Committee on Interstate Commerce that the mines were leased because "We decided that it was not right, and so concluded that we must go out of the commercial coal business entirely." It is a pity that these officers were not equally careful about making a virtual partnership with the company to which they leased their

mines. A single example will show that the relation amounted to community of interest.

PRIVATE CORPORATION ALLIANCES

In 1901 the road became a party to a three-cornered contract whereby for five years the Colorado Fuel and Iron Company was to supply coal to the smelters of Phelps, Dodge & Co. at \$1.15 per ton, and the Santa Fé was to haul it from Trinidad to the consignees at Deming or El Paso for \$2.90 per ton. The railroad collected the total of \$4.05 per ton, deducted its freight charges, and turned the remaining \$1.15 over to the Colorado Fuel and Iron Company. In obedience to the law a tariff was filed in Washington giving \$4.05 as the rate for coal between Trinidad and Deming or El Paso, but the paper did not state that this rate included the price of the coal.

Mr. Morawetz says this was another oversight, and the officers of the Santa Fé contend that there was no injustice worked, since none of the three parties to the contract was liable to competition, and therefore discrimination was logically impossible. This is quibbling. The very reason that there could be no competition was this discriminating contract. That fictitious tariff of \$4.05, filed in Washington, affected all shipments, whether made under the three-cornered contract or not, or there is no logic in the stock argument of railroad men about the delicate interadjustment of rates. It was on the basis of \$4.05, not \$2.90, for this haul from Trinidad to Deming that the published rates from Gallup were made \$4 to Deming, \$5.65 to Las Cruces, and \$5.75 to Silver City, though the distances are much less and there is one less mountain range to be climbed. All the time that Gallup seemed to have an advantage, to Deming, for example, of five cents in its favor, it was really competing against a rate \$1.10 lower.

THE END OF THE CALEDONIAN

This would have been discrimination if it had gone no further. But, in the light of this secret rate sheet and the practices it reveals, those experiences of Mr. Bowie's in 1900 take on a new significance. He found the Colorado Fuel and Iron Company selling Gallup coal at various points for a price nearly or exactly the same as the freight rates from Gallup to those points. Only one explanation is reasonable. Those freight rates for Colorado Fuel and Iron Company shipments included the

price of the coal. When the officers of the Santa Fé contend that no one has been injured by their practices they overlook the Caledonian. First it lost its market with the Santa Fé, then with the Santa Fé, Phoenix and Prescott, then in the smelting towns, and now it has no market at all. Considering the experience through which it has passed, only one word describes the condition of this little company. The Caledonian is knocked out.

For several years it has had a damage suit against the Santa Fé lingering on in the courts. The end of that suit is not yet in sight and no decision of a court can give complete redress. It may award to the Caledonian damages for the harm the company has suffered, but it cannot decree it a future. The markets for which the Caledonian had a right to compete fairly are now the property of one of its competitors who fought unfairly.

This case, however, has not been cited thus at length for the Caledonian's sake, but because it is illustrative of the way in which the Santa Fé "got business." It has gone on getting business by similar methods.

CREATING A MONOPOLY IN SALT

Salt is a very important commodity in the meat-packing centres, and the Missouri River cities, Omaha, Kansas City, and the others, obtain part of their supply from Hutchinson, in southern Kansas. The greater part of this salt is manufactured by the Hutchinson-Kansas Salt Company, of which Messrs. Joy and Mark Morton, brothers of Mr. Paul Morton, are president and treasurer. In the yards of the largest of this company's mills, the so-called "Morton Mill," there are between 4,000 and 5,000 feet of side-track. In July, 1902, this side-track was organized into the Hutchinson & Arkansas River Railroad Company, with a capital of \$80,000. Mr. Joy Morton was elected president and Mr. Mark Morton treasurer.

DUMMY RAILROADS AS ASSETS

In cases of actual joint traffic between roads the total earnings are distributed by a "division," based roughly on the percentage of the full haul, in miles, that is covered by each road. The division to the road which originates the traffic is ordinarily fixed arbitrarily at from 20 to 30 per cent. of the total receipt. Soon after its organization the 5,000-foot Hutchinson & Arkansas River

Railroad, which had no rolling stock, issued no way bills, and performed none of the functions of a railroad, demanded a division of 25 per cent. on the salt traffic originating on its system, a traffic switched, for example, in Santa Fé cars, with Santa Fé engines, to Santa Fé rails, by Santa Fé train crews. The Santa Fé, along with two other roads, found this demand reasonable, and began solemnly hauling salt to Kansas City for \$2 a ton and then paying back fifty cents of the earnings to the Hutchinson & Arkansas River Railroad Company. As fifty cents per ton is a living profit in salt manufacture, competing mills which did not own railroads were placed at a serious disadvantage.

POLITICS VS. REFORM

It becomes necessary here to say a word of the relation which Mr. Paul Morton bore to such unfair dealings of the road whose traffic he controlled. Mr. Morton has of late been subjected to the attacks of men whose motive was rather the creation of political capital than a high-minded devotion to abstract morality. Mr. Morton is a good type of the American business man, able, shrewd, and of the strictest personal integrity. But to claim that he did not know what his road was doing is to make him out a very inefficient traffic man, whereas he has been an unusually successful one. The system of accounting for railroad earnings is very rigid, and no petty officer can divert any portion of the earnings of the road from its legitimate destination in the treasurer's strong box without authority. In the freight department that authority centres wholly in the vice-president in charge of traffic. To say that Mr. Morton is a bad man because of the unlawful transactions of his department is absurd; but to hold him up as an innocent sort of person who for years was duped by his perverted subordinates is even more unkind. That his transactions as a railroad man—the same sort of transactions as are occurring in a dozen traffic offices to-day—have been brought into contrast with his activity as a member of an Administration that is trying to abolish such transactions is a bit of irony most unfortunate for him. But, after all, the energy which has been devoted to attacking and defending him might be much better expended in compelling Congress to correct existing abuses.

One more instance will be enough of these unpleasant details. You remember that the Colorado Fuel and Iron Company is under the control of Mr. John D. Rockefeller, Jr., and you may have heard of the Standard Oil Company. In 1904 the rate on oil shipped from Independence, the centre of the fields of southern Kansas, to Kansas City was ten cents a hundred pounds. This oil was carried in tank cars. In the summer of that year the Standard Oil Company built a pipe line over this distance, and built it on the right of way of the Santa Fé and the Missouri Pacific Railways. The pipe line was completed by midsummer, and on August 15th the roads advanced the rate on oil shipped in tank cars, from Independence to Kansas City, from ten to seventeen cents a hundred pounds.

This rate was so high that no producer could profitably ship his crude oil by rail, and producers therefore had to sell to the one local purchaser, the owner of the pipe line. It was a repetition of the methods employed by the Standard Oil Company in eliminating competition in Pennsylvania and Ohio, and, as always, railroads and public lost equally. The Santa Fé supplied the Standard Oil Company with the right of way for a pipe line planned to divert a large and valuable traffic from the railroad, and received no consideration for it—none which can be accounted for on the books of the treasurer at any rate. This is an unusually clear illustration of the concessions which a large shipper is able to demand from a railroad.

These incidents in the history of the Santa Fé have not been set forth here because of any hostility to that road. After all, they are incidents, for even while they were occurring the road was carrying millions of tons of freight and thousands of passengers legitimately and usefully. But they are incidents which have a very serious bearing on the future. All the work the road has done, splendid achievement as it is, cannot be compared with that which lies before it if only it is faithful to its traditions and spirit. The story is told for the sake of the future. The moral it points ought to be obvious.

THE RIGHTS OF TRADE AND INDUSTRY

A plain case of rebate-giving like this exposes the inconsistencies poured forth in such volume by the opponents of rate regulation. It impales them on a dilemma of their

own creation, for their principal argument is that no one complains that rates in general are too high, and that to lower them—which they assume would be the effect of regulation—would be a great injustice to investors. Now, if a rate, that of \$2.90 from Trinidad to Deming, for instance, gives the railroad a fair return in one case, it gives it in every case, and to charge \$4 for the haul from Gallup to Deming, 180 miles shorter, is to obtain at least 40 per cent. more than a fair return. On the other hand, if the four-dollar rate is the fair one, every time the road makes a lower rate to a favored shipper the money comes from the pockets of those widows and orphans who own its stock, and of whom, from many sources, we have heard so much of late.

THE RIGHTS OF RAILROADS

It shows very clearly, too, that the roads are still very much at the mercy of the big shippers. Some men assert that the Elkins law of 1903 has put a stop to rebates. As long as men think it no shame to ask or to receive special favors from a corporation created to serve all their countrymen on the same terms, it is absurd to claim that rebates exist no longer. The Elkins law has done much, but many rebates have been granted since the passage of that law, as the next article in this series will show. If further legislation can make it harder to give rebates the railroads have a right to it.

THE RIGHTS OF US ALL

Lastly, the story of the Santa Fé, and especially the excuses which its officers make for the practices just described, reveal how far from the mind of the average railroad man is the conception that he and his road are servants of the public, existing for the public convenience, and having no rights inimical to the public welfare. Here we have seen a railroad entering into discriminating contracts with a private corporation and injuring hundreds to advance itself. In the next article we shall see a road attempting to control the industrial and political life of a commonwealth. While railroad men find such activity so natural that they hotly resent any interference of "the people" with their rights, their very hostility will be the most effective argument for some control over them.

THE RE-MAKING OF MANILA

CHANGING A PEST-HOLE INTO A HEALTHFUL AND
BEAUTIFUL CAPITAL OF THE COMMERCE OF THE EAST

BY

BRADFORD K. DANIELS

WHEN the Americans marched into Manila on August 13, 1898, it was the filthiest place in the Orient; to-day it is one of the cleanest cities east of Suez, and the tourists who visit it pronounce it the most attractive spot in all the East. In six years it has been transformed from a medieval city, fallen into decay, into a centre of twentieth-century activity and enterprise.

Restless young fellows from the universities, lawyers who felt that even in the United States the world was moving too slowly for them, physicians who saw new worlds to conquer in the investigation of tropical disease, engineers who wished to amass fortune quickly, merchants who dreamed that they saw profitable trade—these and many others came to Manila in the army, in the civil service, or as private citizens. Thus came representative men from every part of the United States, and the accumulated knowledge and experience of the Union was concentrated in a single city as perhaps it never was before.

An old peddler from Argentina once told me that he had peddled watches throughout the Orient for twenty-five years, and that in all his travels he had never seen a place as dirty as Manila was. If this was true before the revolt of the Filipinos against Spanish rule, the reader can imagine what the American troops found. The accumulation of filth which met them on every side was appalling. For months all pretence of street cleaning had been abandoned, and the gutters were level full of refuse from thousands of natives who for months had been herded together like so many beasts. To clean the city was the first task undertaken by our troops; and the work then begun has been steadily continued, although it was opposed persistently and stubbornly by practically all the native population. Their forefathers from time immemorial kept their pigs, and

dogs, and hens, and carabaos about a cesspool under the house; why should they change their custom to suit the whims of a handful of Americans?

The sanitary problem of the city became the task of Major E. C. Carter, a surgeon of the army, about three years ago. With a sympathy that enables him to put himself in the other man's place, he undertook the education of the Filipino to better modes of living in a way that has accomplished more in three years than men by rule-of-thumb methods might have accomplished in a generation. The 220,000 inhabitants have been so thoroughly vaccinated that smallpox has come to be insignificant; during the cholera epidemic there were only about one-thirteenth as many deaths as occurred during a similar visitation in 1882; and with the new water and sewer systems another outbreak of the scourge within the city limits will be practically impossible. Bubonic plague, the most deadly disease of the Orient, has been reduced to a minimum by inoculation, by isolation in the San Lazaro Hospital, which is the finest and best equipped building for infectious diseases in the East, and by a relentless campaign against rats, by which the disease is brought in ships from Asiatic cities. Through these methods the death rate of Manila has fallen lower than it is in many of the large cities in the south of the United States, including Baltimore and New Orleans. Among the American residents it is only a little more than nine per thousand.

The three things most needed in Manila at present are modern water and sewer systems, and modern and thoroughly equipped hospitals for the poor both in the city and in the provinces. All three of these wants are to be provided for. A committee has made plans for a civil hospital to cost more than \$1,000,000. It will be built on the pavilion plan. In the meantime Archbishop Harty has taken upon himself the task of providing

a hospital to meet present needs. A fine stone structure, built before the American occupation for the education of the Filipino priesthood, is to be equipped as a hospital in a most thorough and scientific way, and will be in charge of a band of sisters. Bishop Brent, of the Protestant Episcopal Church, also has taken up the cause of the indigent sick. Last April he returned from America with money to equip a hospital for needy Filipinos. The alumni of Harvard, Yale, Princeton, Pennsylvania, and Columbia Universities contributed the necessary funds, and work upon the new structure, which is to be known as University Hospital, has already been begun. Since no large hospitals are contemplated for the provinces, all three of these institutions will be needed.

The plans for the new water system have been completed by Major J. F. Case, who is a graduate of the Michigan University, and who put in the new water works in Seattle. The sewer plan is the work of Mr. Owen L. Ingalls, who was Inspector of Plumbing for Washington, D. C.

The new water supply will come from the upper waters of the Maraquina River, at a point nearly twenty miles distant from the city. It will cost \$4,000,000, but this large amount will eventually be returned to the city many times over in the decreased expenses of the Board of Health and of public hospitals. The present water supply, which is quite inadequate, comes from the lower course of the Maraquina River, and is contaminated by numerous towns. During the cholera epidemic three years ago this section of country became infected, and cholera germs were distributed throughout Manila. Not until the inhabitants were temporarily removed and the place thoroughly guarded did the health officers succeed in checking the disease. Farther up, the river runs through an unbroken forest, where no human being, except an occasional band of wandering savages, can be found. A dam sixty feet high and 375 feet long, shutting in an area of 311 acres, with a capacity of millions of gallons, is to be built at a deep gorge. The water is to be conveyed in riveted steel pipes to the present reservoir, which has a capacity of 10,000,000 gallons and an elevation of seventy-eight feet. This will give the city a minimum daily supply of 20,500,000 gallons within the fire limits.

At present the nearest approach to a sewer system is an arrangement by which 1,500 pails of refuse are collected every night and emptied ten miles out in the bay. A large part of the sewage is discharged into cesspools, surface water channels, or old sewers, and finds its way into esteros, or canals, or into the Pasig River, or is absorbed by the soil. In many parts of the city sewage is collected and stored in masonry vaults built as parts of dwellings, the contents of which are removed only at long intervals. Often in the native quarters there is not even this provision.

As in New Orleans, the conditions of which Mr. Ingalls carefully studied before coming to Manila, the uniform flatness of the city is a very serious obstacle to the making of an effective sewer system, pumping stations being necessary to remove the discharge.

A thorough system for the disposal of storm water into the numerous esteros is to be worked out, so that these foul places will eventually become pleasing parts of the city. They are to be dredged and walled up as waterways for boats, so that Manila will become a sort of Oriental Venice.

The transformation of the sanitation of the city is only a small part of the plan now in mind. Three hundred years ago Manila was the European metropolis of the Orient. Its area of trade included practically the world, and its harbor served as the clearing port for all the East. But the stupid and greedy policy of Spain, by which the city's trade with the outside world was confined to the home country, brought about the commercial downfall of Manila. Since then Hong Kong has risen to the commercial supremacy which Manila once enjoyed.

The first move to restore Manila to the commercial supremacy in the Orient to which its geographical position entitles it was the construction of a harbor, safe during the southwest monsoon season, with docks that permit the largest ocean steamers to unload directly upon the wharves, and thus save the expense of transferring goods to the shore in small craft. The Spanish Government began the work, but abandoned it. A good portion of the \$20,000,000 paid to Spain by the American Government was supposed to repay the investment in these improvements.

It was comparatively easy for the Amer-

icans to plan the new port, but where were they to obtain the money? Governor Taft and his fellow Commissioners, instead of waiting till Congress authorized the issue of bonds, which would thus enable the coming generations of Filipinos to bear their part of the burden, began the construction out of the current revenues, of both the harbor improvements and the Benguet Road, an excellent thoroughfare costing more than \$2,000,000 and leading up to the high mountains of

square feet in front of the Luneta, the two moats which surround the Walled City, and a large tract of low country beyond the municipal building.

The first difficulty the company encountered was the labor problem. American workmen were employed, but they were of little value in such an enervating climate. Then American Negroes were employed, but they, too, proved unsatisfactory. Chinese laborers were next secured, but to the disgust of the com-



TYPICAL LOWLANDS OF MANILA

The fertile source of much of the disease that ravaged the city before the American occupation

interior Luzon, where the Commission hopes to create a Philippine Simla.

The plans for harbor improvements involve an expenditure of about \$4,000,000, the work being in charge of Major C. McD. Townsend, an engineer in the United States Army. After difficulties, however, a New York company took the contract for the construction of the breakwaters, the dredging of the harbor, and the filling of the land to be reclaimed, the work to be completed for \$2,500,000. The company has secured the additional contract of filling in 3,000,000

pany they were worse than the American or the Negro workmen. As what seemed a last resort, Japanese laborers were introduced, and when they, too, failed to handle the work the company was preparing to face ruin, when someone suggested that the Filipinos have a chance. At that time nobody thought the Filipinos worth their salt as laborers; but, since there was no alternative, they were employed. To the surprise and delight of the company and of the Commission, they filled the bill, and the harbor improvements are now a reality. The story of these



A COUNTRY ROAD NEAR MANILA BEFORE THE AMERICAN OCCUPATION

One of many abandoned highways that were reconstructed

native workmen—how a thousand of them with their wives and families received sanitary houses, wholesome and nutritious food, amusements, schools, a church, and how faithful and efficient they have proved—is one of the brightest chapters in the history of the American occupation. The company was greatly embarrassed and its work delayed by the dishonesty of American firms, who, on the supposition that anything was good enough

for the Philippines, shipped damaged goods and machinery.

The area reclaimed from Manila Bay comprises 190 acres. The streets of this block are to be ninety feet wide, and the reclaimed area will be surrounded by a roadway 250 feet wide. At the entrance to the reclaimed land, on opposite sides of this thoroughfare, will stand a new custom house and a chamber of commerce, both to be fine stone structures.



A ROAD RECONSTRUCTED BY THE AMERICANS

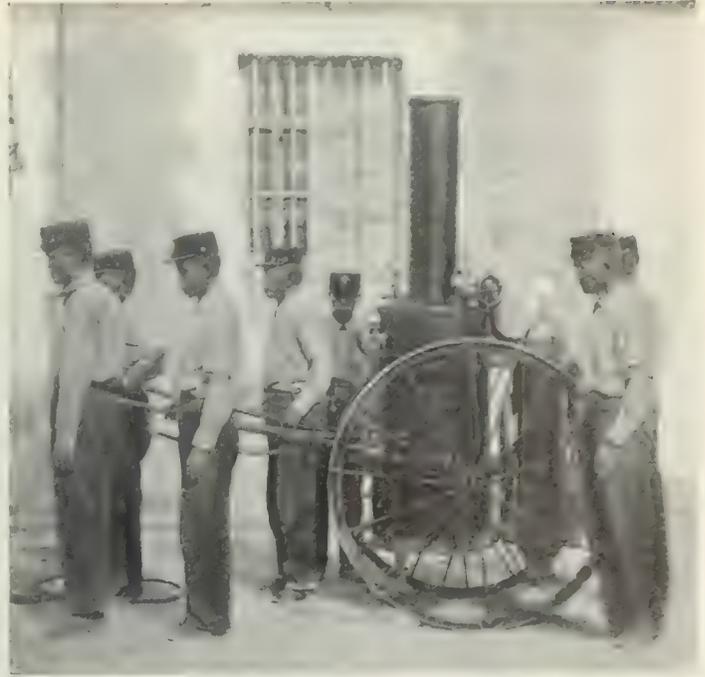
Now used for all sorts of heavy traffic

In the harbor itself about 600 acres are protected against the terrible typhoons of the southwest monsoon season by two massive stone breakwaters extending nearly three miles. In the construction of these great walls more than 2,000,000 tons of stone have been used. Of the 600 acres of protected harbor 350 acres have been dredged to a depth of thirty feet, and the dredging can be extended as more room is required.

But, of all the innovations, the street cars are the dearest to the hearts of Americans. The Manila Street Railroad and Electric Light Company is spending more than \$5,000,000 to supply the city with transportation and light. The city will soon have a new telephone system, too.

The street-car company has employed native labor from the first, and with eminently satisfactory results. It now has fifty miles of as fine a track as can be found anywhere, and the line may be extended around the head of Manila Bay to Cavite. Near this historical spot there will be a pleasure park such as can be found nowhere else in the Orient; and on Sundays the people may enjoy an outing through one of the finest sections of country in the archipelago.

Manila is governed by a Municipal Board of five members, three of whom are Americans. These men are not elected by the people, but appointed by the Governor-General of the islands, the system of government being



A SPANISH FIRE ENGINE

In use in Manila before 1898

modeled after that of Washington, D. C. The natives at times complain, but every thrifty white man in the city will tell you that Manila would have gone to the dogs had the people been allowed to manage their own affairs. As it is, the Municipal Board is administering probably the cleanest city government under the American flag. There are no political bosses or huge corporations to fight, and there is no "grafting."

Every city has its pet organization, and in Manila the fire department holds this dis-



MANILA'S PRESENT FIRE DEPARTMENT



THE INSULAR NORMAL SCHOOL AT MANILA

tinction. The Filipino finds his nipa shack in flames; he runs to the nearest telegraph pole and pulls a hook, and before he has had time to take a fresh chew of betel nut the engine is at his door and the danger is past. It is all very wonderful, more marvelous in fact than the charm against cholera which the priest sells him, and the men in helmets and rubber boots seem a sort of demi-gods.

Perhaps no city ever stood so greatly in need of a modern fire system as old Manila. During the month of May, 1904, two fires occurred in a week which rendered 35,000 people homeless. Under the new system there has not been a fire of any importance. The Spaniards had three antiquated engines, one of which was drawn by hand. The business

men stood in such terror of fire that on one occasion, when a conflagration threatened to wipe out the Escolta, the artillery from the forts was brought out and set to work battering down the buildings in the path of the fire. The *bomberos*, or street cleaners, acted as firemen. When an alarm was given someone had to go about the city and assemble the gentlemen, and when they were rounded up a council was held to determine whether or not the fire was in a sufficiently wealthy section of the city to make an effort to put it out worth while. If the driver of an engine decided that he would enjoy a *cigarrillo*, he stopped his horses and lighted it on the way to the fire.

The most abused man in Manila is Captain C. R. Trowbridge, Chief of the Secret Service

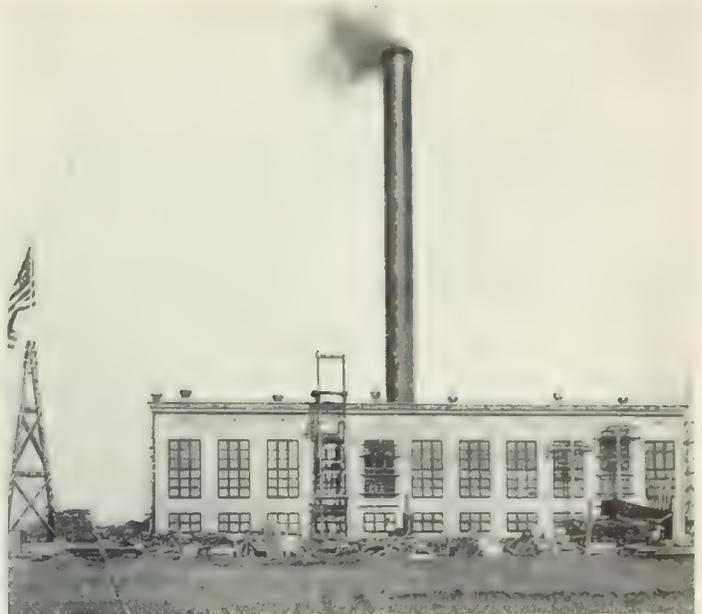


THE CONDE ALARCON DISPENSARY HOSPITALS AT SAN LAZARO, MANILA



THE "BONE YARD" IN PACO CEMETERY AT MANILA AS THE AMERICANS FOUND IT

The very mention of his name among a certain class of young gentlemen is enough to make them turn purple with wrath. He goes about the city in an apparently aimless way, as if taking a constitutional, yet he makes Manila a fit place for decent people to live in. With-



THE POWER HOUSE OF THE MANILA RAILROAD AND ELECTRIC LIGHT COMPANY

out such an officer it would be the rendezvous of all the desperate characters east of Suez. As it is, they avoid the place as they would the plague. The duties of the Manila policeman are often peculiar. The more ignorant natives have come to regard him as a sort of traveling justice of the peace, and scarcely a day passes but he is called upon to settle a dispute which, if carried to the courts, might consume days, and would swell the number of prisoners already herded together in the terrible Bilibid prison. No higher compliment can be paid to these rough-and-ready men in khaki than to say that there has never been a case of graft brought to light among them.

The story of the long and discouraging fight to establish public schools in Manila, the



A DISINFESTING SQUAD OF THE BOARD OF HEALTH IN MANILA



THE INSULAR ICE PLANT

Built by the American Government at a cost of \$2,000,000.

stronghold of medieval Catholicism and of the private church school, would require a volume. Up to the summer of 1903 practically nothing had been accomplished. Schools had been opened throughout the city, but the teachers faced empty benches. Then G. A. O'Reilly, a young Irish Catholic from Minnesota, became city superintendent. A born diplomat, with his apparently inexhaustible energy he soon changed the situa-

tion. To-day there are 6,000 pupils in the Manila schools, and the number could be doubled in a few weeks if there were buildings to accommodate the pupils. There are forty-eight schools, ranging from kindergarten to an insular normal school. There are a school of arts and trades, a nautical school, a school of commerce, a school of domestic science, and a school for English-speaking children. The teachers come from every



CARRYING MANILA'S WATER SUPPLY

The new pipe line.



REMOVING AN OLD SPANISH WALL TO EXTEND A STREET IN MANILA

section of the United States, and all that is best in method and equipment is finding its way into these schools. Plans for buildings of the most modern type, costing all the way from \$20,000 to \$80,000, have been completed, and construction will be begun as soon as possible. Thus, our "little brown brothers," who a few years ago were shackled by superstition and ignorance, are now in a fair way to enjoy a better school system than half the children of the United States have.

Nor has the beautifying of Manila been neglected. Mr. D. H. Burnham, the famous architect and landscape gardener who de-



THE NEW SANTA CRUZ BRIDGE, ABOVE THE BRIDGE OF SPAIN, MANILA

Built at a cost of \$185,000

signed the Boston Library, who is a member of the committee for beautifying the National capital, and who has charge of the park system of San Francisco, came to the Philippines at the request of Secretary Taft and Commissioner Forbes, to lay out a park

wide, on which will be the new city buildings and the finest business houses in the city.

At the rear of the Luneta will be the new law courts and other such buildings, while on the waterfront are to be constructed a million-dollar hotel and the Governor-General's



A DREDGER AT WORK IN MANILA BAY

One hundred and ninety acres of reclaimed land in the foreground. The silt from which it is made is discharged through a pipe 7,020 feet long, the longest distance at which this work has ever been done

system and to design the public buildings. According to Mr. Burnham's plan Manila will have two railroad centres, one on each side of the Pasig River. From these, boulevards will radiate, connecting with the new docks and the Luneta. Along the site now occupied by the moat will be a boulevard 160 feet

Palace. Flanked by all these imposing structures, the Luneta will not only eclipse everything of its kind in the Orient, but will compare favorably with the most beautiful parks of the world.

But the crowning work of Mr. Burnham is to be a boulevard 250 feet wide, with four



THE FIRST ELECTRIC CARS IN MANILA, APRIL 11, 1905



THE BUILDING FORMERLY USED BY GOVERNMENT LABORATORIES AT MANILA

rows of mango trees and a double drive with a walk in the middle, beginning at the Governor-General's Palace and extending along the shore of Manila Bay toward Cavite. At present this splendid driveway will be constructed for a distance of four or five miles, and will be extended from time to time until it stretches around the great half-moon of the bay to Cavite, a distance of twenty-two miles. When completed it will be one of the finest drives in the world.

Thus this decayed outpost of civilization, which 300 years ago was the white man's metropolis of the Orient, is being restored to its former place. It is a costly business

both in blood and gold; and the only reason for the undertaking is that it is a duty—a duty to ourselves, to civilization, to a down-trodden people. When we have taught them to take their place among the nations, and to do their share of the world's work, we shall set them free and wish them God-speed. And yet, when the American looks about him at all the improvements that represent American pluck, enterprise and self-sacrifice, there is a certain feeling of reluctance to hand over the fruits of our toil to an inferior people, who, for many generations at least, will render scanty thanks for the great things which have been done for them.



THE NEW BUILDING OF THE BUREAU OF GOVERNMENT LABORATORIES AT MANILA

BANNERS WERE DISPLAYED EVERYWHERE
They were carried in processions past homes of Councilmen



Photographed by Peirce & Jones

THE AWAKENING OF PHILADELPHIA

THE STORY OF THE POPULAR REVOLUTION THAT ENDED A FORTY-YEAR ERA OF BOSSES
—HOW THE PEOPLE WERE MADE HELPLESS, AND HOW THEY GOT BACK THEIR FREEDOM

BY

ISAAC F. MARCOSSON

With shouts of civic pride
Thy streets shall ring—
New Philadelphia,
To thee we sing.

THESE words, sung by 4,000 people to the stirring melody of the Russian national anthem, rang through the Academy of Music in Philadelphia and were echoed by a great crowd outside. Everybody waved a flag and over the stage hung a picture, "The Spirit of '76." These people were only part of the cheering thousands who had assembled that night in response to the appeal "to stand by the Mayor." Three



days before, Mayor John Weaver had turned on the bosses who had elected him to office

and dismissed the Directors of Public Safety and Public Works. It was the first definite blow at the corrupt autocracy that had plundered the city for years, and it thrilled the whole community.

The immediate provocation was the passage by a puppet Council of an obnoxious gas ordinance, mortgaging the very future of the city to private interests.

The people, long at the mercy of the machine, had at last been stung into rebellion, and the tumultuous demonstration was only one spectacular act in the drama of the city's awakening. It marked the real beginning of a notable civic regeneration, for Philadelphia was at last emerging from the bondage of graft, and, aroused and aggressive, had begun a new epoch in her history.

The story of thralldom is a long one. It is a forty-year story of a succession of bosses.

It began with General Simon Cameron, the state boss, and was continued when he transferred his place in the United States Senate and his power to his son, Don Cameron; it reached its most effective interpreter in the late Senator Quay, the master graftsman, who inherited and perfected the Cameron machine.

Now the city of Philadelphia was the key to the state organization. Quay, therefore,

He found bricklaying too hard, and became a successful politician. Martin made him one of the "Hog Combine," so named because someone said at the time that "they hogged everything in sight and more." Soon after this Quay and Martin quarreled about the mayoralty election. Quay wanted Bones Penrose (now United States Senator); Martin said that he could not be elected, and stood out for Charles Warwick, who was elected.



OVATION FOR MAYOR WEAVER ON THE STREET

For days after he turned on the bosses cheering crowds followed the Mayor.

annexed Philadelphia. But he did not do it alone. In the shameful degradation of the city a succession of local bosses came into power, at whose methods the present wrath is directed.

For years Quay's lieutenant in Philadelphia was David Martin, who was the city boss. But he was not powerful enough, even with Quay's support, to go alone. Among the developing politicians was Israel W. Durham, who had started in life as a brickmaker.

Quay never forgave Martin, and later denounced him on the floor of the Senate as "the man with the dollar mark on his brow." Quay then made Durham his Philadelphia chieftain. Martin's downfall was accomplished, but it was not till 1899, with the election of Samuel H. Ashbridge as mayor, that Durham came to supreme local control. He drew \$20,000 a year as State Insurance Commissioner, but he never went near his office at Harrisburg. He built up a powerful

Aroused Citizens!!

You are earnestly urged to get up a delegation of your neighbors to call on our Select Councilman, tell him what you think of him and give him your views on the Gas Lease. We do not want the gas works leased for seventy-five years. **LET THE PRESENT LEASE ALONE**



GEORGE B. EDWARDS

GEORGE B. EDWARDS has been a citizen of the Ward for many years, and will probably be interested in the advice of his friends and neighbors, particularly of those who voted for him. We may yet compel him to represent us and not the U. G. I. and the corrupt bosses who wish to jam the measure through over the Mayor's veto.

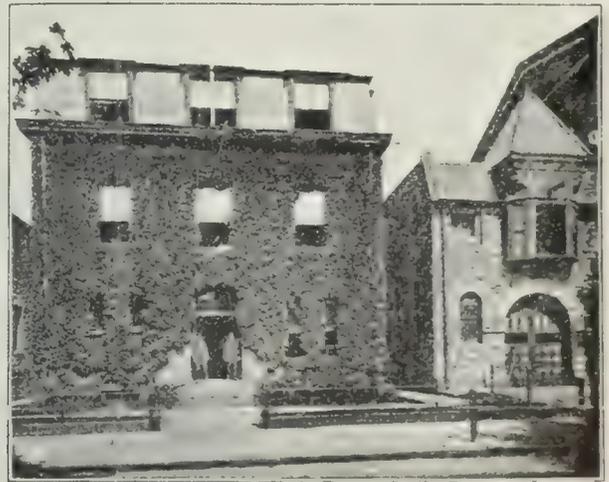
**DON'T SEE YOUR CITY ROBBED! DON'T BETRAY YOUR TRUST!
DON'T MISREPRESENT THE 22d WARD**

The Old Township of Germantown!!



251 WEST RITTENHOUSE STREET

Where George B. Edwards Lives



GERMANTOWN POLICE STATION

W. Haines Street, Back of City Hall. Where George B. Edwards Spends His Evenings

To aid citizens in finding Mr. Edwards so that they may express their wishes to him, his portrait is given, his home and his evening haunt. During the day he is employed at The Stephen Greene Printing Company, N. E. Corner Sixteenth and Arch Streets. Telephone number, Bell "Spruce 3738," Keystone "Race 943."

Shortly after supper it is his custom to go to the police station, where if not at home when you call, you will undoubtedly find him.

Go To-day

**SWELL THE
PROTEST!!**

Go To-day

THE POSTER THAT MADE A COUNCILMAN CHANGE HIS NOTE

It greeted Mr. Edwards wherever he went in Germantown. He is now one of the Mayor's supporters



ISRAEL W. DURHAM

Photograph copyrighted by Curtis & Young

The despotic boss who controlled the city government for ten years

political machine, called the Organization, whose followers, entrenched in city offices, numbered 10,000 people.

THE OLD-FINE ODOR OF GAS

If it was against Durham the people revolted only after they had submitted to a long succession of bosses, their provocation also was one phase of a long-standing, unmitigated

The city had long owned and operated its gas works, and the odor of its management had mingled with the stench of municipal politics for more than one decade. The works from the first had been the centre of graft and controversy.

In the middle of the nineties a charter was granted to the United Gas Improvement Company to manufacture water gas from oil.



MAYOR JOHN WEAVER

Photographed by Van Rapp

Who turned on the boss and became the real mayor of the city

Standard Oil interests were behind the new corporation. The "U. G. I." began to sell water gas. Its president was Mr. Thomas Dolan. He was a close friend of David Martin. An ordinance was introduced in the Councils (there are a Common and a Select Council in Philadelphia) providing for the purchase of a certain quantity of water

gas from the U. G. I. by the city. The quality of coal gas (made by the city) had been poor and caused much complaint. The ordinance was passed. Then the two kinds of gas were mixed, in the hope of getting better gas, without success. "Better gas" was the plea.

Mr. Dolan, as the far-seeing president of



BUSINESS MEN MARCHING ON THE CITY HALL.

Photographed by Peirce & Jones

A stirring incident of the fight against the gas lease.



THE ABUSED CROWD IN FRONT OF THE CITY HALL.

Photographed by Peirce & Jones

This assembly is a great moment in the history of the city. After the Council passed the gas ordinance

the U. G. I., proposed to lease the city gas works for a long term of years, and to make good gas for the long-suffering citizens. His proposition was to take over the city gas works for thirty years (beginning in 1897), subject to the right of the city to take them back after ten years, on the payment of the amount expended by the U. G. I. on permanent improvements. The somewhat complicated proposition provided that the right to reduce the price of gas should be left to the Councils; that the city should secure

ASSESSOR'S REGISTRY OF VOTERS
3d DIVISION 10th WARD
 DECEMBER, 1904

BOUNDS: East Side 9th West Side 8th North Side Race South Side Vine
 Vote 261 North 9th Street

| | | | |
|--|--|--|--|
| <p>122 names listed between arrows</p> |
|--|--|--|--|

I, the Assessor of the above Division of the above Ward, certify that the names contained in the foregoing list are the names of all Electors residing in the Division and that every person whose name is contained therein is a qualified Elector having a fixed residence in the Division, to the best of my knowledge, information and belief.

WM. ARNOCKER, Assessor

Poll Taxes will be received at the Office of the Receiver of Taxes, City Hall Broad Street until January 21 1905

AN ASSESSOR'S LIST

The only record made of voters. Citizens have no part in their own registration. The 122 names between the arrows are from 8-5 Race Street. The house would be packed if sixty lived in it



A HOTBED OF FRAUDULENT VOTES
 From this house, 805 Race Street, 122 names were assessed

free gas for lighting the streets; and in exchange the U. G. I. should get the works (under certain conditions) and the exclusive gas franchise.

The offer was made at the right moment. The people were willing to try anything to get out of darkness. But the lease met strong opposition. Some said that the U. G. I. had contrived to bring about the unsatisfactory mixture of water and coal gas. But the proposition was accepted; Martin was Mr. Dolan's friend, and the U. G. I. took over the works.



A CITIZEN SPEAKING IN FRONT OF THE CITY HALL

Indignation meetings were held in many parts of Philadelphia to protest against the efforts of the Organization to rush through the Gas steal



Photographed by Van Klee

MR. A. LINCOLN ACKLER

The new Director of Public Works, who is introducing business methods.



Photographed by Van Klee

COLONEL SHELDON POTTER

The new Director of Police, Safety, who is drawing the public from politics.

Thus the U. G. I. made its appearance in Philadelphia politics. It grew more arrogant every year, until the righteous indignation of the people, aroused at last, brought on the revolution.

Meanwhile, in 1899, Samuel H. Ashbridge

(Durham's man) had become mayor. Soon after his inauguration he said: "I mean to get out of this office everything that is in it for Samuel H. Ashbridge." Then began the period of darkest Philadelphia, for the riot of graft was on.



JUDGE JAMES GAY GORDON

Mayor Wood's personal counsel at the signing of his contract with the contractor.



Photographed by G. S. ...

JAMES F. MCHUGH

The favored (or) contractor whose contracts have been held up by the Mayor.

Two conspicuous grafts, the filtration and the boulevard jobs, distinguished the Ashbridge administration. The filtration job was this: The water of the Schuylkill River is one of the principal sources of Philadelphia's supply. It had caused an epidemic of typhoid fever, and it needed to be purified. A plan to filter it was made under Mayor Warwick. But Warwick was Martin's man. Durham blocked the plan; for Durham wished this chance for graft held over till a man of his own should become mayor. He awaited the coming of Ashbridge.

A commission of engineers recommended four slow-sand filtration plants estimated to cost nearly \$11,000,000, and a public loan was voted to pay for them. Then the Organization began its work. The engineers who made the original estimates, and the Chief of the Water Bureau (who had assisted) were dismissed. Mr. John W. Hill, who had been employed as engineer by the city of Cincinnati (then, as now, in the grip of Boss George B. Cox), was installed as chief engineer. The specifications were cunningly juggled to make competition impossible, and to throw all the work to D. J. McNichol & Co. Henceforth the name of McNichol loomed large on the Philadelphia horizon.

"D. J. McNichol & Co." was merely a cloak to hide the real members of the firm. James P. McNichol was one of the members—he who was commonly known as "Strawberry Jim." A sudden rise from ward politician had made him a leading city contractor. Merciless in business, yet giving thousands of dollars every year to the poor of his ward (whose votes he needed), he fattened at the expense of the city.

All the contracts went to the McNichols, although they were always the highest bidders, because Durham's word was law.

HOW GRAFT TROD ON GRAFT

The sand contract is a typical story of McNichol graft. Since sand was to be used in the filtration beds, McNichol got a corner on sand. The largest of the four filters is at Torresdale. One of the sand contracts, No. 24, was awarded McNichol, whose estimate was \$290,000. He sublet the contract to James Caven & Son at \$215,000. By simply signing the two contracts he made \$75,000, which was a dead loss to the city. The Cavens did not enter the original competition

at all. They had a right to do so as independent business men. But the younger Caven was a member of the Select Council, and the law makes it felony for a member of the Council to do business with the city.

Graft trod on graft in these sand contracts. A remarkable agreement was made, which was nothing short of conspiracy, between the Cavens on one hand, and Norcross and Edmunds, their only competitors, on the other, to tie up the sand business, prevent competition and enter into a contract with D. J. McNichol.

Month by month "increased appropriations" and "necessary expansion of work" swelled the cost of filtration until a total of \$26,000,000 was reached. The people held up their hands and the robbery went on. Durham and the Organization were supreme.

THE BOODLEVARD

Another graft in the reign of Durham was the Torresdale Boulevard, which was so crusted with graft that Philadelphia people call it "The Boodlevard." Torresdale is an isolated suburb ten miles east of Philadelphia. Most of the land between it and the city was farm land. In 1902 the Philadelphia Land Company was incorporated, and its representatives began to buy that land very cheap. The incorporators were young men employed by the attorneys who represent John M. Mack, former partner of D. J. McNichol, and himself for years a large contractor and politician. Then Peter E. Costello, chairman of the Finance Committee of the Select Council, introduced an ordinance for the construction of a boulevard from Broad and Cuyatoga Streets to Torresdale, ten miles off. There was no need of such a thoroughfare. The estimated cost was \$1,000,000 a mile. The route, singularly enough, touched the farm property that had recently been acquired by the Philadelphia Land Company. When the ordinance was introduced and the contract was awarded (it went to D. J. McNichol), the price of the land increased from \$200 to \$12,000 an acre. Costello subsequently became Director of Public Works, superintending the boulevard construction. But the Organization and John Mack fell out because Mack underbid McNichol in a city contract. Mack had property on the Torresdale Boulevard. The gang, therefore, changed the boulevard plan so as to make a detour of

three miles, avoiding his land and skirting the land of David Martin, who had made his peace with the machine.

WHY THE PEOPLE WERE SUPINE

Now what were the decent citizens of Philadelphia—they who were in the great majority—doing in the face of this organized depredation? The reformers tried to storm the bulwarks of corruption. "It is hopeless," they said.

There were two reasons why they did not succeed:

First. Philadelphia and Pennsylvania are overwhelmingly Republican. There was no strong minority party to compel the dominant party to be good. Whenever the self-respecting Republicans sought to escape from the taint of their party the Organization held over them the lash of the protective tariff. This was Quay's trump card always.

Second. In Pennsylvania the registration is not made by the voters themselves. The lists are made up by assessors, elected in the various "divisions" (precincts), who make a house-to-house canvass. The only record made is the name of the voter, his address, and whether he be a householder or a boarder. These lists put into the hands of the Organization the most powerful weapon for the destruction of an honest vote.

For six years between 70,000 and 90,000 fraudulent names have been on the lists. They were enough to decide any election, and they were always available. There are thousands of examples. At 805 Race Street, in Jim McNichol's ward, is a four-story lodging house. At the utmost sixty people could be packed into the building, yet 122 were listed there. From a lodging house at 824 North Eighth Street, where two legally qualified voters lived, fifty-one voters were assessed. When the supply of names in a certain division ran out the assessors put in such names as William Cat, John Canine and George Sailor.

Padded assessors' lists, by the aid of accomplished ballot-box stuffers, made the outrage of the ballot complete. That is why Philadelphians grew hopeless and remained at home on election day. Durham was still Boss

THE COMING OF MAYOR WEAVER

Such were the conditions when John Weaver became mayor in 1903. "Who is John Weaver?" people asked when the Organiza-

tion elected him district attorney the year before. He was an Englishman who ran away from home when he was sixteen, and who was stowed away on a ship and came to Philadelphia, where he became a court stenographer. He was in time admitted to the Bar, and was attorney for a collection agency when the Organization singled him out as a "good man." He went to a Baptist church and he taught a Sunday-school class. As district attorney he had prosecuted Samuel Salter, a machine man charged with ballot-box stuffing, but a picked jury acquitted Salter. As balm for his wounded feelings the Organization gave Salter a city job.

When Durham, Penrose and McNichol looked about for a mayoralty candidate to succeed Ashbridge, Durham said:

"Weaver is a Sunday-school teacher. We'll make him mayor."

"Good," chimed in Penrose and McNichol. And Weaver was elected. A "good man" could cover a multitude of sins, they thought.

The citizens respected Mr. Weaver, and hoped for better days. He made Peter Costello (the sponsor of the Torresdale Boulevard) Director of Public Works. Costello was Durham's man. City appropriations were stretched and McNichol contracts continued to thrive. Vice and crime were rampant.

Every day Mayor Weaver came and went from his luxurious office in the city hall. According to all appearances, Weaver was the chief executive of a city of 1,500,000 people. He made speeches of welcome, he presided at dinners, and he signed official documents.

But in a little office on the eleventh floor of the Betz Building, whose high walls cast their shadow on the city hall just across the street, was the real Mayor of Philadelphia. Here were Israel Durham, the Boss's headquarters. Every morning he made his way through a crowd of retainers who congregated on the steps of the building. He held a curbstome council, dismissing a dozen men in as many minutes. He listened to every petition, while his blue eyes searched the petitioner. He said "Yes" or "No" (he was always specific); he never made promises; but he quietly made and unmade men.

THE RAID THAT LED TO REVOLUTION

The raid on the city funds continued till the treasury became empty, but the bottom-

less pit of city contracts still yawned. Where was money to come from?

Durham found a way to get it, and that way led from the U. G. I. One day last April an ordinance was slipped into the Councils, providing that, because of the city's financial embarrassment and of the pressing need of continuing public improvements (particularly filtration plants and boulevards), the Finance Committee be empowered to confer with the U. G. I. to anticipate the payments due the city, which were approximately \$650,000 each year. Before the citizens could grasp its full meaning an ordinance had been introduced proposing a lease of the municipal gas works by which the city should give up its right to receive \$30,000,000 in rentals before 1927, extending the existing lease on the works until 1980, and fixing a high price for gas until that time. The city was to surrender, too, the rights to lower the price of gas to the consumer. For all this the U. G. I. offered \$25,000,000!

Now Mayor Weaver had been ignored in the whole matter. He did not know what was afoot until he read the first ordinance in the newspapers. The press broke into scathing denunciation of what they called "the gas steal." The rage of the citizens grew. Mayor Weaver went to the West with a party of English friends on a sightseeing tour. The Committee of Seventy, which comprised many of the most prominent citizens, protested against hasty action and asked that other offers be considered. But the committee was ignored and it set May 4th to consider the U. G. I. offer.

THE SIGNAL FOR REVOLT

The rage of the people grew, but no one had taken the initiative. On Saturday afternoon, April 29th, Mr. Clarence Harper, president of the Union Trust Company, and Mr. Albert E. Turner, a well-known newspaper writer, met at the Union League Club. They talked about the gas steal.

"I can't stand it any longer," said Mr. Harper. "We must do something."

"Let's have a town meeting," said Mr. Turner. They went to the Academy of Music and engaged it for the evening of May 3d. Mr. Harper gave his personal check for the rent. They wrote a call for a meeting. They wanted to get the announcement into the Sunday papers. It was late, and they telephoned

to a score of leading citizens to sign the call. Every man said "Yes." The next day the call for the meeting stood out in big black type on the first page of every Sunday newspaper, and people, reading it in thousands of homes, realized that at last a blow was to be struck at the gas company.

The following morning the *North American* pledged \$5,000,000 to any business plan to defeat the U. G. I. lease. U. G. I. stock, which had begun to rise as soon as the ordinance was introduced, dropped three points in the market.

A Committee of Nine, headed by Mr. Francis B. Reeves, the president of the Girard National Bank, was appointed to conduct a campaign against the ordinance in conjunction with the Committee of Seventy. The citizens were urged to assemble about the city hall the next afternoon, when the Finance Committee was to meet to consider the grab.

A POPULAR UPRISING AT LAST

When the Finance Committee of the Councils met a great crowd surged about the city hall. Many wore buttons showing a hangman's noose and containing the words "No Gas Steal—We Mean It." At last the voice of the people was speaking, and the Finance Committee heard. Action was deferred for two weeks, and bids were invited. Mayor Weaver hurried home. He announced that he was opposed to the gas lease, and he engaged Judge James Gay Gordon as his personal counsel. U. G. I. stock continued to drop. But Durham held the lash over the Councils. When the Finance Committee met on May 18th, once more a respectable mob surged inside. Many wore buttons with an American flag, and with the words, "For the honor of the city." The galleries were packed. Judge Gordon read a letter from the Mayor asking for delay and saying that the city had ample borrowing capacity. Yet a bid from E. B. Smith & Co. (into which the *North American* offer had been merged), which was more advantageous to the city, was spurned. The U. G. I. lease was rushed through the committees, and whipped through the Councils that same afternoon, while the citizens cried "Thieves, robbers!" Durham had delivered the funds to Dolan.

Mayor Weaver announced that he would veto the ordinance. Then he struck his first

blow. He dismissed from office Peter Costello, Director of Public Works, and David J. Smyth, Director of Public Safety. He appointed Mr. A. Lincoln Acker, a business man, to succeed Costello, and Colonel Sheldon Potter, a prominent attorney, in Smyth's place. He engaged Mr. Elihu Root as special counsel. The ousted men got an injunction from a judge appointed by Quay, and sought to regain their offices. During the appeal to the Federal Court (which set aside the writ) Mayor Weaver posted detectives in the offices. "I am in charge," he said. The whole city was thrilled. When the Mayor went to lunch cheering crowds blocked his way.

A great fight for reformation had begun. "Stand by the Mayor!" was the war cry. Every ward was organized, and every councilman was bombarded day and night to change his vote. In Oak Lane a councilman tried to escape his angry constituents. They trailed him in an automobile. In Germantown a unique campaign was waged against Councilman George R. Edwards, of the Finance Committee. Posters with his portrait, and a picture of his house and of his loafing place (the police station) were posted everywhere. An old Quaker met Edwards on the street and, stopping him, asked:

"Why did thee vote for the gas lease? I have been asked to point the finger of scorn at thee; I do." And he poked him in the side with his finger.

The hammering had its effect. The break in the Council's ranks began. The newspapers printed a Roll of Honor for those who changed. A great mass meeting was held at the Academy of Music. The crowd overflowed to the street and to an adjoining hall. "Thank God, we breathe again the air of freedom," said Mr. Charles Emory Smith in a speech. The meeting was punctuated with reports from wards telling of councilmen who had fallen into line. Every one was cheered. The city was aflame with excitement. It was secretly agreed that if the Council held a sudden meeting, to try to pass the ordinance over the Mayor's veto, bells were to be rung and whistles to be blown and factories and stores were to be closed to give everybody a chance to march to the city hall. To this extent were the people aroused.

Two days later (on Saturday) Dolan withdrew his offer for the lease, and on Sunday a grateful city gave thanks for a deliverance. Mayor Weaver had become a hero.

But the fight was just begun. Mayor Weaver named an Advisory Committee of fourteen representative citizens. He issued an order releasing policemen and firemen from political assessments, and thus tapped the very life blood of the Organization. At his request Rolla Dance (a protégé of Jim McNichol), secretary of the Civil Service Board, resigned. He had made up the "eligible list" for city offices. The Mayor ordered the arrest of Councilman Frank Caven (of sand memory), charging him with being interested in a city contract while in office. The trial was full of sensations, but none was as profound as the revelation that Israel W. Durham was a full partner of D. J. McNichol.

The next day John W. Hill resigned as chief engineer. The Mayor stopped all work at the filtration plants, and posted detectives there. He revoked the McNichol sand contracts. John W. Hill was arrested, charged with falsifying contract returns. At his preliminary examination one of his assistants testified that \$7,000 had been left over on a filtration contract, whereupon Hill said:

"Don't you know it is a general rule that all money should be spent, that a contract should go overboard?"

"Maybe so," said the assistant, "but I want to save the city this money."

But Hill said: "I want to give this money to the contractors. Take the sheet back. Put the contract overboard. *Eat it up.*"

The witnesses testified that he "ate it up." He put it on a stock contract.

Every day disclosed some new and glaring contract scandal. The Mayor ordered a rigid investigation of the city's accounts by the Audit Company of New York, and William Barclay Parsons (who planned the New York Subway) began an inspection of all work that had been done and all that was under way. Office holders trembled lest they be next singled out. The Organization was in dismay. It had staked much on the gas lease, and it had gone down with the latter's failure.

MAYOR WEAVER'S FIRMNESS

I was in Philadelphia in the midst of these sensational developments. Everywhere people talked of the Mayor's stand and the downfall of the machine. The Mayor's suite in the city hall was like the headquarters of a victorious general in war time. Men, with

the smile of victory on their faces, came and went. There was bustle and action.

When I entered the Mayor's office a sturdy man with curly light hair and brown eyes whirled around in his chair to greet me.

Through the window at his back the U. G. I. building loomed white.

"What will be the result of the upheaval?" I asked him.

"If it go to its only proper conclusion," he replied, "it will mean a government for Philadelphia such as the charter of 1885 intended it to have—a government for the benefit of the city and of the people without regard to politics or politicians—a square deal for everybody. Every department of the city should be put on a business basis, as any private business is."

Then I went to the little office on the eleventh floor of the Betz Building. In the outside room a few Negroes lounged and several white men came and went listlessly. The mark of the beaten man was in every brow. In the room adjoining, surrounded by some friends, I found Durham. Defeat, worry and disease had whitened his face, and the blue eyes that formerly searched everyone were shifty. His favor with the gang had been founded on success; it had declined with failure.

"Have you anything to say?" I asked him.

"Nothing," he said.

As I talked to him, above the roar of Philadelphia's busiest thoroughfare rose the shouts of the newsboys:

"Extry! Extry! All about Mayor Weaver!"

A NEW ORDER OF THINGS

There is a new deal now, but many offices with large patronage, and the control of the Republican party organization, yet remain in the hands of the spoilers. To complete civic regeneration the citizens are resolutely applying themselves. The definite and constructive reforms are these:

First. The purification of the assessor's lists. This will insure an honest vote. The City Party and the Committee of Seventy have made an organization in every division to aid the assessors and to watch the polls. The Committee has addressed a letter of warning to every assessor. The Committee is prosecuting many cases of padding assessors' lists and stuffing ballot boxes.

Second. The enactment of legislation pro-

viding for registration by the voters themselves. This will remove a large opportunity for corrupt elections.

Third. The repeal of the Ripper Bill, instigated by Durham and rushed through the last Legislature. The bill takes from the Mayor the power to appoint and to remove the Directors of Public Safety and of Public Works, and gives it to the Councils.

Fourth. Increasing the severity of punishment for violators of election laws. The present laws, which impose slight punishment for the most flagrant offenses, are an inheritance from the Quay régime.

But more significant than all this is the "Minute Man's Pledge." It has been signed by 5,000 men of Philadelphia:

"I regard service to the city as one of my foremost duties. I will, therefore, make such personal sacrifices as the interests of the city in my judgment demand.

"I will make it a prior engagement to attend properly called meetings during any municipal exigency; to acquaint councilmen, personally or by letter, with the fact that their actions are being closely watched, and to fulfil all the duties of good citizenship preceding elections and on election days."

THE RESULTS ACHIEVED

Among the definite results already achieved are these:

Under the auspices of the Law and Order League, and with the aid of the police, which was impossible six months ago, hundreds of dens of vice have been raided and the owners and inmates arrested.

Durham, beaten and cowed, resigned as State Insurance Commissioner, and his old-time enemy, David Martin, was appointed by Governor Pennypacker as successor. When Martin tendered Mayor Weaver a judgeship for recognition of the battered machine he was spurned.

Everywhere public opinion is triumphant. Men walk the streets with a sense of pride in the city.

Behind the awakening of Philadelphia is a yet larger result. It will touch the whole state. Next year a Governor and a Legislature will be elected. From Pittsburg, Scranton, Wilkesbarre, Allegheny, Bedford, the message has been sent to Philadelphia, "We are with you." In the country, too, the spirit of revolt against the political grafter is spreading. The cleansing of Pennsylvania has begun.

AS MANY RAILROAD METHODS AS RAILROAD KINGS

THE CASSATT WAY, THE HARRIMAN WAY, THE HILL WAY, AND THE WAYS OF OTHER
MAGNATES—A STUDY OF THE GUIDING SPIRITS OF THE GREAT TRANSPORTATION LINES

BY

C. M. KEYS

OF THE "WALL STREET JOURNAL"

THE year just closed has been the most remarkable in the history of American railroading in illustrating the differences in transportation methods in the various parts of the country. There was one disastrous experiment—the transplanting of Pennsylvania methods to a Western railroad. There have been half a dozen resignations of prominent railroad officers on account of differences of opinion over methods. Two great systems have been running millions of dollars behind their earning capacity on account of "mixed methods."

A railroad administration must not be disturbed by sudden changes. To introduce the free-and-easy Western methods on an Eastern trunk line is as disastrous to the administration and to the revenues as it would be to introduce into a department store in New York the free-and-easy credit system of the country store. Conversely, it has been proved by the Rock Island experiment with Mr. L. F. Loree that to introduce the methods of the Pennsylvania on a free-and-easy Western road means the throwing away of millions in revenue and the thorough disorganization of the line.

There are ten or twelve vitally different methods of running a great railroad. The Pennsylvania way stands first, because it is the most highly developed on the continent. The Pennsylvania is an old railroad. Mr. A. J. Cassatt, the president, has always been a Pennsylvania man. He has grown with the railroad. He belongs to it and it is his. He made it and the method of its running.

The method, from his point of view, is simple. It follows the old adage: "A place for everything and everything in its place." The system of administration is perfect. Pennsylvania railroad officers come as close to being perfect machines as it is possible for

men to come. There are more than 600 of them. Every one has his specific duty. If he fails in that he is reprimanded or discharged. If he does more than he is listed for he is again reprimanded. There must be neither dereliction nor interference. The work of every officer, every senior clerk, even of every minor clerk, is specifically laid down, limited, and outlined. Every man on the system has his place, knows it to the last letter, and dare not go either behind it or beyond it.

The Pennsylvania school is the strictest railroad school on the continent. It produces automatic railroad men. They may be successfully transplanted from one division to another, but history has failed to record that they can be moved to any other system. The training of Mr. Ralph Peters may have qualified him to become the president of the Long Island Railroad, for the Long Island is to be a division of the Pennsylvania system; but even a change so slight as that has yet to be proved beneficial or successful. Mr. Peters is a typical Pennsylvania man, trained, exact, and exacting, full of discipline, a hewer to the line laid down.

The results, when applied on a perfect railroad, come the closest possible to perfection—which takes the form of a fine machine, correct in every detail, operated and administered by one man, who handles all the levers, is responsible for all things, and relies on no other, even for the carrying out of orders. The routine of the Pennsylvania machine is the most perfect in America. Every Pennsylvania Railroad officer knows that some day he may rise—but only by becoming the most perfect automatic railroad man of his rank on the road. Because the Pennsylvania method has a glorious railroad to work with, and a traffic that comes because it must, even as the sun rises, the Pennsylvania method is

successful. Applied on the Reading, it made the New York-Philadelphia passenger schedule as regular as the ticking of the clock. Applied in the Jersey City freight yards and in the Pittsburg freight houses, it permitted the Pennsylvania to surpass all the other railroads in the world in the handling of a volume of freight out of a given point within a given time. It is a triumph of perfect system.

The Pennsylvania method has made of the Baltimore and Ohio a great trunk line. Of the Norfolk and Western it has made the strongest of the soft-coal roads. Of the two derelict anthracite railroads—the Jersey Central and the Reading—it has made giants in handling freight and speedways in passenger traffic. There remain for it two gigantic tasks—perfecting the urban traffic into and out of New York City, and rehabilitating the Long Island Railroad.

When Mr. L. F. Loree was president of the Baltimore and Ohio, one of the subsidiary lines of the Pennsylvania, a young man in search of a position was sent to him from the Reading Railroad. The youth was recommended by a vice-president of the Reading. Mr. Loree asked him a multitude of questions about what he could do. The applicant, who was seeking a clerical position at the head office, had been an assistant comptroller for a small electric line, had worked in the freight department of the Lehigh Valley, and had helped the comptroller of the Reading to keep accounts. He knew the routine of practically every department. At the end of the interview Mr. Loree said:

“Young man, you know too much and too little. The rule on the Baltimore and Ohio is, ‘Know a little, but know it perfectly.’ We want specialists on these lines. We do not want our transportation men figuring on the methods of gathering traffic, nor do we want our traffic men figuring on the operating details. Specialize, and you will succeed on the Baltimore and Ohio.”

In sharp contrast to this method is the method on the New York Central and its allied lines. There are more than 500 men in official positions on this company's lines. Not one of them knows who is running the road. They know vaguely that either Mr. W. H. Newman or Mr. W. K. Vanderbilt is doing it, but no one knows for sure. Neither does Mr. Newman nor Mr. Vanderbilt. Mr. Newman knows that he has no option in insti-

tuting any policy, in building any extension, even in holding or letting go officers of the road. Until very recently the whole Vanderbilt system was run through six months of the year from Paris or wherever Mr. Vanderbilt happened to be. There were half a dozen presidents, each reporting to Mr. W. K. Vanderbilt. In recent months Mr. M. E. Ingalls, president of the Big Four, and Mr. H. B. Ledyard, president of the Michigan Central, have resigned their commands to Mr. Newman, and the Nickel Plate, the Canada Southern, and the Lake Shore have also come more directly under his hand.

This is the beginning of wisdom. Mr. Vanderbilt is still in the saddle, but at least he has allowed the centralization of the administration. Until there is a more complete shake-up the New York Central is practically certain to lag still farther behind the Pennsylvania.

There is more “red tape” and less real system on the New York Central lines than on any other great system in the Union. Even the comptroller, the treasurer, and the secretary are tied hand and foot. Not a statement of earnings, not an account, not a word of command, can pass that office on Forty-second Street when Mr. W. K. Vanderbilt is in it without some formality or other. Mr. Vanderbilt has attempted to introduce a system on the road. He has succeeded only in making clerks of his operating officers and hired men of his employees.

The New York Central should be the greatest railroad in the country. It has the only water-grade line from New York to Chicago. It should command the freight traffic out of and into New York. The Pennsylvania has to carry freight over the Alleghanies. The New York Central takes it by level stages along the water courses. The Pennsylvania hardly touches a city worth while between Philadelphia and Pittsburg, and none beyond on the main line until Chicago is reached. The New York Central takes the business of Albany, Rochester, Buffalo, Detroit, and Cleveland on its way. Yet the Pennsylvania has in the last five years made tremendous strides in every department, in every detail, of its business. The New York Central is earning its 5 per cent. on the stock with more and more difficulty.

The fault is in the administration. No one denies the ability of Messrs. W. H. Newman,

W.C. Brown, W. G. Wilgus, George H. Daniels, and the hundreds of others who run the railroad, but the fact remains that with the most glorious of railways, touching the richest traffic points in the United States, they fail to get the results. There is only one reason. The man who is in actual control is not on the lines. His men do not know him. A Pennsylvania man is a Cassatt man. A Lackawanna man is a Truesdale man. An Erie man has come to be an Underwood man. Presidents Truesdale, of the Lackawanna, and Underwood, of the Erie, lead their railways. But a Vanderbilt man is for himself. It will be so until there arises a Vanderbilt strong enough to impress his personality upon the system, able enough to administer it, active enough to participate in it.

The Harriman method is far different. Mr. Harriman is a man with a dominant personality. The system of the Union Pacific and all its allied lines is the system of Mr. Harriman. The Harriman railways are handled by a group of officers second to none in the railway world, for Messrs. J. C. Stubbs, Julius Kruttschnitt, A. L. Mohler, William Mahl, E. E. Calvin, and W. Hood are wonderfully able in their several departments—second to none, that is, but Mr. Harriman.

The system is run from 120 Broadway, by Mr. Harriman. Orders are issued from his desk in the inside office. There are no other orders. Mr. Julius Kruttschnitt is officially named Director of Maintenance and Operation. He is an executive official; that is to say, he spends on maintenance of way, for instance, whatever Mr. Harriman tells him to spend.

Practically, Mr. Harriman says: "We shall relay with 80-pound rails this year 500 miles of track on the main line west of New Orleans. We shall spend \$5,000,000 in a tunnel in the Sierras. We shall build a bridge across Salt Lake. From Mr. Hood I want engineers' specifications on the tunnel and the bridge. From Mr. Kruttschnitt and Mr. Calvin and Mr. Stubbs I want assistance. I shall supply the plans myself."

Mr. Harriman decided that it would be well to standardize equipment on the whole system. Messrs. Kruttschnitt, Scott, Small, and Thorne, who are the executive officers, adopted the standard and are seeing that it is lived up to. Mr. Harriman decided to cut across Salt Lake. Mr. Hood and all his

staff of engineers performed the seemingly impossible task of building the Lucin Cut-off. Mr. Harriman undertook to break a boiler-makers' strike at Omaha by bringing up the Southern Pacific boiler-makers from Texas. Thereafter, for six months, Mr. Horace Burt and all the Union Pacific officers fought the Boilermakers' Union until Mr. Harriman recognized his mistake.

He handles more detail than any other man in the United States. He expects from his officers full details of all departments at all times. If they do not come he asks for them by telegraph, and experience shows that he needs to ask only once. He is chairman, president, general manager, superintendent of construction, chief engineer, and traffic director of every road in his system. The regular officers in those positions are his understudies.

The results, measured in dollars and cents, are good. "One-man operation," however, has its faults, the chief one of which is that it kills initiative. The "Harriman spirit" is not admired in other Western railways. There is not a railroad officer in the West who did not hail with delight the clash between Mr. Harriman and Mr. C. M. Hays, on the Southern Pacific; or the other clash between Mr. Harriman and President Burt, on the Union Pacific. The only wonder was how Mr. Burt stood it so long. And there is hardly a Harriman officer in the West who would not like to see someone steal the Union Pacific from Mr. Harriman.

Beside Mr. Harriman stands Mr. J. J. Hill, old, strong, surrounded by the men he has created—the "Daddy of the Great Northern." There could hardly be greater antitheses. It is true that Mr. Hill knows in detail the figures of his roads and their traffic. It is true that he watches like a cat every hamlet on the road, and writes down its earnings in a little red book. But he leaves the method to his men. He has made his men and he trusts them. Messrs. Farrell, Ward, Slade, and Hogeland on the Great Northern are not clerks. They are live railroad men. They have brains and are allowed to use them. The smallest assistant engineer on the system may propose the biggest engineering feat of the year. Every division superintendent feels that he may inaugurate some new thing, which next year will appear in "general orders." There is routine work, of course,



Photographed by Davis & Sanford

MR. A. J. CASSATT

President of the Pennsylvania Railroad and creator of the military type of railroad administration,



Photographed by Davis & Sanford

MR. W. K. VANDERBILT

Who controls the New York Central lines from a distance by red tape rather than system

and in it Mr. Hill is as great a martinet as Mr. Harriman or Mr. Cassatt, but the "Great Northern spirit" is not a spirit of routine. It is a spirit of almost daring initiative.

No Hill man can fall below the Hill standard. If he does he ceases immediately to be a Hill man. There is no "pull" on the Great Northern. There are no high positions filled by Hill retainers, except on the basis of merit.

"I know," says one of Mr. Hill's operating men, "that if I am a better vice-president for the Great Northern in five years than Mr. Louis Hill, the old man will give me the job. There isn't an officer on the system that doesn't feel the same way. The man who is loafing expects to see his head in the basket; the man who is delivering the goods knows he is going to get his pay."

That is the spirit that has made the railroad. The net result is that in no other 6,000 miles of railway in the country is there such concentrated effort, such daring

initiative, such virile aggression. Every track man on the system talks, day and night, of "Jim Hill." Every man on the system is a "Hill man."

His men have learned that there is no trifling with "the old man." In 1903 Mr. Hill was called from New York to St. Paul to meet some of his men, who threatened to go on strike unless their wages were raised. Just at that time the Western railroads were running behind in revenues. Mr. Hill was angry with the world in general. He had had a bad six months with strikes, lawsuits and other troubles. He went to St. Paul with fire in his eye. He listened for half an hour to the complaints. He then explained that revenues were shrinking and payrolls were growing too fast. The men were insistent. The spokesman said flatly that the raise must be granted or the men would strike.

Mr. Hill's eyes flashed. "I'll give you the raise," he blurted out. "I'll give you your 10 per cent. raise. To-morrow morning we



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MR. J. J. HILL

President of the Great Northern. He trusts in men rather than in a cut and dried system

cut down the force in your department. We shall let go twenty-five out of every 100 of you. This railroad is being run by me, not by you. That is all I have to say."

The wage scale on the Great Northern was severely let alone by the unions for the rest of that year. That is the Hill method, as applied in discipline.

Mr. George J. Gould has yet another way. There is some parallel between the Gould method and the Harriman method. It consists chiefly in the fact that Mr. Gould would like to dominate his railroads as Mr. Harriman does his. He has the Harriman spirit, without the Harriman ability. He inherited his railways. Mr. Harriman bought his. Mr. Hill built his. There is a difference.

Mr. Gould is an amateur railroad man. Primarily, he is a financier. He inherited that from J. P. Gould. He has never been an operating officer on his merits. About twice a year he looks at the Missouri Pacific from the back of an observation train. If the track is white, the rails cleaned, the fences

in good order, and the mileage per hour what he asked for, he asks no further questions. The semi-annual "jolly," whereby the superintendents on the Missouri Pacific persuade Mr. Gould that the road is in good shape, is more regular than the semi-annual dividends. After Mr. Gould has "inspected" the Missouri Pacific's 6,237 miles of track, at the rate of 450 miles a day, or about forty miles an hour of daylight, he is prepared to overrule Messrs. Warner, Clarke, Cochrane, and others, who spend their lives on the Missouri Pacific as executive operating officers. Mr. Russell Harding ran the Missouri Pacific. Mr. Gould thought that he himself did. So Mr. Harding went to the Cincinnati, Hamilton and Dayton, which thought his services worth \$150 a working day; and the Missouri Pacific lost more than \$500,000 in one year through lack of a head to run it.



Photographed by Puch Bros.

MR. GEORGE J. GOULD

The head of the Gould line. Mr. Harriman bought his lines. Mr. Hill built his. Mr. Gould inherited his. There's a difference.



Photographed by B. S. Hopkins

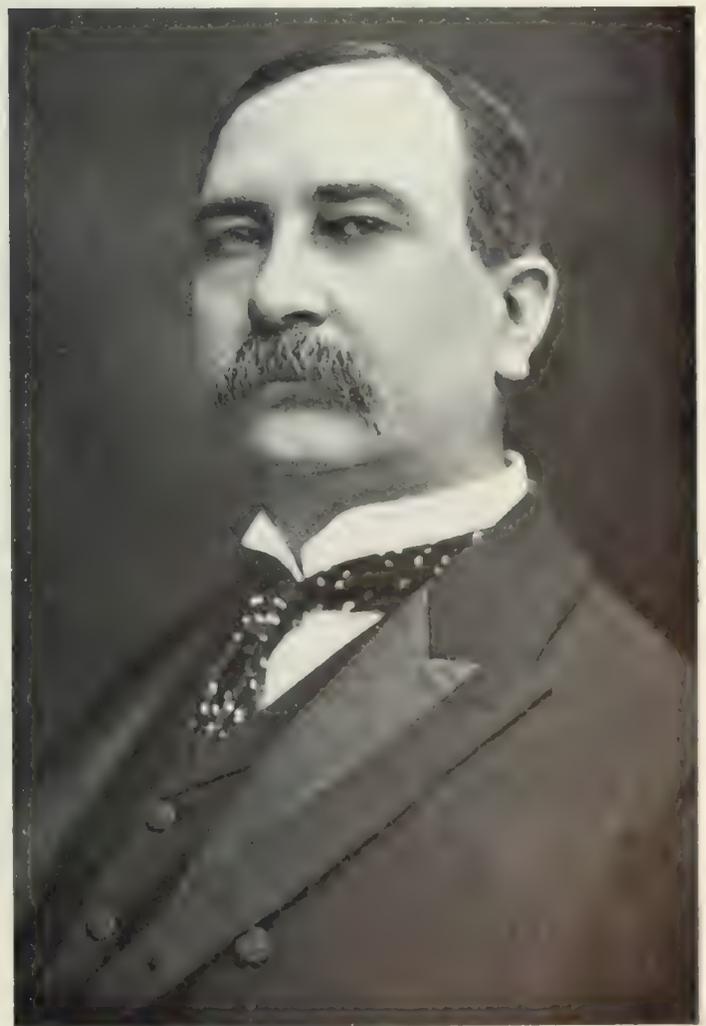
MR. B. L. WINCHELL

President of the Rock Island Railroad. "He believes in sentiment as a railroad asset."

Mr. Joseph Ramsey, Jr., made the Wabash Railroad. He took it from the hands of the receivers, a broken, miserable, puny imitation of a railroad. He gave it a policy, a name and a reputation. He took out crooked rails and put in straight. He made treaties with former enemies, reached into Buffalo, hammered his way through the gates of Pittsburg. Not a man on the Wabash or the Wheeling and Lake Erie but knew him, liked him, respected him and followed him. Then came a day when, on a question of railroad judgment, Mr. Gould and Mr. Ramsey split, fairly, openly, and for good. The resignation of Mr. Ramsey is in Mr. Gould's hands. Mr. F. A. Delano has taken Mr. Ramsey's labor. On the Wabash, from Buffalo to Kansas City, there is bitterness and a spirit of hostile criticism.

A month after the resignation of Mr. Harding from the Missouri Pacific one of the brightest operating officials in Chicago, said in the La Salle Street depot:

"I see they've put a bunch of Fish's men [from the Illinois Central] down on the Missouri Pacific. That's George Gould. He thinks because those fellows can carry a 600-ton train down the valley on a water grade that he needs them on the Mop [Missouri Pacific]. It's like getting a piano tuner to tune up a locomotive. He is putting those men, accustomed to run a level, standard-built, 80-pound railway, with sixteen freight cars to the mile, on a farm railroad, with no ballast except the earth, light rails, hills by the million, way stations that don't produce anything but pumpkins, and few of those, and traffic that needs only seven cars to the mile. That's George Jay Gould all over. It's an easy way to put the Missouri Pacific into the same kind of trouble Loree brought to the Rock Island."



Photographed by E. G. Clark

MR. BENJAMIN F. YOAKUM

"I hear that you are doing great work with Yoakum for the Frisco." "We don't put it that way. We do our work for Yoakum with the Frisco."



MR. E. H. HARRIMAN

From a painting by V. Keck.

"He is chairman, president, general manager, superintendent of construction, chief engineer and traffic manager of every road in his system."

The trouble came in due time. If there has ever been a disjointed railroad management, it may be found to-day in the big square where the Missouri Pacific Railroad is doing business.

On the new Rock Island they have a way of their own. The four men who own it are not railroad men. They are financiers. Very early in their railway career they learned that one cannot run a big railroad from Wall Street. They did not try to do it.

When the 'Frisco was bought Mr. B. L. Winchell went to the Rock Island as general manager. A few months later Mr. L. F. Loree was brought from the presidency of the Baltimore and Ohio to be the Rock Island's president. He brought the Pennsylvania method. He attempted to make the

Rock Island systematic, as they use the word in Philadelphia. He labored for nine months. At the end of that time he had not a friend on the system. The system was at war with itself. Mr. Winchell and his friends said flatly that either Mr. Loree must get out or they would.

The result was that Mr. Loree resigned. Mr. Winchell, known and understood from Chicago to El Paso and from Denver to Birmingham, the typical Western good fellow, aggressive, daring, stubborn, yet born with the Western tact and likableness, is president of the Rock Island to-day.

The Rock Island method is a typical Western method. Mr. Winchell and his officers work together like boys. Messrs H. U. Mudge and W. B. Biddle came from

the Santa Fé to join Mr. B. L. Winchell, who came from the 'Frisco, and the "old Rock Island crowd" in the La Salle Street depot. They ought to work together, because they have fought one another for years all over the Southwest, and know one another's strength.

Mr. B. L. Winchell is the head and centre of this peculiar "community of interests" into whose willing hands the owners of the Rock Island have entrusted the system. Nine years ago he was drawing \$3,500 a year as a junior officer on the 'Frisco. He learned the business on small railroads, where a man learns to do everything, from running a lathe in the shops or an engine on the rail to running the president's office in holiday season. He is learning the Rock Island the same way. He believes in sentiment as a railroad asset. He leads the system; he does not attempt to drive it. This is the Rock Island way.

It is an outgrowth of the 'Frisco way. When the 'Frisco was a miserable, starved little railroad, running from St. Louis into No Man's Land in a straight line, Mr. Benjamin F. Yoakum bought it. Slowly he built it up into a system of 4,000 miles. He made his men along with his railroad. He lived on the road, went out with the engineers, camped with the construction gangs, ran a train every now and again to keep his hand in, knew every officer and almost every employee on the line, shook hands with every shipper on the right of way. He knew, personally, every mile of that railroad. He could tell, offhand, the name of the division superintendent on each division.

When Mr. Winchell was still vice-president, and Mr. Yoakum still president of the 'Frisco, an old friend met Mr. Winchell one day on Broadway. They had not met for years. They lunched together. "I hear," said the friend, "that you are doing great work with Yoakum for the 'Frisco."

Mr. Winchell smiled. "We don't put it just that way," he said. "We do our work, good or bad, for Yoakum with the 'Frisco."

This is where Mr. Winchell learned his method. Mr. Yoakum held his men, not with an iron hand, but in a bond of fellowship. There are no strikes on the 'Frisco. Neither does the 'Frisco get into wars with the Texas Railroad Commission. The 'Frisco has cut into the heart of every railroad in the South

west, but there have been no traffic wars. It was the Yoakum way.

Gradually, Wall Street took the biggest railroad man in the Southwest out of his empire. For three years his office has been in New York. He now runs no trains. Once or twice a year he runs down into Texas to look at a new railroad, but his heart is in the East. Instead, the Yoakum spirit and the Yoakum method rule the great Rock Island, in the person of Mr. B. L. Winchell, his best pupil; and the 'Frisco, in the person of Mr. A. J. Davidson, another of his "boys."

In Mexico they have another way. The railroads run themselves. Passenger agents at the depots cannot make change. You buy your ticket on the train. The conductor "knocks down" half the fare and gives the other half to the station agent who could not make the change. Freight moves whenever the inspector comes around and finds too much of it stored in the freight houses. The presidents of the Mexican Central, the Mexican National, and the Mexican International are in New York worrying about the price of foreign exchange. So are the executive committees, directors and officers. New York is a long way from Mexico. No one in Mexico worries about New York or anything else. A conductor who got into the habit of running his train on time would get himself disliked by all the other conductors. The inspectors are complaisant and obliging. "Mañana" ("to-morrow") is the watchword, in railroads as in everything else.

Not by any means can all the diverse methods of railroad operation be sketched in this brief outline. The Illinois Central, the Burlington, the Santa Fé, have methods of their own. Each railroad has an individuality. Each system has details of its own, "general orders," "detailed instructions," "system routine," entirely different from every other system. The loading of cars, for instance, on the Union Pacific is entirely different from the loading on the Rock Island. Every mechanical department strikes out "wrinkles" of its own. Every operating officer has his own way of doing certain things. The most striking general difference is that in the West the "new thing" is adopted and the inventor promoted; in the East the inventor is "fired" and the "new thing" adopted a year or two later.

NEED ANY MAN LACK A JOB?

A FIRSTHAND INVESTIGATION OF MEN OUT OF WORK IN NEW YORK, CHICAGO, PHILADELPHIA AND BOSTON—THE REAL PROBLEM NOT TO FIND WORK FOR MEN BUT MEN FOR WORK

BY

LEROY SCOTT

ARTICLE IN "THE WALKING BILLBOARD"

ACCORDING to widely circulated reports an astoundingly large number of men were unable to find employment last year. In New York City it was said that there were at one time 100,000 men who could not get work, or from 12 to 15 per cent. of the adult male population; and similar conditions were said to exist in other parts of the country.

How difficult is it to secure work? I set out to make an impartial investigation. I repeated the assertions above to the manager of the most reliable employment agency in Chicago, and asked if there were so many men out of work. He laughed. "Why, my dear sir, you've got hold of the proposition by its tail. No able-bodied man willing to work need be out of a job for more than a short time. Every day in the year I have positions that go to waste simply because I can't get men to take them. I'll pay you a big salary if you'll bring me men who will take good decent jobs that I have to offer."

"But there are a great many men out of employment," I objected.

"Sure there are. But you can set this down: Ninety per cent. of the people out of work don't want work."

Similar statements had already been made to me in Boston, New York, Philadelphia and Chicago by charity and philanthropic workers and by others.

It is, however, impossible to tell the number of the unemployed. The census of 1900 gives the number of persons engaged in gainful occupations who were unemployed during any portion of the census year (when conditions were similar to those of this year) as about 6,500,000, or approximately 22 per cent. of the working population. Of these, 3,000,000 were unemployed from one to three months, 2,500,000 from four to six months,

and 730,000 for more than half a year. These figures overstate the conditions; but they are much smaller than some of the popular estimates. The figures most widely circulated are the largest ones; and naturally the impression given to the public is that all the unemployed are wearily searching day after day for work. They are not.

For the purposes of this article all the unemployed can be roughly divided into two classes: First, those who are earnestly seeking work—by far the smaller portion of the whole; and, second, a large class, with the vagrant at one end and at the other end the man who is content to work intermittently.

In large cities the men who stand in bread lines, who patronize free-soup kitchens and missions, who sleep in municipal lodging houses and in police stations, are popularly regarded as unfortunates who have failed to find work. The Charity Organization Society and the Association for Improving the Condition of the Poor, both of New York, recently had cards printed addressed to unemployed men, offering work and financial and medical aid. During March and April 28,000 of these cards were distributed to men in bread lines, missions, and lodging houses. Three hundred and five responded—a little more than 1 per cent. It would seem that self-respecting men, eager to work, would seize at such a chance. At the two lodging houses of the Philadelphia Society for Organizing Charity the officers clip from the morning papers and post on a bulletin board the advertisements asking for male help, so that the men can read them when discharged at 6 A. M. As a rule no more than two or three men from a crowd of 100 or 150 glance at the advertisements.

Mr. Benjamin C. Marsh, secretary of the Pennsylvania Society to Protect Children

from Cruelty, studied the history of 118 men, picked at random, who found refuge in these lodging houses, the men all saying that they were looking for work. One hundred and six had given up work once or more within six months. Of seventy-five, concerning whom statements were secured from their employers, thirty-eight were excellent workmen, and thirty-seven medium or inefficient. Employment was secured for thirty-one of the 118. Eleven soon threw up their jobs, and only six stuck to their work. Forty-five men, when they learned that an effort was being made to find work for them, suddenly disappeared.

During the winter, when the men were returning night after night to the lodging house declaring they could find no work, Mr. Marsh dressed himself in old clothes and set forth to test the truth of their reports. At the end of a day's search he had sixteen jobs on which to begin work the next morning. Of course he knew where work was most likely to be found, and he had an appearance of efficiency that would attract employers. But he urged several of the men to take these positions, and they all refused.

It is true that a large number of these men have difficulty in finding and holding work, even when they look for it, because they are not employable. I studied the men in the Boston Wayfarer's Lodge as they applied for lodging. I found only three whom I should have cared to hire. There were plenty of strong-looking men, and I was told that many were good workmen, but almost without exception they bore the marks of shiftlessness or of dissipation. The immediate cause of their being there was almost invariably drink.

A gray-haired, solid-looking man of sixty, his clothing and face marked by a recent debauch, stepped before the desk. "Hello there! Why didn't you hold that job you had down in Maine?" asked the clerk.

"They wanted me to be the whole show. They wanted me to cut the tombstone, letter it, be a derrick, and be the corpse, too."

"You're drunk this minute!"

"No, I ain't." The old man gave me a wink. "And I'm sorry for it."

"One of the best marble cutters in Boston," said the clerk. "He could easily make his \$4 a day."

A man of thirty-five, strikingly well dressed for the company he was in, said he

was a chef, and made from \$35 to \$40 a month when he worked.

"Why don't you work regularly?" he was asked. "Drink?"

He looked over our heads, and his face twitched with shame. "I guess that's it."

An almost universal fault with the men in this class is that they desert their jobs after pay day, for a spree, or if they do work for a considerable time they spend their earnings as fast as they are secured. Consequently, when employment ceases, they have not a cent to tide them over. Fifteen hundred or 2,000 lumbermen, for example, return to Boston every spring, after a winter in the lumber camps, each with from \$60 to \$125 in their pockets. The money may last a week, but a majority of the men are soon penniless.

In the business office of one of the Chicago locals of the Electricians' Union I noticed a man in a broken derby hat nodding in a chair. The walking delegate, who had been telling me that there was not a man in his local union out of work unless from choice, caught my look and explained. "Bill, there, drew \$73 night before last. He's in here trying to beg a nickel of me for beer." The walking delegate jerked his head at the only other man in the office, a young fellow in a back-tilted chair smoking a cigar. "Some men like him get out of work, too. He's got a city job, so he thinks he can do most of his work sitting in that chair. Jack, I bet you'll soon be looking for another job!"

It is difficult for the casual observer to feel any sympathy for such men. They seem to prefer loafing and dissipation to honest work, a wrecked life to a sound one. But a certain proportion are the victims of child labor. They have gone to work as children, and twenty-five or thirty has found them without strength, displaced by employees with strength not yet sapped, immigrants perhaps. Once fallen into intermittent work, they have not the energy to do better.

Another proportion are likewise the victims of sapped strength. Textile operatives who for years have worked under the debilitating conditions of mill work are frequently unfitted to do heavy work. They are in the day-labor class without the strength necessary for day labor. A fall into the class that does not care to work is gradual and easy. Some who are in this class have been displaced by age, and others by new inventions.

The irregularity of the employment itself often tells the story. In the plastic periods of their lives these men worked in mills that were busy for a week, then closed a few days, then busy again. The habit of irregular work is fastened upon them; they require frequent periods of loafing, which are most likely spent about saloons. A Philadelphia settlement recently tried to place men who had worked in such mills in positions where work was steady. The men did well for a few days, then proved unsatisfactory; they had lost the habit of continuous work.

Many industries require men merely for a winter or a summer season, or an even shorter period. "I can keep this kind of men busy all the year round," the manager of a Chicago employment agency said. "In the winter I can send them to work in the lumber camps and the ice fields; in the summer, to work on farms, on surface railroads, and the like." But such work offers very convenient periods for rest and dissipation, and the transition from working most of the time and loafing occasionally to working occasionally and loafing most of the time is an easy one, especially since work of this sort forbids a married life and its incentives.

The personal element enters into all these industrial causes of degradation; as a rule those who have fallen have been weak morally or physically. A large number of men are in this class because they have never felt a higher desire.

Men who seek work earnestly and cannot find it are very different from these classes. Among trades unions (not considering idleness from strikes) employment has been very regular. The secretaries of local unions in the four cities reported either: "All men busy," or, "Only a few out of jobs." There are no comprehensive figures concerning unemployment in all trades unions, but the study of one union that does keep records will throw light upon conditions in others. Cigarmakers manufacture a luxury. If the men who make luxuries are busy other workers are also busy, since the luxury maker in time of depression is the first to lose employment.

Figures show that about 2 per cent. of the cigar workers were out of employment during the last four years. Actually the proportion is much smaller. In Boston, to give a specific example, where there are forty unemployed men on an average out of 2,000

members, the forty who are out of work this week are not the forty who are out of work next week. At least a part of the first forty have found jobs. This 2 per cent. represents not so much unemployment as readjustment. A decade ago, during 1894, 1895 and 1896, the out-of-work benefit paid by the Cigarmakers' Union amounted to \$516,662 for an average membership of 27,600—about \$6.23 annually per member. During 1902, 1903 and 1904 the benefit amounted to \$66,501 for an average membership of 39,000—about fifty-five cents annually per member.

The most extensive unemployment in trades unions is among the trades in which no work is to be had during a varying period, or in which the weather interferes with work. Out-of-door workers lose much time. Statistics would probably show that men in these trades are unemployed from 20 per cent. to 25 per cent. of the time. This might be easily translated into "20 per cent. or 25 per cent. of the men out of employment." In these trades, however, the men expect to lose time, and the man who works nine or ten months in the year considers that he has been steadily employed. In many trades wages have been arranged, at least in part, to compensate for lost time. For example, \$25 to \$30 a week is an ordinary rate among the building trades; and on rush jobs, where wages are increased one-half for overtime and doubled for work on holidays, the weekly earnings may amount to \$35 or \$40 a week. A hoisting engineer had a small pump attached to his engine, and thereby became entitled to a second salary as a pumping engineer. He had to put in extra time regularly, and for this he drew extra pay as a hoisting engineer and as a pumping engineer. For a year his earnings were about \$75 a week. But such jobs come but once in a lifetime.

Among unorganized workers men are frequently unemployed through a desire to choose their jobs. I sat a large part of one day listening to the talk between clerks and applicants. Job after job was refused because the applicants were not pleased with the work or the wages. A typical case was that of a young fellow who was offered a good opening in an office at \$12 a week; he refused because he wanted to start at \$15. On the previous day this agency had found a job for a man whose family was being supported by a charity society. The man went to his new work in

the morning; in the afternoon he was back at the agency. "They only wanted to pay me \$1.75," he complained. "I won't work for less than \$2 for anybody." Such men (and the number of them is not small) cannot be classed as unemployed through the lack of work.

Much unemployment is due to the difficulty of bringing together the manless job and the jobless man. Perhaps the man may not know where the job is; perhaps he may know that there is plenty of work in small towns and in the country, but he may be unwilling to go into the new locality. Enough farm workers cannot be had. There has been a migration of young men from farm to city, and no counter migration. The demand for farm hands, so acute at harvest time that a man can command his own price, exists even during the winter.

It is difficult to estimate the number of men not organized in unions who sincerely want work and cannot find it. Perhaps the most that can be done here is to consider some of the things that are taken as indications of the wide extent of unemployment—the numbers crowding about big industrial enterprises like the Chicago stockyards, the numbers that can be quickly gathered to take the place of strikers, the numbers that receive aid from dispensaries, and the newspaper stories of individual cases of privation.

Hundreds of men daily wait patiently about the stockyards for work; but these crowds are no indication that there is a general labor surplus. They are evidence, rather, of a vicious employment system; these groups are kept hanging about as a menace to the men who are at work. If the latter do not like their hours and wages, at the gates are thousands begging for those hours and wages.

The fact that an army of men can quickly be gathered to break a street-railway strike in New York or a teamsters' strike in Chicago is likewise not trustworthy evidence. A part of these quickly recruited thousands are genuine workers who for a long time have been unable to find employment, but only a part. A very large proportion are men willing to work for awhile if they can loaf awhile—men such as told me during the New York street-car strike: "A week or two of this and then a h—l of a time!"—men whose character, under other circumstances, would make them undesirable employees. Another part are

professional strike breakers, who move from one strike to another. Still another part are men who have given up a poor-paying job to work at the high wages that prevail during a strike—\$3.50, \$5 and \$7.50 a day in the case of the teamsters' strike in Chicago.

It is commonly supposed that the persons who use the public dispensaries cannot afford to pay a doctor. If the dispensary statistics are large then (it is thought) the number out of work is very great. This is not a fair inference. A large number of the patrons of dispensaries are poor, but a large number are not. At Johns Hopkins Hospital a story is told of a woman who, after being treated, lingered in the dispensary. "Is there anything further, madam?" a young doctor asked. "Oh, no, I'm just waiting till they've treated my maid."

A Boston woman who weekly visits fifty families of wage earners to collect their deposits for a savings institution, recently questioned the families about their use of dispensaries. All of them went to the dispensaries to be treated; only in exceptional cases, child birth, for example, was a private physician called in. The Chicago Board of Health gives free anti-toxin in diphtheria cases when the request is accompanied by a physician's statement that the family is unable to pay. Two years ago the Bureau of Associated Charities became convinced that free anti-toxin was going to many families able to pay, and arranged with the Board of Health that the applications, though promptly granted, should be investigated. Since then the Bureau has investigated every case, and its records show that in two-thirds of the cases the families were able to pay. These people regard free medical service as most city people regard police protection, fire protection, and free libraries. The two illustrations show that dispensary statistics as evidence are of very little worth.

The stories of suffering that appear in city newspapers are also untrustworthy evidence. In some cases the reporters are deceived; in some cases they purposely exaggerate. For two years the Philadelphia Society for Organizing Charity has investigated every case of destitution reported in the Philadelphia newspapers. Very few have proved genuine. An experiment made during the past winter by the Charity Organization Society of New York City also goes to show that the popular conception of the extent of distress gives way

under even a very superficial test. At the beginning of the blizzard in New York City last January (when 100,000 men were said to be out of work) the Charity Organization Society arranged with the Police Department, the Tenement House Department and other departments, that these officers were to give immediate relief to the extent of \$2 to suffering families. This arrangement was in force for ten days, and the total amount expended was \$250. Half of this was spent by one police captain who, through a misunderstanding, felt himself bound to give to all who would take.

It is thus seen at dozens of points subtractions must be made from the popular conception of the number of unemployed. Similarly the Census Department's 6,500,000 is a vast overstatement, as the Department itself explains. These figures include the wealthy leisure class, that other leisure class to which considerable attention has here been given, those too old to work, those taking an earned rest, those whose employment (masons, farmers, etc.) cannot occupy them all the time, and workers between ten and twenty years

old. School alone will account for a large part of the unemployment of this last class.

To say that there is no unemployment would be an absurd statement, but nevertheless a statement as near the truth as some of the estimates of the number of unemployed that have been current. There is a large body of unemployed, and their problem is most serious. But if from the total number of the unemployed we subtract those who are out of work from choice or because unfit for employment, we would find that the remainder, the able-bodied eager searchers for work, would be but a small fraction of the popular estimate, and a small fraction of the estimate of the Census Department. And if every manless job could be filled the number of unemployed might possibly be reduced to nothing; at least this is as safe a guess as some others that are boldly made. The problem of the unemployed has usually been stated—to find work for the man. Many whose duties bring them into constant touch with the unemployed state it—to find men who will work.

THE CONTROL OF THE CARIBBEAN

THE WEST INDIES TO BECOME AGAIN A CENTRE OF THE WORLD'S INTEREST AND ACTIVITY—AN OUTLINE OF A SERIES OF ARTICLES ON THE STRATEGIC AND ECONOMIC PROBLEMS PRESENTED BY THE PANAMA CANAL

BY

EUGENE P. LYLE, JR.

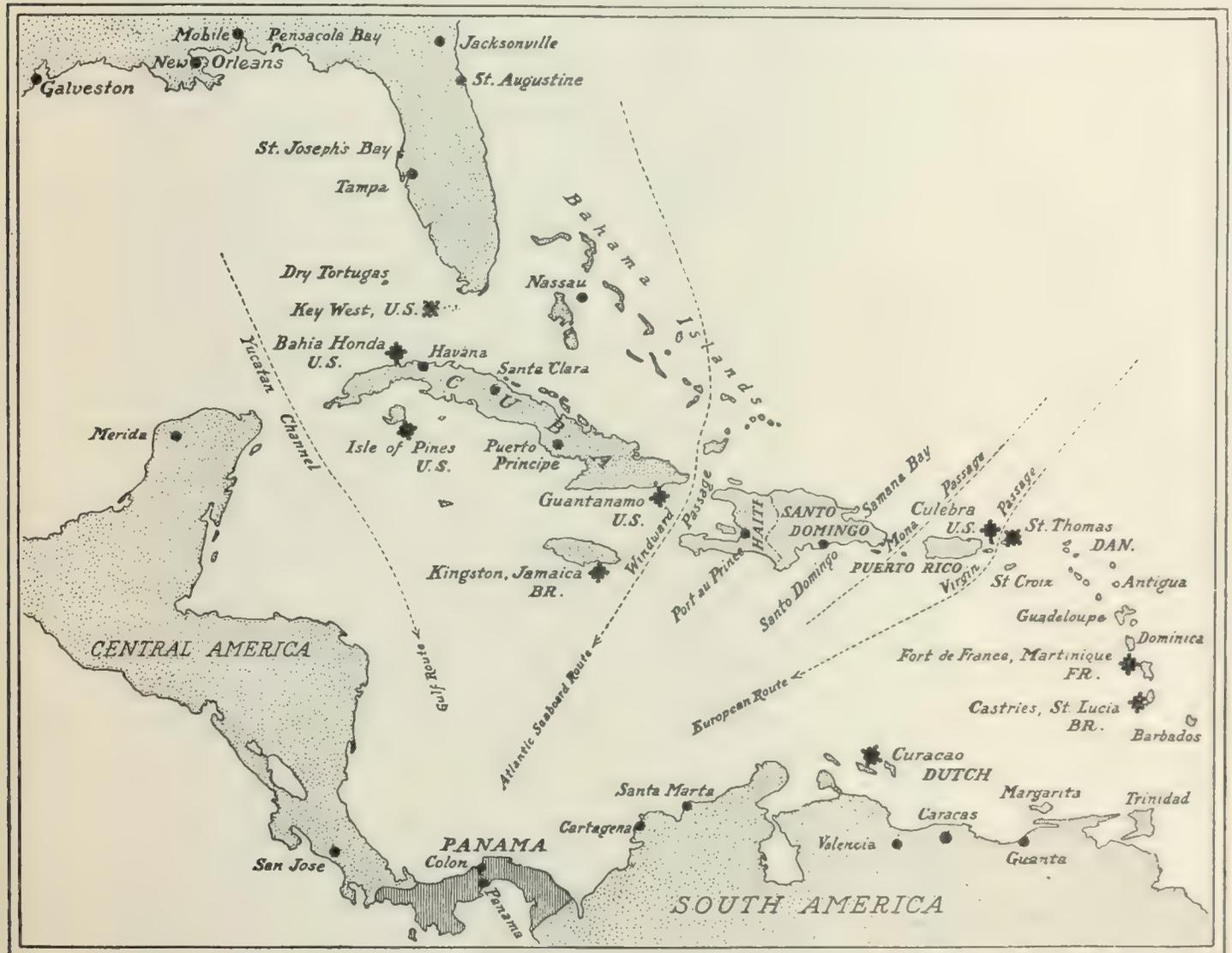
WE, the people of the United States, are preparing to satisfy a great national need. For hundreds of years it has been the need of the world as well, yet it is not satisfied. The scene of action lies more than 1,000 miles from our shores, but it is our own need more than that of any other people. Contrary to what was once almost our political religion, contrary to the traditions of self-sufficiency within our natural boundaries, we find ourselves vitally interested far away from home. The interest is one near to every American, whether at desk, work bench, or plow. It arouses his pride in the flag and it affects his pocket-

book. He is as intimately interested as he would be in a bee-line railroad projected through his native town. What the railroad would be to a little village the digging of the Panama Canal will be to the world. It is this canal that is the world's need, and our need most of all.

Any appreciation of the changes to be wrought by the Canal must wait until the changes themselves take place. No one can be a good prophet when the making of a brand-new commercial map of the earth is in question. But, as a preliminary to some slight conception of what the Canal will mean, one might observe on a globe the lines which

indicate the great trade routes of commerce. They are like strips of black carpeting spread fantastically in all directions over the blue expanse of ocean, but converging here and there at some busy port. Now imagine a general ripping up of the strips, and imagine that they are relaid so that a hitherto lonely spot becomes very black, as a radiating centre.* Such a spot is the little crooked neck of land binding together the two Amer-

point of this equidistance to the Asiatic coast. New York will be as near as Liverpool to a market of 500,000,000 souls; and with our chain across the Pacific—a chain including Hawaii and the Philippines—the Pacific should become an American ocean. New articles of commerce not now thought of will have to be manufactured and shipped to millions of new customers. As to the effect on our internal affairs, such as the growth



THE STRATEGIC IMPORTANCE OF THE WEST INDIES TO THE DEFENSE OF THE PANAMA CANAL

The fortified places and the countries to which they belong are indicated on the map by the miniature forts

ican continents. But a slip of the sea is to be let in and the continents are to be cut asunder. Then ships from East and West, from North and South, will follow the newly laid lines so as to reach their destinations by the short cut. It will save a wonderful amount of "carpeting."

At present New York and Liverpool are equidistant by water from San Francisco, and the Pacific is yet virtually an English highway. But the Canal will throw the

of factories, the need of more raw material than is now produced, the greater demand for labor—in a word, the reaction of endless opportunity on almost every American family—the thing can at best be only vaguely suggested.

To state the case differently, we have grown until we touch elbows with the other great Powers. But the Powers have grown, too. We are not the only people just awakening. The world is passing through a cycle

of economic outspreading, comparable to the political spreading out after the French Revolution. In another but no less significant way the restlessness of the races again pervades Europe. Even Asia can boast a notable instance of it. One result is the seizure of territory from the weaker nations. The land grabbed by European Powers during the last quarter century equals one-half of Europe. What will happen, then, when the European policy of expansion comes to a conflict with the Monroe Doctrine?

We have had safety so far not because of our strength. The contention has not yet been worth while for the other Powers. It has not yet involved their future growth. But when we dig the Canal we bring these Powers to our elbows. We make for them a vital concern in all that region, and create for them that weighty thing called economic necessity. In war with one another, or with us, they might fall back upon the Canal. They are aware of the Monroe Doctrine. But they are nevertheless fortifying their possessions in the West Indies.

Now with us the question is not alone one of economic necessity. We must have so thorough a "preparedness" that the Powers of Europe would continue to think a fight over the Monroe Doctrine an undesirable thing.

To say further that our national honor may depend on some little Negro island may sound very much like an epigrammatic conceit. Yet it might turn out to be a very grim truth. One does not have to be a naval strategist to understand this. At present, if Europe wished to attack our Pacific seaboard, she must go around South America or through the Suez Canal. So must Japan should she be similarly disposed as to our Atlantic coast. But going around means many weeks and many thousands of miles, and consequently it means so much coal that a fleet would hardly have enough left for hostilities. But the Canal would expose both our coasts equally. We could of course mass our ships on either seaboard, but provided always that we hold open the Canal. Once an enemy choked that narrow waterway, our coasts would again be separated. But there would be this difference in the situation; namely, that both our coasts would be within perilous striking distance for the enemy. Our magnificent splitting of continents would then prove our national curse. Economically, we

must have the Canal, because of its commercial advantages. Politically, we must be prepared to defend it.

But how is this to be done? Neither Colon nor Panama, it is said, can be fortified to repel attack. The approaches are the places of real defence. Every position in the Caribbean, therefore, takes on a high value, and altogether they make a chessboard on which the Powers may play the game of national destinies. Now, if Jamaica were the only island near the Isthmus, strategists might confidently assert that it was the particular place on which our future turned. Almost midway between the Canal and the point of Florida, Jamaica as a base could hold open the route to Europe and intercept vessels coming from either our Gulf or our Atlantic ports. If Jamaica alone were there England would hold the key to the Canal.

But Jamaica is only one of a group. There is Cuba, which for strategic purposes may be termed a continent, for it is self sustaining in resources and has harbors and a large population. There is the island of Santo Domingo and Haiti. There are also Porto Rico and St. Thomas. These four islands present a broken line 1,200 miles long between Jamaica and the ocean. They form a giant buckler to the heart, which is the Canal. But there are breaks in the shield—the passages between the islands.

For the sake of simplicity imagine a big fan spread out, with Colon as a focus and the reef-like islands as the outer edge. This edge would begin at the peninsula of Yucatan, and curving round, end at Trinidad, off the South American coast. The triangle thus formed covers the Caribbean Sea. The fan may be said to have four or five ribs, all diverging from Colon. The first rib passes through the Yucatan Channel, between the mainland and Cuba. If we hold this gap we keep open the communications between the Canal and our Gulf ports. Our positions here are Bahia Honda and Key West, with the doubtful Isle of Pines. Either New Orleans or Pensacola, if equipped, would serve as a naval base. Key West is doubly important because it also lies between Cuba and the point of Florida, and is therefore the sentinel at the gate between the Gulf and the Atlantic. But as a fortress it must be supported, since if once lost to us it could serve as a cork for stopping up both the Gulf and the Yucatan

Channel. Our undefended Gulf ports, such as Mobile, could then be taken by an enemy and used as a base of supplies.

The second rib of the fan passes farther to the east, between Cuba and Dominica, as the island, Haiti and Santo Domingo, is sometimes called. The gap here is the Windward Passage, the most important of all so far as concerns our Atlantic seaboard. Just inside the gateway, like a bulldog couchant, is Jamaica. But between the two we have our own new foothold, Guantanamo.

The third rib is the Mona Passage, a gap fifty miles wide, between Porto Rico and the Santo Domingo side of Dominica. Here lies access to Europe. Porto Rico we have, but Santo Domingo we have not. Yet to Santo Domingo we or an enemy may one day look for the excellent harbor of Samana Bay. Other positions being neutralized, this position might easily decide the fate of the Canal. In other words, a turbulent republic of Negroes, like some uncanny witch, may at this moment be holding the card upon which our expanding future may depend.

Spreading yet farther to the east, the fourth rib of the geographical fan pierces a narrow gap between Porto Rico and the little island of St. Thomas. This is the Virgin, or Anegada, Passage. On the Porto Rican side we have Culebra, and, as already mentioned in this magazine, Culebra "commands the Anegada Passage more effectually than Gibraltar does the entrance to the Mediterranean. It has already been strongly fortified, and is expected by foreign experts to become one of the greatest fortresses in the West Indies within a few years."

St. Thomas would therefore be desirable only that we might keep any other Power from occupying a stronghold so near our own. We tried to buy the wee island, but we failed. There has been some curiosity to know how it happened that we could not buy a colony which is unimportant to the present owner and a heavy expense besides. Denmark is not one of the Great Powers. She, therefore, has no strategic use for the island. It may be regarded as a negligible quantity in the Danish policy. The few white men there are not, it is said, opposed to annexation to the United States. Then why could we not buy it? What really defeated the negotiations for the transfer?

There are those who suggest that the Danish

objection to the transfer was "inspired," and, according to these, the source of the inspiration was German.

Other Powers are strengthening themselves in the Caribbean. Why should not Germany also prepare? But she has nothing to fortify. Yet her interests, having been checked in Asia and Africa, now point to South America. Witness her colonization in Brazil, Uruguay, and the Argentina. These make it desirable that she should control the trade routes. Naturally, then, her need focuses on a position in the Caribbean. If it is not to be St. Thomas, perhaps it may be one of the Dutch West Indies, which are also of no use to their present owner. They do not pay for the trouble of governing them, and they are certainly of no strategic use to a small country like Holland. Yet we have the enigma of Holland busily fortifying Curaçao. Lying off the Venezuelan coast, Curaçao is well situated with reference to the Canal, and, it is said, can be made impregnable. Now suppose Germany at war: she would not let the Monroe Doctrine stop her from acquiring this island which is being so mysteriously prepared. Or suppose that the Dutch queen should die without an heir, and that Germany should prevent a Dutch republic and herself absorb the Dutch kingdom. She would absorb Curaçao as well.

Coming back to our fan, we will draw a last rib so as to pass by either the little French island of Martinique or the British isle of St. Lucia. Both have their value, but only as secondary bases. With Martinique the primary base is France, so that without a dominating balance of naval power France would be quickly eliminated. Moreover, the distance from her island to the Canal is so great that her warships out of Martinique would practically exhaust their coal before they came within striking range. Great Britain is much more comfortably situated. St. Lucia serves as a link with the home country, and to support St. Lucia there is Jamaica, and behind Jamaica there are the Bermudas, and as a final wall on this side of the Atlantic there is Halifax. Together, they weld a superb and formidable chain down the length of our Atlantic seaboard.

This strategic outline is given here only that it may help to suggest the importance which all the region of the Caribbean has almost suddenly taken on for the American

people. Hence our need of a more intimate knowledge of the subject. We, the American people, while satisfying our great national need of a canal, will have weighty questions to decide. But, first of all, we must be informed. What more, for instance, do we require in the West Indies? There are those who will gasp at the thought of more islands. But strategists say that our holdings have not yet passed the stage of reasonable necessity.

But aside from military necessity, there is another reason why this region is interesting to us. It is a region of exquisite beauty, and the romantic beauty and desolate islands of the Caribbean must now come to economic life again. The marble peristyles of the Black Republics, lost in tangled ferns since the Negroes drove out the European planters, may indeed never be seen again; but the bustle of a past time will again come, even if white duck replace the trader's velvet breeches, and blue jackets rule the waters instead of corsleted buccaneers. In those good old bloody days on the Spanish Main Englishmen snatched from Castile her title as mistress of the sea. But we with our Revolution checked England's course, and Spain retained in part her sway over the Caribbean. Then, during the last decade, we ourselves finished the work begun by England, and once for all we loosed the Spaniard's clutches on the New World. It was hardly more than sweeping out decay, yet thereby the instinct of the Anglo-Saxon race instinctively proved true after the lapse of a century. As the hidalgo's logical successor, we are in for it; we are to restore to that picturesque sea its old-time busy life, not by filling treasure ships with plunder, but quite simply by cutting two continents asunder to help all ships more quickly on their way.

Thus drawn into these regions, of which our people know little, we are surprised, when we think of it, to learn how greatly we, with all other peoples of the Temperate Zone, depend even now on the Tropics. We depend on them in part for coffee, tea and cocoa, for sugar, rice and fruit, for drugs, for tobacco, for dyes, for rubber and silks, and for many fine woods. Such articles represent about two-fifths of the total imports of the United States. The percentage, moreover, is increasing. For 1904 our tropical imports touched their highest figure—\$465,671,911, an increase over 1901 of \$50,000,000, and

almost four times that of 1870. But, while the tropical imports of 1870 amounted to 30 per cent. of the total imports, those of last year were 43 per cent. Of the increase in general imports, two-thirds must be credited to the Tropics. Here is a matter that concerns every American family. The per capita consumption of tropical stuff in the United States during 1870 was \$3.63. During 1904 it was \$5.69. Yet there has been a great fall in the prices of these things. At the prices of 1870 the tropical imports of last year would amount to about \$1,000,000,000. Our own islands, as is just, profit by our demand. They furnished us with \$49,000,000 worth of stuff during 1904, of which Hawaii must be credited with \$25,000,000, Porto Rico with \$12,000,000 and the Philippines with \$12,000,000. Before the war with Spain these three gave us a total of only \$19,000,000.

Industrial necessity, military necessity—these two make for the right of a civilized people over a non-progressive one. At once another serious question is presented. If we are to have a safe influence in the Caribbean, then what form is that influence to take? What shall be the method of our control? It is maintained, history being the evidence, that white men cannot inhabit the hot belt without sinking to a listless degeneracy. Is colonization then out of the question? But the natives, or the Negroes, are no better. Hence the vast resources are not developed, and anarchy, either intermittent or permanent, is the normal condition. But it is an intolerable condition. An inevitable though seemingly brutal code of ethics would make necessity synonymous with justice. A similar argument is that the Tropics must in some sense be governed or managed by the Temperate Zone, and this arrangement is laptily called "a trust for civilization." The Tropics should not again be exploited as mere estates, and the present century allures the old cruelty to the weaker races, whereby whole native populations were literally "used up" and Negroes had to be imported to take their places. Yet progress will allow no dog to lie long undisturbed in his manger. What is the just and proper solution?

Our commercial sphere in the Tropics is indicated plainly enough. It corresponds to the strategic sphere. Far-seeing men, even of other countries, have said that the United States must control the West Indies. Here.

at least, expansion may be regarded almost as extension in contiguous territory. And here, also, the American population, called "the most stupendous reservoir of seething energy to be found on any continent," can have vent. The West Indies, as with the Tropics generally, will hardly become a manufacturing section, but the people there may be trained to become consumers of manufactured goods. At present we buy from them enormously more than they buy from us. In fact, only one-fifth of their total imports comes from the United States. It is evident that we have yet to undo one result of our Civil War, and to build again a merchant marine. In the Canal lies our hope of this.

With the Canal, bringing the Caribbean so intimately home to us, our need of information grows more and more. The lack of information caused the Senate to postpone action on the Santo Domingo treaty. But, whether it be the Black Republics, or Venezuela, or Porto Rico, or Cuba, or Panama, or the islands of European Powers, every one presents a very knotty problem. Our interests are becoming rapidly more acute. During one week while this article was in preparation there came reports of revolutions in Venezuela, in Santo Domingo, and in Haiti, which made our gunboats scurry about. Taken as a whole, the Caribbean holds a "story" which is the very liveliest sort of important news.

The treaty with Santo Domingo, for instance, is to come before the Senate again this winter. The subject fairly teems with significance. It is nothing less than a corollary to the Monroe Doctrine. It swells to an "incipient protectorate." It seems to be a definite crystallizing of our policy as regards the irresponsible debtors to the south of us. We certainly must harmonize just foreign claims if we cry hands off! Such is the object of the Administration at Washington. But there is always the possibility, if this policy fail, that some European Power may secure lodgment in the Caribbean.

Santo Domingo, by the way, has already shown herself capable of four different revolutions at the same time. She has had five presidents within five and a half years. Haiti is as bad. She happens to be quiescent for the moment—the moment of writing this—but to-morrow our warships may be called there to find a sputtering caldron. Her

Government has an analogy in a naked savage chieftain wearing a silk tile. Though ostentatious, it is somehow incomplete. Only one recent ruler has died peaceably in office. White men, we read, cannot own property there. The black inhabitants are charged with voodoo worship. It is believed that the reader would like to know more about an island that has now come within our diplomatic activity.

Venezuela comes to mind immediately after Dominica. During eighty years of "independence" she has had fifty revolutions, ten of them successful, and as many changes in the constitution. The people could hardly be poorer. There is always the possibility of more foreign trouble and of another blockade. Porto Rico, on the other hand, affords the opportunity to observe how we are making out in our task as a governor of colonies. How have we succeeded?

As for Cuba, she has self government, but what is she doing for herself? She has had a start such as no other republic of the Caribbean has ever had. Incidentally, we wish to know how we are profiting by what we have done for her. Imports from the United States in 1904 were \$32,644,345, against \$23,504,417 for 1903, or an increase in one year of 39 per cent. Both for exports and imports Cuba's closest relation is with the United States, giving us a tremendous lead over any other country. It would seem that Cuba may be rising again to the place she held during the golden age of the West Indies, when she was the most opulent of all these islands. But in case of need, to what extent may the army and navy of the United States count on the friendliness of her population, on her harbors, on her resources? The strategic phase of the situation in the Caribbean is linked with the economic, and both are regarded as one with our national duty.

Yet the central subject is, of course, the Canal, which will change geography, change the great trade routes, and put some nations back and some forward. The Canal is not only the biggest material job our nation has ever undertaken, but it will be one of the grandest among the monuments to enterprise, of whatever nation; and a study made on the ground of how we are going about the task of finishing it will, I hope, be interesting.

This is the series of articles that I have set out to write for *THE WORLD'S WORK*.

THE PEACE CONFERENCE

THE MOST IMPORTANT PERSONAL, GEOGRAPHICAL AND HISTORICAL FACTS THAT MAKE FOR A CLEAR UNDERSTANDING OF IT

THE meeting in the United States of the envoys of Japan and Russia to discuss terms of peace has several interesting meanings. In the first place, it indicated the great skill with which President Roosevelt conducted the negotiations whereby the invitation and the good offices of our Government were accepted. Then it removed the conference as far as possible from the influences of the courts of Europe. In the third place, it has given the American press and people an opportunity to know more intimately than has been our habit the facts about a great problem on the other side of the world. Our attention has for a month been turned to world politics—to problems not our own. There will be, in consequence, a far better understanding of the Asiatic situation by the American people than we should have had if this conference had been held anywhere else. There is a good deal of satisfaction in knowing contemporaneous history accurately.

The three great groups of facts that are most important for an understanding of the conference and its results are the military and financial facts, the geographical facts, and the personalities of the envoys and their suites.

The men to whom each country intrusted this great task are unusually interesting personalities. Japan's chief envoy, Baron Jutaro Komura, is Minister of Foreign Affairs. He is at home in our country, for he was among the first of the Japanese youth who were sent abroad to be educated, and he was graduated at Harvard University. When at Cambridge he was noted for his studious habits and for his taciturnity. Even then he lived by the maxim to which he has shaped his life—"the simple living and the high thinking of the New England sort." After his graduation in 1877 he studied in Europe, and then returned to his native land to do the drudgery for years of a translator in the Department of Foreign Affairs. He kept up his legal studies and read diligently to in-

crease his fund of knowledge. A steady, patient worker, he awaited his chance, which came when he was appointed First Secretary of the Legation in Peking. He was left in charge during the absence of the Minister, when the complications arose which resulted in the war with China. His conduct of affairs in this crisis showed him to be a skilled diplomat. Not a single error was made. From a translator he had suddenly become, before men realized it, one of Japan's leading statesmen. From this success he was sent to Korea; thence as Minister to St. Petersburg. Then he was accredited to Peking, this time as Minister, and it was at this post, during the Boxer troubles, that he won his greatest diplomatic success. Then he was called to his present high office of Minister of Foreign Affairs. It was then that he negotiated the present treaty of alliance with Great Britain, which was a great stroke for Japan; and he made diplomatic preparations for the present war.

Baron Komura, therefore, knows Russia, China and the United States, by residence in each of these countries, and he has had the helm of state since the war began.

His associate has been Mr. Kogoro Takahira, the Japanese Minister to the United States. He has had long and varied diplomatic training. After three years' service in the Foreign Office in Tokio, he enjoyed, for a similar period, diplomatic experience in China, Holland, Italy and Korea. For four years, following 1879, he was an attaché of the Legation at Washington, during which time he acquired a perfect command of the English language. Next he became *Chargé d'Affaires* in Korea, after that Consul-General in Shanghai, Consul-General in New York, and then Minister to Holland, Minister to Belgium, and Minister to Austria. He was then recalled to Tokio, as Vice-Minister of Foreign Affairs, and finally placed at the head of the Legation at Washington. Mr. Takahira also, therefore, knows world politics and all the intricacies of the great Far-Eastern problem.

Accompanying the Japanese envoys came several most interesting men. One of them, Mr. H. W. Denison, is an American, who acts as legal adviser to the Japanese Foreign Office. Mr. Denison was born in Guildhall, Vt., fifty-eight years ago. A clerk in the War Office in Washington and then in the Treasury Department, he began the study of law and was finally graduated from the Columbian Law School. An appointment as Vice-Consul in Kanagawa took him to Japan, and there he remained. Ten years later he resigned from our consular service and became a lawyer in Japan. A year later he was offered the position of legal adviser to the Foreign Office, and for twenty-five years he has acted in that capacity.

Another interesting member of the Japanese party was Mr. Sato, whose last diplomatic experience was that of Minister to Mexico and Peru. Mr. Sato has been the astute spokesman of the party to the public—and a delicate task was never better done from the beginning of the world. He has frankly and promptly answered every question that every newspaper correspondent has asked him without telling any fact of importance. In what may be called the loquacious sphere of diplomacy he is a past grand master.

Russia sent her ablest statesman, Count Sergius de Witte. He knows Japan and the Japanese as Baron Komura knows Russia and the Russians; and he knows his own country more thoroughly, perhaps, than any other statesman in it. He had the courage to oppose Russia's "march to universal domination" when Port Arthur was acquired in 1898. Two years later he presented a memorandum to the Czar insisting that Russia's course was certain to cause war with Japan. In 1903 he advised the withdrawal from Manchuria of the Russian forces, using this language in addressing the Czar:

"Instead of making an enemy of Japan, we should win her friendship. I strongly advise a friendly solution. We need to populate our Eastern provinces, and have vital interests to defend in the eventual war with the yellow race in order that the peasants of Russia may understand what they are fighting for."

He has made one of the most extraordinary careers of our time. He rose from a railway clerk to the post of Minister of Finance and then of Imperial Chancellor of Russia,

and he accomplished this without advantages of birth or of rank or friends. His parents were Germans, having migrated to Tiflis, Transcaucasus, where he was born fifty-eight years ago. At the university in Odessa he distinguished himself by his excellence in mathematics and physics. This training, together with his executive experience as an employee of the Southern Russian Railroad, prepared him for the headship of an important department with the Minister of Finance, which he assumed when thirty-nine years of age. His policy as an administrative officer he has himself expressed thus: "The concentration of all wealth in the country in a single hand, and that the hand of the State." This policy he has carried out in the unification and simplification of Russia's finances; in the abolishing of all private liquor shops in Russia, and in establishing a governmental monopoly of vodka; in building, under the control of the Government, the Trans-Siberian Railroad; and in doubling the revenue of the empire. The Russian people—other than the Grand Dukes, who hate him—estimate him as a great man.

Indirectly de Witte was responsible for The Hague Tribunal. It was he who introduced Nicholas de Bloch, "the peace dreamer," to the Emperor, and it was Bloch who awoke the Czar to the idea of peace. Two years before the outbreak of the Japanese-Russian War, de Witte declared that Russia required two years of perfect peace to effect her commercial and international expansion.

The Czar could not have designated as junior envoy a man more acceptable to Japan than Baron Rosen, the Ambassador to the United States. He was Minister to Japan during that trying period preceding hostilities, yet so diplomatically did he represent his Government that the Japanese felt no resentment against him.

He remained four days in Tokio after war was declared, and upon his departure he was the recipient of magnificent gifts from the Emperor, and honors were heaped upon him by the Government and the people. Descended from distinguished ancestry, Baron Rosen, a man now in the sixties, is a State Councilor of Russia, Chamberlain of the Imperial Court, and Knight of the Orders of St. Vladimir and St. Ann and St. Stanislaus. He speaks English, French, German and Italian, and converses readily in Japanese.

As advisers to the Russian envoys there are four eminent specialists. Foremost of these is Professor F. de Maartens, who is regarded as the leading Russian jurist and one of the greatest living authorities on international law. He is a Privy Councilor of Russia, a life member of the Council for the Ministry of Foreign Affairs, and emeritus professor of international law at the University of St. Petersburg. M. Pokotilov, formerly managing director of the Chinese Bank at Peking, and the present Russian Minister to China, is not only a diplomatist of the first order and an authority upon Oriental subjects, but a recognized master of finance. M. Shipov, director of the Treasury Department, is the third adviser.

Important geographical and historical facts that bear upon the problem are such as these:

(1) The north bank of the Amur River and the whole of the Usuri Province (called the Maritime Province on English maps), extending from the mouth of the Amur down to the Korean frontier, and including Vladivostok ("Mistress of the East") was ceded to Russia by China forty-five years ago, on the misrepresentations of a Russian officer, who agreed, in consideration of this territory, to secure the evacuation of Peking by the English and French, who were then quartered there. After the cession the frightened Chinese learned that the English and French forces had no intention of permanently occupying the capital of their Empire.

(2) Saghalin Island (recently captured by the Japanese), which dominates Vladivostok, was "acquired" by Russia from Japan in 1875, when Japan was not prepared to fight. Certain of the Kurile Islands, in reality the property of Japan, were "given in exchange."

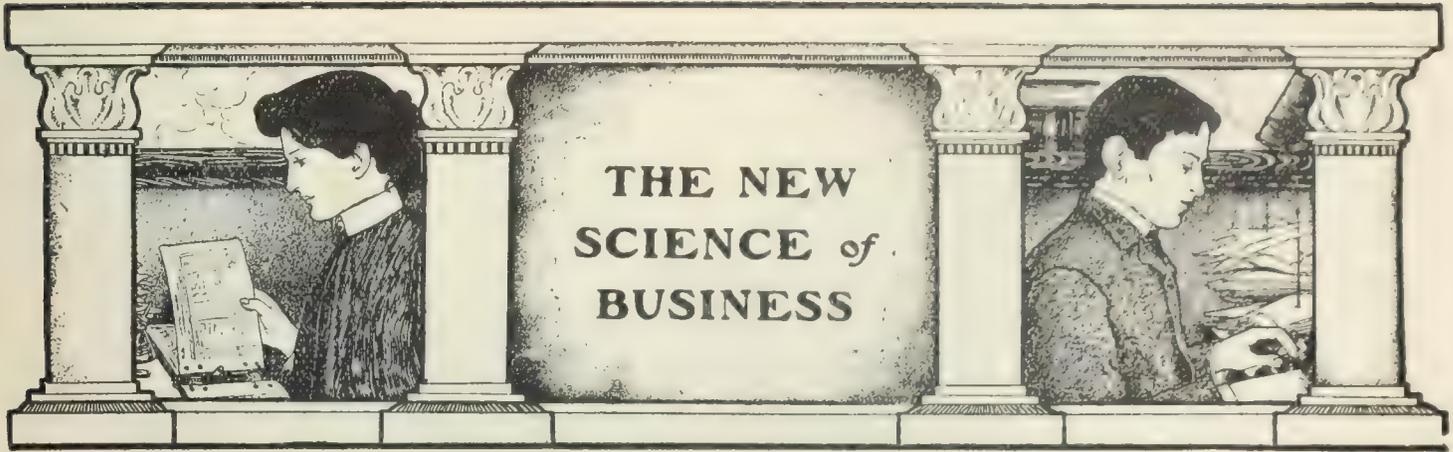
(3) The harbor of Port Arthur and that of Dalny in Liao-tung Peninsula (now occupied by the Japanese, who recaptured them) were "ceded" to Russia by China, together with important railway concessions in adjacent territory; this cession was for twenty-five years, "which period, by mutual consent, may be still further prolonged."

(4) Russia, which had previously begun encroachments in Manchuria, had permanently occupied a considerable part of this rich Chinese possession when the Boxer

troubles broke out. The treaty of the Powers and China, of February, 1901, after the Boxer troubles, found the Russian army in practical possession of the whole of Manchuria. April 9, 1902, the "Manchurian Convention" was signed between Russia and China. By its terms Russia agreed to retire from Manchuria within eighteen months. But the forces of the Czar showed no signs of retiring as late as 1904, and Japan proceeded to drive them out.

(5) When the war between Japan and China ended, 1895, China relinquished her suzerainty over Korea and ceded to Japan a part of the Liao-tung peninsula, including Port Arthur and Dalny. But the European Powers, hungry for Chinese territory ("shares of influence" is the polite phrase) protested. Russia, France and Germany prevented Japan from receiving any part of the peninsula on which Port Arthur is situated. A few months after this France forced China (diplomatically, of course) to cede to her the eastern part of Kiang-Hung, notwithstanding the fact that China had agreed with Great Britain not to cede any part of that district. Two years later Germany, by way of reparation for the murder of two German missionaries, seized a portion of Kiao-Chow on the Shantung peninsula. In the early part of 1898 Russia "acquired" her slice of Chinese territory, in the "lease" of a part of Liao-tung Peninsula. Then Great Britain protested, but China threw Wei-hai-wei to the greedy Lion. "The Battle of the Concessions," as Lord Salisbury called this wild scramble of the Powers for a foothold in China, is fresh in the Japanese mind. It was to stop this "onward march of civilization" that Japan went to war. She realized that not only the territorial integrity of China and Korea, but her own existence, were threatened. She has therefore twice captured Port Arthur.

Financially Japan has maintained, it may even be said that she has built up, her credit during the war. She had before had practically no experience in making foreign loans, but every loan that she has asked has been readily taken at a constantly better rate of interest for her. Russian credit has declined, especially since the last naval disaster.



HOW A GOOD EXECUTIVE SAVES TIME

BY

KENDALL BANNING

A YEAR ago an executive officer of a prominent Chicago manufacturing house, armed with a letter of introduction from the president of the American Bridge Company, made a special trip to New York to see the president of the United States Steel Corporation. He waited in the president's ante-room for three days, and finally returned West with his mission unfulfilled. A few weeks later he returned, this time by appointment, interviewed his man, and put through an important deal.

"The president's time is sometimes filled for weeks ahead," explained his private secretary. "However important the unexpected visitor, the president cannot always drop his work or break engagements to see him. Unless the visitor can transact his business with other officers of the company, he must make his appointment through me and wait until the president can see him."

When a business executive has an income expressed in six figures—and there are scores of men who receive salaries of \$100,000 a year—he must devote his time and energies to the duties which demand his peculiar talents and which involve responsibilities which can not be relegated to subordinates. The work which finally reaches him must pass sometimes through several processes of filtration before it is brought to his attention, and it is the private secretary who does the final work of sifting.

Just as it is unwise to use a \$100-a-day machine to do \$90-a-day work, it is unwise to squander the time of an executive. A \$10-a-day man who devotes half his time to detail work that might be done by a two-

dollar-a-day stenographer wastes four dollars' worth of time daily.

"I do one thing at a time," is the first maxim of a modern business executive, and no man can concentrate his energies on a single object when his mind is disturbed by small details. Fifteen minutes a day spent in opening the morning mail represents a loss in time of \$186 a year to the \$5,000-a-year man, \$372 to the \$10,000-a-year man, and \$1,860 a year to the \$50,000-a-year man. It is economy to hire assistants to relieve such men of detail.

Few executives can map out definitely and keep a record of their work. This process is in itself unprofitable detail. As matters come up for action, they must be disposed of. An executive cannot take the time to record details or burden his mind with remembering them. And the important things must be done first. It is the ability to distinguish between important and the unimportant tasks that is the mark of an executive mind.

By an opportune strike a conscientious young man once won a responsible position in a large manufacturing establishment in the Middle West. Whatever he did was, for the time, the most important thing for him to do, whether it was dictating an order involving a change of policy or filling an inkstand. But the inkstand often absorbed his attention as much as the change of policy. To-day he has slipped back to a position where conscientiousness is demanded rather than executive ability.

All incoming and outgoing communications and visitors must pass the secretary. He maps out the executive's work. He decides what business should be brought to his chief

and what should be directed elsewhere. He wards off unwelcome visitors. He records all appointments and brings them to the executive's notice. He answers the minor correspondence, and places the important correspondence on the executive's desk. He issues all orders and letters sent from the executive's office, and follows them up. He presents all periodical reports of the business. In brief, the private secretary is the personified system of the executive.

"That table," said the private secretary of Judge Elbert H. Gary, an officer of thirty or forty corporations and chairman of the board of directors of the United States Steel Corporation, "reflects the state of mind of my chief as he begins his day's work—cleared for action." Its polished top bore pen, ink and scratch pad, nothing more. No books, no papers, no files, no drawers distracted the mind from whatever business might be brought before the man in the chair. To the executive head a desk is not a workshop. It is an area for action. To the executive his secretary is his files, his timer, his past records; he needs no other tool for doing his day's work.

"There is practically no business of Mr. McCall's that does not pass through my hands," said the woman secretary of the president of the New York Life Insurance Company. Indeed, so much of the detail work does this young woman do that she is able to recognize most of the correspondents who enter the outer office, and to dispose of many of them intelligently without disturbing the executive. So effectively are some executives relieved in this manner that the high salaries of some secretaries (that of the woman secretary of Vice-President Tarbell of the Equitable has been shown to be \$12,000 a year, and the woman secretary of Mr. H. H. Rogers is said to receive \$30,000 a year) do not seem disproportionate to the value of the time they save.

Immediately upon arrival in the morning, A. W. Shaw, head of numerous Western business enterprises, takes his seat at his desk before a pile of papers previously sorted by his private secretary. This pile of papers may be classified as follows:

The morning's mail, which is opened by the mailing clerk and referred to the executive office, and which has passed the scrutiny of the secretary.

The statements from the various departments, including daily, weekly, monthly, annual and special reports and inquiries.

Notes on subjects which demand attention on that day. Some of these are typewritten notes attached to copies of former correspondence which must be followed up; some are memoranda of matters which were decided previously and deferred to that day for action; some are notes of work still in progress which require attention. But every paper in this pile needs attention *the first thing in the morning*.

Attending to these papers is the most important daily duty of the executive, as on it sometimes depends the distribution of the day's work among the departments of the business. If he is absent, these papers are taken up by another. In this pile then are embodied his first duties, for every detail of his work is committed to paper. "Oral orders don't go" is the motto which appears at the top of interdepartmental correspondence pads in many business houses. No matters of any kind are committed to his own or to anyone else's memory. They are placed on record.

The executive works downward through this pile. Not a paper escapes *action*. To this letter an answer is dictated; that letter is referred to Jones for answer; this letter is acknowledged, but definite action is deferred to a specific date; this report is noted and filed; that statement is commented upon and returned in a letter to its author; this proposition received last week is now answered specifically; this order is passed along to that department. As each paper receives attention, it is transferred to a pile on the executive's right, or transferred to a temporary portfolio to be taken up more carefully later in the day. When this work is completed, the secretary transfers the pile to his office. Letters that have been answered are placed in the permanent files. Letters that must be taken up five days later are filed ahead under that date in a desk folder. The monthly reports are filed in the safe together with contracts and other valuables. Notes of engagements are placed in a desk card, a file or a desk pad, under the necessary date, on the secretary's desk. Correspondence and memoranda of points to discuss with an individual who is coming from a distance for a personal conference are filed in the secretary's

desk folder under that individual's name. In like manner, papers which treat of matters to be taken up on a trip of the executive are filed in a folder, so that as he leaves the office all matters which require his attention are collected in compact form. As these dates or individuals arrive, the secretary brings all papers filed under these dates or names to the executive. In the meantime, the executive has been relieved of all effort to file or to remember.

When this task is completed, the necessary instructions are given and inquiries made by telephone. Then the executive is accessible to visitors. Callers with whom appointments are made—and time is reserved for them only after ten o'clock in the morning—are of course given precedence.

Until the lunch hour the executive devotes his time to routine work and to conferences with his department heads and outsiders. If conditions demand, visits are made to the various offices or work rooms. These trips are generally made regularly and in company with the secretary, who makes note of the comments of the executive and later presents them in typewritten form for disposition. A trip of the president of one big Western company through his factory is usually made with a staff of department heads and sten-

ographers whose duties are not unlike those of a staff of a general officer reviewing an army. Some executives set certain hours for such tours every day. "The moral effect of the knowledge that the boss is around is a stimulus to work," says an Eastern executive. "My trips through the plant are a tonic to my employees."

The lunch hour is usually adhered to. The afternoon is devoted to completing the morning's work, to mail, and to whatever interests demand attention. These may be committee or board meetings of inspectors of departments or work in completing the day's duties as mapped out in the morning and based on the morning's mail. If large orders are received, personal attention may be required to proportion the work among the departments to get the best results. All appointments are brought to the executive's attention in time for him to attend to them. A list of them may be made on a slip of paper, so that he may proportion his time as he desires. Some executives also appoint specific hours when applicants for positions may be seen and when employees may approach him. Some appoint specific times for inspecting the letters dictated by their subordinates, for whose work they are responsible. Thus the planning of the day's work is made a continuous process.

THE RESULTS OF CHECKING WASTEFUL METHODS

BY

S. A. NELSON

WITHIN a decade many of our formerly wasteful business and industrial methods have been made economical. In the preservation of standing timber, for example, and in the utilization of waste in lumbering, great progress has been made in ten years, and even greater will be made in the next ten. The utilization of by-products has been carried to a high degree of perfection in the petroleum and livestock industries. In each instance, the value of the by-products is almost as great as the value of the main product. To be wasteful in either industry is to be incompetent. Indeed thrift is becoming a characteristic of modern business men.

One of the best examples of modern thrift is in the steel industry; one of the worst

examples of waste, in the brewing industry.

After the United States Steel Corporation was formed, Mr. James Gayley, first vice-president, conceived and applied a plan of economical administration of the sixty mills turning out finished steel. The cost of production of a ton of steel varied greatly in the different mills. The superintendents were called together; each was assigned a new cost sheet and a rank number, and a large sum of money was set aside as a prize for the men who could lead the list in obtaining minimum costs.

The Steel Corporation sold each mill its ore at equal cost, each mill was in immediate friendly competition with the others in buying (and wasting) labor, acids, fuel and light, and

in time spent. Each superintendent's number was determined by the cost of his output. The plan worked so well that in a few months the superintendent who was No. 33 on the list became No. 2 and then No. 1.

How was this done? When Superintendent No. 33 examined the cost sheets of his competitors, he perceived that there was something wrong with his method. He asked for advice. Experts were sent into the mill and the trouble discovered. The improved methods of his rivals were explained, and No. 33, a man of capability, applied them and jumped to leadership. Whenever, in a particular mill, the cost sheet runs up, the corporation at once sends its ablest men to examine its methods; suggestions are made and the superintendent must become as thrifty as his rivals.

Another tremendous saving was made in ore shipments and allotments. The company owns railroads, and ships large consignments on other roads. It was discovered that poor ore was often shipped a long distance over roads the company did not own to mills at remote points. The cost of transportation and the inferior grade of the ore made the cost of manufacture high. The company then apportioned the ore to the mills scientifically. The grades of ore were directed into the most economical channels.

In the brewing industry old methods prevail. There are no combinations. In large cities there are often three saloons on four facing street corners. Often rival brewers conduct business on the various corners. Each brewer has fitted up a saloon, and rented it to a saloon keeper, taking a chattel mortgage for his fixtures. Each promotes the sale of one brand of beer. The cost of operation of two saloons is just so much waste, for one could efficiently do the work of three, and the probability is that one brewery, or at the most two, could turn out the total product sold to the trade by the three in operation. So much for contrast.

A few years ago I was in Keosauqua, N. H., where I talked frequently with a merchant who had migrated from a Middle-Western state. He said to me: "Look around on the mountains and what do you see? Mostly second-growth timber. Notice the little portable sawmills drawn up the sides of hills at an angle of 45°, cutting down the little trees that in the West and South are despised. They

make pails and matches, chairs and clothespins, and everything is utilized." The farmers of the South, on the other hand, use thousands of bales of imported jute bagging for their cotton and their grain, whereas if they substituted cotton bagging of their own production they would have a more economical article and thus would permanently add one or two cents a pound to the value of their product.

But thrift is not confined to New England. A New Yorker had a rubber factory in a New England town. It was losing money. He asked the head of a department of a Western house what salary he would take to become superintendent. He named \$6,000, which he considered a prohibitive figure. To his surprise the New Yorker said: "I'll do better; I'll give you \$7,500 if you will go up to my factory, look it over, and tell me that you can keep it from losing money. You don't have to say that you will make money. Let that be for the future, and if you ever do make money we will talk business on a new basis."

The Kansas City man looked over the plant and said that he would take the job. He found a factory that produced high-grade goods on an extravagant basis. Goods and credit were the best in the trade. But the employees were enjoying "soft snaps." The first week he ripped off the roll top to every desk, and delivered a little lecture on the relationship of the roll-top desk to wasting time and "soldiering."

"Flat-top desks for everyone," he said, "including myself; and everyone must keep the top of his desk clean."

He sent a man for the best salesman in the trade. "I hear," he said in greeting, "that you sell more goods than any man in the trade?"

"Yes, I do."

"Who manufactures the best goods?"

"Your house."

"How much money do you want to work for us?"

"So much."

"You're engaged. I've got a lot to learn from you, and all the information and suggestions you can give me will be appreciated."

He next visited the packing and shipping department a number of times. The strenuous activity of one room with three youths nailing up boxes attracted his attention.

Presently he told them that when he was a boy he had nailed up dummy boxes himself, and that they might "cut it out." Three boys were doing one boy's work.

Two carpenters were making special boxes out of specially bought timber. Every time a bill of goods was shipped the goods had to fit in exactly. He sent a man out to contract for all the boxes received and not used by the merchants of the town. In a month the shipping department expenses were cut in half.

The biggest saving, however, was in the factory.

"How long is the tubing that goes with our hot-water bags?"

"So long."

"Everybody make the same length?"

"No; ours is a foot longer."

"Do we make the best bag?"

"Yes."

"Does the extra foot of tubing sell more bags?"

"N—no."

"Well, hereafter cut it off. There's no reason why we should throw away thousands of feet of rubber tubing a year."

And so on. Many anecdotes could be related of how one thrifty manager turned a losing into a winning factory in less than two years.

A successful real estate man whose men work on salary and percentage said to a new member of his staff: "If you come with me, I'll expect you to keep a personal diary and an expense account. I'll expect you to make money for me and for yourself also. At the end of the year, if you have not saved any money, you have only worked for your board and keep. If you're that kind of man I don't want you—you're not good enough for me to take an interest in." Some of the

cleverest men in the business graduated from that office, and the habits of thought inculcated by this speech was the force behind them.

A big Western grain and stock house was going to open a branch house in Wall Street and needed a manager. A friend recommended, "a steady, sober, cultivated, honest, punctual, capable man, with a wide acquaintance; a man who is forty years old; has been in the business twenty years; does not smoke, drink or gamble."

"How much does he want?"

"Three thousand a year."

"Has he got any money?"

"No, he is broke and needs the job."

"Been in the business for twenty years and hasn't made or saved any money, eh? Well, I don't want him. I am looking for a thrifty \$5,000 or \$10,000 man; a fellow that knows how to make money and will be asking for an interest in the firm in a few years."

A few years ago when the Delaware, Lackawanna & Western Railroad Company needed a president, young Mr. Truesdale, a Western man, was elected. Eastern men who could fill the requirements were scarce. The Lackawanna, according to Western methods, was at least ten and probably twenty years behind the times.

"Just watch Truesdale reconstruct that road," said a Minneapolis man in his broker's office, as he issued an order to buy 500 shares of Lackawanna at \$150 a share below the present price. And with his thrift he has. The commuters, the long-distance travelers, the freight shippers and Wall Street men say that the work has been so quiet and effective that you would hardly know that the reconstructed Lackawanna was once famous as the "Delay, Linger & Wait." Thrift is the keynote of such successes.

THE BETTER WAY TO CONDUCT AN OFFICE

WHEN it was suggested to the active partner and manager of a large Denver house, which does an extensive mail-order business, that the mailing list should be card indexed, he replied that he had never heard of a card index, or card catalogue; and it turned out that he was unfamiliar even with vertical letter files and all other modern business devices. Yet this

manager is a very able business man, is well educated, and has traveled extensively in at least three European countries.

The firm wholesales, retails, jobs and manufactures all sorts of mineral curios, Indian baskets and blankets, and a large variety of leather goods, beside agate and gold-stone jewelry, which is cut and polished in Germany. During the busy season before

Christmas there are as many as 300 or 400 mail orders a day, requiring the work of about thirty-five people.

The sales by mail are made through advertising and through an elaborate annual catalogue which costs, mailed, about twelve cents a copy.

There were about 20,000 names on the mailing list, which was arranged in two massive volumes. The classification was alphabetically by surnames. Only the name and the postoffice address were given. There was no provision to record the advertisement from which the name was secured; whether the bearer of the name ever sent in an order; or in case of such an order, how much the order amounted to. Thus it was impossible to keep weeding out the "dead" names. In card indexing these names a clerk found people on the mailing list who, he knew, had been dead for ten years, and yet a catalogue at a cost of probably ten cents a year had been sent to their addresses for those ten years. The only signal for striking out "dead" names was that postmasters would sometimes take the trouble to report their inability to deliver the catalogue.

The postoffice required that the catalogues be sorted by states. It took two girls more than three weeks to address and sort the catalogue envelopes.

Had the names been card indexed by states, as they afterward were, the sorting into states would have been unnecessary, as the names were already so arranged. Besides, instead of only two persons at work addressing from bound books, as many as twenty could be at work at one time, if need be, each one using a drawer of the card index.

The cards had spaces for the recording of the dates and the amounts of twenty orders, of the advertisements which secured the name, and of a record of "follow-up" letters. The advertisement bringing the reply was identified by means of a "key": as for instance, the replies from a certain weekly were marked "Dept. S." and it was found that many letters were marked with the advertisement key. About 75 per cent of the replies from advertisements could be credited in that way, and the rest, called "unknowns," were credited proportionately to the known returns.

It was found that a great many of the names

in the address books were duplicated, which was almost inevitable in trying to keep so large a list in bound books and classified by surnames. One of the valuable features of the cards is that they show who the good customers are, and these customers can be given extra good treatment.

When the card index was perfected the manager admitted that the weeding out of dead names, the saving of time in addressing and assorting catalogues, etc., would mean a saving of \$2,000 a year, or more. There were other places where savings fully as great were effected.

The correspondence of the firm was filed in old-fashioned pocket letter files, dividing the alphabet into about twenty parts. There were about thirty of these files filled almost to bursting with retail mail orders, wholesale and jobbing orders, and all sorts of letters, including the manager's personal letters, freight way bills, requests for the catalogue, and the like. Whenever there was a complaint from a customer, the manager very properly insisted on seeing the original order. During the busy season of about four months, two or three clerks were kept busy a large part of their time in hunting out letters and orders from the mass of papers. The correspondence amounted to about 60,000 pieces a year, and each year's letters were kept together. Thus, with twenty divisions of the alphabet, there would be an average of 3,000 papers in each division, and to find a letter it was possible that the entire 3,000 papers would have to be handled.

When these letters were transferred to vertical letter files, the wholesale and jobbing correspondence was separated from the mail-order correspondence. The former was placed in numbered folders, one folder to each firm, as in such correspondence a considerable amount comes from each name. For the mail-order department alphabetical folders dividing the alphabet into 200 parts were used. By separating the wholesale and jobbing correspondence, the mail-order correspondence was reduced to about 40,000 pieces per year. This reduced the average number of papers in each division to 200 instead of 3,000; but as the plan was to transfer the correspondence to storage files every six months, the average would be less than one hundred letters, which is probably too high for the best results. After the change

was made, one clerk was able to look up all the "kicks" in ten to fifteen minutes a day.

Before the change was effected an elaborate report and estimate of the cost was made and submitted to the manager. This report was illustrated with sample cards, cuts of the sections of the stack as it would appear, and all other particulars, making more than twenty legal-size typewritten pages.

The estimate was for two sections each of card index and vertical letter files, including 4 x 5-inch record cards, printed, and vertical letter-file guides and folders, all to cost complete about \$125. The manager thought the expense too high, and suggested that, as two of each section were figured on, the order be cut in two, and one card index section and one vertical letter file ordered. It was explained that such an arrangement would be a waste of money unless the cards and guides were ordered as figured, as smaller sets would not do the work. The order was changed to the full set of cards and guides, with only one section each of card-index drawers and vertical letter files, with base and top section for the stack.

After the stack was set up and put into use, the manager gave permission to order another section of card-index drawers and vertical letter files, and a second stack was started.

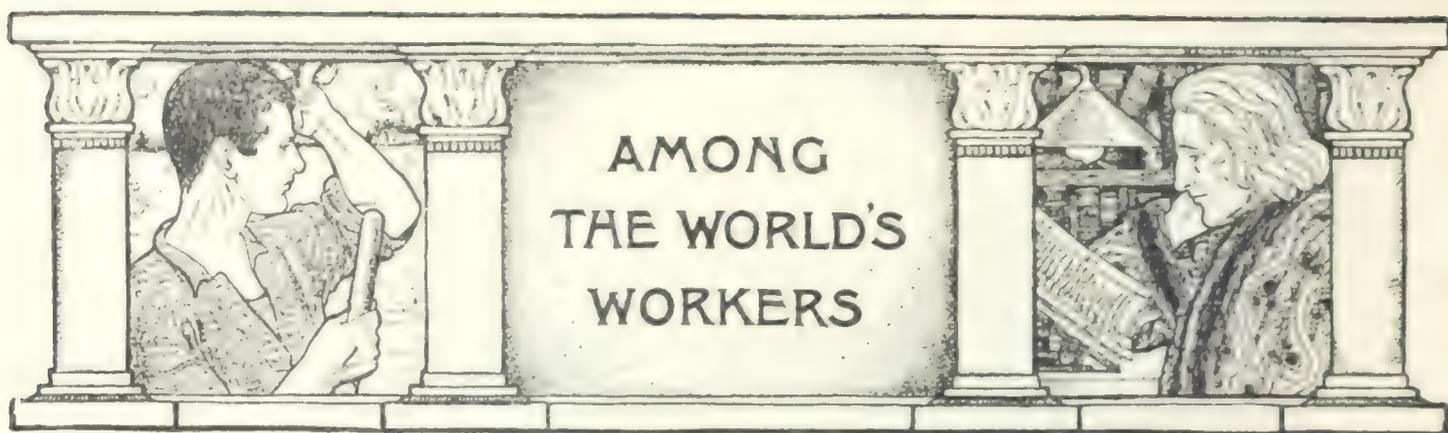
During the holiday rush the old system broke down completely. Clerks worked until three o'clock in the morning trying to catch up filling orders, but business was too heavy. For two weeks before Christmas not one wholesale order was filled. Had it not been for this total demoralization of the system of business, the manager would never have spent the money to adopt a better way.

The business, like Topsy, "jus' growed." It is very doubtful if the manager himself could tell the exact total cost of sending out the catalogue, for instance. The cost per catalogue was estimated at about twelve cents each, but it was probably nearer fifteen cents, bringing the total cost of the annual catalogue to about \$3,000. Fully one-third of the addresses were "dead" names, that is, names of people deceased, or duplicate names, or of people who had moved to a different address, and a still larger number of people who sent for the catalogue simply out of curiosity, and never sent in an order. In making up the card index of the mail-order list, the names were typewritten on a visible-writing type-

writer directly from the order, and the amount of the order entered on the card. When completed, the card index thus made showed that out of about 20,000 names which had accumulated in the old bound books, fully 7,000 names were "dead," and of the remainder, not more than 10,000 were customers. The elimination of these 7,000 "dead" names meant a saving of about \$1,000 per year on catalogue expense, with exactly as good returns from the catalogue. The catalogue is still always sent for at least two years even to a postal-card inquiry.

The saving in the labor of hunting up orders and letters concerning which complaints had been made allowed about three clerks, who received \$6 to \$8 per week, to attend to more profitable work. This would make a saving of another \$1,000 a year. There were many other items of saving—such as increased efficiency in many ways, a very great reduction in friction, and the lessening of liability to errors in filling orders—which it is impossible to express accurately in dollars and cents, although they have a money value. The rapidly growing business absorbed the labor saved by the card index and vertical letter files, but the same working force was able to accomplish much more work with the same effort and time. The lack of exact records before the changes were made makes a comparison one of merely apparent accuracy, and that is a danger to be carefully guarded against. Costs carried out to the sixth decimal place are often only a "bluff" because of faulty foundation for the figures.

Very likely, if accurate records of costs for each catalogue, each inquiry, each order, etc., had been kept, the mail-order department would have been systematized and modernized years ago. The volume of business of the firm had grown beyond the point where the manager could give his personal attention to every detail. There had been a time when he was "personally acquainted" with every piece of mineral, every Navajo blanket, and in fact every piece of goods in the establishment, and it nearly broke his heart that that day had passed forever. Much of the waste could have been avoided had the business been divided into departments, with department heads responsible for the profitableness of their branch of the business, and allowed to use up-to-date business methods.



STORIES OF BARON KOMURA

BY

JJHEI HASHIGUCHI

I HAVE the honor to have been born in the same village where Baron Komura was born, and am acquainted with his relatives and schoolmasters and friends. The Baron, who was born fifty years ago, left his native town probably before I was born or a little later. The Baron's father, the late Kwampeï Komura, was a friend of my father; and my father has known the Baron from the time the latter was a little boy running about the streets. To be sure, my father associated with the Baron and his father with a sort of deference, as he is a *heimin*, while they are *samurai*—samurai fifty years ago were socially held high above the commoners. From what my father used to tell me when I was a child, the Baron's father was not rich enough to send his son to school with money to burn. So, Jutaro—for that is the Baron's first name—had to work his way through the Confucian school founded by the local Daimiate government of Obi, Heuga, in Kiushiu, which forty years ago was under the jurisdiction of Daimio Ito—not Marquis Ito; there are many Ito's in Japan. In this school he learned the Chinese literature and philosophy of Confucius. Daigaku, Chuyo, Rongo, Moshi, as they are called in Japan, which are the four books of Chinese classics that in a manner correspond to the four gospels of Christianity, were the principal books that he studied with especial attention, under the instruction of Professor Rihoë Komura, the Baron's namesake, who taught me also in the Chinese classes, and who was a stern disciplinarian.

Komura was later sent to the Imperial University of Tokio. After graduation he was allowed with a half dozen among his classmates, including the Baron Kaneko Hatakeyama, Takeo Kikuchi, Shuichiro Saito and two others, to go to America to study. He

entered Harvard in 1875, while others entered Columbia University or Boston University. At Harvard he met Baron Kaneko, who entered the University a year later. Baron Kaneko went through the Boston grammar and high schools, staying in America for eight years. They became intimate friends. They procured a bedroom and a study together in Cambridge. They had only one double bed, into which both crowded at nights, as they did not wish to go beyond their stipulated government allowance.

Baron Kaneko could speak English fluently then; but Baron Komura could not speak it so well. The former would go out during his leisure hours to see society people, but Baron Komura would rather stay at home, reading books. While he was a law student, he indulged, during odd hours, in reading English and American classics. He was especially fond of Emerson's essays. He was a prodigious reader. In their second year both were attacked by eye trouble. They were forbidden to read until they had recovered. Baron Kaneko passed his days in the society of his American friends. One day he came home somewhat late at night and found Komura lying on a sofa. "What are you doing, Komura, in this dark room?" asked Baron Kaneko, apparently with compassion. Baron Komura answered quietly, "I am doing thinking." This laconic answer was a spontaneous expression of the man's character.

"Why don't you go out once in a while to see society people? You can find good companions, as well as pleasant ladies in Boston society," Baron Kaneko often used to say. But Baron Komura usually begged to be excused.

He prefers a derby to a silk hat, to which he has an insuperable aversion. During his

stay in America as a student, he often visited New York City. As a government-sent student it was proper that he should wear a frock coat and a silk hat whenever he went out on the street. One day, wishing to have a Japanese dish, he went out to buy some meat. The butcher gave it to him in a paper package. As the Baron did not want to carry it in his hand on the street, he put it under the high hat on his head. Forth he went on Broadway toward his boarding house, with an air of perfect unconcern; suddenly the wind rose and knocked the hat off his head, simultaneously causing the meat to be dropped on the sidewalk, to the great amusement of a young lady who was passing by.

His official career up to the time he was attaché to the Japanese Legation in Peking was marked with patient service, which prepared him for the place he holds to-day. Among the Japanese statesmen of his age, very few have risen to high position, going through all the official ranks that he has. But the development of political institutions in modern Japan is so rapid that without a thorough knowledge of various official duties one cannot keep up with the progress of the age. Modern Japan does not want a so-called hero whose reputation, when sifted, will leave nothing but bones. She wants statesmen who deal with state affairs in a business-like way, and Baron Komura is one of these.

Baron Kaneko tells this story of him: Baron Komura was in the Bureau of Translation of the Foreign Department of Japan for ten years. Baron Kaneko was in a higher position, and wished to have his friend promoted through the influence of Marquis Ito, the Prime Minister. One day he said, "Now Komura, you have an excellent education and it is not right for you to stay in an insignificant position so long. Why don't you come with me to Marquis Ito's house and see him?"

Baron Komura replied, "No, if Marquis Ito wishes my services he will call upon me."

But, at last, before the Chinese-Japanese War, Baron Komura went to Baron Kaneko and said, "Now, my friend, I come to ask you for an introduction to Marquis Ito. I am appointed attaché to the Japanese Legation at Peking and in order to win the heart of Li Hung Chang it is important that I get an introduction from Marquis Ito." Baron Kaneko forthwith wrote a letter to Marquis Ito, telling him that one Mr. Komura would come to see him in a day or two. When Komura went to Marquis Ito's house he presented a card bearing his name without any official title. Marquis Ito, who had forgotten Baron Kaneko's letter, did not recog-

nize the name. Baron Kaneko says that Komura then presented a card bearing his official title, though this Baron Komura laughingly denies. Finally Komura was introduced by Ito's servant. Ito was much impressed with the young man's personality.

After the Chinese-Japanese War, he was appointed civil governor of the Liao-tung peninsula. One day a Japanese who had not known him before called upon him. He expected to see a man of heroic expression. When he rang the bell, he was ushered in by a man whom he thought might be a servant of the house. He intimated that he wished to see Mr. Komura. "Mr. Komura is now engaged. Kindly take a chair in the parlor and wait a few minutes," answered the man, who ushered in the visitor to the parlor and then departed. A few minutes later the same man re-entered and said, "What can I do for you, sir?" The visitor was very much offended and said in a rather angry tone, "I said I want to see Mr. Komura."

The man who stood before him said, "I am Mr. Komura."

While he was yet a minor official in the Department of Foreign Affairs, his salary was anything but enough to meet expenses. His father had contracted a debt amounting to several thousands of dollars through his business failure. This debt the Baron took upon himself to pay out of his scanty salary in monthly instalments.

On every pay day the creditors of Kwampe Komura, who were many, came to his son's house and demanded payment. They would leave very little to the Baron each month, but the Baron made no protest and calmly met the situation.

The Baron's mother, Madam O'Mume, however, who is a noble woman, strongly protested to his father against laying burdens on her son's shoulders that might hinder the young man in his official career. Yet there was no other way. So presently Madam O'Mume, in spite of her social position, opened a sort of grocery store in her home town, and with her own labor contributed to the family income. Madam O'Mume now lives comfortably. The Baron has a brother, Juhei Komura, and a sister, Mrs. Kawasoi, who are socially held high among their townsmen, of whom I have the distinction to be one.

A SOCIAL ADVANCE FOR UNION MEN

"PUT a man in a stable and he's a horse; put him in a parlor and he's a gentleman," said the walking delegate. "Compare the union man of to-day and the union man of twenty years ago. There's miles of

difference, ain't there? We're better mannered, and better in a lot of other ways. Now what's made us better? Well, mighty few things have helped us more than the fact that we've been gettin' out of the rotten halls we used to meet in—a stable would be Heaven compared to some of these halls, I tell you that!—and have been movin' into decent places.

"Yes, sir, that's what done the trick for our union. The molders used to meet in a hall kept by a Dutchman over on Third Avenue. There was whittled-up wooden benches to set on; the walls looked like ditchers had been walkin' over 'em; the floor may have been of boards, but we never knew what was under the dirt. We was just the same as the hall. Some of us come to the meetin's with our foundry dirt on; there was a lot of boozin'; and there was about as much order in the meetin's as there is at a dog fight. Say, but it was certainly rotten!

"Well,' says I to myself, 'this ain't business.' I done some quiet thinkin' on the sole, and I made up my mind that if I could get the union into a good hall we might see something that'd look a little like civilization. I talked it to the boys, but they wouldn't have it. 'Why, if we got into that sort of place we'd have to wash up and be dudes!' they said. 'Think of the trouble.' So it was for a long while, then I heard of a new hall just bein' opened, and I chased around there and got an option on it on my own hook. I brought it up at the next meetin', and I struck things just right. The boys had just had a row with the Dutchman and were keen to leave. So we got out.

"Say, that new hall was a corker. Carpets, cushioned chairs, cuspidors—just like a parlor! The first night the boys come around dirty and in their old clothes. They looked at the hall, looked at themselves and felt like thirty cents. They come to the next meetin' with their good clothes on, spit in the cuspidors, and acted like white men.

"One old chap, who hadn't been at the first meetin', come around to the second meetin' in his work clothes. Jack O'Leary was his name. Jack was all right; his heart was in the right place, and it beat pretty regular; but Jack had forgot how to wash. Most of us didn't even remember what he looked like. Well, Jack comes into the second meetin', stares at that swell push, and comes pretty near droppin' down. After a while he winks his thumb into me, and says he: 'Them sports needn't think they've got the only loaded shirt!

"What d'you mean?' I ask.

"'Watch me,' says he. 'I'll knock their eyes out.' Them was his words: 'I'll knock their eyes out.'

"Well, that's just what Jack done. Into the next meetin' there comes a man we don't know at first. Then we see it's Jack O'Leary—Jack O'Leary lookin' like a dude. You should 'a' seen him! Clean as a piece of soap, new suit of clothes, new hat, boiled shirt and a red necktie under his chin! He's been that way ever since, Jack has; and so've all of us—clean, and good manners to burn. Yes, sir. Put a man in a parlor and he's a gentleman!"

EVERY EMPLOYEE A HOME BUILDER

TO provide a home for every married employee of three years' service is the purpose of a novel plan now being put into execution by the St. Louis, Brownsville and Mexico Railroad by which it expects to build up a body of workmen who shall have a local interest in the community along the line and who shall possess the superior qualities of independence and steadiness of character that usually go with the ownership of land. Mr. B. F. Yoakum, the president of the road, had observed the successful workings of a similar scheme on a small scale in France. After he had built and sold the 'Frisco System, and had turned his energies to the development of the lower coast of Texas by the building of the "Gulf Coast Line," as the St. Louis, Brownsville and Mexico Railroad is called, he decided to adopt the French plan with a larger scope.

Every married employee who has been with the company three years, has his choice of any tract of land of from five to ten acres along the line of the road, at a moderate price. The employee agrees to pay down 10 per cent. of the total value, and to pay the remainder in annual instalments of 10 per cent., with interest at 6 per cent., payable semi-annually. On receipt of the first payment, the company gives the employee a clear title to the land, with no reservation except that he shall make specified improvements which amount in effect to his maintaining the place as his home. If the employee dies or loses his usefulness in an accident in the service of the road at any time before the final payment is made, the land is immediately deeded to his family without further payment and without any obligation to the company. There is an agreement by which, if, for any reason, the employee leaves the service of the road before he completes his payments, the company shall refund all the money he has invested and take back the land.

The World's Work

WALTER H. PAGE, EDITOR

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THE GARDEN
MAGAZINE



MR. WILLIAM TRAVERS JEROME

THE JOSEPH STANLEY OF NEW YORK COUNTY, A ENIGMA FIGURE IN OUR THIRDS LIFE

THE WORLD'S WORK

OCTOBER, 1905

VOLUME X



NUMBER 6

The March of Events

THE Japanese-Russian Peace Conference yielded a victory to every party to it. The Japanese, in spite of their pardonable popular disappointment, secured all that they went to war for and more, for their Government made an exhibition of self-restraint in victory that will set all conquering nations hereafter a standard of high conduct. The Russians got off well, their pride salved and their "honor" saved, and their envoys hailed as "victors," according to the peculiar judgment of diplomacy—lucky, surely, not to suffer more military defeats after they declined to pay the cost of the war. President Roosevelt won and richly deserves the applause of all mankind. And civilization is the gainer by the stopping of the bloodiest of wars. These are happier results than anybody dared predict or hope for.

What an interesting play of forces it was! For there was the pressure not only of envoy upon envoy, of ruler upon ruler, of two governments, one struggling to save its place, and the other come to claim its place, among the great—there was the struggle also of the public opinion of the world, most energetically represented by the President, against the pride of both belligerents; and enlightened public opinion, under his guidance, won one of its greatest victories.

THE COMING OF JAPAN INTO VICTORIOUS RECOGNITION

THE Conference will make an interesting chapter in the history of our time for several reasons, but the largest reason is be-

cause it witnessed the recognition by the world of the claims of a new Great Power. It was the birth of Japan as the acknowledged mistress of Far Asia.

In the attention that the public naturally gave to the details of the Conference—the personal bearing of the envoys, the chatter of their secretaries, the gossip of the correspondents, the sending and the receiving of messages from far off, strange rulers and cabinets—it was for the moment almost forgotten that an event was happening such as happens only at long intervals—that a nation which a little while ago was not seriously regarded was taking the high place that it had suddenly won among the mighty; and the other nations were consenting to it, as they had distinctly refused to do a few years ago. If it was not the birth, it was a sort of christening of Japan as a world power; and this fact will be remembered in connection with the Conference long after the details of the treaty have been forgotten.

Even while the Conference was in session and the mere details of its meetings held the public attention, the Japanese Ambassador to the Court of St. James's was concluding with the British Government a pact that ensures the peace of Asia—stops the encroachments of Russia southward as well as eastward and serves notice on all predatory Powers that Asiatic soil is no longer for spoliation. How small a matter was it, then, which for the moment seemed so large, whether Japan could wrest from Russia payment for the cost of the war, or a part or the whole of Sakhalin



Portrait of Marquis Hirobumi Ito. Copyright, 1904, by H. C. White Co., N. Y.
MARQUIS HIROBUMI ITO

THE PRESIDENT OF THE IEDEN COUNCIL, WHICH, ALTHOUGH IT HAS NO CONSTITUTIONAL STANDING, IS THE MOST POWERFUL POLITICAL INTELLIGENCE IN JAPAN.



Portrait of Marquis Yamagata. Copyright, 1904, by H. C. White Co., N. Y.
MARQUIS YAMAGATA

THE CHIEF OF THE GENERAL STAFF, AND ONE OF THE MOST IMPORTANT COMMANDERS OF THE JAPANESE FORCES IN THE WAR WITH CHINA.



COUNT MATSUDATA
 A MEMBER OF THE IEDEN COUNCIL
 AND AN ALLIED OF THE MIKADO



COUNT INOUE
 A MEMBER OF THE IEDEN COUNCIL
 AND AN ALLIED OF THE MIKADO

THE "FOUR ELDER STATESMEN" OF JAPAN

THE MEN WHO WITHDREW THE DEMAND FOR INFERNITY AND MALE FEACE WITH RUSSIA POSSIBLE
(See "The March of Events")



THE EARL OF MINTO

FORMERLY GOVERNOR - GENERAL OF CANADA, WHO
HAS SUCCEEDED LORD CURZON AS VICEROY OF INDIA

Courtesy of Currier & Ives

See "The March of Events"

Island. She could, her essential demands all granted, easily let Russia go without loss of more men or loss of more money. For she is the dominant Power of the Far East, with England in renewed allegiance with her. While the Peace Conference was in session it happened that one strong English fleet of sixteen ships was in the Baltic, another in the North Sea, and a third of eighteen battleships off Portugal and Morocco. While there were local excuses for all these cruises, it is worth recalling that strong governments speak a various language; and Europe understood that England was not willing that Japan should again be cheated out of the results of her victory.

Two little island kingdoms, one just off the coast of Europe, the other just off the coast of Asia, now have a stronger real power affecting the destiny of mankind than all the kingdoms that hold the two continents between them.

AS THE CONFERENCE UNFOLDED ITSELF

I

EACH group of envoys came to the Conference under impressive conditions. Japanese statesmen had never gone on such an errand before. The only diplomatic experience after a victory in war that they had had with Europeans was humiliating. When they had whipped China and had made a satisfactory treaty of peace, Russia and Germany and France interposed and robbed them of it.

Now again they were victors; and this time their envoys were to meet fact to face European diplomatists—the representatives of the chief Power that had robbed them ten years before. As victors they had the initial advantage, these courteous, inscrutable, determined new-comers among the Great Nations, and they used it decorously and well.

They had more than a diplomatic game with the Russians to play—they had to win the approval of all civilized mankind because they were new-comers among the Great Nations; and they never lost sight of this larger duty. The Russians' task was to have such shreds of "honor" as they could. The task of the Japanese was to show themselves equal to the duties and privileges of a Great Power. And every Government was watching them.

II

Few diplomatists have ever had a harder task than the Russian envoys. Their Government had been completely defeated, its navy obliterated, and its army whipped in every battle. Worse yet, its wretched character had been laid bare. It no longer commanded the fear, to say nothing of the respect, of mankind. In addition to defeat and exposure, Russia was suffering an internal revolution. For half a year there had been something like civil war in a large part of the Empire. Assassinations, revolts and mutinies had occurred until the Czar had been forced to grant something that should seem to be a beginning of popular government.

Mr. Witte and Baron Rosen, therefore, represented a government now without character and without standing in the world, except by virtue of the courtesy that all governments extend to one another.

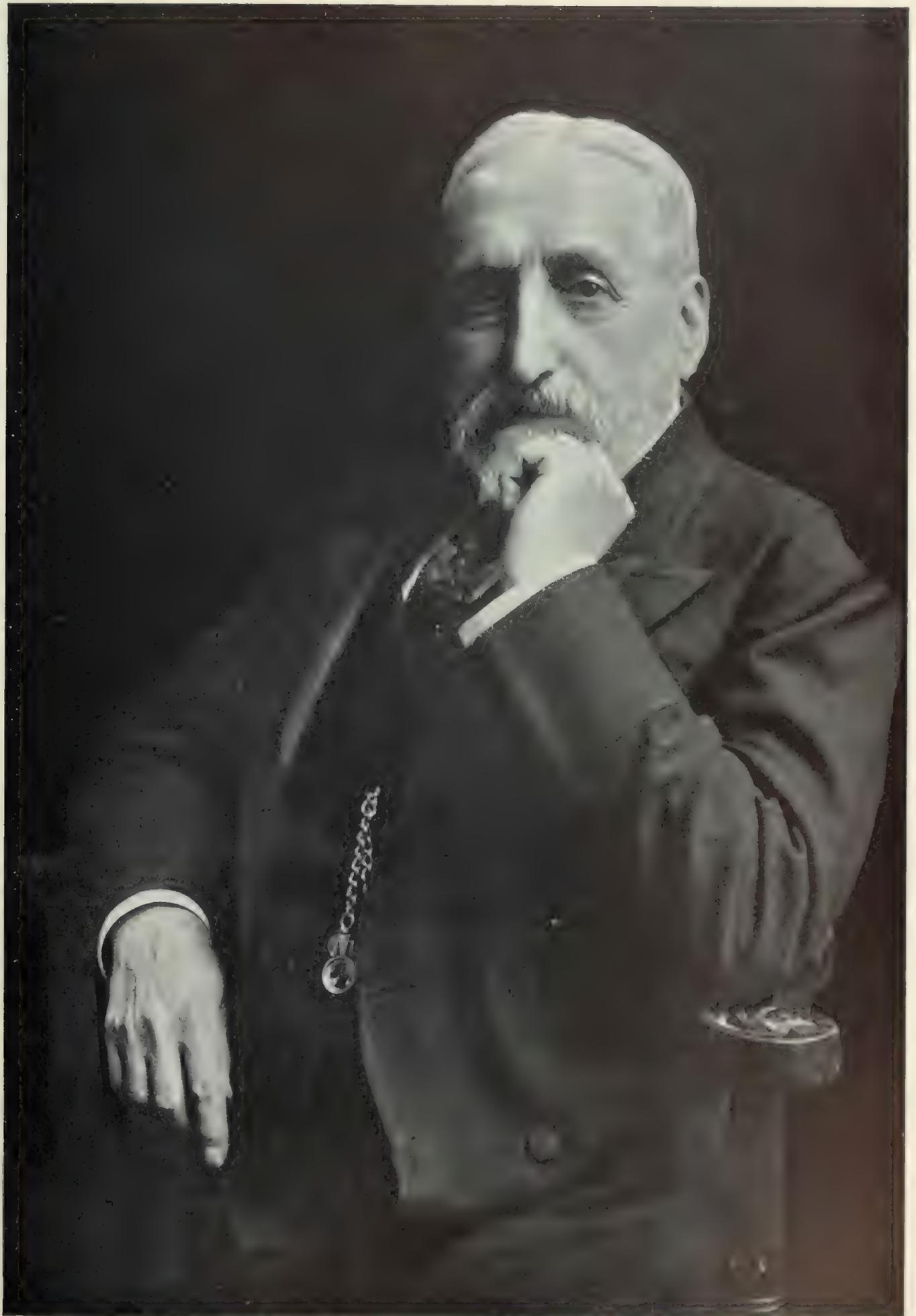
Nor were these all their difficulties. Mr. Witte is a liberal statesman who had opposed the war, and incurred the displeasure of powerful persons who stand near the throne. They would rejoice at his failure on his difficult errand. Baron Rosen, too, had opposed the war, and he knew the terrible efficiency of the Japanese better, perhaps, than any other Russian. No diplomatists in the world envied these men, for personal as well as official difficulties hedged them about.

When they came into conference with the Japanese envoys they knew, of course, that they would be asked to concede what Japan had won by arms—the control of Korea and of the Liao-Tung peninsula, and the evacuation of Manchuria; and they knew that they would be asked to pay the cost of the war to the victors. On that demand the diplomatic battle would turn.

Such was the position of each side when the Conference began. And all the world looked on with eagerness.

III

The Japanese demands included first what they were obliged to receive to grant peace at all—the control of Korea, of the Liao-Tung Peninsula, and the Russian evacuation of Manchuria. These were the causes of the war, and if they should accomplish these they would accomplish all that they had fought for. They would have all that they had once before won and lost by Russian witness, and more—



SIR DONALD MACKENZIE WALLACE

Courtesy of Henry Holt & Co.

THE DISTINGUISHED BRITISH CORRESPONDENT, WHOSE REVISED BOOK ON RUSSIA IS A WELL-BALANCED DESCRIPTION OF THE PEOPLE, OF THE COUNTRY AND OF THE GOVERNMENT, FROM PERSONAL KNOWLEDGE

(See Page 100)



REAR-ADMIRAL CHARLES E. CLARK

Photographed by Hasenicht, San Francisco

RETIRED FROM ACTIVE SERVICE BY THE AGE LIMIT. HE WAS IN COMMAND OF THE "OREGON" WHEN SHE MADE HER FAMOUS VOYAGE FROM SAN FRANCISCO TO SANTIAGO AROUND CAPE HORN

a far wider influence and opportunity that they had now secured for the first time.

They knew the ways of European diplomacy, and of Russian diplomacy in particular. If they demanded these essential things only, the Russians would fight for abatement of their demands. More than that, all the Western world, long used to bargaining in diplomacy (what is a diplomat but a compromiser?), would expect them to yield something—to show a spirit of concession. The appearance of stubbornness in men or in nations—particularly of new-comers—produces an unfavorable impression.

To fall in with the habits and expectations of the world's diplomacy, therefore (and with a shrewd hope that possibly they might get more than they needed to have), the Japanese added other demands, which they could well withdraw at the proper time if they were forced to do so.

They know Western and especially Russian psychology also amazingly well; and they prepared a way for the Russians to talk of "dignity" and "honor" as long and as loudly as they chose. They added demands for the interned ships. This involved no principle of importance to the Japanese, and the ships are of little value, but the demand was sure to provoke dissent; they could yield this and score the first point in magnanimity, and thus far also save the Russian pride.

Then they added a demand for the limitation of Russian naval strength in Asiatic waters—a vague proposition which had a touch of irony; for Japan is sure, for many a year to come, to have a stronger navy than Russia. This item also was inserted to be yielded—again to show magnanimity and to save Russian pride.

Then they added a demand for Sakhalin Island—in a more serious mood. But even this they could yield at last, at least in part, if they could secure fishing rights which are worth more to them than the island itself.

All these things Japan could forego and still have all that she had gone to war for; and, as the game went on, they allowed the Russians to score these several diplomatic victories—"as prearranged." They were very shrewd in turning the talk, in the Conference itself and throughout the whole world, on relatively unessential demands. They acted as a general acts who lures his enemy to attack at the wrong place.

IV

The demand for the payment to Japan of the cost of the war (the Japanese never used the word "indemnity," nor did they set a definite sum) would clearly be the chief cause of contention. It did not fall clearly into either class of demands—either those that could be easily yielded or those that were essential to secure the results of victory. The history of this demand is the most interesting chapter in the whole play.

Early in the war there was no thought of indemnity in any event. Even after a Japanese victory seemed certain, there was, perhaps, little serious thought of it. For their attention and the attention of the rest of the world was fixed on the main purpose of the war, the driving of the Russians from Korea and Manchuria, which meant also the establishment of Japan as the dominant power in the East. There was never an expectation in anybody's mind that Japan would or could conquer the Russian Empire. Her armies could not go to St. Petersburg nor her navy to the Baltic Sea, and Russia could not be physically forced to pay an indemnity unless such a conquest were possible.

But one Japanese victory followed another. The Russian army was run into northern Manchuria; Port Arthur was taken; and at last Rojestvensky's fleet was destroyed. Russia, as all the world saw, was clearly beaten; and then the talk began, in every part of the world, of an indemnity. Japanese statesmen themselves now regarded it as possible and, if possible, proper. Other conquered nations had paid indemnities, though most of such payments were really ransoms—the French payment to the Germans, for example.

But the idea was born late—born of the completeness of the Japanese victory and of the increasing financial burden of the war. But now the possibility and even the propriety of demanding it naturally took strong hold on the popular mind in Japan, as their newspapers showed. It was a part of the war spirit which now ran high, and it smacked also somewhat of revenge. It was by this time seriously discussed in Europe, too. European bankers were said to have expected it and prepared to make Russia a loan to pay it.

But all the while it was obvious that, if Russia consented to pay an indemnity, she would consent only in a panic or only because

of extraordinary pressure from other Powers or of public opinion in Europe; for, if she refused, it could not be collected by force. The worst that could happen was to be driven wholly out of Manchuria and to lose Vladivostok.

Both Powers saw all this in advance. The Russian Government knew before its envoys left St. Petersburg that an indemnity would be demanded; and there is reason to believe that they expected to grant it, if they were pressed hard enough and if the sum were not too great. The Japanese Government and envoys also expected it, for by this time not only Japanese opinion but apparently the opinion of all Europe regarded a payment as proper.

But all the while somebody in Japan knew—the Emperor or his advisers, his Cabinet or the Elder Statesmen—that, if Russia were firm enough to refuse, no money payment could ever be collected. And this point, too, could be yielded, if need be.

V

The game began, and the Japanese played it "as prearranged," just as they had fought their battles both at sea and on land.

Their demands were made. The Russians flatly refused some of them. The Japanese yielded, as they had expected to do. The agreement that the utmost secrecy should be maintained was, at first in quiet ways and afterward more openly, broken by the Russians. They began to talk; for were they not winning points in the game? They had been asked to limit their naval power in the East. Never! They then scored this point. The Japanese were driven back. They had been asked to give up the interned ships. Never! The Japanese were, therefore, routed. And so, day by day, the Russians were winning. Mr. Witte and Baron Rosen were able to report definite progress. They were saving their face. They were preserving and upholding Russian honor. They were talking, too, and that gave them great satisfaction.

Already, however, Japan had secured all that she had fought for—much more than she had asked before the war was begun, and much more than she would gladly have accepted even after the fall of Port Arthur.

Then the diplomatic battle closed about the indemnity. "Not a kopeck," said Mr. Witte. There were days of stubborn contest.

Each side consulted its home government. There would be no treaty, the newspapers said. Neither side would yield. The Czar had sent supplementary instructions—this, at least seems probable—to his envoys, forbidding them to yield. Perhaps the Japanese concessions had sent the Russian hope higher than the Japanese had meant to send it. Too much "honor" had been saved. Or the war party gained a new audience with the Czar and really persuaded him that victory was yet possible. Or Mr. Witte's enemies were working to prevent him from making any treaty.

Whatever the cause or causes, the Czar refused to yield. The suggestions of the President did not move him. The Russians would not pay an indemnity in any form. They declined even to pay \$600,000 for the recession of a part of Sakhalin Island.

VI

The Conference was apparently at an end. But it must be remembered that there has been a point in every such conference when an amicable result seemed impossible. To-morrow or next day the envoys would depart. They had already ordered their passage home. The secretaries and the servants were packing up papers and baggage.

All the while the Japanese envoys had the signatures of the Russian envoys to every demand that was essential to them—they had secured an agreement to everything that they had fought for—if the question of indemnity could be settled.

But the Russians were winning—in their own minds and in the newspapers. They had so far gained every point "in dispute." Forgetting that they had yielded everything that was essential to Japan, they assumed the tone of victors, and a large number of American newspapers took this view of the diplomatic battle. Mr. Witte became a sort of hero. Robust, good natured, more or less loquacious (by the back door when not by the front), chafing under the restraints of silence which did not restrain him, making the most of a hard task and obtaining concessions which put his personal enemies at home to confusion, winning everything that any man in his position could win—so well was the prearranged Japanese plan working out that Russian pride was not only saved but was exalted, and the Japanese were "cornered."

If they insisted on an indemnity they would appear to be continuing the war only for money.

Then, of a sudden, they yielded—so dramatically that Mr. Witte was exalted to the position of a great victor, his pride and his master's pride saved. The Russian envoys kissed one another. And the silent Japanese had showed themselves to the world as generous conquerors and as great diplomatists, superior to a mercenary war.

VII

Here came the only well-guarded secret of the Conference: Would Baron Komura and Mr. Takahira have gone home without making peace if their home government had not interfered? Was this last card in their hands or had it been kept by the Elder Statesmen to play themselves at the last moment? And would the Japanese Government itself have receded from the demand for indemnity if the President had not appealed to them?

For the President now brought the pressure of his persuasion, or suggestion, to bear on Tokio; and by doing this he rose to the full height of the great opportunity. He helped the Japanese to win a victory over themselves—over their war party—as well as an historic victory in the noblest diplomacy, the diplomacy of character.

It is probable that the demand for indemnity had become so popular in Japan that even the farsighted real rulers of the Empire might have met the Czar's stubbornness with refusal but for the President's timely pressure; for his suggestion meant the full pressure of friendly public opinion in the United States and even of the whole world. And the Japanese statesmen rose to the same high level of action. They did not forget that they had another task than merely to make peace with Russia—they must win the admiration of the world. If, at the President's suggestion, they went beyond their original intentions, their diplomacy was for that reason only the more superb.

They received all that they had fought for; they sent their enemy home also proud of his "victory"; and they put an end to a bloody war in which they could have won more battles rather than seem to be fighting for a low purpose. Few greater triumphs have been won in diplomacy. The more thoroughly the results are studied the clearer does this become.

THE TREATY ITSELF

THE text of the treaty has not authoritatively been made public; but the general purport of its several clauses, given out, is doubtless substantially correct. As given out it contains fifteen articles and two addenda.

I. Recites the re-establishment of peace and friendship.

II. Russia consents to Japan's domination in Korea, Russian subjects to enjoy the same privileges as the subjects of other countries.

III. Manchuria shall be evacuated by both armies, only a small force of railroad guards to be left.

IV. The long Russian lease from China of Port Arthur and Dalny, with adjacent lands and waters, passes to Japan.

V. Both agree to the restoration of Manchuria to Japan.

VI. The railroad south from a place south of Harbin becomes Japan's, and specific agreements are made concerning branch lines, mines, etc.

VII. and VIII. That the railroads of each Government shall be worked in harmony and for commercial purposes.

IX. The southern half of Sakhalin Island (south of the 50th parallel) becomes Japan's, with free navigation thereabouts.

X. Secures the rights of bona fide Russian residents in Japan's part of the island, but not of Russian convicts.

XI. Grants, by an agreement to be made hereafter, fishing rights to the Japanese, in the Sea of Japan, the Sea of Okhotsk, and Bering Sea.

XII. Pledges the renewal of the ante-bellum commercial treaty, with a most-favored nation clause.

XIII. Each Government to pay the other for the cost of keeping prisoners.

XIV. Declares that the language of the treaty shall be English and French, the French text to be used in case any difference in interpretation arise.

XV. Requires the treaty to be approved and signed by the two sovereigns within fifty days

The supplementary articles stipulate that the evacuation of Manchuria shall be completed within a given time, and that the boundary line on Sakhalin Island shall be marked by a special commission.

The envoys exchanged most hearty thanks on the memorable last day of their meeting, September 5th, in formal speeches of great cordiality. It was an impressive scene when they shook hands across the table as soon as they had silently signed the treaty

THE UNIVERSAL APPLAUSE OF THE PRESIDENT

THE outburst of applause and congratulation was without precedent. The President was called "the foremost citizen of the world." The press and the people of all parties and faiths praised him without restraint. No President in his lifetime, except Washington, ever provoked such universal approval. And all the world sent congratulations.

The King of England telegraphed: "Let me be one of the first to congratulate you on the successful issue of the peace conference, to which you have so greatly contributed."

The Emperor of Germany: "I am overjoyed; I express my most sincere congratulations at the great success due to your untiring efforts. The whole of mankind must unite, and will do so, in thanking you for the great boon you have given it." And he sent, a few days later, a second telegram. An acknowledgment of the agreement to Mr. Roosevelt's plan on the part of the German Emperor was made in this reply, which the President sent to the Kaiser: "I thank you most heartily for your congratulations, and wish to take this opportunity to express my profound appreciation of the way you co-operated at every stage in the effort to bring about peace in the Orient. It has been a very great pleasure to work with you toward this end."

The President of France telegraphed: "Your Excellency has just rendered to humanity an eminent service for which I felicitate you heartily. The French Republic rejoices in the rôle that her American sister has played in this historic event."

Thanks came from both the Emperors who had been at war. The Czar sent this remarkable message: "Accept my congratulations and warmest thanks for having brought the peace negotiations to a successful conclusion, owing to your energetic efforts. My country will gratefully recognize the great part you have played in the Portsmouth Peace Conference." That the Czar should give the President the credit "for having brought the peace negotiations to a successful conclusion" was unlooked-for, to say the least, and a most unusual compliment for one ruler to pay another.

The message from the Emperor of Japan also was significant. "I have received with gratification your message of congratulation, conveyed through our plenipotentiaries, and

thank you warmly for it. To your disinterested and unremitting efforts in the interest of peace and humanity I attach the high value which is their due, and assure you of my grateful appreciation of the distinguished part you have taken in the establishment of peace based upon principles essential to the permanent welfare and tranquility of the Far East."

Such applause, by both its volume and its tone, registered once for all the practically universal conviction that Mr. Roosevelt is a man eminently fit for greatest authority and the highest tasks. This will be the permanent judgment of the world.

But no pendulum swings so far without swinging back; and the same strong qualities that have made him "the foremost citizen of the world" will presently—for some little reason or no reason at all—bring him new reminders of the fickleness of popular affection. But whether a man be "popular" or not is of little account beside his holding steadfastly to a high course of action—and this the President has done.

THE SOFT WORD AND THE BIG STICK

THE President conceived and carried out the plan for a peace conference—at the particular stage that the war had reached—against the expectations of almost the whole world. Even those who had the greatest confidence in his efforts were afraid that he had acted prematurely. Of course the Russians had clearly been defeated, but they were unwilling to acknowledge defeat because they had a large reinforced army under a new commander, and the victories of the Japanese had given their war party an eagerness to destroy the Russian army as they had destroyed the Russian fleets.

The President disregarded precedent, and approached both belligerent Governments in such a spirit that they could not rebuff him without doing violence to the humane feelings of all civilization. He secured also the friendly help of the English, French and German governments. There may be many a slip between a far-off proposal of a conference and the making of peace, and the progress of the President's activities was exceedingly interesting—the more so because they were new activities for an American President.

In almost all other countries the ruler and

the government are one; and the actions of the rulers are the actions of the government. With us, in this case, it was not so. This was Mr. Roosevelt's action—not the action of the United States Government in quite the same sense that a corresponding act by the Kaiser would have been an act of the Government of Germany. The praise for success, therefore, is due to the President personally.

But he worked, of course, ever with the power and the influence of our Government behind him. He was using—and properly using—this power and influence for a righteous purpose. But the point that has for the moment been forgotten is that the President was putting two things to an interesting test, which had no precedent. He was exerting his own indomitable personality as one of the world's rulers; and he did this in the later stages of the conference in a way almost as direct as if he and the Emperors of Japan and Russia had themselves been the Peace Commissioners.

Then, behind all this activity, silent but strong, was the new and greatly increased force of the United States since we became a naval power worthy of consideration. Mr. Roosevelt stood in the minds of all rulers as the embodiment of this power and efficiency. Not that there was or could be any thought of war by us, or of our entanglement in case of failure. But the respect for our power, and for him as the embodiment of it, gave him an influence among the Powers that success in such a difficult negotiation required. Those who recall the attitude of continental European opinion toward us during our war with Spain will understand with what slight courtesy such a request from an American President would then or at any earlier time have been received. It would have been regarded merely as a detached expression of amiability from a government that held aloof from international affairs. In other words, while the President spoke softly, his big stick was remembered; and if he had never had a big stick he would not have been so respectfully listened to.

It was the same Mr. Roosevelt who brought this peace-making to pass and who during the earlier years of his presidency excited the fear of many of his countrymen that he would involve us in entangling alliances by his "rashness"; and he brought peace to pass by

this same "rashness" and even by the same weapons (not forgotten if concealed) that they feared he would use for mischief. This great triumph for peace was made by a President who stood, in the minds of the world, as the best embodiment of a strong American Government.

AS PEACE FINDS THE WORLD

THE treaty puts the world in better plight than the war found it. It removes the Russian menace from Japan and gives that Japanese room to expand in Korea, which to the densely populated Empire is a necessity. Korea will become in effect a province of Japan. And Manchuria, although it will revert to China, will be exploited and developed by the Japanese.

The Japanese acquisition of Korea and its practical commercial command of Manchuria will have far-reaching results; for the Japanese Government and people will now enter definitely upon an era of great industrial expansion. These large areas for emigration, too, will relieve the Japanese of the necessity of migrating to countries where their labor would be less welcome.

Fear is expressed in some quarters, both in Europe and in the United States, that the Japanese will exclude other peoples from any considerable share in the trade and development of Manchuria, and gradually even of the rest of the Chinese Empire. They are under definite international agreement to keep the open door to trade; but by cheaper labor and the organization of monopolies, and in other ways, the prediction is that the profits of this industry and commerce will all fall into their hands. Of course they have the advantage of proximity and of kinship with the people—great advantages to which they are fairly entitled. Surely, too, they have won the rights of commercial expansion by a costly war of defense against commercial and national annihilation. Of course they will use these advantages. They would not do their duty nor develop their own people if they did not use them in Manchuria and in all China.

But it is a mistaken economic view to suppose that American and European trade with the Orient will, for that reason, fall off. The trade of all these countries, including Japan itself, is in its feeble beginnings. It has consisted of the products that follow

the first relations that the East and the West have had with each other. As industry develops—when Japan and even China become really great manufacturing countries in the modern sense, and especially when the great natural resources of China begin to be developed and the habits and wants of the people become more numerous and complex, as the habits and wants of all peoples do in proportion to the development of their industrial life—a trade will grow up across the Pacific analogous to the trade that now goes back and forth across the Atlantic. Our best customers now are those nations that are furthest advanced in industry—England, France and Germany. This great law of commerce will not be changed because the Japanese and the Chinese now have cheap labor. If Japan proves equal to her great industrial opportunity, as she proved equal to her military necessity, the whole world will profit by the development that she will set going.

All international conditions touching the Orient, as this treaty of peace leaves them, are better than they have ever been before. It is an incalculable gain that the day of the European spoliation of China seems past. Japan and England are in definite alliance to prevent it, and all the moral force of the United States has been exerted, and will be, to the same purpose. For this all civilization owes Japan a lasting debt of gratitude.

As we look back toward Europe to consider the results of the war, the first great fact that we encounter is the checking of Russia in her avalanche movement to the Pacific. She has no ice-free port there now, and no apparent chance to get one. For such a port she had spent years of endeavor, millions and millions of money, and used intrigue. Her movement toward the sea will next be—in a sense must be, for this is a continuous policy and apparently a sort of national instinct—toward the Persian Gulf, and (at some time) again toward Constantinople. Her push toward British India seems now checked by the new Anglo-Japanese alliance, and England has to thank Japan for at least a long postponement of the great clash between England and Russia which has many times been predicted as an inevitable Titanic contest.

This defeat in Far Asia brings to Russia

herself a great opportunity, which many men who know the conditions of Russian life now confidentially expect to see used—an opportunity for industrial development. It was the foremost statesman of the Empire who concluded peace at Portsmouth on terms as favorable as Russia could possibly have received—even more favorable than anybody expected her to receive. Mr. Witte's prestige must be increased by this achievement. It is he who has done more than all other men of his country for its industrial advancement. It is a reasonable hope, then, that Russian energy will be turned more than ever to the development of the people of the country.

These are not all the effects of the war; for it has changed the relations of nearly all the governments of Europe to one another; but of none for the worse. It will be a date to which many new forces and tendencies and relations will be referred.

ENGLAND STRENGTHENING HER INDIAN DEFENSES

A PART of the same defensive movement by England which caused her to renew and to strengthen her alliance with Japan is the change of policy in the government of India. For the retirement of Lord Curzon as viceroy had more than a personal meaning. He stands for the supremacy of the civil government over the military; and this, and not a mere disagreement about the appointment of a subordinate, was the difference between the Viceroy and the Home Government which caused him to resign. The strengthening of the army and of the military defenses in India is the meaning of the change of viceroys; and General Kitchener's policy will be carried out under the Earl of Minto, the new viceroy. Russia, now halted on the Pacific, would soon as naturally push into British Asia as an avalanche stopped at one outlet would soon seek another; and the English are strengthening their Asiatic defenses in time.

The appointment of the Earl of Minto to this great post was a surprise, for his administration as Governor-General of Canada was not a noteworthy success. But the duties of a governor-general in Canada are wholly formal and social, and Lord Minto did not seem quite so to understand them. It is assumed that he approves the stronger military policy for India. The chief distinctions that he has won are military—he has seen service in India,

in Africa and in the Northwest Territories of Canada in the Riel rebellion. In the Afghan War he served under General Roberts. He would naturally favor the new and stronger military policy of General Kitchener. His appointment comes pat after General Roberts's recent speech in the House of Lords in which he emphasized the defenselessness of the Empire. The meaning of it all is that the menace of Russia is to be checked while Russia is weak. General Kitchener recently gave expression to a widespread opinion among Englishmen, especially among Englishmen of military training, that in spite of Russia's setback a clash between her and England in India is at some time inevitable.

THE FLOOD OF PROSPERITY

THE autumn is come with bulging crops, with an increasing foreign trade, with prosperity for manufacturers and merchants and the railroads—all, apparently without inflation or recklessness. Those who feared that a period of depression was near served a good purpose in checking extravagant expectations, but happily they proved to be false prophets. For the bases of the prevailing prosperous activity all seem to be secure.

The cheerful facts, in addition to the great crops, are the conservative rise of representative railroad stocks, warranted apparently by an increase of real values, the prosperity of our standard manufacturers, the volume of business done by the banks, and our increasing exports of manufactured products.

During the last fiscal year (ended June 30th) we sold abroad manufactured goods to the value of 543 millions, against 452 millions the year before; and there was a threefold increase in ten years. In 1895 manufactured products were but 20 per cent. of our exports. Now they are 40 per cent. They will soon outrun our crop products, and our principal foreign trade will be in manufactures.

The "average price" of twenty representative railroads stocks (which may be somewhat misleading but which at least shows a tendency) is more than 130, in a generally rising market, as against 129 in the high-price period of 1902; and the rise in railroad bonds has been very much greater. Some bonds have doubled in market value since 1902. The same prosperity and activity are shown by the increase of iron produced during the first half of this year—11 million tons

against 8 million for the same period of 1904, and of less than 10 million of 1903.

The wild-cat organizations and consolidations of the last year or two, the very general distrust of "big" directors caused by the revelations about the management of the Equitable Life Assurance Society and all other disturbing influences have not produced commercial or financial hesitancy; and the increasing current of prodigious but apparently normal prosperity flows on.

The bigness of our total transactions at home is a constant source of wonder to those that study them intelligently. For instance, the wholesale trade of Chicago alone is estimated to exceed the total exports of the United States; and the value of the things now made in Chicago every year is greater than the value of all the manufactured products of the country was fifty years ago. It is probably true that there was never a decade in human history during which so large a population as ours enjoyed so high a level of normal, substantial, continuous and nearly universal prosperity as we have had during the last ten or twelve years.

FEDERAL REGULATION OF INSURANCE

THE continuous increase of Federal activity and authority over the authority of the states, which is alarming to an important school in politics, is caused chiefly by the breakdown of the states. Consider, for example, the proposal of the Federal regulation of insurance. The reasons given for it are an increase of the safety of the companies and a lessening of their expenses that would follow the elimination of much clerical and other work, but mainly the effectiveness of supervision. The insurance departments of some states are merely parts of political machines. The insurance companies maintain lobbies. They freely confess in private that they are forced to maintain them, to "cultivate" political leaders, to contribute to campaign funds, and in some cases directly to bribe state insurance commissioners. To escape blackmail, as national banks escape it, the managers of some of the companies cry out for Federal supervision, that should relieve them of the meddlesome and sometimes corrupt activity of fifty states and territories. If the states break down, what recourse is left but to the Federal Government?

Of course this is not the whole story. If

insurance companies, as a rule, were managed as savings banks are, for the benefit of the depositors or policy holders and to the exclusion of large profits to the officers and directors, and if, having the advantage of this strong moral position, they were flatly to refuse the demands of politicians they would not need protection from state officers and legislatures—they would have as strong a moral hold on the community as the savings banks have. For the ideal insurance company is one by whose management no man could become rich. It would pay small salaries and it would yield honor, not chances for profit, to its managers and directors. Large salaries are not necessary to procure good management. Doubtless they are necessary to procure men who can continually increase the volume of insurance business. But an abnormal volume of business is made necessary only by bad methods and the wrong sorts of policies.

Federal supervision, if legal objections to it are overcome, as doubtless they can be, may be the best method of reducing the conduct of insurance companies to a basis more nearly analogous to the conduct of savings banks. The facts about insurance management that a legislative investigating committee is bringing out in New York will make the idea of Federal supervision much more popular than it has ever been. Senator Dryden is receiving reinforcements in an apparently rising tide of popular approval.

THE PROPER PLAN OF LIFE INSURANCE CONDUCT

THE point to which the conduct of life insurance companies must come is plainly this—that they must be so conducted as to forbid their officers or directors from making profit or income in any form from their relation to the company except the reasonable (and not excessive) salaries that they receive. They must be forbidden to use the companies' money (which is the policyholders') in any way that will directly or indirectly bring a penny of income to themselves.

This is the plane of safety and of right, high conduct (and it is the only plane of safety and high conduct) to which the aroused moral sense of the community demands that the business shall be elevated. The sharing by directors in syndicate profits, their conduct (with their companies' money) of subsidiary

or friendly trust companies—the era of these methods must now quickly pass. Directors of life insurance companies must be chosen from among a different class of men from brokers and bankers and speculators.

This is the plain lesson that all these unhappy insurance events and revelations are teaching, and the plain duty to which they point. The complete confidence of the whole public in the large insurance companies will not be restored till this change is made.

THE DIRECT CONTEST FOR A SENATORSHIP IN VIRGINIA

THE summer campaign for a United States senatorship in Virginia has more than a local interest, because an effort was made to defeat a machine candidate by a direct appeal to the people—and it failed. The choice of a senator at the polls did not remedy the evil that election by the Legislature is supposed to invite.

The formal election is yet to be made by the Legislature, of course; but the popular contest was carried on in every part of the state, during the whole summer, by Senator Martin, the present occupant, and Governor Montague. They took the question of machine methods to the people. For three or four months they made speeches, sometimes in "joint" debate, to much larger crowds than had attended political meetings for a generation.

Senator Martin is a machine senator and was the machine candidate. He has been a "business" senator. He favors large appropriations by Congress, and Virginia must have her share. He is the "friend of the corporations," with the sinister implication that the phrase carries. A man of shrewdness and ability, he is not a man of cultivation—not a senator that Virginia has been proud of. On the other hand, Governor Montague stood for dignity and highmindedness—for the people as against the machine. Better schools and more of them; better roads and more of them; real supervision of the railroads, primary elections as nominating machinery—these are the tasks to which he has devoted himself during his term as governor. The difference between the temperaments, the characters and the meaning of the two men was sharply drawn and clearly understood—and the machine won at the polls.

So far as this experiment goes, therefore,

it shows that a well-organized political machine may capture a primary as it more easily captures a legislature. But no sweeping inference is warranted; for this was the first trial of the primary in the state, Senator Martin was uncommonly well entrenched in his organization, and public opinion in Virginia has so long been machine led that, perhaps, it could not break away at once, even if it cared to. And it may be that public opinion there prefers "business" politics. The question is yet open whether the popular election of United States senators would bring into office a better class of men than election by legislatures; but there is still reason to believe that it would.

EDUCATING THE FILIPINOS AND—OURSELVES

THE visit to the Philippines made by Secretary Taft and the party of senators, representatives and citizens who went with him (and a most admirably planned visit it was), served a double purpose: (1) The man who stands for American government in the minds of the people of the islands and who has their confidence carried a frank and encouraging message to them; and (2) American public men of all parties and previous conditions of error saw the people and heard both their complaints and their stories of progress and contentment. The main object of the visit was to keep the Administration in close touch with the islands and conditions there, but it was a journey of educational value both to the Philippine people and to American opinion.

Secretary Taft frankly declared on several public occasions, in reply to more or less impatient expressions by native speakers, that "the United States must maintain its supremacy in the islands," that "nine-tenths of the Filipinos are incapable of self-government," that "it is impossible to hope that they will develop [to that point] within a generation," and "that it will probably be several generations before they are capable of independence." He pledged his word that a popular assembly should be permitted as soon as all disorder has disappeared.

There is no equivocation in this. The people of the islands now understand our policy and purpose with perfect clearness, even if they had not understood it before.

The evidence gathered by the Secretary and his party of a growing contentment and of the success of our control included such facts

as these: The insular government spends 25 per cent. of its revenue on schools, and 263,000 native pupils (nearly 20 per cent.) now recite in English (it is a necessity and not a mere sentiment that compels the teaching of English, for the natives now have no common language); we are rebuilding Manila, as was shown in the last number of this magazine; the Government has begun railroad construction; the exclusion of Chinese labor has brought one result that nobody dared hope for—the making of an efficient laborer of the Filipino himself; the (Catholic) Archbishop of Manila declared that "one of the brightest chapters of history will be the story of American success in the Philippines. I will live here and die here," he said, "seeing the glorious development under the American administration," and he is the spiritual father of 6,000,000 natives.

The two grave causes of complaint are the internal-revenue taxes and the tariff. One hope built on this visit by a group of senators and representatives, is that Congress will abolish our tariff on Philippine products, except sugar and tobacco, and that they will reduce the rates on these and abolish them wholly when (in 1909) our treaty with Spain shall no longer compel us to give the Spaniards the same privileges of trade that we enjoy.

The problem is a knotty one yet; but, in our effort to solve it, we have come to a period of complete frankness with our wards; and, if our public men of all opinions and parties continue to visit the island, we shall soon pass the period of partisan misrepresentation of Philippine conditions.

It is worth while to remark that Secretary Taft, by his frankness, his continued devotion to the subject, and his large view of our duty, has made for himself an historic place among great colonial administrators.

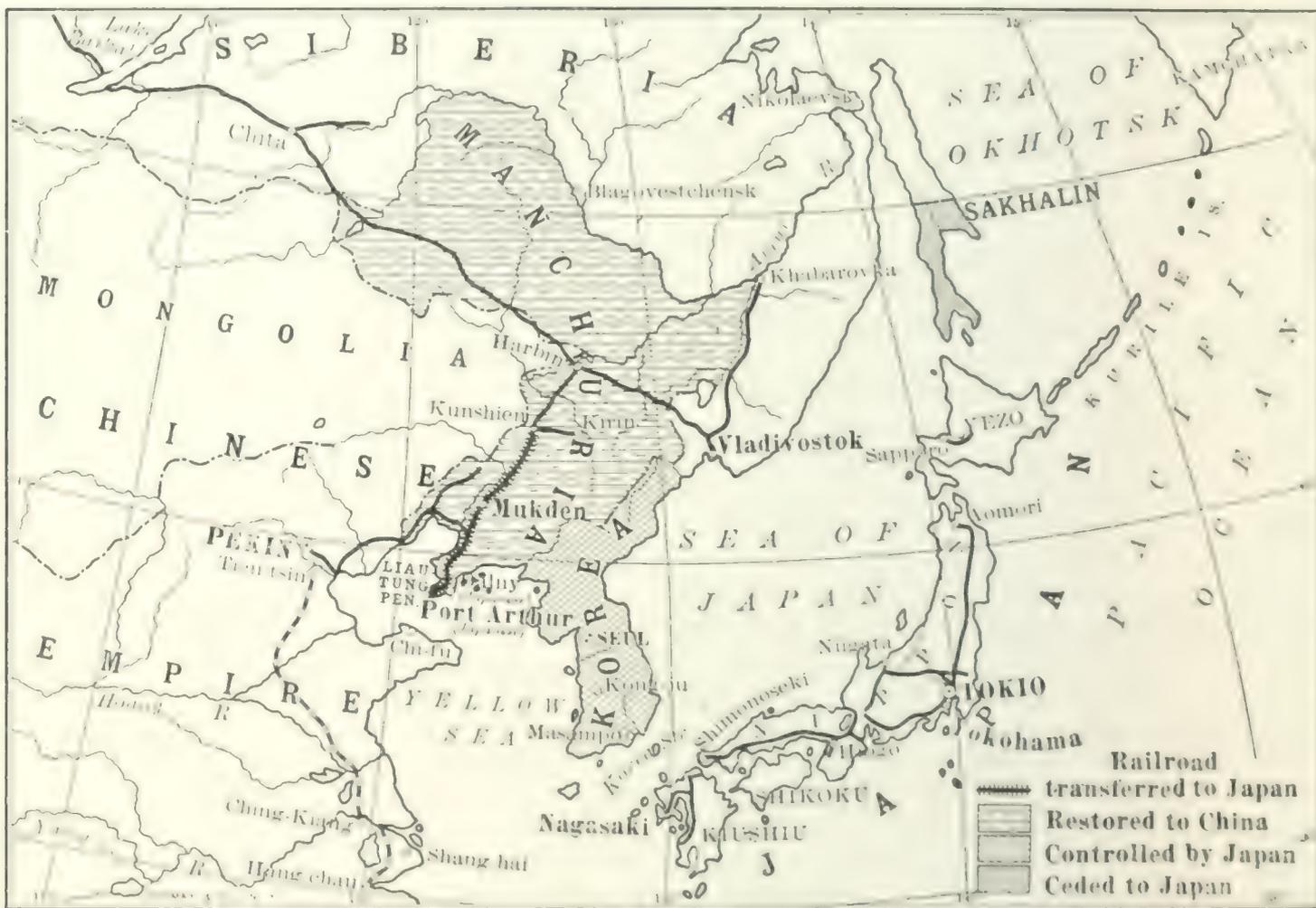
CAN A PRESIDENT KNOW POETRY?

PRESIDENT ROOSEVELT lately published in *The Outlook* a word of enthusiastic praise of a poet—Mr. Edward A. Robinson, whose verse had not before won a wide popularity, and the critics at once rose up to say that he had exercised his versatility once too often. For what can a president know about poetry? With a true craft spirit the critics resented a non-union judgment.

This incident is interesting and suggestive. Whether the President's judgment be good

or bad, he did a good deed to print it. For you may go through American life, along its lanes of leisure, in its academic places, in its clubs of men or women, in its book-shops, in its publishing houses, in its most cultivated society or in its society that affects cultivation, and how often do you see a volume of new verse or do you hear a word of appreciation of our poets? The magazines fill out the bottoms of their pages with verses; the newspapers maintain doggerel writers on current topics; the literary

courageously little. Yet any cultivated man who takes the little time and does himself the great pleasure to read the books of verses by American poets that come out every year, as the President evidently does, will find much that is graceful and pleasing, to say nothing more for it; and very much more could be said for much of it. The minor poets have doubtless always had a hard task to make the world stop long enough to read them. But fortunately they have kept at work, for they have a better incentive than



MAP SHOWING THE GENERAL DISPOSITION OF THE TERRITORY IN THE FAR EAST AS MADE BY THE PEACE OF PORTSMOUTH

journals perfunctorily tell of the appearance of a new volume by Mrs. Helen Hay Whitney or by Mr. Gilder or by Mr. Carman, and a minor publishing house sends forth their volumes in boards now and then. But we remain haughtily superior to our poets or prosaically indifferent to them.

Meantime the supposition on which the critics go is a fallacy—that the contemporaneous poets are neglected because we read the greater poets who are dead. There is little evidence to support this theory—dis-

recognition (pleasant as appreciative recognition is). And, when a man—as a mere man or president, and not as a professional critic—rises and says, "This is poetry and I like it," he shows a rightmindedness that makes the world a better place to work in for all kinds of sincere folks, whether they be poets or not. For so long as the world is filled with persons who prefer to scoff rather than to read, so long shall we neglect and miss the cultivating influences of the highest of the arts. The man who doesn't read the minor

living poets—scratch him and you'll probably find a Tartar who doesn't read any poetry.

THE CHILDLESS WOMEN OF CITIES

THE only definite study of the birth rate in the United States that covers our whole territory and a considerable period of time is published in a recent bulletin of the Census Bureau, and we now have facts that may be used as a basis of intelligent discussion.

At the beginning of the nineteenth century children under ten made up a third of the population, and at the end of the century they made up less than a fourth. But there is another cause of this change of proportion besides the diminishing birth rate, namely, the lengthening of the average of life.

In 1860, for every thousand possible mothers (women between fifteen and forty-nine), the number of children less than five years old was 634; in 1900 it was 474. Thus this proportion was only three-fourths as great at the end of the century as it was forty years before. This comparison more clearly proves a general decline in the birth rate than any other calculation. It is shown, too, that in 1900 for every thousand possible mothers of foreign birth there were 710 children less than five years old, whereas for every thousand possible mothers of native birth there were only 462 children. Since the proportion of the foreign-born among us has steadily increased, "race suicide" must clearly be laid at the doors of the native women. And the decreasing native birth rate was in the cities.

Thus three facts seem to be made clear—that there is a total diminishing birth rate; that the falling off is larger among native than among foreign-born women; and that it is among the urban and not among the rural population. These facts agree with the conclusions that had been drawn from less comprehensive and less thorough studies. There is no cause for alarm, such as the French have. But we are proving what the populations of most other countries have proved—that with the increase of luxury and of the cost of living, and with an increasing complexity of social life, women shrink from motherhood more than they do under simpler conditions.

MUCH TAUGHT, CHIEFLY BY WOMEN

THE Census Bureau has issued a bulletin about teachers, too, which shows at least one interesting and somewhat surprising

fact—that the proportion of teachers to those of teachable age has almost doubled during the last thirty years. In 1870, for every 10,000 persons between five and twenty-five years of age there were seventy-three teachers; in 1900 there were 140. In 1870 there was one teacher for every 137 possible pupils; in 1900 there was one to every seventy-one. In this enumeration, of course, teachers of all sorts and of all grades are included.

This increase of activity in formal instruction means both that the teachers were ridiculously few thirty years ago and that since then we have had an extension of educational work which is perhaps without parallel except in the German Empire. Thirty years ago we had what may be called "regular" schools, from primary to college. Now the number of these has been enormously increased, and we have special schools also for every branch of art and science and trade. We have outstripped the Germans in the proportion of teachers to those of teachable age.

And the proportion of women teachers has steadily increased, and a larger proportion of our teachers are women than in any other country. In 1880 it was 68 per cent.; in 1890, 71 per cent.; in 1900, 73 per cent.; and in the larger cities 80 per cent.

Ill or well, we are taught in great numbers, and more and more by the sex that rocks the cradle, but not by the same hands, for most of our teachers are spinsters. The ever-increasing number of women in the school-room is the fact that provokes controversy. The fact that provokes gratitude is that we are doing so much more to train the young than our fathers did.

A CORRECTION

ON page 6765 of this magazine, in Professor Ripley's article on "Great Changes in the Railroad Problem," where it reads that the rate of growth of the freight service on American railroads surpassed the increase in population "seven or eight times," it should read "almost five times." And where the increase in the net income available for dividends is given as "250 per cent.; namely from one hundred and one millions in 1889 to three hundred and fifty-seven millions in 1903," it should be given as "150 per cent.; from one hundred and one millions in 1889 to two hundred and fifty-seven millions in 1903."

THE SAD STORY OF INDUSTRIAL TRUSTS

[THE WORLD'S WORK publishes every month an article in which some timely and vital subject of the financial world is taken up]

SEVERAL recent incidents illustrate clearly the evil that was done in the floating of industrial companies during the so-called "merger period," from 1897 to 1902. With a few exceptions, the combines created in this period were very badly over-capitalized. In some instances the amount of stocks and bonds issued was five times the value of the properties combined.

The most recent reminders of the activities of this "merger" period are the decision of the directors of the National Enameling and Stamping Company not to pay the common dividend this year, the formation of a committee to investigate the causes of the trouble in the Corn Products Company, and the filing of a decree to sell under foreclosure the property of the Standard Rope and Twine Company. All these companies were created in the "boom period." Following is a table of a part of the great combines which have, since 1902, either decreased or passed their dividends, or have fallen into deeper trouble. The phrase "passed dividend" means, of course, that the dividend was not paid.

"COMBINES" THAT HAVE FALLEN SHORT

| Company | Capital | When Formed | Disaster |
|-------------------------------|---------------|-------------|---------------------------|
| Allis-Chalmers | \$ 20,075,000 | 1911 | Passed dividend |
| Amalgamated Copper | 18,1888,000 | 1899 | Reduced dividend |
| American Car and Foundry | 60,000,000 | 1899 | Passed dividend |
| American Lumber Oil | 11,100,000 | 1898 | Passed dividend |
| American Malting Co. | 27,040,000 | 1897 | * |
| Corn Products | 74,163,000 | 1912 | Passed dividend |
| Consolidated Lake Superior | 100,000,000 | 1897 | Receivership |
| General Chemical | 17,140,000 | 1899 | Passed dividend |
| International Steam Paper | 11,112,000 | 1899 | Passed dividend |
| International Paper | 55,000,000 | 1898 | Passed dividend |
| International Salt | 30,000,000 | 1911 | Default in interest |
| Passaic Steel Co. | 11,000,000 | 1899 | Passed dividend |
| Republic Iron & Steel | 47,607,000 | 1899 | Passed dividend |
| Standard Rope & Twine | 14,000,000 | 1899 | Receivership |
| U. S. Smelting | 4,000,000 | 1912 | Receivership |
| U. S. Steel Corp. | 85,874,000 | 1901 | Passed dividend |
| U. S. Realty and Construction | 10,000,000 | 1912 | Reorganized after default |

*The American Lumber Oil Co. was reorganized by the U. S. Circuit Court of Appeals, March 1, 1904.

†The latter \$14,337,000 (incl. stock) defaulted.

These facts and figures are but an outline of the most terrific story of financial debauch, perhaps, that has ever been written in any language. It reeks with crime. Perjury by bankers, by promoters and by officers of companies, double dealing in high places, and a hundred other crimes were committed in the formation of some of these combinations, to say nothing of industrial murder.

The companies in this list are selected from many. The great collapses in Colorado Fuel and Iron, Dominion Coal, National Asphalt, American Grass Twine, Virginia-Carolina Chemical and dozens of other well-known corporations are omitted. Yet this slight record marks disaster in almost every line of industry. The list begins with the Allis-Chalmers Company, which manufactures heavy machinery of all kinds, and ends with the so-called "Building Trust." One might suppose from the tables that the manufacture of machinery, ships, cars, chemicals, pumps, paper, salt, malt, oils, steel and iron and rope had had a period of depression.

But that is not true. Trade records since 1897 show that it is not true. In every single line of industry the country has made great, in fact phenomenal, advances in the past eight years. Why, then, have so many of the great trusts fallen upon hard times?

The answer is short. It is because the creators of these trusts made them for market profit rather than for industrial development; because they made and sold billions of stocks and bonds where they should have made and sold only millions; because, to induce the public to buy these inflated financial bubbles they made these combines pay dividends that they could not properly afford to pay; and, finally, because there came at last a time in which the people refused to buy these stocks and bonds, and, frightened almost into panic, hurled them back into the Wall Street market regardless of the consequences.

This financial debauch was the culmination

of "the McKinley boom." Drunk with success, rich in the market profits of the late 90's, the financiers of Wall Street cast covetous eyes upon the prosperous mines, manufacturing plants and industries of the country. The process of formation and "flotation" is now too well understood to need much comment. But many details are not understood. Why did the United States Steel Corporation pay 4 per cent. dividends on its common stock soon after its flotation? Why did the Consolidated Lake Superior Company pay out nearly \$2,000,000 a year on its preferred stock when every dollar spent was, as it were, a drop of its life blood? Why did nearly every corporation in the list pay dividends that it could not afford to pay?

First, because the bankers, promoters, financiers, directors and officers of these companies had in their banks millions of these shares, and the public would pay higher prices for them with dividends than without them. The higher the dividend the higher the price.

Second, because in many instances the companies needed credit badly, and credit, for the time being, grew with the dividends.

Third, because in some few instances the manufacturers who sold plants to these trusts took stocks in return, on condition that these stocks paid dividends.

That the directors of the United States Steel Corporation should never have declared a common dividend is now obvious. That the Amalgamated Copper Company, the Corn Products Company, the Consolidated Lake Superior Company, the Republic Iron and Steel Company and many other corporations voted dividends for the sole purpose of helping the "inside" to sell stocks is well known. By so doing these companies drew down their "working capital" until, in the crisis, they were compelled to stop the dividends, and in many cases to borrow money for carrying on the business.

Possibly the most terrible object lesson of all is the Consolidated Lake Superior Company. It was based upon the dream of Francis H. Clergue, a promoter, who helped to build up a huge mining, manufacturing and shipping trust at Sault Ste. Marie. It was modestly capitalized at more than \$100,000,000, of which about \$28,000,000 was 7 per cent. preferred stock. They sold the stocks in Philadelphia and Toronto. They issued annual reports, telling of great

mines, plants, and the like. Parties, personally conducted, visited the place, were wined and dined by Mr. Clergue, and came back to tell of the wonderful prospects of the company. In April, 1902, the preferred stock sold at 80½ and the common at 36. Soon afterward the working capital ran low. The dividends on the preferred stock had simply absorbed all the company's cash. The company borrowed about \$6,000,000 from Messrs. Speyer & Co. on notes. When the notes came due it had no funds to meet them. Dividends were passed. By December, 1902, less than nine months after the stocks had sold at 80½ and 36, the same stocks were tossed about the markets at 33 and 6. The company went into the hands of receivers, and the entire assets, upon which more than \$102,000,000 of stock had been sold, were bought in at the sale for less than \$10,000,000. Yet men of international reputation and known integrity had been induced to become directors. On their names and fame the corporation and its hangers-on sold their stock to the public. It is no wonder that even yet the industrial corporations of the United States stand in the world's markets in evil repute.

In contrast with the policy of the railroads in industrial companies mystery was considered an asset. They regularly made the excuse that "publicity" would injure them by telling competitors exactly what they were doing. Some few corporations, notably the United States Steel Corporation, have issued quarterly statements of net earnings, but this is a remarkable exception to the rule.

In the appraisal of the industrial stocks and bonds none outside a corporation, and very few inside it, know the exact value of the plants and properties included in it. More than forty companies, large and small, were combined to make the United States Steel Corporation. On almost all of them the sellers made handsome profits when they sold to the combines. Half a dozen people made fortunes out of the sale of the American Bridge Company. The Moore Brothers, now owners of the Rock Island System, made the fortunes with which they bought this railroad by selling their steel plants to the same corporation. The task of appraising an industrial property at its intrinsic value is an impossible one, and for an outsider the appraisal of the promoters and officials, as set forth in the annual reports, must be accepted. This remark applies with

even greater force to most of the other combines created in the "boom period." They paid many times what the properties that they bought were worth.

Many startling incidents have marked the history of this past eight years of industrial flotation and collapse. The career of the Colorado Fuel and Iron Company has been spectacular. In 1901, in the great boom, Mr. John W. Gates and his friends carried on a great speculation in this stock, sending the price up to \$130 per share. In 1903 it dropped below \$25 per share, and the company has since been reorganized in order to pay off a floating debt contracted through paying dividends. It turned out that the debt was held by Messrs. Rockefeller and George J. Gould, who now control the company.

These things illustrate another of the principal causes of trouble in the "industrials." They do not publish reports that are either intelligible or intelligent. No stockholder of the American Sugar Refining Company, for instance, can take the annual report and find out from it very much about the company.

The "balance sheet," which is supposed to present a general view of the financial condition, conceals it perfectly. The company puts in its "good will," its trade secrets, recipes, patents, etc., at a great value, but no one who reads the report can find a single clue to this valuation. The prospectuses put out by the companies at "flotation" generally put great stress upon the prospects and hopes, but pass over with slight comment the difficulties. Almost all the literature issued by the promoters and bankers of these corporations is distinctly in the class of "special pleas."

The lesson of these years has cost the stock-buying public many hundreds of millions of dollars. The financiers, the greatest in America, who made these trusts, have suffered disrepute at home and abroad. One of the greatest of them all—perhaps the greatest—is reported to have taken up and paid cash for every dollar of his firm's paper in Europe because the great banks of England quoted it at a discount. The lesson of John Law, who blew the "Mississippi Bubble," has come home at last to our great financiers.

OUR FINANCIAL OLIGARCHY

THE SEVENTY-SIX MEN WHO MAKE UP THE "BUSINESS SENATE" OF THE UNITED STATES—WHAT THEY CONTROL—THEIR CLIQUES AND PARTIES—IS THEIR POWER DECLINING

BY

SERENO S. PRATT

ASSOCIATE EDITOR OF THE WALL STREET JOURNAL

NEARLY a century ago Fourier predicted that, by the organization of the commercial classes into federal companies or affiliated monopolies, there would be developed a commercial feudalism which would become master of the productive industry of all the nations.

This prediction has for a number of years been on the way to fulfillment. Already in this country one-fifth of the estimated wealth is represented by the capitalization of the trusts. As one-third of the capital stock held in block is sufficient to control a company if the rest of the stock is widely distributed, so the highly concentrated trust power may be said to control the business of America.

This power is an oligarchy. In outward form, however, nothing could be more truly republican than the stock company. Universal suffrage prevails. There is not even any sex limitation. Every stockholder, man or woman, votes according to the number of shares owned. The stockholders elect a legislative assembly, called, usually, a board of directors, to represent them. Then there is an executive department headed by a president, as in the Government of the United States at Washington. The President is guided in his actions by a cabinet—the executive committee in the case of a company.

In practical operation, however, the stock

company is subject to autocratic or oligarchical control. The stockholders do not vote—they sign proxies which are held by the powers that be. Many of the directors are mere dummies, or fillers-in, or salaried officials, or representatives of dominant interests that may not always appear openly.

The power is commonly exercised either by one man or by an executive committee composed of those who, by ownership or manipulation, are able to control. It is not difficult for a small group of financiers to dominate properties worth billions of dollars belonging to thousands of investors, who have really no voice in their management. This power of control may occasionally be lost; the stockholders may revolt, or rival capitalists buy in, but in general it can be perpetuated. There has thus been developed what may be termed "the divine right" of high finance to rule.

THE OLIGARCHY LIKE THE SENATE

There is no branch of the Republic of the United States which the oligarchy of business more closely resembles than the American Senate. Both the Senate and a company's board of directors are elected, but under conditions which have become far from democratic. The Senate's membership in large part is the result of combined political and commercial manipulation. The board of directors, like the Senate, unites executive and legislative and even judicial functions. It is customary to divide directors as Senators of the United States are divided, into classes, so that the terms of only one-third of the members expire in any one year—a device that serves to perpetuate power. Like the Senate, directors can meet behind closed doors in executive session and give out no report of debates.

The directors of a great corporation may therefore be likened to the senate of a state—and there are corporations which are more powerful than any state—while the capitalists, bankers and captains of industry who create the communities of interest may be properly compared with the Senate of the United States.

It becomes important to know who constitute this Senate of American Business. This may seem to be an easy matter to determine. So it is, at the start, for there are some names which every one recognizes as belong-

ing to it. But outside these, there are many whom it is difficult to place definitely.

No one will dispute the right of Mr. John D. Rockefeller, as our richest and most powerful capitalist, and the inventor of "financial concentration," to a high seat in the senate. Indeed he should be named as chairman of its committee on foreign relations, a position for which he is eminently qualified, as the interests of the Standard Oil encircle the globe, and its agents in every land, more acute and enterprising than our consuls, are able to keep Mr. Rockefeller better informed than perhaps the State Department itself.

There will be equal recognition of the right of Mr. J. Pierpont Morgan and of the seven other capitalists who control two-thirds of the mileage and \$9,000,000,000 of the \$13,000,000,000 of capitalization of American railroads, to seats in this supreme chamber of business. Besides Mr. Morgan, these are Messrs. A. J. Cassatt, James J. Hill, E. H. Harriman, George J. Gould, W. K. Vanderbilt, W. H. Moore and William Rockefeller. They control the coal trade also, and their influence extends over the express companies and through many industrial corporations. As masters of the railroads, they have a taxing power—if the price charged for transportation may be so termed—equal to the taxing power of Congress, and the gross income of the railroads is nearly \$2,000,000,000 a year as compared with the Federal Government's revenue of about \$700,000,000.

OLIGARCHS IN EVERY GREAT BUSINESS

Next on the list must be placed a group of powerful bankers, including besides Mr. Morgan, Mr. Jacob H. Schiff and Mr. James Speyer, who head the great international banking houses of J. P. Morgan & Co., Kuhn, Loeb & Co. and Speyer & Co. In their company must be named Mr. James Stillman, president of the National City Bank, and Mr. George F. Baker, president of the First National Bank of New York, these being two of the three largest banks of the country, and dominant in the two most powerful "chains" of banking institutions.

In close proximity to these should be placed the heads of the two greatest insurance companies, Mr. R. A. McCurdy of the Mutual, and Mr. John A. McCall of the New York, whose combined assets are \$830,000,000.

Mr. Thomas F. Ryan would have gone on the list on account of his other interests, but having purchased a majority of the stock of the Equitable, it seems proper to name him here also for this reason. There are other life insurance men, Mr. John R. Hegeman, president of the Metropolitan; Mr. J. F. Dryden, president of the Prudential and United States Senator from New Jersey, and Mr. S. R. Shipley, president of the Provident Life & Trust, who not only because of their direction of the assets and investments of these companies, but also on account of their affiliations with other interests, should go on the list.

Two of the Standard Oil directors have already been named, but there is a third who has scarcely a lower rank, namely Mr. H. H. Rogers, one of the master minds in American business. It might not be improper to describe him as chairman of the "steering committee" of the senate. Every Standard Oil man is a financial power, and Mr. Oliver H. Payne and Mr. Henry M. Flagler deserve the senatorial rank given to the others.

High up on the roll should be placed Mr. Marshall Field, of Chicago, the first merchant of the United States, but powerful also for his investments in securities and real estate and his membership of leading boards of directors. Mr. Henry C. Frick, of Pittsburg, is another business man of the same unquestioned rank. Mr. E. H. Gary, chairman of the executive committee of the United States Steel Corporation; Mr. John Jacob Astor, the richest owner of urban real estate and director of sixteen important corporations; Mr. J. O. Armour, head of the beef trust which controls one-half of the packing, and the affiliated, trades of the country; Mr. Henry Walters, powerful in Southern railroads and other financial interests, and Senator W. A. Clark, prominent in the mining world and chief owner of the new line of railroad between Salt Lake City and Los Angeles, go naturally upon the list.

Then there is a group of traction magnates who must be named. These include, besides Mr. Thomas F. Ryan already named, Mr. August Belmont, who is also distinguished as the American representative of the Rothschilds, Mr. P. A. B. Widener, of Philadelphia, Mr. E. F. C. Young, of New Jersey, and Mr. Anthony N. Brady. Next comes a group of

great merchants who are prominent in the control of banks and corporations, Mr. John Claflin, Ex-Secretary Cornelius N. Bliss and Mr. A. D. Juilliard. Mr. H. O. Havemeyer, head of the sugar trust; Mr. James N. Jarvis, the coffee merchant; Mr. F. W. Vanderbilt, director in no less than forty-four companies, Mr. Oliver Ames, Mr. T. Jefferson Coolidge and Mr. Nathaniel Thayer, of Boston, all three connected with many powerful corporations; Mr. E. J. Berwind, influential in coal and other lines; Mr. Edwin Hawley, director of railroads, Mr. C. A. Griscom, of the International Mercantile Marine, and Mr. Norman B. Ream, belong with more or less certainty to the list.

Now comes a group of veterans, partially retired from business, but still active and powerful, and directors in a multitude of corporations: Mr. Russell Sage, who in spite of his age is a factor in the money market and commands more cash than any other man; Mr. D. O. Mills; Mr. Samuel Sloan, once president of the Lackawanna, now director of thirty-one banks and companies; Mr. Levi P. Morton, who has converted his great banking house into a trust company of which he is the president, and Mr. John S. Kennedy, closely affiliated with Mr. James J. Hill's interests. Mr. Daniel G. Reid of the Rock Island group and also one of the United States Steel executive committee may likewise be named. Mr. Adrian Iselin; Mr. Charles Lanier; Mr. Daniel O'Day, of the Standard Oil Company; Senator Crane, who is prominent in Massachusetts business enterprises, Mr. P. A. Valentine, of the beef combine; Mr. John H. Converse, of the Baldwin Locomotive Works; Mr. C. W. Morse, chief owner of "the Morse chain of Banks"; Mr. Thomas Dolan, prominent in gas and traction interests; Mr. James B. Duke, the tobacco man, and Mr. James C. Fargo, head of the American Express, may for considerations of various weight be given seats in the Senate of Business.

It would be proper also to name Mr. George W. Perkins, not only because he is Mr. Morgan's partner, but also because he is chairman of the finance committee of the billion-dollar Steel Corporation and vice-president of the New York Life Insurance Company. There is a group of Chicago bankers closely identified with important interests who may belong on the list. These are Mr. J. J. Mitchell,

president of the Illinois Trust and Savings Bank; Mr. James B. Forgan, president of the First National Bank; ex-Comptroller James H. Eckels, president of the Commercial Bank, and ex-Comptroller Charles G. Dawes, president of the Central Trust Company and affiliated with the beef-trust power. Perhaps Mr. A. E. Orr, not only as director of many corporations, but also as president of the New York Rapid Transit Commission, a dictator in traction matters, should be included. Mr. H. McK. Twombly of the Vanderbilt group is director in forty-nine companies and is also accepted. Senator Chauncey M. Depew is more the agent or attorney of financial powers than a financial power himself; but, since he holds seventy-

Simmons, of St. Louis, probably the largest hardware merchant in the world, may for that and other reasons be included. Perhaps also ex-Secretary Paul Morton, as the new head of the Equitable with its \$411,000,000 of assets, deserves a place here, although he has not yet measured quite up to the high standard of independent financial power. A few weeks ago Mr. James H. Hyde would have been chosen without question, but he must now be eliminated. Mr. Andrew Carnegie, although the second richest man in the United States, is omitted because he has completely retired from business, not even serving as director of important companies.

There are, all told, seventy-six names on the roll:



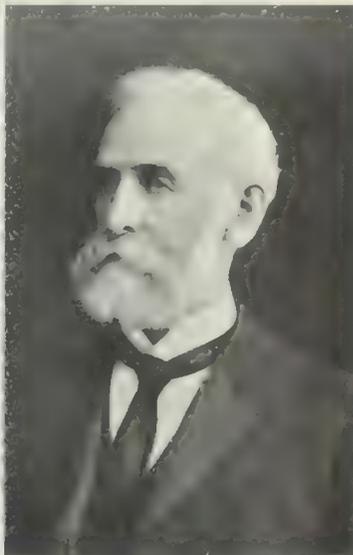
Photographed by Davis & Sanford
JOHN S. KENNEDY

An important member of the Hill group



Photographed by Alman & Co.
A. D. JUILLIARD

New York dry goods merchant with many interests



Photographed by Davis & Sanford
SENATOR J. F. DRYDEN

President of the Prudential Life Insurance Company



Copyright, 1900, by J. F. Purdy, Boston
CORNELIUS N. BLISS

Partner in the great dry goods house of Bliss, Fabyan & Co.

four directorships, he may be taken as a representative of the corporations. Although Mr. Morris K. Jesup has retired from active business, he is one of our rich capitalists, and as president of the Chamber of Commerce he exercises a wide influence, and may be named as a "Senator." For similar reasons, the name of Mr. Dumont Clarke, president of the Bank Clearing House and of a great bank, the American Exchange, and a director of twenty-four companies, is selected. Mr. C. H. Mackay, as the inheritor of his father's large fortune and controlling interest in the Commercial Cable, also goes on the list. Although Mr. Charles M. Schwab is no longer president of the Steel Corporation, he has big interests in the iron and steel trade and may be counted among the powers. Mr. E. C.

- THE MEMBERS OF THE SENATE
- | | |
|------------------|-----------------------|
| John Jacob Astor | J. O. Armour |
| George F. Baker | Oliver Ames |
| A. N. Brady | August Belmont |
| E. J. Berwind | Cornelius N. Bliss |
| W. A. Clark | A. J. Cassatt |
| W. M. Crane | John Clafin |
| John H. Converse | T. Jefferson Coolidge |
| J. F. Dryden | Dumont Clarke |
| Charles G. Dawes | Thomas Dolan |
| James H. Eckels | Chauncey M. Depew |
| Marshall Field | James B. Duke |
| Henry C. Frick | Henry M. Flagler |
| James B. Forgan | James C. Fargo |
| George J. Gould | E. H. Gary |
| James J. Hill | O. A. Griscom |
| E. H. Harriman | John R. Hegeman |
| Edwin Hawley | H. O. Havemeyer |
| Adrian Iselin | A. D. Juilliard |
| James N. Jarvie | John S. Kennedy |



Photographed by J. Van Dyke
W. K. VANDERBILT

Head of the New York Central
Railroad line.



Portrait given by Alfred Dunant
JAMES SPEYER

Head of the great banking house of
Speyer & Company



Copyright 1904 by Frankford
MORRIS K. JESUP

President of the New York
Chamber of Commerce



Portrait given by Lanier
ALEXANDER F. ORR

A leading trust company director
& banker

Morris K. Jesup
J. Pierpont Morgan
R. A. McCurdy
Levi P. Morton
C. H. Mackay
C. W. Morse
A. E. Orr
Oliver H. Payne
John D. Rockefeller
H. H. Rogers
Norman B. Ream
Jacob H. Schiff
James Speyer
Russell Sage
Charles M. Schwab
Nathaniel Thayer
W. K. Vanderbilt
P. A. Valentine
Henry Walters

Charles Lanier
W. H. Moore
John A. McCall
J. J. Mitchell
Paul Morton
D. O. Mills
Daniel O'Day
George W. Perkins
William Rockefeller
Thomas F. Ryan
Daniel G. Reid
James Stillman
S. R. Shipley
Samuel Sloan
E. C. Simmons
H. M. K. Twombly
F. W. Vanderbilt
P. A. B. Widener
E. F. C. Young

These are our business rulers, the men whom we have by our proxies as stockholders, elected as the trustees of our properties. They have acquired practically an oligarchical power. Possibly there are several names on this roll that a more discriminating judgment would reject. Probably there are ten or fifteen more names which should be included. At least fifty of the names cannot be questioned, and of the list as a whole, it may be said that it is fairly representative of the corporation power of the United States. The selections have been made of men identified with the control of business through companies, and the seventy-six hold an aggregate of about 1,600 directorships. The United States Census Bureau is



Portrait given by Jacob H. Schiff
JACOB H. SCHIFF

The senior member of Kuhn, Loeb
& Company, bankers



Portrait given by New York Herald
NORMAN B. REAM

One of the leading capitalists of
Cuba



By courtesy New York Herald
H. M. K. TWOMBLY

Of the Vanderbilt group of capi-
tals



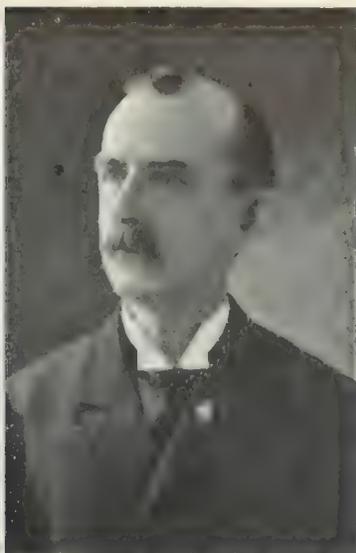
Photographed by W. J. Hall
CHARLES G. DAWES

President of the Central Trust
Company, Chicago



Photographed by Pirie MacDonald
DUMONT CLARKE

President of the New York
Clearing House



Photographed by Elmer Chickering
SENATOR W. M. CRANE

Active in Massachusetts business
enterprises



Photographed by Gessford
JOHN CLAFLIN

Head of a great wholesale dry
goods house



After the portrait by V. Kromhaar
E. H. HARRIMAN

Railroad overlord of the West and
Southwest

now undertaking an enumeration of the stock companies, and until that appears it would be idle to hazard an estimate of their total capitalization. It is certain, however, that that capitalization stands for the most important, the dominant, part of our national wealth. Mr. John Moody estimates that the trust power of the United States is \$20, 379,000,000. These men control that power and more. They are also the dominant influence in the banks and trust companies having deposits of \$10,000,000,000 and a capital investment of \$2,750,000,000. An analysis of their power will show that fully one hundred of the greatest railroad, industrial and banking corporations, with a capitalization equal to more than one-fifth of the nation's wealth, are controlled by them. Here are the more important of

the "interests" which they either control or in which they are very influential:

"INTERESTS" THE "SENATE" CONTROLS

- | | |
|-------------------------|---------------|
| Banking | Railroads |
| Iron and Steel | Telegraph |
| Coal | Cable |
| Gas | Telephone |
| Electric Light | Traction |
| Shipping | Express |
| Oil | Mining |
| Beef | Sugar |
| Insurance | Tobacco |
| Copper | Coffee |
| Cotton | Wool |
| Hardware | Machinery |
| Real Estate | Building |
| Dry Goods | Paper |
| Agricultural Implements | Food Products |



Photograph from the United News, Ltd.
DANIEL O'DAY

A member of the "Standard Oil
Group"



T. JEFFERSON COOLIDGE

Massachusetts financier and
manufacturer



Photographed by L. Alman
F. W. VANDERBILT

Director in forty-four companies
including many railroads



Photographed by Gessford
J. J. ASTOR

The owner of much valuable urban
real estate



Photographed by Matrone Studio
PAUL MORTON
 The new President of the Equitable Life Assurance Society



Photographed by Gutekunst
S. R. SHIPLEY
 President of the Provident Life & Trust Company, Philadelphia



Photographed by Allen Dupont
H. O. HAVEMEYER
 Head of the "Sugar Trust," the American Sugar Refining Co.



Photographed by Knapp
ANTHONY N. BRADY
 Organizer of street railway systems in various cities

Since some corporations are now passing under review of the American people, and since President Roosevelt believes that there is no other subject of domestic concern of such far-reaching importance as their regulation by the Government in the interest of a square deal, it is right that we should get better acquainted with these Senators of Business.

AGES OF THE "SENATORS OF BUSINESS"

The average age of ninety members of the United States Senate is a little less than sixty years. There are fourteen Senators whose ages average more than seventy-six. The average age of the men composing the Senate of Business is a trifle more than sixty years, and there are sixteen whose ages average

about eighty. Neither, therefore, has any great advantage over the other as regards age. While there are young men in both, both are really assemblies of old men. When it is recalled that Mr. Rockefeller is sixty-six and his brother sixty-four, that Mr. Morgan is sixty-eight, Mr. Cassatt sixty-six, Mr. Hill sixty-seven, Mr. Baker sixty-five, Mr. Field seventy and Mr. McCurdy seventy, it is plain that there must be many changes in the leadership of business before many years. Mr. Schiff, Mr. Stillman, Mr. Frick, Mr. Ryan, Judge Moore, Judge Gary, Mr. McCall, Mr. Belmont, Mr. Vanderbilt and Mr. Havemeyer are between fifty and sixty years. Mr. Gould is the youngest of the railroad eight, being forty-seven, just the age of Mr. Roosevelt.



Photographed by Knapp
P. A. E. WIDENER
 A leader in traction affairs in Philadelphia



Photographed by Knapp
THOMAS DOLAN
 President of the United Gas Improvement Co., Philadelphia



Photographed by P. A. Bras
D. O. MILLS
 President of the Niagara Falls Power Co. and other corporations



Photographed by P. A. Bras
SAMUEL SLOAN
 Formerly president of the Lackawanna Railroad



Photographed by Vander Weyde
RUSSELL SAGE

Who commands more ready money than any other capitalist



Copyright by Ames
JOHN D. ROCKEFELLER

"The richest man in the world" and head of Standard Oil group



Photographed by Vander Weyde
AUGUST BELMONT

American representative of the Rothschilds



Copyright by Special News Agency
THOMAS F. RYAN

Traction magnate and possessor of stock control of the Equitable

Mr. Astor, Mr. Armour, Mr. Speyer and Mr. Perkins are in the forties.

The Senate of American Business is marked by personal antagonisms, and divided into parties, just as the Senate of the United States. Much has been said of the destruction of competition; and it is true that, as financial concentration has taken place, the area of competition has been reduced, and thousands of small competitors have been wiped out. Moreover, there is a sort of "senatorial courtesy" in big business which binds every member of the trust power together. The various "communities of interest" overlap each other. Nevertheless, there are divisions between them that result in what may be termed "big competition." The battles between the contending parties

at times shake the markets. The result of one battle may change the railroad map or revolutionize a great trade. One has only to mention the war between Mr. Morgan and Mr. Hill and Mr. Harriman and Mr. Schiff for the control of the Northern Pacific to indicate what this means. Another example is the war between Mr. Gould and the Pennsylvania Railroad over Mr. Gould's desire to extend his system to the Atlantic. There is in this senate a Standard Oil party, a Morgan party, a Harriman party, a life insurance party, a Belmont party, a Ryan party, and so on. There is competition for the mastery of the transcontinental railroad situation, for the control of valuable traction franchises, and recently there has been a fierce battle over the Equitable Life Assurance Society.



Photographed by Pach
HENRY M. FLAGLER

One of the original directors of the Standard Oil Company



Photographed by Aimé Dupont
JAMES STILLMAN

President of the National City Bank of New York



Photographed by Gessford
C. W. MORSE

Organizer of a powerful chain of New York banks



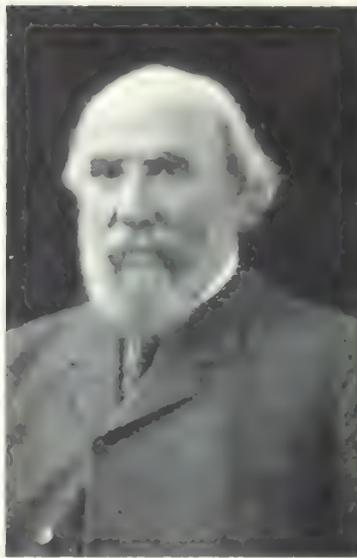
Photographed by Kost
W. H. MOORE

The leader of the "Rock Island" railroad group



Copyright by Paul Bros.
JOHN A. McCALL

President of the New York Life Insurance Company



Copyright by Paul Bros.
JAMES J. HILL

Railroad overlord of the Northwest



Copyright by Paul Bros.
C. A. GRISCOM

Director in many concerns, chiefly steamship lines



Copyright by Paul Bros.
JOHN R. HEGEMAN

President of the Metropolitan Life Insurance Company

Twentieth century competition is between multi-millions. The day of thousand-dollar competition has passed.

SIGNS OF REACTION AND DECLINE

There are signs that the Senate of American Business is on a decline. In this respect it again resembles the United States Senate. For a number of years the United States Senate has been steadily accumulating power, reducing the House of Representatives to a subordinate body and forcing the President to bow to its will. But there has been a revolt. Speaker Cannon is reasserting the old power of the House, and President Roosevelt and the people are now ranged against the Senate and the trusts, or to put it another way, against senatorial protection of such corpora-

tion policies as seem opposed to the public interests.

A similar tendency is apparent in the Senate of Business. Three or four years ago its authority was unchallenged and its members possessed a large degree of personal popularity. We were proud of our "captains of industry," as we then called them. We identified their leadership with the tremendous uplift of American business, with the boom in the markets, with the expansion of commerce. We were eager then to applaud their splendid ability and courage. But now! Prosperity still prevails, but the splendor of our material wealth no longer blinds our eyes.

Great as have been their services to the country, they have failed to command the entire confidence of the people, and it is



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A. J. CASSATT

Who has made the Pennsylvania Railroad a great success



Copyright by Paul Bros.
GEORGE W. PERKINS

Chairman of the Finance Committee of the Steel Corporation



MARSHALL FIELD

The first merchant of the United States



CHARLES M. SCHWAB

Still powerful in the steel business and other enterprises



From engraving by J. A. J. Wilcox
NATHANIEL THAYER

A leading figure in Boston financial operations



Photographed by Pach Bros.
GEORGE J. GOULD

Head of the Gould railroad system through inheritance



Photographed by Taber
EDWIN HAWLEY

Director in railroad and steamship companies



Photographed by Alvin Dapunt
H. H. ROGERS

"One of the master minds of American business"

useless to deny that there must be an adequate reason for this. Concentration once welcomed as a means of creating increased force with reduced friction is now feared as a power that threatens our liberties. High finance that once "moved with mysterious ways, its wonders to perform" now stands revealed in some of its processes as strangely like graft, lawlessness and gross manipulation. Its triumphs have certainly been accompanied with so much over-capitalization, so many speculative schemes, secret rebates and evasions of law as to create a feeling of resentment. This has gone so far, indeed, that we are in some danger of exaggerating the evils and underestimating the services it has performed.

The corporation system which these great

men represent is still on trial. It has passed triumphantly the test of economic efficiency, but has somehow failed on the ethical side. The scheme of "trusteeing" wealth in great companies, controlled by a few men for the benefit of the many, is magnificent, provided the men can be found to act as trustees with entire faithfulness. The most striking evil in the business world, to-day, is the fact that directors do not direct, and that salaried managers are not content with their salaries, but use their positions for profits which the stockholders do not share, and which are often opposed to their interests. The average stockholder is indifferent, save only as regards dividends; and, as long as they are secured, he pays little



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CHAUNCEY M. DEPEW

"Financial agent" with seventy-four directorships



Photographed by Gessford
SENATOR W. A. CLARK

Owner of rich copper properties in Montana and Arizona



Photographed by Gessford
JOHN H. CONVERSE

Of Burnham, Williams & Co., of the Baldwin Locomotive Works



Copyright, 1902, by Pach Bros.
J. P. MORGAN

International banker and organizer of industries



Photographed by Gossard
J. OGDEN ARMOUR

Head of the "Beef Trust" and the leading packer



H. C. FRICK

President of the largest coke producing company in the world



Photographed by Martin
DANIEL G. REID

A member of the "Rock Island Group"



Photographed by Martin
WILLIAM ROCKEFELLER

Treasurer of the "Associated Copper Company"

attention to what the directors may do, or to the methods of graft, oppression and wrong that may be applied to achieve results. Now these senators, while by no means all chargeable with complicity in these things, have at any rate failed to prevent them, and a succession of shameful scandals has weakened their authority and raised the question whether after all we are not reaching the limit of the big corporation. May there not be more individual and partnership enterprise in the future as affording more liberty



Photographed by Parsons
LEVI P. MORTON
President of the great Morton Trust Company, New York

and opportunity? If so, the trust evil will work its own cure.

The fact is that our leaders, in their eagerness for bigness and power, have gone too far and the inevitable reaction has set in. There is a world of suggestion in the paragraph in the Frick report in which allusion is made to "a misconception of the importance of growth in size." An English railroad expert who was in this country three or four months ago, summed up the business situation as it appeared to him in two words: "Too big."



C. H. MACKAY

Who through inherited wealth controls manufacturing values



Photographed by Allen
JUDGE E. H. GARY

Chairman of executive committee of the Steel Corporation



Photographed by Park Bros
CHARLES LANIER

Banker and director of the Southern Railroad



Photographed by Park Bros
GEORGE F. BAKER

President of the First National Bank of New York



THE AUTOMOBILE IN INDUSTRY

MAKING REVOLUTIONARY ECONOMIC CHANGES IN FARMING, LUMBERING, TRUCKING AND 'BUS WORK—WILL IT SUPERSEDE TROLLEY CARS AND STEAM LOCOMOTIVES?

BY

H. OLERICH

IN 1899 there were only fifty motor cars in the United States. It is estimated that there are now more than 60,000, and all the other leading countries of the world are turning them out with remarkable rapidity. France last year exported more than \$14,000,000 worth; Germany more than \$3,000,000; and the United States nearly \$500,000 worth. But the increasing uses to which the various styles of automobiles have been put during the last few years are even more important than the increase in the number of them. In this article no effort is made to explain all these uses, but especial attention is given to the traction automobile used for farming and freighting purposes. The ordinary passenger use is yet perhaps the most important, but what may be called the industrial work of the motor car may outstrip its passenger-carrying work.

In the large cities, where roads are good and electric current is accessible, the electric truck is rapidly superseding the dray horse.

It is cheaper, more convenient, more efficient, more humane, and much more cleanly. Some of the large trucks now in use for freighting purposes have a capacity of ten tons, more than was formerly loaded in a railroad car. Most of these electric freight trucks are equipped with convenient electric hoists for loading and unloading heavy articles. They thus greatly reduce the toil of man as well as of beast. Most of the heavy freight trucks are run with electricity from storage batteries; but in the smaller places gasolene freight trucks are rapidly coming into use.

The delivery automobile is as useful and convenient as the truck for freighting purposes. Both the electric and the gasolene types are used. Enterprising merchants are substituting them for horses and wagons. Express companies use them for delivering express matter; in some places they are used for delivering mail; and, under fair conditions, they everywhere seem to perform their



A GASOLENE DELIVERY WAGON

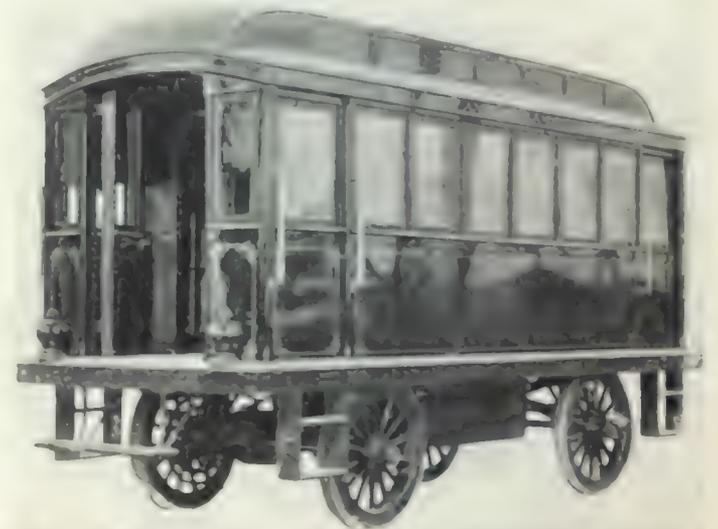


AN ELECTRIC DELIVERY WAGON

work with convenience and efficiency. This use will become more general as suburban

A DOUBLE-DECK 'BUS TO HOLD TWENTY PEOPLE
OUTSIDE AND TWENTY INSIDE

roads become better and power stations more numerous.

A COMBINATION VEHICLE WITH SEATS UPRAISED
TO PERMIT LOADING WITH FREIGHTAN AUTOMOBILE USED IN NEW YORK TO
DISTRIBUTE TIME TABLES

Fine open as well as enclosed automobile omnibuses and wagonettes are used in many of the large cities. Most of them are electric machines, well finished and easily operated. Some are for public and some for private use, and they seem to give satisfaction wherever tried.

London is the leading 'bus-using city in the world. It is estimated that it has about 2,550 horse omnibuses. During the last few years a number of automobile 'buses have been introduced there, and their service is so satisfactory that some of the large omnibus companies are already considering the substitution of automobiles for horse omnibuses. Such a fact gives a hint of the enlarged use which awaits the automobile.

This class of automobiles is not only taking the place of the horse omnibus, but it is beginning to render valuable service in the



A 60-HORSEPOWER STEAM ENGINE PULLING THIRTY FEET OF GANG PLOWS WITH SEEDERS IN FRONT AND HARROWS BEHIND THE PLOWS. IT AVERAGES EIGHTY ACRES A DAY



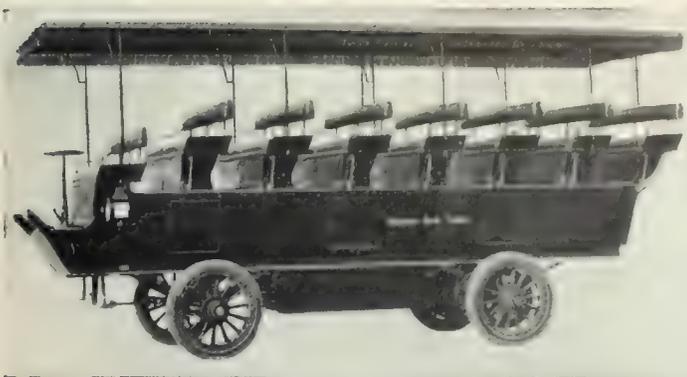
A 60-HORSEPOWER ENGINE PULLING 21 FEET OF PLOWS AND DRILLS, PLOWING SIX INCHES DEEP AND SEEDING AT THE SAME TIME

territories of the trolley car and the suburban train. Transfer companies are already operating automobile 'bus lines from large cities to suburban districts, and between certain towns that are not directly connected by railroad or by trolley car. In other

cities, where the street-car service is deficient, the automobile 'bus is beginning to supplement it and horse vehicles. A well-equipped automobile 'bus line has many superiorities over the trolley car, the suburban train and the horse omnibus. A railroad or a street-



A 6-HORSEPOWER ENGINE PULLING 21 FEET OF DISC HARROW AND AVERAGING SEVENTY ACRES A DAY



A SIGHT-SEEING AUTOMOBILE TO ACCOMMODATE FORTY PASSENGERS



A GASOLENE TRUCK USED BY A BREWING COMPANY

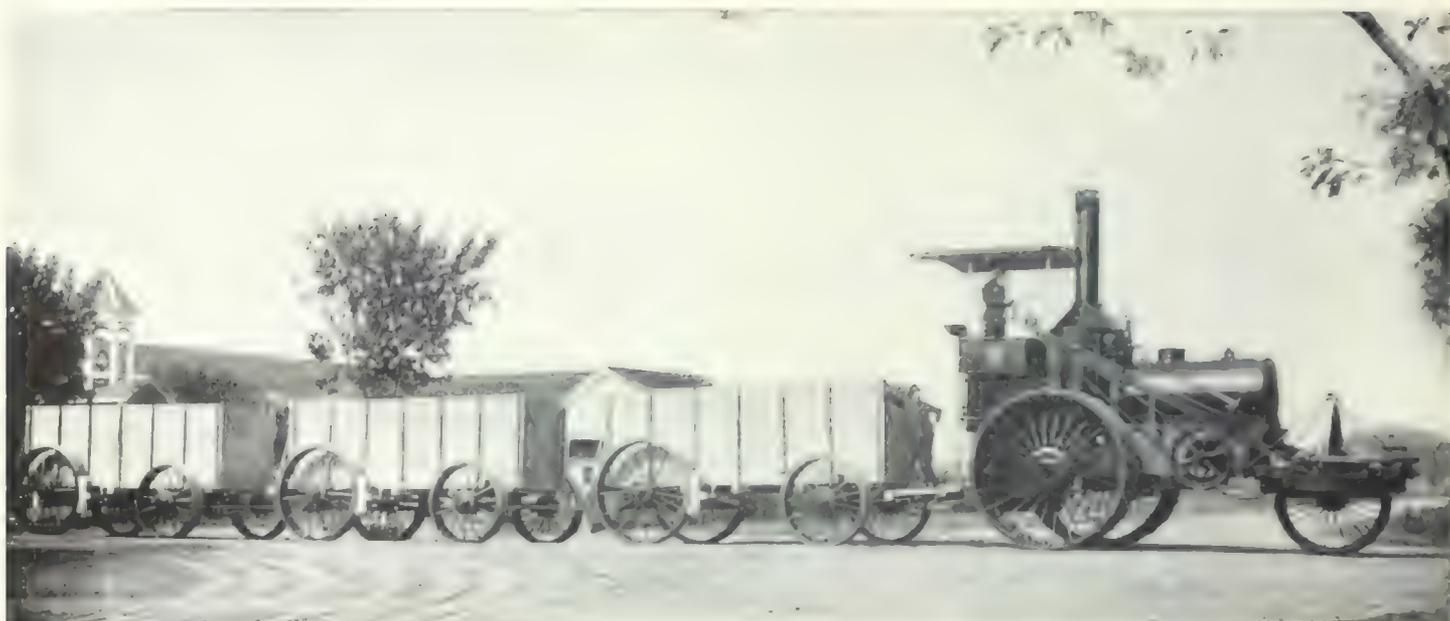
car line always mars the neatness and disturbs the quiet of any street on which it runs. The posts, the network of wires and other fixtures of a trolley system make the streets look unsightly; and they are, too, more or less dangerous. Automobiles require none of these objectionable fixtures. They are at home on a smooth asphalt street, a beautiful boulevard, or better still, on a steel-plated thoroughfare. Rubber-tired electric automobiles speed along almost noiselessly. Trains and street cars can travel only on their iron rails, while automobiles can turn off upon any street.

As compared with the horse omnibus, the automobile 'bus is faster, more humane, and much more cleanly. It has no refuse of the stable and leaves the traveled streets much cleaner and more healthful than the horse, and the paving would last much longer with automobile travel than it does with vehicles drawn by animals. For these reasons all vehicles drawn by draught animals are debarred from certain fashionable streets in some cities.

But of all the uses to which the automobile has thus far been put, perhaps none is more interesting than its traction use to



AN AUTOMOBILE ENGINE HAULING 14,000 FEET OF PINE LOGS IN SHASTA COUNTY, CALIFORNIA



A 110-HORSEPOWER AUTOMOBILE CAN DRAW SIXTY TONS ON A COMMON EARTH ROAD

pull heavy loads. Long trains of heavily loaded freight trucks now run on common highways, or where there is no road at all; and enormous farming implements on the loose cultivated fields are propelled by motors. Some may prefer to call these traction vehicles engines instead of automobiles, but the term automobile is much more definite and appropriate. It means a self-moving vehicle, adapted for running on the ground without rails or a specially constructed track. The locomotive is a traction engine, but not an automobile, because it requires a special track.

The prodigious amount of work which these large freighting and farming machines

accomplish is almost incredible. For instance, a 110-horsepower machine plows, sows and harrows, all at the same time, a strip thirty feet wide, at the rate of three or four miles an hour, turning over the soil at the rate of eighty acres a day; or, under favorable conditions, ten or twelve acres an hour. It thus performs work which ordinarily requires forty or fifty teams and men.

There is a harrowing machine that reaches one hundred feet wide, capable of harrowing 300 acres a day, or thirty acres an hour, and no one has to walk in the loose soil behind the harrow or whip a tired team. It harrows a whole section of land in a little more than two days. Special gang plows that plow



AN AUTOMOBILE ENGINE WHICH HAULED 80 TONS AND THEIR EQUIPMENT 80 MILES IN TWO DAYS IN NICARAGUA



AN ORDINARY AUTOMOBILE PULLING $5\frac{1}{2}$ TONS OF RAILWAY IRON UP A 4 PER CENT. GRADE IN CANTON, OHIO

eight or ten inches deep, disc harrows that pulverize the tough sod, press drills that plow nine inches deep and seed at the same time, are all successfully operated with these powerful traction automobiles.

When the grain is ripe the harvesting is done on a still larger scale. Ponderous combined harvesting and threshing machines, drawn by automobiles, cut, thresh, clean, and sack the wheat, all at the same time and almost without human effort, from 100 to 125 acres of grain per day. The "cut" of the sickle is from thirty to fifty feet. The harvesting machine elevates the cut grain to the cylinder of the thresher, which threshes and cleans it, as the machine travels over the field; and on hillsides of moderate steepness it can be so adjusted that it works almost

as well as on level ground. Such are a few examples of the great service which the traction automobile, under favorable conditions, already renders to large Western farmers.

For logging, lumbering, and other heavy freighting purposes, the traction automobile proves itself as efficient and convenient as for extensive farming. This kind of motor performs tasks fit to be compared with the labors of Hercules, and it saves enormous expense. The reader must remember, however, that these large freighting and farming machines cannot be used with advantage everywhere and under all conditions. For instance,¹ on very hilly land, or in fields full of stumps and stones, or on small patches of land, they are impracticable. To utilize them the fields must be moderately level, fairly well adapted



A 60-HORSEPOWER AUTOMOBILE ENGINE HAULING A 36-TON LOCOMOTIVE SEVEN MILES ON GRADES IN COLORADO RANGING FROM 8 PER CENT. TO 12 PER CENT.



THE FIRST GASOLINE MOTOR CAR IN USE ON THE UNION PACIFIC RAILROAD



AN AUTOMOBILE AMBULANCE IN USE BY A BOSTON HOSPITAL

for agriculture, and in quite large tracts, such as the extensive level fields in many of the Middle and Western states, particularly in the great wheat belts.

But it is not necessary that all automobile farming and freighting should be done on such a large scale. Where the land and the roads are not adapted for ponderous machines, smaller ones can be used with advantage, after the farming and freighting automobiles are once brought into general use.

In favored places farming in the near future will no doubt consist principally of automobile riding, which can be performed by women as well as by men. The farmer, sitting in his comfortable cab, hitches his motor to the large plows, wagons, harrows, seeders, self-binders, headers, cultivators, corn and potato planters, or any other farming implement that he wishes to operate. When he finds it too cool, the electric current can warm his cab; when too dark, it can light it. Under these improved social and industrial conditions, which the automobile is

so prominent in helping to bring about, the occupation of farming will be elevated to that high dignity which it deserves, for all wealth—food, clothing, shelter, and luxuries—must be produced directly or indirectly by the application of labor to land. How rapidly the automobile is helping to reduce the toil of man and beast is thus strikingly suggested.

How successfully gasoline may be used for heavy traction purposes is demonstrated by the recently constructed gasoline motor car, the first of its kind, which was turned out of the Union Pacific shops at Omaha last March. This railroad gasoline motor car was originated by Mr. E. H. Harriman, and was built under the personal supervision of Mr. W. R. McKeen, the superintendent of motive power and machinery of the Union Pacific Railroad. Its efficiency has been tested and its service found so satisfactory that the company is now building more, which are to be operated on various branch lines of this railroad system. The new cars will be much larger than the first one. Be-



A TRACTION AUTOMOBILE HEADER AND BINDER ON A NORTHWESTERN FARM

sides baggage and toilet compartments, every car will have accommodations for fifty passengers, and the maximum speed is equal to that of the ordinary passenger train.

Most of the powerful traction vehicles, both locomotives and automobiles, are still of the steam type; but this need not always remain so. We see electricity propelling the heavy 'buses, delivery wagons, and freight trucks in the large cities, where electric current is accessible; and now gasolene is entering the field of railroading. From these important developments we have reason to believe that there will be a more harmonious distribution of hydraulic and other power stations for generating electricity for industrial purposes; and then the traction automobile, like the present freight truck, will be operated, perhaps first by gasolene, but eventually by electricity instead of steam or gasolene. Gasolene is in most cases better than steam, but electricity is much better than either, when we are once prepared for its efficient use.

All these beneficial improvements have, however, sprung up so rapidly during the last few years that only those who take the time specially to investigate them know how rapidly changes are taking place.

For hill climbing the automobile has no equal. At Eagle Rock, N. J., the winner in the hill-climbing contest ran a mile on a road

having an elevation of about 15 per cent. in one minute and twenty seconds. A well built automobile of high power and on a good road goes up hill almost as well as it goes down.

In Texas and a few other grazing states the automobile is taking the place of the cow pony. Not a few large cattle owners are using it for herding. It runs over the prairie with a wonderful speed, and the cattle soon learn to heed its toot.

As a racer the automobile has no rival. From a slow beginning, in a few years it reduced the world's mile record to thirty-two and four-fifths seconds. This is, no doubt, faster than any animal ever ran, and faster than the schedule time of any express train. Although not important in the use of the automobile, this remarkable speed is one of its greatest marvels.

The automobile too has numerous advantages over any other mode of conveyance, and if rightly planned and executed, automobile touring is one of the most fascinating, healthful, and instructive outdoor sports.

Thus we find the automobile has recently entered practically every important field of industry and pleasure where vehicles are used, and has proved itself wonderfully useful in every one of them. It is certainly already a success, and how long a list of other important uses and improvements the future will show no one can predict.

THE RAILROADS AND THE SQUARE DEAL

II.

THE STORY OF THE GRANGER LINES, WHICH SHOWS HOW RAILROADS, FROM BEING THE PUBLIC'S SERVANTS, CAME TO RULE THE PEOPLE AND TO CONTROL A STATE GOVERNMENT FOR YEARS—A STORY OF RAILROADS IN POLITICS

BY

ROWLAND THOMAS

THE Santa Fé Railroad, the story of which was told here last month, had the virtues and the faults of a pioneer, and succumbed to temptation in its struggle for wealth. Other roads have had a different history. Built to serve re-

gions already settled, some of them have entered political life and reversed their relations to the public by making the regions serve them. The "Granger" lines have tried that policy with varying success, and the points at issue have been especially defined

in Wisconsin, where the people and the railroads have been battling this year, as they have twice before, to see which of the two shall be represented by a legislature elected by all the citizens.

The Granger lines are such roads as the Chicago, Milwaukee & St. Paul, the Chicago & Northwestern, and the Chicago, Burlington & Quincy. They serve the prosperous agricultural and manufacturing states of the Middle West, and they are the result of rapid growth fifty years or so ago. The population of Wisconsin was 18,000 in 1837, 210,000 in 1848—a twelve-fold increase in ten years. All those thousands of settlers were scattered widely over a region covered with almost inexhaustible forests set in a soil of great fertility; and the chief limit to the prosperity of every small farmer and cross-roads merchant seemed to be his ability to reach a market. Wisconsin fell in with the spirit of the time all over the country, and indulged in a spree of railroad building. Every town clamored for a railroad, which was to be the king's own highway to wealth, and no one gave much thought to planning or regulation. Competition, they believed, would protect future generations, and tracks were laid by the people, collectively and individually. The history of the Chicago, Milwaukee & St. Paul in Wisconsin is a typical history.

THE PEOPLE AS RAILROAD BUILDERS

The oldest part of this road was chartered by the Legislature of Wisconsin in 1847 as the Milwaukee & Waukesha, with a capital of \$100,000. There were no capitalists in the state then. Yet the 20,000 people of Milwaukee scraped together \$92,000, and the few hundred inhabitants of Waukesha proudly brought in the other \$8,000. Public spirit and local pride were strong, and farmers along the proposed line who had no money to invest contributed labor and materials, cutting and trimming ties and posts, and grading the road-bed, till the construction camps were huge neighborhood "bees."

By 1850 the twenty miles of track were finished, but the ambitions of the owners had grown, and they took a new name and a new charter. The road was made the Milwaukee & Mississippi Railway, continued toward the west, and by 1855 had crossed the state and reached the Mississippi at Prairie du Chien. This road became bankrupt in 1859, was reor-

ganized in 1861 as the Milwaukee & Prairie du Chien, and that in turn was absorbed by the Milwaukee & St. Paul a few years later.

Another road, the La Crosse & Milwaukee, had been chartered in 1852, and the farmers along its line were quixotic in their enthusiasm. They subscribed to stock to the value of \$1,100,000, giving mortgages on their farms in payment. The railroad company obtained its funds by indorsing these mortgages and selling them outside the state, mostly in the East.

This spirit of intense local patriotism, which made the railroads and the people one, is worthy of all praise. Yet it would be hard to invent a more dangerous method of financing a road. Men were as recklessly eager for wealth then as they are now, and in 1856 Wisconsin had its first revelation of graft. The Legislature voted to turn over to the La Crosse & Milwaukee Road a grant of Federal land in the northwestern part of the state, but the bill was vetoed by Governor Bashford. A few days later, however, the Governor approved another bill disposing of the grant on nearly the same terms, and charges of bribery were made. A legislative investigating committee found that thirteen senators and fifty-nine assemblymen had received stock or bonds of the La Crosse & Milwaukee, varying in amount from \$5,000 to \$25,000. The Governor had accepted \$50,000 in bonds.

"The evidence taken," said the committee, "establishes the fact that the managers of the La Crosse & Milwaukee Railroad Company have been guilty of numerous and unparalleled mismanagement, gross violations of duty, fraud and plunder. In fact, fraud and wholesale plundering are common features." And the president of the road stated in his testimony that "he caused it to be understood, through the medium of persons not connected with the Legislature, that, in the event of the La Crosse Company's obtaining the grant, that company would acknowledge the favor by a liberal *donation*, or gratuity, to such members as should favor its passage."

HOW COMPETITION CONCENTRATED POWER

Of course there was a great stirring of public indignation when the people discovered that the road had ceased to be theirs. The Legislature was re-formed, but the La Crosse & Milwaukee kept the grant, and in 1858 it was completed to La Crosse. In 1859 it went into

bankruptcy, and all those hundreds of mortgaged farms went down with it. A few years later it became part of the omnipresent Milwaukee & St. Paul. Competition worked along a different line from that anticipated by the patriarchs. It concentrated power instead of diffusing it.

The people were still too optimistic to take warning, and construction went on in the same unregulated way. Many little roads were built by the same means, land grants and local aid, and all had the same history—bankruptcy with its fat receiverships, and the absorption of the bankrupt roads a little later by a strong company, which thereupon increased its capital by far more than the original capital of the acquired road. Two railroad systems gradually took shape, the Chicago, Milwaukee & St. Paul and the Chicago & Northwestern. They form "The Railroad" which has played so large a part in the political life of the state.

Between 1856 and 1861 these systems and one other, the Wisconsin Central, received public aid, or acquired the aid received by defunct roads, to the following amounts: 3,565,312 acres of land, worth about \$10,000,000; cash and other aid from counties, cities and towns, nearly \$7,000,000; and farm mortgages for \$4,000,000; making \$21,000,000 in all.

THE ROADS CEASE TO BE LOCAL

Such liberality made Wisconsin a very favorable field for the display of high financial talents. Little by little the control of the railroads passed, from local men whose activity, along whatever crooked ways it might be exercised, was still controlled more or less by local interest and was to some extent amenable to local public sentiment, into the hands of outsiders who were responsible to nobody at all—in Wisconsin at any rate. When the first ten miles of the Chicago & Northwestern were completed in 1848, the directors went out for a ride in an observation car. Coming back they overtook a farmer with a wagon-load of grain. The enterprising traffic manager hailed him, the train was stopped, the directors pulled off their coats, and the first car of wheat passed by rail to the city that was to become the greatest grain market of the world. Those were idyllic relations between transporters and shippers, but they stopped when the great game of "strategy"

between rival railroad managers began. That game, more than anything else, is responsible for the feeling of railroad men that trade somehow exists mainly for their sake. It stripped the railroads of Wisconsin of their character as local conveniences, and made a private battle ground of the state. The destruction of the Lake Superior & Mississippi River Railway by the Chicago, Milwaukee & St. Paul is a good illustration of the methods of combat and the effect that they have on the public welfare.

WHAT "RAILROAD STRATEGY" MEANS

The Lake Superior & Mississippi was completed between Minneapolis and Duluth in 1872. The line was only 156 miles long, while the distance from Chicago to Minneapolis is more than 400 miles. Duluth is one of the finest inland harbors in the world, and is as near the seaboard, via the Great Lakes, as Chicago. A large part of the grain and flour of northern Wisconsin and Minnesota began to move east by the new route.

Natural advantages are not considered in the strategic school of railroading, and the Chicago, Milwaukee & St. Paul immediately set to work to turn that stream of grain back to its original channel through Chicago. Of course the only method was so to adjust rates that Chicago should commercially be only as far away from Minneapolis as Duluth. The Chicago, Milwaukee & St. Paul not only did this, but it cut its rates from the Twin Cities to Chicago so drastically that the Lake Superior & Mississippi had to make rates from the Twin Cities to Duluth, 250 miles less distance, so low that the road suffered actual loss on every shipment. The competition continued for two years, until the Lake Superior & Mississippi, unable to sustain it, failed and went into the hands of a receiver.

SHIPPERS BECOME PAWNS IN THE GAME

The Chicago, Milwaukee & St. Paul made the people of Wisconsin pay for this war. To prevent local shippers in Wisconsin from taking advantage of the low rates from Minneapolis, it made the rates between Minneapolis and points only forty miles away as high as the rate for the 400 miles from Minneapolis to Chicago, or higher, compelling these small communities to trade with Chicago. To make up the loss to its treasury caused by the unprofitable competitive rate, it made

towns in Wisconsin which were only 156 miles from Chicago pay the old 400-mile Minneapolis rate. Such juggling with geography has been very common in all parts of the country and has continued down to the present, as the next of these stories will show.

The rates which killed the Lake Superior & Mississippi greatly increased the freight charges which the people of Wisconsin paid to place the products of their farms and mills in a market. Besides that, they brought about a complete readjustment of the relative values of farm and village property, for the farmers and the people of the smaller towns, who had aided liberally in constructing the railroads, were paying high rates, while the shippers in the large cities, where there was competition between several lines, were favored with low rates.

Such conditions caused discontent, which was increased by other causes. The long period of depression which followed the Civil War had set in; and, as the reaction from the inflated currency went on, the prices of agricultural products fell rapidly while freight rates were unchanged or higher. In addition, the roads discriminated widely between individuals by means of rebates, and practically gave a monopoly of trade to favored merchants. As they felt their power increase, they claimed the right to charge such rates for transporting persons and property as they deemed best for their interests, regardless of the reasonableness or equality of them.

OPEN WAR AND GRANGER LEGISLATION

All these things led to discontent in Wisconsin and states similarly situated. The feeling grew strong among the people that the railroads were common carriers, performing a service of a public nature, and that their charges for it could be regulated by public authority. The "Patrons of Husbandry," or "Grangers," who at that time had just reached their brief period of strength and popularity, became the political sponsors of the movement, and between 1870 and 1876 Wisconsin, Illinois, Iowa and Minnesota passed those laws for the regulation of railroads which have given the nickname "Granger Lines" to this group of roads.

The law of Wisconsin, the so-called Potter law, was passed in 1874. The state of public feeling which led to it is revealed in the words of Governor Taylor's message to the Legis-

lature of that year. "Why should citizens be taxed to build the railway," he asked, "taxed to use it, taxed extra that the road may be wholly or partially exempt, and yet the claim be urged that it is private property?"

The Potter law, like the legislation of the other Granger states, prescribed a schedule of maximum charges for transportation within the state, made a general classification of freight, prohibited discrimination between individuals or localities by means of rebates or any other devices, and created a commission to enforce its provisions.

It has been pretty well proven since then that the schedules of maximum rates prescribed by the Potter law were worked out with a good deal of justice and common sense. The discussion is theoretical, however, for the railroads had become so used to the arbitrary exercise of power that they refused to test in practice the fairness of the new rates. To escape the provisions of the law they went into politics as professionals, where they had been amateurs before. The president of the Chicago, Milwaukee & St. Paul, immediately after the Potter law was passed, wrote to Governor Taylor one of the most remarkable letters in the archives of any state, announcing that his road had determined to "disregard the provisions of the law so far as it fixes a tariff of rates for the company."

RAILROADS AS PRACTICAL POLITICIANS

The Governor took the only attitude that a decent executive could, and for two years the question was fought out in the courts. In the end the law was sustained, but even then the railroads did not give up. Instead, they turned to the original source of the law, and in 1876 induced the Legislature to repeal the Potter act and substitute for its machinery a single commissioner whose powers have been almost jocosely described as "extremely limited." As a matter of fact, after two years of nominal freedom the people of Wisconsin ceased to struggle, and for almost twenty years the railroads administered the state, and did so without a word of effective protest from the citizens.

THE PEOPLE GIVE UP THEIR STATE

The railroads gained and kept control of the state through the Legislature, and their lobby gained the decisive voice in Wisconsin. The railroads did not "graft" in the common

sense of the word, that is, they did not steal. But in their campaign to occupy a commanding place in national trade the control of Wisconsin seemed necessary, so they took control. But they allied themselves with people who were stealing.

Two-thirds of Wisconsin was originally covered with pine, and pine has made the finest loot in American history. The men who wished to strip the state of pine without giving a return for it maintained a very powerful lobby at Madison. Other powerful "interests" had representatives there. And the railroads became the centre of the whole system of personal politics. Gradually the state came under the control of an oligarchy which treated the commonwealth as their private property.

The Legislature adjourned in those days from Friday night to Monday morning; and when a legislator was reasonable and supported the measures which the railroads wanted, he was rewarded with free tickets, not only to take him home for his weekly visit, but for the convenience of his family, his friends and his constituents. The constituents of a reasonable legislator, too, had little difficulty in obtaining special and very favorable rates for the transportation of any commodities in which they were interested. So it was easy, when any legislator revolted and asserted his independence by advocating the abolishment of such practices, for the railroads to eliminate him from political life by threatening to withdraw all special privileges from the region which he represented. In times of necessity they expended cash to gain their ends, but they were seldom reduced to that extremity.

Wisconsin had almost ceased to be a state. But it must not be supposed that all this went on without many mutterings on the part of the majority of the people, who were still uncorrupted. Yet it was not till 1892, when Mr. Robert M. LaFollette, after three terms in Congress as Representative from Wisconsin, was defeated and began to wake up to the conditions right about him, that the majority of the people had even a chance to make their voices heard in the demand for impartial government. Then public feeling began to stir.

REVOLT AGAINST RAILROAD RULE

If Governor LaFollette plays a large part in the rest of this story, it is because he is the

spokesman of many people. The questions at issue are far beyond the power of any single man to bring up or put down, and apply to the whole country. Governor LaFollette rose to significance simply because he was the sort of man whom defeat only brings back into the fight with renewed energy.

By 1890 a system of politics had grown up in Wisconsin whereby a little coterie representing the inside of the railroad and lumbering interests met in the Plankinton House in Milwaukee, annually or as often as was necessary, and decided who should receive office. The fight against this system began in 1891, when Mr. A. B. Hall, who was a member of the Legislature that year, brought in a bill for the abolition of free passes on the railroads. These passes were the heart of all the graft. Mr. Hall was beaten without much difficulty, but in the course of his investigations he was led to the subject of railroad taxation.

The railroads from their beginning had persuaded the Legislature to let them pay a license fee of 4 per cent. on their gross earnings in place of all taxes. Mr. Hall found a great discrepancy between the gross earnings reported by one of the roads to its stockholders and those included in the annual return to the Treasurer of the state.

He asked for a committee to investigate, and he also introduced a bill for the regulation of state railroads. The bill was held up without any trouble. Mr. Hall and Mr. LaFollette were friends, and in 1894 the two men began the open fight against the oligarchy which was governing Wisconsin. The issues presented were unequal taxation, machine politics (including lobbies) and primary elections.

NULLIFYING THE POPULAR WILL

The man who was the candidate for governor on these issues was defeated. In 1896 Mr. LaFollette ran for governor on the same platform. The strength of the opposition was so great that he made a deal with another non-machine candidate, Mr. Emil Baensch, by which the one of the two who developed most strength in a canvass of the state was to have the delegates of both. Mr. LaFollette came to the convention with enough delegates pledged to nominate him, and some seventy-five of Mr. Baensch's besides. But overnight the machine converted Baensch's delegates and some of LaFollette's, and he was de-

feated. In 1898 he ran for governor once more on the same platform, and once more was defeated.

The campaigns on the railroad issue had aroused the state so much that the Legislature in its session of 1899 had to make some concession to popular wishes. The question of taxation would not down; the members, in fact, had been elected on a pledge to consider it. And, as the easiest way out of their dilemma, they appointed a commission to make a revaluation of the property in the state, a method which promised to consume much time without producing any unpleasant results.

The popular desire was still to re-establish popular government in Wisconsin by overcoming the system, and apparently the people did not expect to do more than equalize taxation and establish direct primaries to do away with lobbying. The great question of the regulation of railway rates had not yet come up, after ten years of contest.

In 1900 the campaign was on the same issues, and Mr. La Follette was elected governor. The Legislature also passed a law (Chap. 198, Laws of Wisconsin, 1899) whereby any corporation in the state can purchase the property and rights of another, and can reorganize the purchased corporation, putting in its property at whatever price it likes without any reference to the value or the cost of the property. The Wisconsin Central Railway immediately increased its capital stock from \$25,000 to \$30,000,000, and on February 10, 1903, the Chicago & Northwestern increased its stock \$36,152,679.47, adding 33 per cent. to the capitalization, under the provisions of this law.

The question of regulating rates came up as soon as the commission appointed to consider the tax revision reported to the Legislature of 1901. The report showed conclusively that if the railroads were taxed on an assessed valuation they would pay \$1,000,000 more a year in taxes than they were then paying. The Legislature had once again been elected on the pledge of its members to see this thing through, and the railroads were able once more to defeat the bill, for the shippers came out strongly against it. They had been warned by the railroads that any increase in taxes would be made up by increased freight rates.

The threat was a fatally false move on the

part of the railroad. The people won the election of 1902, and the message of the Governor to the Legislature of 1903 not only reiterated the fact that the Legislature was pledged to pass the tax bill, but advocated for the first time in twenty years in Wisconsin the establishment of a commission to regulate railway rates in the state, showing that by that means alone could the railroads be prevented from carrying out their threat to meet increased taxation with increased rates. This argument was caught up by the people everywhere, and the roads let the six-year-old bill for taxing them on the ad valorem plan pass the Legislature, and concentrated all their opposition on the bill for establishing a state railroad commission. They won their contest, despite the tremendous force of popular sentiment, and the houses adjourned without taking action.

The people were thoroughly in earnest by this time, and in 1904 they elected Mr. La Follette governor for the third time on a platform promising not only all the former reforms but also the regulation of rates. In January, 1905, the fourteenth year and the seventh legislative session after Mr. Hall began his fight, the issue came squarely to the front.

THE RAILROADS DEFEAT LEGISLATION

Wisconsin had gone regulation mad. Bills were immediately introduced providing for passenger fares of two cents a mile; of one cent a mile on certain holidays; for the regulation not only of common carriers by rail, but of telephone, telegraph, interurban electric railway, sleeping car and express companies. Yet the session dragged on from January 14th to the middle of May before the state senate, which was the centre of the opposition, would permit a rate-regulation bill to pass.

Large shippers appeared before the legislative committees and opposed the passage of the bill, while none appeared for it. This attitude on the part of the very people who would be benefited intimidated legislators of the weaker sort. This letter to a member of the Legislature from one of his constituents may be enlightening.

"While at the depot this morning. — railroad agent, asked me how you stood on the railroad bill. I told him I didn't know. Then he told me that should you support the bill the railroad company would raise the rent on our warehouse or make us

move altogether, and that the company would raise the rate on all carloads and haul by the mile only."

Another merchant wrote:

"If the merchants of the state dared stand up for their interests, they would outnumber the men who are trying to beat the rate bill a thousand to one. Some merchants have been fooled, and many have been frightened into signing telegrams addressed to the member from this district and demanding that he vote against this bill. The railroad paid for every telegram and the merchants signed. I hope it will pass."

As the winter dragged on, it became very doubtful whether the railroads might not by such methods defeat the desire of the people for relief. But there was a weapon in reserve, resulting from the law for equal taxation. From the fall of 1903 expert accountants of the state had been at work in the offices of the railroads to learn what sums had been granted in rebates to Wisconsin shippers. The intention was to treat these rebates as part of the gross earnings, of which the railroads paid 4 per cent. in lieu of taxes, and to bring suit for the recovery of the part unpaid. But now the discoveries had a new use. The accountants had discovered many cases of rebating covered up by special methods of bookkeeping, and the Governor sent a selected list to the Legislature, with a special message, suggesting that these transactions might explain why so many merchants were opposed to any interference with the present methods of doing railroad business.

The names were suppressed in every case, and thus each shipper who had received a rebate was left in doubt whether his name might not be included in the list, and he accordingly hesitated to appear before the Legislature in opposition lest his connection with the railroads might be revealed.

ILLUSTRATIONS OF REBATES

The Commissioner of Railroads, who made the investigation, sent in facsimiles with names suppressed. The following letter, written by a merchant to the general freight agent of a railroad, shows how much a rebate means to a shipper and how easy it is to get one.

"Dear Sir: Herewith send you invoice for a few cars goods shipped to X and Y last month. Very nearly all of the X shipments were sold previous to receiving your notice that you would not allow any more rebates on these shipments, and there is still eight or nine cars on our books to go which were sold

in the month of November. We have also figured our margins, on the mixed cars of stuff sold during last month, so close that there is hardly anything left for us, and we thought by explaining the circumstances to you, that you would allow us the rebate, and in view of our talk last Sunday night in train, thought possibly you would be willing to give us the rebate on these several shipments made during the month of January.

"Kindly let us hear from you."

And this letter from the general offices of one of the railroads to a local agent shows how the money expended for rebates is accounted for on the company's books.

"AGENT Z.:

"Dear Sir:—For your information I would state that we wish to have the rate on coopeage stock for —15c. There are some reasons why we do not wish to put in this tariff. Please bill all future shipments for — via — care of — R.R., at the through rate of 17½c., showing in the prepaid column an amount equal to 2½c. per cwt. For instance, a car weighing 40,000 lbs., at 17½c. would be \$70 and you would show in prepaid column \$10. This would leave \$60 to be collected, which would be 40,000 lb. at 15c. You will please send me at the close of each month a statement of the amount you are outstanding on account of the 2½ billed prepaid, and your station will be relieved. In this way shippers will not be required to pay more than 15c. through. Kindly acknowledge receipt of this letter, stating that you understand."

(Signed by the General Freight Agent.)

The so-called "hectograph rate-sheets," likewise, have all the earmarks of rebates, and the following table shows a few of them in comparison with the legal rates:

| Commodity | From | To | Special Rate Sheets, or "Hectograph Tariffs" | | Special Hectograph Rates, cents per 100 lbs. | Regular Printed Tariff Rates | Date when effective |
|---|------------------------------|--|--|---------------------------|--|------------------------------|---------------------|
| | | | Rates, cents per 100 lbs. | Rates, cents per 100 lbs. | | | |
| Brick, C. L. * | Ringle | Wausau | 2 5 1 | 3 14 | 8 2 4 | | |
| Lime, C. L. | Eden | Milwaukee (Fond du Lac.) | 4 4 5 | 17 5 | 11 2 3 | | |
| Salt, C. L. | (Milwaukee) Sheboygan | (Oshkosh) | 4 | 60 | 1 8 2 | 7 23 3 | |
| | (Manitowoc) Milwaukee | (Green Bay) Nekoosa | | | | | |
| | (Milwaukee) Sheboygan | (Ft. Edwards) Grand Rapids | 6 6 8 | 33 | 1 8 2 | 7 23 3 | |
| Salt, C. L. | (Manitowoc) Grimms | (Mantowoc) Two Rivers | 3 | 4 | 15 | 11 2 3 | |
| Lime, C. L. | Antigo | Sheboygan | 3 | 7 | 14 4 | 8 2 4 | |
| Slabs, fuel. Cement, plaster, stucco, etc | Milwaukee | Eden, Brillion, Grimms, Fond du Lac, Oshkosh | 3 | 7 | 14 4 | 8 2 4 | |

* "C. L." means carload lots.

When railroad men claim that the Elkins act has stopped rebating, it is well to remember that the Elkins act applies only to interstate commerce. The letters show that it was going on in Wisconsin commerce at a very recent date, and the "hektograph rate-sheets" which the companies sent out without legal publication, and which very frequently were made available only to certain persons or certain industries, furnish further proof.

THE PEOPLE WIN — FOR HOW LONG?

Such facts and figures as these, which came to the knowledge of the citizens almost as soon as they did to the members of the Legislature, gradually wore down the courage of the opposition. The Assembly yielded first—it was made up mostly of "administration men"—and passed a bill. And then at last, one day in May, the state Senate, which still contains a good many of the old ring, after a long struggle to weaken the bill by amendments, passed it also, and twenty-nine years after the people of Wisconsin gave up their freedom to the railroads they were barely able to win it back. They will still have to fight to keep it.

The railroads made all this long fight against

a bill which practically provides for just two things, a commission to fix specific rates so that discrimination between persons or places will be impossible, and the prevention of railroad intervention in the political life of the state.

That, practically, is all that Federal control need mean; the power to fix rates does not mean that every rate will be fixed, but simply that it can be fixed. This experience in Wisconsin proves to many minds that we need some power in the law stronger than the railroads, not because they are always doing wrong but because they have the power to do wrong.

We shall see in the next article that the interstate roads have made just the same false and unnatural adjustments between different places and people as the Granger lines made. They, too, by the increase of their power, have come to regard trade as their servant and to dabble in politics. They are prepared to fight for fourteen years, or forty, against any public "interference" with what they call their rights. And that is a very good reason why their rights—as the advocates of rate regulation regard it—should be defined by law, as the rights of other citizens are defined.

WRITING FOR A LIVING

WORLD GIRDLING, VERSATILE, PERSISTENT AND "EMERGENCY" EXPERIENCES OF A "FREE LANCE" AND THE JOY HE GETS FROM WRITING AS A BUSINESS.

BY

GILSON WILLETS

NOW to India our special correspondent has been sent to describe the worst famine of the century." At the time that this notice appeared in a New York weekly journal, I was traveling across Europe with a friend on the way to Brindisi to catch a steamer for the East. A month later we were traversing the vast scorched region beyond Bombay, where during a whole day's ride one saw not a blade of grass, nor a leaf, nor any green thing. In a bullock cart we crossed dry river beds as wide as our own Hudson. Every evening we came to a differ-

ent plague camp or a different relief camp. In these camps were a few tens of thousands out of the 10,000,000 Hindus that lay suffering from a famine that prevailed over an area as large as our Southern states. Every morning we were the witnesses of a burning of dead bodies. At the bungalow of Mr. Watson, an English engineer, the thermometer stood at 130° in the shade. Watson's burden was a relief camp of 30,000 starving brown men. He was the only white man in that great camp, and he was browner than brown. In the compound surrounding his bungalow was a

wide-spreading banyan, the only tree we had seen in five days of railroad travel—that is, the only tree with leaves.

For Mrs. Watson that banyan was the one green thing on earth. It sustained her courage. The natives of the nearby village coveted the tree, for its leaves would keep alive yet a few days their sacred buffalo. Moreover, Watson watered the tree from the village well; and in that desert, once a garden, where for two years now no rain had fallen, the natives permitted water to be taken from that well only a cupful at a time for the saving of human life. So, resenting Sahib Watson's bucketful for the saving of a tree, the natives on a dark night attacked it with axes, but were driven off by the sahib's sepoys. By day, too, in the maddening sun, the natives menaced the sahib with clenched, impotent fists. But the tree remained—"for her," Watson would repeat.

I wrote the story of "The One Tree in a Thousand Miles," and sent this "special correspondence" to New York. Then I wrote my regular weekly letter descriptive of the great riceless stomach of India. I hired a Hindu printer of Ahmadabad to print 800 copies of the letter, which I mailed to as many newspapers in America. The letter was given free to the 800 newspapers provided copyright was credited to my paper. For, besides writing of the starving of the 10,000,000 Hindus, it was my duty to make known the fact that mine was the only American paper that had a correspondent in the famine-stricken country. I was press agent and advertisement writer as well as special correspondent; and just north of the equator I was making a living by writing.

Three years later another weekly journal printed a notice that "our special correspondent has been sent to investigate conditions among the peasants of Russia and Scandinavia." At that time, with a companion, I had already crossed the snow-covered roof of Russia, Lapland and Sweden. One day we were sledging across a great lake in Finland when suddenly we halted. A strange sled stood beside us. It was really a hearse; for within it, blanketed, lay a girl child, dead. By the body was a pine cross and sprigs of a Christmas tree. The driver, the bereaved father, had come from his desolated hut—a speck somewhere in the white, frozen infinitude to the north—and was journeying to the

church village ninety miles to the south, that the little soul might go to its everlasting rest according to the Lutheran faith, which is the faith of the Finns. I wrote the story of "The Ninety-Mile Funeral" and mailed it to New York. From Tornea, the northernmost city of Finland, I sent the 800 gratuitous copies of my regular weekly letter on peasant conditions—all this work just as in India and for the same purpose of publicity. Just south of the arctic circle I was making a living by writing.

To go back to the beginning: I was managing editor of the Yonkers (N. Y.) *Daily Herald*. I sometimes sawed off in electrotype plates essays by Bacon and Emerson which the paper bought from the American Press Association. Sometimes I sawed off an essay in the middle of a sentence to make room for an advertisement; and then, at nineteen years of age and at \$15 a week, I wrote a few lines and added them to an Emersonian or Baconian essay. I wrote editorials, too, on "Woman Rules the Universe." Thus it was, as managing editor of a daily which used "patent insides," that I began making a living by writing.

One morning I received a letter from a New York editor, a grandson of one of our poets. He offered me \$50 a month to edit a magazine made up of extracts from other periodicals. A few weeks later I could have given shearers points on the uses of shears, and I had become an expert on mucilage. The \$50 a month paid for my luncheons when I had no guests. Yet that one year's experience was worth what it cost, for my scissors and paste made me acquainted with the journalism of the world. Often I came to the office as late as noon, and as often I left the office at the time the banks closed. Naturally, at the year's end the poet's grandson told me that my disregard of office hours was demoralizing his editorial staff and that, therefore, he would not be made irreconcilably unhappy by my resignation.

Forthwith I began making a living as a "free lance." I wrote not for fame, but as a business, for dollars, and for the pleasures of that kind of life which takes one out into the world. I was willing now to write anything from an editorial on beauty to an advertisement of cold cream, provided I had not to sit in the Astor Library. Now fifteen years have passed, and I wonder if there lives a free lance who would change his calling for any in the census of occupations?

A "free lance" is an unsalaried writer, whether he be journalistic hack or another Victor Hugo. "Free lance" means free to starve if one does not feel like working; free to smoke an execrable pipe in one's own workshop; free to walk in the woods a day or a week; free to rove the earth, the rover paying his bills out of an income derived from words. I know of a honeymoon on the Mediterranean, three expensive, happy months paid for out of the Vocabulary Fund. Above all, "free lance" means to go and to write where every prospect pleases. There was a "furnished house for the season" in a Garden of Eden in St. John's Wood, London, in spring; and one winter in the Riviera there was a stone nest in a paradise of palms. What workshops can be paid for at a cent and a half a word! Once I received an order for a series of articles that would require all June and July to write. To Montauk, then, on the outer reach of Long Island, a hundred miles at sea, I took my notes and my typewriter. There was a good inn not far from the lighthouse, and there I had board and lodging. But it was not the inn that completed the idealism of Montauk as a writing place; it was the tiny life-saving station on the great white beach. That little station became my workshop, for it was not used in summer by the life savers. It stood so close to the ocean that sometimes the Atlantic washed my doorstep. And at noon, sitting on drift logs on the sands, I lunched from a full dinner pail and drank coffee from its tin top—a day laborer making a living by writing where man had not marked the earth with ruin.

There are salaried men in writing places whose faces tell of fear, the fear of losing their employment. They are among the best of writing men, but they are married to Salary. Divorced they would not know what to do first, nor what to do next, to make a living by writing. The free lance has a life job, and his forward march depends upon sticking to that one job. "Consider the postage stamp," reads a motto that I saw hanging over the desk of Mr. Del Moore, the "Lumber King" of San Antonio, Tex. "It sticks to one thing."

The free lance has honors thrust upon him. A collector of gems sent me a box of uncut opals, amethysts and sapphires. I had written about his collection in a brief paragraph. Downey, of London, "Photographer to the King," charged me nothing for dozens of

photographs of myself, for I had written a word about his pictures of the King's grandsons. "Would you like to go home by the way of Jamaica?" asked Sir Alfred Jones, the "Banana King," while I was a guest in his home in Liverpool. "I have a new steamer sailing for Port Kingston on her maiden voyage. You and your wife shall have the best stateroom." But it is not dead-head trips to lotos lands, nor precious stones, it is the precious acquaintances, the golden friendships, that count in this living by writing.

In that early morning of my writing life, and in the evening of my day, I interviewed Russell Sage. The editor who gave me the assignment had said: "Persistence and impudence will do it." I rang the bell of No. 506 Fifth Avenue. Mrs. Sage opened the door, and behind her I saw the gaunt form of Mr. Sage. "Well, well, what is it?" he asked, rubbing his hands as if they were chilly. I told him what I wanted, and he replied: "You must excuse me." Putting on his weather-beaten derby, he added: "I am going out."

I told him that I would go out with him. He smiled as he buttoned his faded overcoat and stepped out. It was raining. I asked him to take my umbrella, for it was larger than his, and, as we turned into Forty-second Street, we exchanged umbrellas. He was going, he said, "just down the street," to Dr. Paxton's Presbyterian church, to prayer-meeting. At the church door he said: "Good evening! we part here."

But I, too, went in to prayer-meeting. When Mr. Sage bowed his head, so did I. The meeting over, I rejoined him at the church door. I had prayed in that meeting, and now my prayers were answered. For as we walked back through the rain to his house, Russell Sage answered my questions "for publication." We both forgot the exchange of umbrellas, and the skeleton of his umbrella is still in my attic.

In Madison Square Garden I interviewed Mark Twain. "An interviewer," drawled he, "usually makes a dignified man ridiculous and a silly man sublime. I know I've written some poor stuff, but the worst I ever wrote was better than any published interview with me. I should like just once to interview myself, to show the possibilities of the interviewer."

Since then I have written an article headed: "Interviewing Round the World." In Lon-

don, Sir George Newnes printed every week in one of his journals a page of "Ten-Minute Chats with Celebrities." The "furnished house for the season" in the Garden of Eden, already mentioned, was paid for by that page, which in the course of three months included chats with a hundred notable men and women of many nations.

Then I went to Stockholm for an interview with the King and Queen of Sweden. Can one ever forget that drive to the palace in an open landau, in full evening dress and white kid gloves, at noon? Mr. Thomas, the American Minister, was my sponsor, and in the library of the private apartments of their majesties the Lord Chamberlain presented me. The King and the Queen shook my hand American fashion, and, all three of us seated in very straight-backed chairs, there followed an interview of half an hour in English. Certainly King Oscar II. that day helped a free lance to make a living; for not only was the story of the chat written and rewritten, but, with the secession of Norway, one could not write fast enough about "The King Who Has Lost Half his Kingdom."

More desirable than an interview with a celebrity, from an editorial point of view, is an article bearing the celebrity's name as author. Men of national fame seldom have time to write for publication. Therefore articles are often written for them to sign. The writer usually has an interview with the great man and gets his ideas. Of course, the busy man reads the manuscript before affixing the signature whereby he approves it; and, altogether, the "signed story" is more authoritative than the interview, and accuracy is assured.

A magazine article, then, by Senator A—— or by General B——, may have been written by a hack and signed by the statesman or soldier. "I want some signed stories from you." This telegram I received from the Sunday editor of a New York daily. He wanted me to write on certain subjects and get what he called "big" men and "big" women to sign the articles. In the course of time that Sunday editor printed thousand-word articles on "Success In Law," by ——, a distinguished jurist; "Wall Street Omnipotent," by ——, a mighty financier; "Women Voters," by ——, a famous club woman, and other articles "by" equally "big" men and women.

Then the editor of a weekly illustrated

paper asked me to get "big names" for stories of from 3,000 to 5,000 words. I went to Washington. In time the weekly advertised the fact that it would contain articles on "Future Cuba," by Senator This; "Filipino-Americans," by Senator That; "Congress At Work," by Senator The Other, and articles on other national topics, all under "big names," few of which were not in the roster of the Senate. About that time a correspondent, standing in the gallery of the Senate and pointing to the august body, said: "Behold the editorial staff of —— *Weekly*."

My compensation was from \$45 to \$75 for each article. The amount to be paid to the distinguished men for signing the articles was left to my discretion, with a limit of \$300. At first I paid \$100; then there came a day when I was obliged to give a certain senator the whole \$300. I think he told his confrères of the advance in the autograph market; for, after that, it was difficult to get the signature of any senator for less than \$300.

In New York, too, I pursued for a time this method of making a living by writing. My paper ran articles by a political Demosthenes; by a Cræsus of the insurance world; and by a Boer Napoleon who, having been released as a prisoner of war from a Bermuda stockade, was in New York on his way to South Africa. At the Union Square Hotel he and a score of his brothers-in-arms met in solemn conclave to vote upon the question of the acceptance by their general of the check that I offered him for his signature. They voted to accept the money, "to be devoted to the payment of the homeward steamship passage of needy Boers."

When a public man's opinions can be set forth in an article without first interviewing him, it is sometimes better to postpone negotiations with him until one is ready to hand him the manuscript ready for his signature. A labor leader came into national prominence during a strike. His salary as the head of a miners' organization was almost equalled by that of his stenographer. In a single month he could have made a sum exceeding his year's wage by writing for magazines, for he was besieged by editors. All such requests he declined. I went to the scene of the strike with my pockets filled with his speeches, aggregating 30,000 words. The speeches I compressed into an article of 3,000 words, and on a Sunday afternoon when the

leader was least busy I handed him the manuscript. Then and there he read the article and signed it. Yet three days previously he had said "No" to my telegraphic request for just such an article. Does not the explanation of such incidents in the writing life lie somewhere in the realm of psychology?

The majority of notable men and women of course will not sign articles of which they are not the real authors. Men of science, the heads of government bureaus and even senators are among those who, upon the request of editors for articles, insist upon doing the writing themselves. Such articles are wanted by editors who prefer "big names" in their pages rather than "human interest"; for the articles that the big men write themselves are usually about as interesting as government reports. For such articles I have paid, or offered to pay, in behalf of periodicals, sums ranging from \$100 for a congressman, a mayor of Chicago or a minister to Venezuela; to \$1,000 for a former President of the United States or the late Thomas B. Reed. One afternoon I went from bureau to bureau in Washington arranging with government experts for articles for which I paid \$1,700. Magazine editors other than the one that I represented wanted articles from those experts, but I had cornered the market. Not long afterward a New York daily paper said, editorially: "Aware that underpaid Washington bureaucrats make money ends meet by writing magazine articles, we should like to express sympathy for readers."

Once I inadvertently commissioned two United States senators to write articles on the same subject simultaneously. A senator from Massachusetts said that he did not think that he could have the article ready within the two days allowed. Therefore I went to a senator from Nebraska, who promised the article within the forty-eight hours. I had just mailed the Nebraska senator's article to New York when the Massachusetts senator telephoned me saying that his article was ready. Here was a dilemma. Two articles on the same subject, and \$600 for what should have cost \$300! But my editor printed both articles, and paid for both, smiling at my blunder.

Should the free lance write short stories? If you are willing to fuss over one story for art's sake, and produce only a few stories a year, receiving a high price from certain magazines

wherein ideas are enshrouded in fine writing, and to wait six months or more for checks, you may make a living writing short stories. But, if you are of the temperament that thrives rather upon large sales and quick payments, as manufacturers of other kinds of merchandise do, you can make a better living writing articles. In London I sold seven short tales, and not till a year afterward was the last of the checks in payment in my hands. Meantime, for a publishing house in Ludgate Hill, I wrote a thousand-word article every day for three months. The price was three guineas for each article, and every six days I received a check for eighteen guineas.

There are writers that are happiest in doing a cash business over the counter. They care nothing for so-called fine writing, and neither do most editors. The man who writes as a business writes facts; and he finds joy in the craft by which he invests those facts with a human interest for the reader's sake. This free lance has written more than one hundred short stories, twenty-one of which were gathered in a book that stands on his shelf, entitled "The Loves of Twenty and One." On the same shelf are ten large scrap-books filled with articles written for periodicals. It is the miles of words in the ten large scrap-books that paid the rent, bought the boy's shoes and made the butcher obsequious. Short stories may supply salad, but it is the articles that yield the soup, the steak and the potatoes. By writing fiction the free lance of ordinary talent may eat and drink; but it is the writing of timely facts for the larger market that means "and be merry."

What chance has the free lance who writes poetry? I took a long trolley ride out of Newport to see Mrs. Julia Ward Howe, who said: "Poetry is not one of the paying arts." But with all our materialism the business man pauses in the pages of a magazine to read a poem. Here lies the young poet's chance.

This is a commercial era, and we are a commercial people. Therefore it is not strange that the writing of things commercial pays better than the writing of things poetical. Nor is the writing of advertisements ("readers" rather than "displays") the least interesting work, nor the most prosaic work, of the free lance. I have enjoyed many days in the inferno of a steel mill, the bedlam of a shoe factory, the tropics of a sugar refinery, the owners of which wished to draw public

attention to their wares; and days deep in mines whereof shares were for sale; days riding through plantations that needed the fertilizer called publicity; days at summer and winter resorts where hotel managers prayed for patrons; days reading the "Works of —," which required reviews that were really advertisements; followed by days writing "write-ups" that I wanted the advertising managers of the factories, mines, plantations, resorts and "Works" to approve for publication at a price "per agate line"—though editors paid me for the writing regardless of the advertisers' yes or no. A maker of tooth powder pays me regularly once a year \$100 for a 500-word "reader." Tooth powder! Shades of Charles Dudley Warner and of Oliver Wendell Holmes! The Literary Man is aghast! But when one is writing for a living, a whole living and nothing but a living, tooth powder is just as interesting as backlogs or teacups. John Strange Winter, in London, told me that the writing of a booklet advertising hair restorer required more of her art than any of her 105 novels.

Every mere magazine writer yearns possibly once in his life to become a publisher. For my own part, from the famous poet's grandson aforesaid, I bought for \$1,000 cash a short-story magazine entitled *Romance*. Then I rented offices having seven windows on Broadway and another seven windows on Fortieth Street, and on those fourteen windows I emblazoned my name in gold leaf. Within were my circulation managers, advertising managers and general managers; also my associate editors and cashiers; also my easy chairs and crimson velvet rugs. The American News Company held back my first check for three months, and when the check at last arrived I tried in vain to make it pay my cashier's stipend. Meantime I signed promissory notes for my sword of Damocles and my car of Juggernaut—paper and printing. Trucks amazingly laden backed outside my fourteen windows, and the drivers came in and piled so many bundles on my crimson velvet rugs that eventually they had to mount stepladders. Thus Himalayas towered amid my various managers, Himalayas of "returns" from the American News Company. The contents of *Romance* gave me no bother, absolutely none. I wrote most of the short stories myself under various names; and what little space was left in the back

pages I gave to stories by Rudyard Kipling, Hall Caine, J. M. Barrie, Anthony Hope and Sir Conan Doyle—all bought by the yard, feet and inches from a story syndicate.

Every millionaire whom I had ever interviewed sent me one dollar for a subscription to *Romance*; this in response, of course, to an engraved invitation from the publisher to contribute. When I had no more millionaires to conquer, I turned the money that they had sent me into an appropriation to send circulars to the breadwinners of the country. The breadwinners, however, were not as enthusiastic about *Romance* as the millionaires; and the result was that while waiting for the breadwinners to pay my bills I had to pay those bills myself, and hence at the end of ten months as a publisher my legacy from a loving aunt had vanished. I was in Newport saying to my hearth-partner: "Isn't this fine, dear, this being a publisher? All you have to do is to hire managers to make money for you." Just then I received word that the bank cupboard was bare. To my general manager I telegraphed: "Sell *Romance*. Get \$1,000 if you can." After seven days of planning how we should make that \$1,000 pay our personal expenses until I could write some magazine articles, I received this telegram: "Cannot sell at any price." To which I replied: "Give it away." After two weeks of hard labor that general manager did induce the *Parisian Magazine* to accept *Romance* as a gift. I have since been making a living by writing—only that and nothing more.

"Now you must join us," wrote an officer of the Authors' Club. Yes, the free lance had become a real author. "Why not write a book?" a publisher had said to me the day on which the news came of the blowing up of the *Maine* in Havana harbor. "There will be war sure," he added. "Why not bring out a Cuban war novel the day war is declared? As you are going to Havana anyway, you will get local color and all that." Aboard ship on the way to the Cuban capital, I worked out a plot that thrilled me, filled me with joy. In Havana I devoted two days a week to writing the novel. I needed the remaining days for the "sure" articles that I consigned to New York periodicals by every steamer. The fourth week I sent up the manuscript of the book, having produced in eight working days a 40,000-word war novel.

The day war was declared "Anita, the Cuban Spy," was for sale in the land. From New York I started that night for Chickamauga, where the army was to mobilize. On the train I bought a copy of a New York paper. "A Book that Scorches," was the heading over a column review of the first of the war novels—"Carnage and Hairbreadth Escapes on Every Page." In the Washington office of the Southern Railway the general passenger agent said to me: "What! You wrote that dreadful book? Well then, you should be helped to escape from society." And he gave me a pass to Chickamauga. In rapid succession twenty editions of "Anita" were issued. At Chickamauga, Tampa, Jacksonville, Key West, wherever there were soldiers, there also was "Anita." Every transport in General Shafter's expedition to Santiago was ballasted with "Anita." In its fiction the army wanted gore. It wanted to read of the frenzied hero in the act of doing terrible things by way of remembering the *Maine*. The army got what it wanted in "Anita."

I thought that I was making money writing books. Three books beside "Anita" I wrote for that self-same publisher. When he owed me \$2,750 he failed. Years afterward I received a check for \$27.50 for "settlement in full." About that same time, however, a New York publishing house paid me \$6,000 for the "copy" of the book—not fiction, but a portly reference work on industrial subjects—which elicited that invitation from the officer of the Authors' Club. There is a living in writing books for cash on delivery of the manuscript.

The free lance returned then to his first love, the work of the special correspondent. Speeding hither and yon, he usually pays his traveling expenses himself, in order to keep *Time* as his slave, even "on the road." Always he remains free of the daily papers, because the daily pays thirty cents to the magazine's full dollar, and because of the reasons cited by Sir Alfred Harmsworth when he dictated the following for me: "Hardy and inaccurate daily journalism in America has created a nation of doubting Thomases. 'I don't believe it,' or 'It is only newspaper talk,' say the readers. To offset the haste and inaccuracy of the daily is the province of the weekly and the monthly. A correspondent of a daily who is sent, let us say, to a foreign country to

'cover' an event of deep significance, is expected to cable the whole story the very day of his arrival. Superficiality is sure to characterize such a report. On the other hand, the correspondent of a weekly or a monthly, sent to the same place to get the same story, is given time to get at the basis of facts, to find the hidden truths. Not until he is master of the situation is he expected or asked to write."

Yet in the life of even the special correspondent of the weekly or the monthly, come what may be called "emergency calls," comparable to the "hurry calls" of the physician. The evening President McKinley was shot, an editor telephoned me to have the whole story in the office by seven the following morning. In that all-night of telephoning for facts and of banging the typewriter I made \$75. Again, President Schurman, of Cornell University, could be interviewed only on the train from New York to Ithaca. On my arrival in Ithaca an editor telegraphed me to hasten to Kansas to "cover" the publication of the Rev. Charles M. Sheldon's "As Christ Would" edition of the *Topeka Daily Capital*. That assignment kept me in Kansas three weeks, although I had left New York to be gone only one night. On another occasion, as I stepped ashore after four days spent on a rocking pilot-boat off Sandy Hook to write of "Pilots Courageous," a boy handed me a note from an editor asking me to hasten by the first train to the coal-mining region of Pennsylvania where a great strike was agitating the country. On the train to Scranton I had to write the pilot story, in order to be free to gather the facts for the story of "The Coal Dust Twins, Messrs. Striker and Scab."

An editor telephoned me on Thursday: "Can you sail with me Saturday for Europe?" "Yes!" "Then meet me on the ship, for I have no time to see you before sailing." As the ship steamed down New York Bay, I asked: "Why are we going to Europe?" "I want you," was the answer, "to get the facts in Berlin, Paris, London and St. Petersburg, and write a series of articles on 'The American Commercial Invasion of Europe.'"

That year I crossed the Atlantic six times, making three round trips; for besides the trip to get the material for the "Commercial Invasion" articles, I made separate trips through the poorest counties of Erin's Isle,

mostly in carts, to write "The Depopulation of Ireland"; and through the slumberland of Alfonso XIII to write "Americans Now Welcome in Spain."

Last January an editor telegraphed me: "Can you go on a thousand-mile horseback ride and hunt in Texas and Mexico with a party of capitalists, starting to-morrow from New York?" Ten days later I was in the mesquite wilderness beyond the Rio Grande, changing camp every night, riding fifty miles or more every day.

Having finished the thousand-mile ride, I went to an Arizona ranch to get the story of "The Cowboy at Home." There at midnight came an editorial telegram saying: "Can you join Colonel — at El Paso for

another hunt in Mexico? Rush." By seizing my boots, bandana and cartridge-belt and spoiling forever the broncho that got me to the railroad, I reached El Paso in time to join the mighty hunter. In the Sierra Madres we were thirty-six hours without water, and when we reached water there was no wood to make a fire to boil it. In the shade of a cliff dwelling I wrote my story.

In responding to these emergency calls of a writing life, one is born again and yet again. There is the exhilarating effect of new faces and new places; there's the novelty of different subjects to write about day by day, every sentence a joy in the building, and the wonder is that all men and women do not begin making a living by writing.

OUR MIX-UP IN SANTO DOMINGO

THE STORY OF OUR INTERVENTION AND ITS RESULTS—THE BLACK REPUBLIC AND OUR STRATEGIC NEEDS—A CHAOS OF DISORDER IN A LAND OF UNDEVELOPED RICHES—THE RIDDLE OF THE DOMINICAN PRESIDENT

BY

EUGENE P. LYLE, JR.

(The first of a series of first-hand articles about our control of the Caribbean)

WHEN the Santo Domingo Government broke down in meeting its financial obligations we heeded its appeal for help. But the treaty with the West Indian republic still hangs fire. The Senate has yet to have its say. Meanwhile our fleet down there has been costing us at the rate of \$2,000,000 a year. Why should we take all this trouble for the Dominican Republic? What are our interests there? What relation does Santo Domingo bear to our future control of the Panama Canal? It was to answer these questions that I began my investigation of West Indian conditions with Santo Domingo, and it is the romantic story, which unfolded itself, that I set out here to tell.

In Santo Domingo the spirit of individual "independence" makes torpid all human endeavor except the lust for power and plunder. The Dominican, a combination of Spaniard and African, exaggerates the pride of one and the insolence of the other. His composite dis-

position is a sullen readiness to quarrel. The whiter he is, the more courteous; the blacker, the better natured. But the mongrel is the rule, and his spirit of independence is the independence of the individual. Its regalia is the pistol. Man or boy, he must carry one on his hip, the bigger the better, and two if possible. The sale of weapons is rigorously prohibited, but he buys a smuggled one worth \$2 for \$50, starving himself for months to save the money. Thereafter, at the first breath reflecting on his precious manhood, the firing begins. Fusillades are the normal order of the day in Santo Domingo.

Since the time of Diego, the son of Columbus, Santo Domingo has gained her independence three times, twice from Spain and once from Haiti. Still not content, Dominicans have fought Dominicans, each one for his own idea of liberty. But to buy the powder the Dominicans had to borrow from foreign adventurers, at enormous dis-

count and shameless usury. These debts they naturally have failed to pay. Constant fighting left the fertile country a wilderness. Even the rice and potatoes came from abroad. Presently the foreigners wanted their money back. Their bailiffs were warships. Therefore the Dominicans asked us, the American people, to help them. And we too are concerned in these foreign warships. The menace to the Dominicans happens to be a menace to ourselves. Their obstreperous spirit of liberty becomes for us a vital personal affair.

HOW SANTO DOMINGO GOT INTO DEBT

The immediate story may conveniently begin with 1884, when "a nasty looking nigger," Ulysses Heureaux, nicknamed "Lilís," came into power. The anecdotes of his cruelty and ghastly humor, of his corruption and licentiousness, are becoming a kind of folk lore, repeated darkly to fascinated listeners. A Porto Rican paper catalogued his crimes. The list made several columns. Two thousand victims is the usual estimate. Most of the foreign claims now pestering Santo Domingo date from his time. The money borrowed went to the tyrant for his own licentious and spendthrift purposes, and he allowed the obligations to be doubled or trebled on the lender's bond. At last, weakened by excesses, his brain softening, the coarse Negro wanted still more money. Custom houses, concessions, monopolies, all had gone to the usurers who exploited his appetites. He issued paper money. Even a tyrant may not do that. The people would not take the worthless fiat. Terrible confusion spread everywhere. Revolutionists arose. Finally Lilís was shot by Ramon Caceres, whose father he had had murdered. Caceres is now vice-president of Santo Domingo.

THE RISE OF PRESIDENT MORALES

After the death of Lilís, on July 26, 1899, Juan Isidro Jimenez was "elected" constitutional president, and Horacio Vasquez vice-president. There was trouble from abroad. The fiddlers for all the music of Lilís were suggesting that they be paid. But Jimenez took back the custom houses from the foreign creditors who had been installed there, among them certain Americans. The United States Government dropped upon him hard, with demands in behalf of three claimants who thought that they should have \$6,000,000.

One was the Santo Domingo Improvement Company, called also the "Destruction Company," or, more briefly, the "Imp Company." The second was the Clyde Steamship Company, whose monopolistic concessions had been attacked, and the third claimant was Juan Sala, a Spaniard doing business in New York. Jimenez contended that their accounts should be submitted, but claimants in Santo Domingo are sensitive on this point and the three declined. The dispute went on for more than a year, while meantime Jimenez was having other troubles. At last Vasquez got up a revolution and put Jimenez out. Vasquez tried to be honest, but—another revolution, and Alexandre Wos y Gil was president. He would recognize none of the arrangements Vasquez had made for settling American demands, but issued a booklet to all the powers inviting them to arrange for a neutral sea around the island. He had Germany particularly in mind, and he hoped to exclude the United States from Samaná Bay. Our chargé d'affaires, W. F. Powell, protested. He broke off relations and our warships were on the point of starting. But—still another revolution.

In this, in which Jimenez was the leader, one of the captains was Carlos Morales, who is now president of Santo Domingo. He had been a wild young priest. He had taken the robe, it is said, to escape persecution from Lilís. But Lilís had exiled him just the same, and he had also been in jail on a charge of squandering, or pocketing, \$60,000 for revolutionary expenses while a collector of customs. He had also been a *diputado*, or congressman, while still a priest. Later he doffed the priestly robe to marry and settle down. He is a man of education. He knows English and French, and lived in the United States for a while. He is almost white, with Spanish features and kinky hair. In his splendid boyish black eyes there is a look of daring. He revelled in fighting and he was crafty. He did not have the qualms of Jimenez about shooting rival politicians. This was the man, then, who led the forces of Jimenez against the capital. But on arriving, he found that Gil had been ousted already by the followers of former President Vasquez. He entered, however, without protest, and, being in, declared himself provisional president. The adherents of Jimenez were enraged. They started still another revolu-

tion. Morales was losing ground until Puerto Plata fell, January 18, 1904. The way it fell is worth the telling.

THE FARCICAL BATTLE OF PUERTO PLATA

Morales sent up a general named Cespedes to take it, with about 700 men. The Jimenista general who held the town was Deschamps, with about 300 men and five generals. In the harbor was the *Detroit*, under Commander Dillingham, and the British warship *Palace*, under Captain Robinson. They asked Deschamps how many men he had, and, when Deschamps said several thousand, they suggested that probably he would have no objec-

valiant shooting among the cocoanut palms. Deschamps fell back under the gay flags flying from the branches, but, instead of surrendering, he kept on until he reached the fortress, and right behind him came Cespedes. Then the two naval men interfered. They kept Cespedes at the foot of the hill where the fortress is, and went inside to consult with Deschamps, who, after a council of war with his generals, surrendered.

THE UNITED STATES CALLED UPON

About the same time a Clyde steamer was being escorted up the river to the capital by a launch from an American warship. Shots



THE FORTRESS AT THE ENTRANCE TO THE RIVER TO PROTECT SANTO DOMINGO CITY

tion to fighting in the open. Deschamps, being thus caught, said, "Assuredly not." Then Dillingham sent a messenger to Cespedes, and Cespedes readily agreed to the proposal. The proposal was this: There should be a dead line marked off by flags on the outside of the town. Deschamps was to station his force beyond this line and there fight Cespedes to his heart's content. But if he was driven back of the line he was to consider himself beaten and surrender under guarantee. On the other hand, Cespedes was not to follow Deschamps past the line into the town. Foreign consuls and clubmen hired carriages, and rode out to the dead line to see the fight. Cespedes appeared. Deschamps was waiting for him. Armies and generals did some

were fired. The American engineer of the launch fell over dead. Immediately the warship anchored outside, shelled the brush, and dispersed the revolutionists there. The siege was raised. Morales had agreed to recognize a protocol with the United States, and now, January 20, 1904, Mr. Powell formally recognized him as provisional president. This enabled him to borrow from merchants as the *de facto* government, to import arms, to declare hostile ports blockaded. It enabled him, in a word, to subdue the country and become president in fact. In the end only one revolutionary plague spot remained—and this was Monte Cristi, often called the Independent Republic of Monte Cristi, because the governor there was usually as supreme as



THE WHARF AT SANTO DOMINGO CITY WHICH PAYS A DIVIDEND OF \$2,000 A MONTH TO THE CONCESSIONAIRES

a feudal baron. The rebel leader at the time was Desiderio—Desiderio Arias—a sullen, illiterate ruffian. Morales fought him to the last ditch, but could not see how he was to take the last ditch. So the Republica Dominicana and the Independent Republic of Monte Cristi concocted a treaty of peace in June, 1904. Desiderio recognized Morales as president, and Morales made a governor out of Desiderio. Desiderio thereupon supposed that he was to have the custom house also, but while he was gloating over the spoils there came against him an American admiral.

THE GRAFT OF THE "IMP" COMPANY

The chain of events back of this development began when Morales agreed to the pro-

TOCOL with our Government. His Minister of Foreign Affairs, Juan Francisco Sanchez, and Mr. A. C. Leon as secretary and interpreter, proceeded to Washington to arrange for arbitration. It must be remembered, by the way, that the arbitration board which met in Washington did not go into the validity of the claims. The board's only function was to prescribe the method of collection and payment. The Senate, however, when it was called upon last spring to ratify a treaty whereby the claims might be collected, desired to know first *why* they should be collected. An investigation of the justice of the claims before enforcing their payment was to the Senate's mind the more logical procedure.

According to the official gazette of Santo



THE TREE AT SANTO DOMINGO CITY TO WHICH COLUMBUS IS SAID TO HAVE TIED HIS CARAVEL

Domingo published last March, the exterior debt is \$27,005,848.81, and the interior debt is \$32,896,074.04. But these figures represent only what the creditors demand. Of the foreign debt there is the Belgian claim of \$21,198,054.35, and the claim of the Santo Domingo Improvement Company, estimated at \$4,481,250.

Whatever facts may hereafter be brought to light about the Improvement Company, the most damnatory fact of all will still be the

venturers and rogues. Consequently they found it extremely difficult trying to inspire the confidence of a people among whom they hoped to build up an honest business. I tried the natives also, from the northernmost to the southernmost coast. The thing grew into a kind of game, to see if the next man would say what the man before him had said. And he always did.

"The Improvement?" one Dominican repeated, with a shrug and a sharp intake of



THE SHORE OF SAMANÁ BAY, THE STRATEGIC HARBOR COVETED BY GERMANY

fervidly bitter denunciation of the concern by practically every individual on the island, excepting, of course, those who feed at the trough. The intense unanimity is startling. The Improvement Company there corresponds to the Standard Oil Company here. As many as fifty Americans, and as many other foreigners besides, whom I questioned, representing nearly the total of foreign enterprise, all said the same scathing thing. Some would add, almost with a hiss, that the foul reputation of the Destruction Company had bundled all Americans into one classification, of ad-

breath. A pause followed and then the man asked, with naïve earnestness, "Do you think Roosevelt, he make us to pay those people? No sir! He put them out, an' we be free of them. It has always been pay money, pay money, to them. But they—they cannot show the proofs that we owe them anything. They do not open their books, no sir. But if we only could, we pay them everything, jus' so they get out, out of our country."

In his message to the Senate last spring the President stated that the Dominican Government had not received more than 50 or 75 per-



THE HOUSE OF COLUMBUS—WITH MODERN DWELLINGS IN THE FOREGROUND

cent. of the face value of the foreign debt, and that in cases this debt bore interest of 2 per cent. a month on its face. Senator Burrows read figures which would indicate that the Improvement Company's original investment was only \$1,500. It is even known that officers of the company, in an outburst either of confidence or of triumph, have said that their outlay would not pass the \$50,000 mark,

for which they now expected to get \$4,500,000 from the Dominicans.

Once several foreigners, practically penniless, came to Lili's, the tyrant, and offered to build and operate a railroad from Puerto Plata to Santiago, a distance of seventy miles, and Lili's agreed. A Belgian company took up the bonds, and the Americans (i. e., the Improvement Company) built the railroad on the



THE PRINCIPAL STREET OF DAE MOONA—A TYPICAL DOMINICAN SCENE

money. And since then they have been running it, too, while the Belgians hold the bonds and whistle in vain for their interest. As claims against the Government for current arrears in repairs and operating expenses come before the claims of the bondholders, the Americans really hold a first mortgage on the road. They were practically given a railroad, free of cost or expense. Five-tenths of the

provement Company mount up year by year, according to the alleged discrepancy between the profits and the guaranteed \$100,000. As the road taps the rich Cibao country, as freights are high, as the Company's materials are exempt from customs duties, some ingenuity in keeping down the earnings may be suspected. High salaries would be one way. People tell of obscure adventurers in the earlier days of



A PRIMITIVE DEALER IN PRIMITIVE FURNITURE

profits were to go to the operating company, that is, to the Americans; two-tenths to be applied to the interest of the bonds; and the remaining three-tenths to go to the Dominican Government. But the Government guaranteed that the operating company's five-tenths should amount to \$100,000 annually. Consequently the Government has received nothing; the bondholders have received nothing; and the claims of the Im-

the company who went away rich. An American merchant who had seen the company's books told me that the manager was receiving \$10,000 a year for running seventy miles of road! My informant also discovered that the purchasing agent in New York was down for \$500 a month, besides a comfortable "rake-off," as, for instance, on coal. If the treaty means arbitration on the validity of the claim, then the Improvement Company will not



THE PLAZA AT PUERTO PLATA



COLUMBUS'S TREE FROM THE SHORE

want the treaty. There will be opposition from this quarter, and powerful influences at Washington will be brought to bear to prevent its passage.

The arbitrators on the payment of the Improvement Company's claims were the Hon. John G. Carlisle for the United States, Señor Don Manuel de J. Galvan for Santo Domingo, and Judge George Gray as umpire. On Janu-

ary 31, 1903, they made an award by which the Dominican Government was to pay monthly instalments of \$37,000 to begin with. The United States was to appoint a financial agent, who, in case of non-payment, was to take charge of the custom house at Puerto Plata, and, if necessary, at Monte Cristi also. The agent named was Judge J. T. Abbott, until then vice-president of the Improvement



IN THE FERTILE CIRAO REGION



THE OIL WELL NEAR AZUA, ON THE SOUTHERN COAST OF SANTO DOMINGO



THE PRESIDENT'S PALACE

Company. No choice could have been more unfortunate. No man except perhaps Morales, is more thoroughly hated in Santo Domingo. His appointment looked to the Dominicans as though our president were

"influenced" by the Improvement Company, and Americans have had much to do since then to convince the Dominicans that our Government was not an accomplice of the company that exploited them. The harm done American influence and American enterprise by that appointment is still felt.

To make certain the payment of the monthly instalments, it was found necessary to take over the customs at both Puerto Plata and Monte Cristi. At Monte Cristi the sullen Desiderio naturally objected, and Admiral Sigsbee came with his squadron. Lieutenant-Commander Leiper of the *Detroit*, an officer well known in the navy for his tactful calm, was sent ashore in a launch to take charge. A mob surrounded him at the custom house and pointed their carbines at him. He advised them to remove their families from the town before they killed him, since within ten minutes thereafter the place would be



THE POLICE OF SANTO DOMINGO CITY BEFORE THE POLICE STATION

When on duty the police carry rifles



THE CUSTOM HOUSE AT SANTO DOMINGO CITY WHERE AMERICANS ADMINISTER THE CUSTOMS

shelled. And Mr. Leiper is at Monte Cristi yet (June).

But Morales could not feel secure as yet. The other ports had to be taken care of, and he was not strong enough to do it himself. Though vain in his new position, Morales was yet shrewd enough to see its weakness. He was unpopular. He was reviled as the "Butcher Priest." Besides, other foreign creditors were threatening. Any sunrise might find another president at the capital. He appreciated that he could never sustain himself without help from outside. He called to his aid the wisdom and might of the United States. Entirely on his own initiative he hit upon a scheme whereby our Government was to act virtually as a receiver for his own. His ministers squirmed, but they agreed. Our resident minister, Mr. Dawson, advised Washington, and the President approved. He sent Commander Dillingham as his personal representative, and Commander Dillingham, Mr. Dawson and Señor Sanchez devised a plan for the receivership. It is known as the Convention of February 7 (1905), or more familiarly as "the Treaty." Without guaranteeing a cent of the Dominican debt, our Government was to collect all customs, pay 45 per cent. of them to the Dominican Government for its current expenses, and the rest, after deducting the cost of collection, to the creditors pro rata. The treaty went to the Senate and the Senate postponed action.

The news came as the crack of doom to Morales's aspirations. Revolutionists were resting on their arms, waiting. Foreigners, business men, the people who wanted peace and quiet, every ambition and hope and fear of Santo Domingo, hung trembling on that body of lawmakers far away in Washington. The news meant civil war again, the old violence, and burnings, and careless, incessant use of firearms. The serious-minded were disgusted.

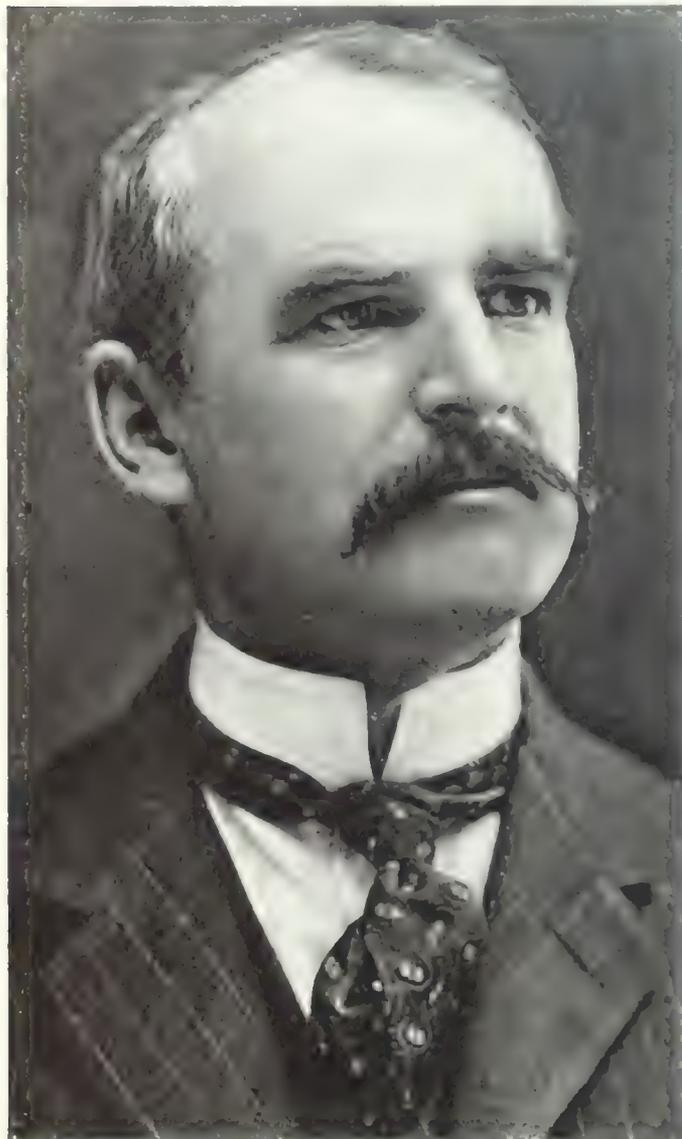
"What in the world is to be done?"

The question was asked by one of a group



THE CHURCH AT SANTIAGO

in the café of the Hotel Frances at Santo Domingo city. Among them was a civil engineer, Mr. A. E. Coulter, who was manager for the Habanera Lumber Company, a Virginia concern. Two hundred miles in the interior he had timber ready for shipment, the fruit of years of hardship. Turbulence at that moment would be heartbreaking. Another of



MR. J. C. DAWSON
American Minister to Santo Domingo

the group was Bartolo Bancalari, the principal Italian claimant. Some Americans called him "Bunkolario." There are dark stories of his methods in amassing his claim of several hundred thousand dollars. He too wanted the treaty. It seemed a quick realization of his claim. Two newspaper correspondents were also present.

"But why," demanded Coulter suddenly, "couldn't the same thing be carried out without any treaty, at least until the Senate meets next fall?"

Everybody's eyes opened wide. It was a bold idea.

"Possibly that can be arranged," said the cunning Bancalari.

It happened that the Italian warship *Calabria* was at Kingston. Bancalari cabled her captain to hurry to Santo Domingo, and seize the custom houses previously awarded the Italian claimants. The correspondents wired the *New York Sun* and *Herald* that foreign warships were hurrying to the scene, to seize and to hold, all because the treaty had failed. The *Calabria* arrived, and her innocent captain made the demand required of him in a high-handed and very satisfactory manner. Our equally innocent Administration now felt justified in taking action. There followed newspaper despatches about a *modus vivendi*. The Administration cabled Mr. Dawson, asking what these things meant.

Meantime Bancalari had gone to the Belgian Minister, to get his consent to the proposed arrangement. Mr. Coulter went to Mr. Dawson, who thought it was just the thing, but doubted if all parties would agree. The Italians, for instance? He was told that the Italians had already agreed. But the Improvement Company would never accept. He was told to "leave the Improvement Company to Roosevelt." The thing depended entirely on the consent of each of the many opposing interests, but with tact and patience Mr. Dawson finished the work. Mr. Roosevelt approved by cable, and Morales on his tottering stool of power went into ecstasies.

The *modus vivendi* was practically the same as the treaty, with two exceptions. The American collectors of customs were to be appointed by Morales, our own President only using his good offices to recommend, and our warships maintaining the American collectors in the custom houses. And instead of the 55 per cent. of the revenue going to creditors it was to be deposited in the National City Bank of New York. Should the Senate later ratify the treaty, this money would be paid to the creditors as originally intended. Otherwise it would be returned to the Dominican Government. At the same time President Roosevelt sent Professor J. H. Hollander of Johns Hopkins University to investigate the Santo Domingo claims. But as the European creditors are not likely to accept Professor Hollander's conclusions, it has been proposed by our State Department that an interna-



PRESIDENT CARLOS MORALES, OF SANTO DOMINGO

tional board of arbitration be named to pass on all the claims and scale them down.

THE ARRANGEMENT GOOD FOR THE ISLAND

Toward the last of April the receiver for Santo Domingo arrived—Colonel George R. Colton—with a staff of experienced men; Mr. J. H. Edwards, as traveling auditor; Messrs. Joseph Swartz and H. F. Worley, to stop smuggling on the Haitian frontier; and Messrs. H. Warren Smith and M. Drew Carrel, as

retained a bond from each. It made them as happy as children, and they hurried to get themselves measured for uniforms. All told, the receivership plan in its experimental stage may be termed a success, and most certainly a credit to the Americans who have the ungrateful task of being connected with it. Our warships, of course, must be ever near. Otherwise the custom houses would be occupied overnight by revolutionists. But without the prize of revolution there is no revolution. Smolder-

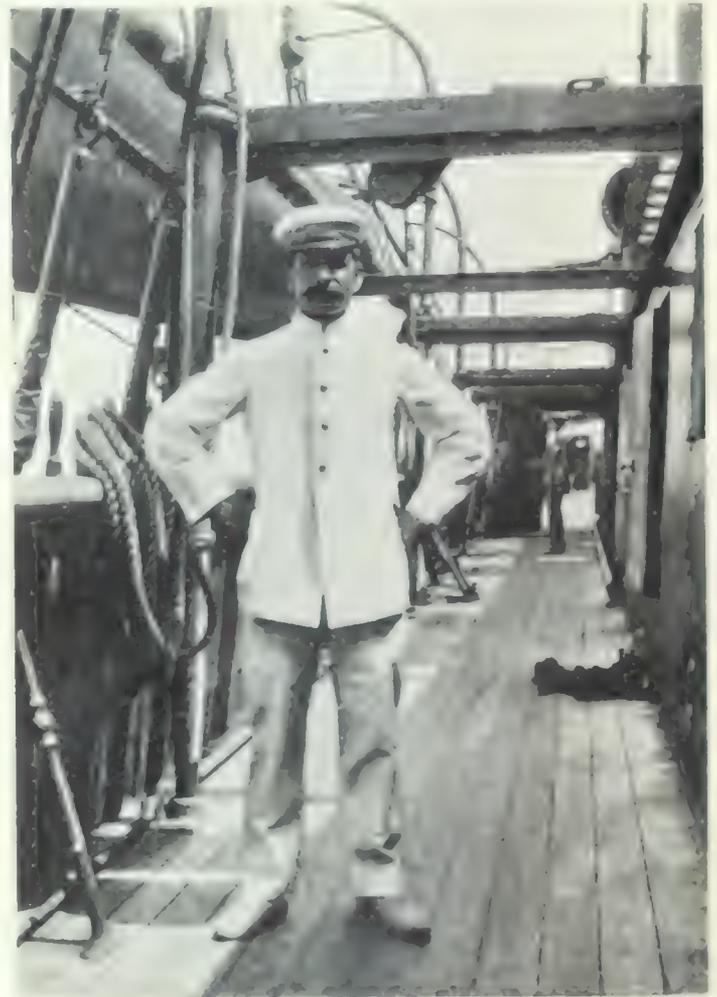


A DOMINICAN GOVERNOR ON THE VERANDA OF HIS PALACE

A typical Government officer under the administration of President Morales.

remnants in the office at Santo Domingo City.

Stopping at the different ports on his way to the capital, Colonel Colton scented trouble. Excepting at Monte Cristi, where Mr. Leijer was still in charge, and at Puerto Plata, where Judge Adams had been replaced by Mr. J. C. Strickland, all the custom houses were still administered by the native forces. These men expected to be turned out to make way for the Americans. Colonel Colton made them his deputies. He even raised their salaries, but



THE DOMINICAN GENERAL PRESIDENTE AND HER CAPTAIN, AN ITALIAN

This boat was the English yacht, captured and seized by the crew of the *Alabama* in our Civil War.

ing discontent still exists at Monte Cristi and in the interior, and a surprise at any moment should not be a surprise at all. A plot to secede, or to annex itself to Haiti, either of these would only bear out Monte Cristi's reputation.

The Dominican Government continues to receive its 45 per cent. of the customs, which is more than it has ever received before. Pay days are regular, too, and soldiers, policemen, diputados, ministers, all receive their salary promptly. This in itself is an innovation, and the most effective that could be de-

vised. Odious as is the hand that feeds them their own bread, the Dominicans at heart want the treaty. They are now in anxious suspense, waiting for action by the Senate. But they reserve the right to hate Morales for it, and to hate the Americans likewise only in a lesser degree.

And what is their condition to-day?

MARVELOUS RESOURCES

The wealth of Santo Domingo is wealth gone to waste. The sight is one to turn the

wing, restless in the pregnancy of tropical warmth, bears and bears again. Forests of the costliest woods, fruits, even coffee and cacao, grow wild and rot, unnoticed. Hardly a valley or a hillside is barren. There are no ferocious beasts, no poisonous snakes. The climate is never so unendurable as a New York summer. With no pretence at sanitation, the towns, as well as the country, are yet immune from fever plagues, and the few dwellers in the luxuriant wilderness may gorge as they list. When they do rouse



COLONEL GEORGE R. COLTON AND HIS STAFF—THE COMMISSION SENT BY THE UNITED STATES GOVERNMENT TO ADMINISTER THE CUSTOMS

(1) Mr. H. A. Smith (2) Colonel Colton (3) Mr. H. J. Edwards (4) Mr. M. D. Carrel (5) Mr. Joseph Swartz

provident and progressive white man sick at heart. In all the teeming West Indies there is not a richer island than the island of Santo Domingo and Haiti. Santo Domingo, with three times the area of Porto Rico, has barely one-half the population. Instead of 500,000 Santo Domingo might support 6,000,000 inhabitants, and more, and not have to import an ounce of foodstuffs, though now her nervous, quarrelsome, backward half million do not raise enough to feed themselves.

Yet the loamy earth, as black as the raven's

themselves from their sloth it is with the hot passion of warfare.

In the locally famous Cibao region, described as richer than the mud of the Nile, one may travel from dawn till dark and find not a sign of plow or ax. Here, as in the south also, there are hills covered with mahogany, and never a branch lopped off. With good roads, her greatest need, the country would not offer its splendid forests in vain.

The Dominicans number now only a few hundred thousand. Their blood is thin, their spines weak. With a little touch of the



ON THE IMPROVEMENT COMPANY'S RAILROAD
Passenger cars only as big as street cars are coupled to freight trains



AT AN EATING STATION ON THE IMPROVEMENT
COMPANY'S RAILROAD

calenturas they lie down and die. But they will not submit to direct taxation.

A HAND-TO-MOUTH PEOPLE

The servants are more often Negroes from

Turk's Island and Saint Thomas. Even the policemen are frequently Porto Ricans. When the humblest Dominican does consent to hire out, there is nothing servile about it. Even the Church, so powerful usually



THE CLUB AT SANCHEZ

Every village has at least two clubs, one for men, and usually one for women



THE CLUB AT PUERTO PLATA

among a Latin people, is here scarcely perfunctory. It cannot even get into politics. The sanctity of marriage is as obsolete as the nation's constitution. If you meet a man on

a country road he is always going home, no matter his direction. He has a family in



ON THE PLAZA AT BARAHONA

A pitiful attempt at public improvement in a city that suffers from revolutions



THE TOWN OF SANCHEZ

every neighboring village. A man's *queridas* do not live in the same house with his wife, but their offspring may. A visitor in a prominent Dominican's home once asked the man's wife if those were all her children playing around. She replied that "these are," pointing them out, but that "the others" were "only her husband's." She said it as a matter of course. But the Dominican woman, while proverbially loyal, even as a *querida*, yet has her independence too. If of the higher class, she goes to the club, her own club in a club house. If of the lower class, though lacking a club house, she smokes cigars with as much freedom as a man.

Revolution is the way in which the popular will is expressed. The Dominican takes up his old rifle or machete and sets forth to turn out the party in power, with less effort than the American who goes a block out of his way to the polling booth. Jimenez, let us say,

Cristi. He captures the town, he collects the customs from the ship. At a blow he has a campaign fund. Finally he besieges the capital itself. There is a feverish waste of bullets, at no target in particular, until the administration marches out to capitulate. Jimenez marches in and declares himself provisional president. Next he calls for an "election," and he becomes constitutional president; that is, until in his turn he goes out and capitulates. Santo Domingo's record-breaking year for exports was 1900, the one year of late when she had no revolution. The Dominican's life is too one-sided. Consequently he possesses neither agricultural experience nor skill. His coffee is badly treated, his tobacco badly cured. He realizes that his country offers but one lucrative industry, which is graft.

A system like this makes it very hard to be honest. An importer who does not stand in



THE ENTRANCE TO A DOMINICAN HARBOR

has the presidential bee. He wins over the revolutionary machine. The boss of a province, such as the daring young Demetrio Rodriguez of the turbulent district of Monte Cristi, is ready. His machine is always in working order. This means that he can lay a hand on muskets and ammunition smuggled across the Haitian border. He passes a whisper to the smaller *jefes*, or bosses. Each smaller *jefe* sends out armed henchmen, and wherever a henchman appears the Dominican, whether about to harvest his little crop or indolently eating plantains under a mango tree, stolidly obeys the call to arms. He does not mind a few months in the brush. He will have the chance to live from some other Dominican's unharvested crop, and, while quite willing to be shot at, he may perhaps have a chance to shoot his private enemy. Then Demetrio proclaims the revolution. He sets the time cunningly on the day a ship is expected in the port of Monte

with the *jefe* quickly finds himself crushed by the competition of the man who pays only a fraction of the duties. Accordingly, until the American régime, the biggest houses "stored in." The American collectors have had to stop goods that were invoiced under weight. Rice was packed in two bags, that the second bag might enter free. As a result, the American collectors are not very popular. They are called the "minions of Roosevelt."

Then there is the system of *pagares*. An importer takes his goods from the wharf, and for the customs dues he leaves his note. Without security, without interest, he is given from ten to sixty days, according to the amount. But the Dominican Government always needs ready cash. It borrows from the importer and gives the importer's own note as security. It pays a discount. It pays interest at 2 per cent a month. The Government surrendered one importer's *pa-*

gare for \$10,000 and accepted from him \$8,000 in cash.

The Government has had to make yet harder bargains. It has tendered even its stamped paper as security. It has hawked postage stamps at a discount. Either may be bought from merchants at low rates, as one would buy a pawned watch. A merchant advanced the Government \$10,000, but the debt was placed at \$20,000, or a discount of \$10,000. The face of the debt, \$20,000, drew interest at 2 per cent. a month. For security, the merchant now holds \$40,000 worth of stamped paper. Government employees, if paid at all, were often paid in this same currency, which they would sell to merchants at 67 per cent. discount. Yet postage stamps may be scarce. At Barahona an American needed one stamp. The postoffice had none, the custom house had none, the municipal offices had none. The governor, being appealed to, was looking for some himself.

The Dominicans have been very like children in their ludicrous imitation of the forms of modern government. The duties on paint, for instance, are assessed according to color, red being the most heavily taxed. A cheap nickel watch pays \$1; a \$100-watch pays \$1; an iron safe pays not a cent. Flour, costing \$4 a barrel in the States, pays \$7 or \$8 duty.

CONCESSIONS THAT CLOG ENTERPRISE

The concessions date mostly from the time of the tyrant Lili. With deadly monotony their life is for ninety-nine years. Everything is covered by them. An American amused himself by proposing this or that, to see if he might not run upon a concession in the way. He invariably did, whether to operate a street-car line or import Chinese coolies. But there are no street-car lines. There are no coolies. A great many concessions were obtained, and are held, for speculation only. They close the opening for serious capital.

A few piles and boards, representing an outlay of \$5,000 or \$10,000, count for a wharf. Everything loaded or unloaded, whether at the wharf or not, pays a tax to the wharf concessionary. The Italian claimant, Bancalari, owns the little stone landing at Samaná. There is a cocoanut plantation four miles up the bay. The cocoanuts are loaded by lighters on ships anchored opposite, but every cocoanut contributes to the wealth

of Bancalari. The wharf at the capital nets at least \$2,000 a month. It paid for itself within a few years. The Clyde Steamship Line has done much to foster trade between the States and Santo Domingo, but it exacts heavy freight rates and heavy passenger fares, and the accommodations are not of the best. Its ships enter Santo Domingo free of port charges. Other ships cannot.

OPPORTUNITIES FOR CAPITAL

One cannot be surprised, then, that there has been no appreciable foreign industrial invasion of Santo Domingo. What there is is mostly American; but the total of the American investment will not pass \$20,000,000, and the important American enterprises will not number a score. They are confined practically to one field, sugar. Two-thirds of the island is adapted to sugar production. For the current year the estimated exports are 60,000 tons. Most of it goes to the United States. President Morales has taken off the export duty.

One other American venture in agriculture deserves mention. It is the United Fruit Company's banana plantation at Sosua, near Puerto Plata, which requires a weekly steamer service and is said to pay 20 per cent. on a \$300,000 investment. There is one big timber concern, the Habanera Lumber Company. Americans also have bright prospects in an oil field of the southwest, capitalized at \$1,000,000. The oil might serve as a fuel supply for our navy, and thus be of the greatest strategic importance.

Santo Domingo, like Haiti and Porto Rico, is poverty stricken in railroads. Scotchmen are operating sixty-two miles of track between Sanchez and La Vega. The only other road is that of the Improvement Company between Puerto Plata and Santiago, a distance of twenty miles. Americans own the wharves at Azua and Macoris, but with these the list of American vested interests in Santo Domingo about comes to an end. Yet even so, it is greater than that of other foreigners.

Along the Yacki River, on the rich pastures far inland, flocks of sheep roam and fatten, without ever being sheared or slaughtered. The traveler may buy a lamb, provided he can find the owner, for ten cents. Coffee plants might well cover one-half the island, but 4,000,000 pounds is a fair estimate

of the export for this year. Other estimates are: Cacao, 250,000 bags of 100 pounds; tobacco, 12,500,000 pounds, mostly to Germany; wax, 500,000 pounds; dyestuffs, 1,500,000 pounds; logwood and dyewood, 5,000 tons.

But other articles, some not even on the export list, have as yet the zest of unknown quantities. Any one of them may hold the possibility of wealth. They are rosewood, satinwood, cedar, *lignum vitæ* and India rubber; oranges, limes, lemons, pineapples and cocoanuts; magnetic iron, sulphur, traces of coal, copper, gold, silver, quicksilver, tin, marble, salt, platinum and amber. Perhaps there are diamonds. Santo Domingo is an unexplored region.

THE INSCRUTABLE MORALES

One chance of salvation seems to be personified in the president, Carlos Morales. He knew that his country was not really bankrupt. It needed only administration. He asked the United States to be his country's receiver. This was its cure. It made him hated even more than he was hated already. But it also preserved him in office. And he is Santo Domingo's one present hope.

"He is not one of your irresponsible, promise-making Spanish-Americans," said one man to me. "You can talk to him straight, and he is as direct with you. And you can depend on his doing what he says he will do. I believe that he is honestly trying to pull his country out of the hole."

This may be set down as a composite opinion from most Americans who have spent only a few months in Santo Domingo. A business man marveled at his keen insight and his quickness to detect a flaw in a tangled proposition. According to the standard of the West Indies, his integrity ranks high. That is, unscrupulous ones do not think him capable of lies. But they do not maintain that, should he have to flee overnight, he would not govern himself accordingly, were there anything to pocket. A newspaper correspondent told me that Morales had sent for him and directed that he make an entirely false account of what was then happening, for the effect it might have in the United States. He was much surprised when the correspondent explained that it could not be done even as a courtesy. One foreigner who knows him well described him as vain and shallow.

There are tales of his wild gallantries as a priest, but those who have seen him in his home are won to him for the affection which he shows his children. The eulogists hold that he is too strong to be the tool of politicians. Legality, they say, is the watchword of his policy. The morning of his inauguration he had two conspirators executed. But there was documentary proof they had confessed, and they had been tried. He will not permit his followers, now that they are in power, to pay off old grudges. His most serious trouble, then, may come from his own party. "He hasn't shot anyone this week," is the most his enemies will say for him. And though a stickler for the law, he yet bought off a revolutionary brigand, Olvédio Santiago, who was firing on the town of Azua, for \$3,000.

MEETING PRESIDENT MORALES

I found him in the Palacio, or executive building, which is an old Spanish structure on the plaza, with an imposing arcade outside, and a squalid *patio*, having the air of bad sewerage, inside. Slouchy guards, in a nondescript yellow khaki, lounged at the entrance. Up a narrow, wooden flight of stairs I came to a balcony. The little musty offices opening upon the balcony are the different ministries, each labeled over the door in black paint, as, for example, "*Ministerio de Guerra y Marina*." Another sign requires you not to spit. At one corner of the balcony you enter the anteroom of the president's office, but just inside you are halted by a high wooden grill. There is a hatrack, garnished by swords, umbrellas, straw hats and képis. There is a broom against the wall, and a patent tin washstand. Clerks and secretaries, a smart aide in uniform, barefooted natives, come and go, or stand and talk. You are treated with every courtesy. The aide admits you through the pocket fence and takes your card to a room within. When later you follow, you come before a man in white duck and gold buttons, who has already risen beside his desk to greet you. He is the president.

From his bearing, his features, his conversation, you take him for a white man, a typical Spanish-American. Your only clue to the mixture of his blood is the kinky hair. He is lighter than many an Anglo-Saxon who has acquired the heavy tropical tan. His cheeks are rounded. The nose is not flat.

The lips are not thick, though heavy. He speaks with a slight lisp. He is thirty-five years old, and of fair height. When he is not talking, there is a slight heavy cast to the eyes, an almost imperceptible hint of a sneer. Once, when he happened to be looking at our Minister, who was present, one could imagine that the sneer was there then. He talks Spanish with deliberation. Speaking of his country's wretched state, he smiles apologetically, half humorously. He does not impress one as greatly distressed over it. When he declared that he wished his country's progress, and hence the coming of foreign enterprise, his words, if written down, would be earnest; but great earnestness was not the impression on hearing them. One feels that he is not saying all he thinks. And one has also a sense of the strength that lies in craft when combined with a smooth exterior. One feels that Morales is a strong man because one cannot tell exactly how far he would go.

Later visits were not so formal. Informality makes him fairly likable. He talks then with animation, betraying an ingenuous, a simple nature. The black eyes, shaded by long lashes, sparkle with the deviltry of a wild and handsome young man who has had his triumphs among women. It is hard to remember that he has been a priest, and that he forced his way to this unromantic swivel chair by desperate fighting. He is frankly proud of his new position, yet with no hint of arrogance. He says "While I am president," etc., just as the boy might plan his first duck hunting.

On the desk is a telephone, and he answers the calls himself. He tells his wife that he will be starting for home at once, or gives orders for the coaling of one of his two gunboats. The office is small, with oilcloth on the floor and long gilt mirrors on the wall. Aides and messengers, the governor of a province, merchants who have claims, foreign consuls, all are passing in or out, and when Morales wants a private word, he takes his man to the wide balcony overlooking the plaza.

THE PRESIDENT'S ADVISERS

The government employees seem to hold him in no awe whatever. The vice-president, Cáceres, the assassin of Lilís, is tall, hearty, robust, and popular. He demands patronage for the Horacista party, and expresses him-

self in the little office with vigor. But he is no match for Morales in the game of politics. His best friend is Velasquez, the minister of finance, a hard-working, pig-headed mulatto with a Spanish beard and features, whose chief duty is to obstruct all efforts that are American, though he signed the treaty. The Secretary of War is a black Negro, yet also with Spanish features and Spanish affability. During the last revolution, when he was besieging a seaport, he took a little flyer in strategy. He commanded a gunboat. Troops also besieged the town from the land side. He conceived the idea of co-operation. In the night the land troops were to fire a signal. Then he would land, and the two forces would attack simultaneously. The signal was fired as agreed. But the gunboat kept well out. Again the signal, again no response from the gunboat. The genius of co-operation explained later that he feared the signal was only a trap on the part of the enemy. But he is a typical Dominican minister. At best, it is a government of children, with always a possible redeeming hope in the chief.

The *diputados*, or congressmen, are lesser men yet. Two of them from each province, they meet in a hall on the ground floor of the Palacio, and give the impression of seedy ribbon clerks assembled as a debating society. Their pistols are outlined under their coats. They go through parliamentary forms with gravity. They make weighty or ardent speeches. But they do exactly what the man upstairs in the swivel chair tells them to do.

HOSTILITY TO AMERICANS

The people themselves do not like us. First, there is the sullen antipathy of a Southern race to a Northern, and to Northern vigor. Second, there is the suspicious nature of an inexperienced and weaker people, heightened by the propaganda of Europeans against us, and also by the ungrateful whining of resident Porto Ricans about how they are "suffering" under the American régime. But the Dominicans have had their own experiences. The more ignorant believe that we mean to take their island and exact a poll tax of each as immunity from slavery. The more intelligent are extremely sensitive to our strategic needs. But all, except the revolutionary grafters, want tranquility. Yet the only method of getting it—by the receivership—makes them uneasy, defiant.

In their revolutions they respect foreigners, because foreigners have never been an issue. Every town has many flagstaves, and on the outbreak of hostilities up goes each foreigner's flag, and the Dominicans pass by, to slay their own countrymen. But now that we have come to be an issue, none may say what strange turn a future uprising will take.

The Dominican seems to turn corrupt the moment he gets his hands on public funds, yet is in his private life the soul of honor and hospitality. He hates a thief. Travelers relate how they have slept in hammocks in native huts, with large sums known to be on them, yet never have they lost a cent. One was called back by his ragged host and received a \$10 bill he had dropped. The Government was once sending money to a town to pay the officers there. The burro train was stopped by the notorious revolutionist, Perrico, who was besieging the town. Perrico searched the packs for arms and cartridges, but finding none, he apologized and let them pass. He knew that the money belonged to the Government he was fighting, but he was not a thief. Agents selling goods declare they would rather do business with Dominican merchants than with those of Haiti, Porto Rico, or Venezuela.

BETTER CONDITIONS ALREADY

The mere fact that government employees are now paid regularly gains respect for the unpopular Morales. His enemies now say that he will serve out his term. The Dominican soldier is still a caricature, but at least he has a uniform. Instead of buying his freedom, he now attends school in the barracks, and if at the end of six months he can read and write a little he is discharged. The shopkeepers are in many cases remodeling their stores. Hotel men are expanding, even fitting up bathrooms. Their places are crowded by the pioneers of Northern enterprise. Certain of the bad concessions are being annulled, and are held for the bidding of serious capital. It is taken for granted that the treaty will pass the Senate this fall, and optimism prevails. A high officer spoke with eyes shining of the time when his Government would be in the same position regarding Haiti as the United States is now regarding Santo Domingo.

Granting the treaty as a fact, optimists say that after a few years of customs administered honestly there would be a reduction in duties.

A lower duty would increase the customs receipts, since the imports would grow steadily, and the exchequer would quickly find itself solvent. Santo Domingo would become a market for manufactured goods. The people would know how the very bread had been taken from their mouths by the former revolutionary governments. This would mean a sentiment against revolutions. A government machine, as in Mexico, Brazil and Argentina, might be expected.

Santo Domingo's chances for making good, therefore, would clearly seem to depend on the ratification of the treaty by the Senate. The island's foreign commerce amounts to \$8,000,000 or \$9,000,000 a year. For each dollar added to Santo Domingo's buying and selling power, our own commerce would be increased by at least fifty cents. Future development will be due to Americans. The Dominicans themselves have no capital. Thus we are very much concerned in the economic possibilities of Santo Domingo.

Then there is the economic aspect of the entire Caribbean, of South America, and of the Asiatic world with its millions of future buyers. Because of this we are building the Panama Canal, or feebly trying to. We must protect it. Thus Santo Domingo may be primarily important to us for strategic reasons. If the treaty fails, there will be revolution and debts repudiated, in which case we shall either have to take hostile possession or allow another power to do so. Then we would have to drive out the other power. Otherwise the power would require years and years to collect the debt of its citizens. Germany, it is believed, is waiting, and ready, to occupy Samaná Bay at the very first opportunity.

OUR NEED OF SAMANÁ BAY

Samaná Bay is a parallelogram cut out of the eastern coast of Santo Domingo. It is almost an inland sea, nine miles wide and twenty-one miles long. Outside and inside there are dangerous shoals. The ship's channel at the entrance is narrowed down to a passage six-tenths of a mile wide, between an island and the mainland. On the other side of the island the entrance is blocked effectually by a wall of coral. The island is but three-fourths of a mile from the mainland, so that guns on either would command the entrance. But once inside, the channel widens, and there are places where our entire navy might

anchor. There is such a place behind the coral bank. On this reef a breakwater might be built for protection against storms.

Samaná Bay controls the Mona Passage, and the Mona Passage, between Santo Domingo and Porto Rico, is on a direct line between Europe and the Canal. If Guantanamo is all that is claimed for it, if Culebra is all that is claimed for it, then possibly our chain of defences in the Caribbean is ample without Samaná Bay. Then we are safe just so long as no other power seizes the bay. But Santo Domingo's neutrality is not inviolable, and right here is the gist of the Dominican problem.

The Administration desires the treaty in order to evade the necessity of taking a single foot of territory. But what of the \$2,000,000 a year which our fleet in Dominican waters is costing us? Santo Domingo's total revenue for 1905 is estimated at but \$2,900,000. She cannot pay the warship item in the receivership. And should the fleet be needed elsewhere, we should have to build another fleet to replace the "Dominican fleet," besides continuing to pay the \$2,000,000. The negative

benefit in keeping other powers out of Samaná Bay would alone justify the expense, but the menace will always be there so long as we do not occupy the bay ourselves. But to take the island we should have to kill or corrupt almost every able-bodied man on it, and, to Dominicans and Haitians both, taking Samaná Bay would be a step toward taking the island.

The difficulty is of the gravest. The islanders are too inflammable to appreciate that we are only the more immediate menace to their territorial integrity. While we might be content with Samaná Bay, another power would not. Only by demonstration can they learn that, ourselves being driven into our borders for the lack of Samaná Bay, another enemy, our vanquisher, would inevitably swoop down upon them as the spoil of war. However, we are averse to the demonstration's taking place. If to save ourselves we need the bay, we have only to decide whether we shall take it, and save the Dominicans into the bargain. The justice of God never intended that a famished man should allow a child to gorge itself sick on a whole loaf.

San Juan. Porto Rico.

THE CONFESSIONS OF A SPECULATOR

HOW I BEGAN IN WALL STREET WITH A CAPITAL OF \$12,000 AND MADE AND LOST MONEY IN THE STOCK EXCHANGE—THE PENALTY I PAID

MY first experience as a speculator was in 1897 during the Leiter wheat deal. It was disastrous. I started with \$12,000 cash. On the rise in the price of wheat my profits and principal exceeded \$40,000 on paper. In the crash I escaped with \$7,000. During the rise I had resigned from my clerkship in a wholesale dry goods house. My broker friend, who had advised my original purchase of wheat, was a genuine friend. Had I sold out when he advised I should have been \$30,000 ahead. The outcome was due to my own obstinacy. I am convinced that it was well for me that I did not succeed then. Had I continued to make money speculating, failure would have been more emphatic in the end. My early success deprived me of sound

judgment (if I had any); adversity at least brought me to my senses.

My friend, who thought that in some ways I was rather clever, secured me a berth as market letter writer for a stock-brokerage house. The chances to gain experience were many. My letters were about as bad as the average. Talking one day with an old broker on this subject, he said: "No, I never wrote a market letter in my life. Read yours for six months back and see if you're not ashamed of yourself." I did, and my conclusion hardly inspired pride.

My first ventures in the market were limited, but luckily I bought, and we were on the eve of a wave of rising prices which increased the value of my purchases. Becom-

ing a deep student of the market I tried to determine whether the main tendency of prices was up or down, and to learn the methods employed by the big manipulators. There is a "Keene Market" as well as a "Morgan Market," a "Gould Market," and a "Harriman Market."

In my early efforts I would win one week and lose the next. Under the strain I contracted headaches, nervousness and irritability. Astigmatism and insomnia followed. Often in a deep sleep I would awaken with a jump as if I had been struck a hard blow. I had been dreaming of the market. I have gone to sleep only to see the tape on which stock-market sales are recorded by tickers crawling across the footboard of the bed, spinning a lying story, for I never dreamed of a market movement that came true. I don't believe in dreams anyway. My astigmatism was followed by indigestion. I tried three physicians and then an oculist. The oculist cured the headaches and the indigestion with astigmatic eyeglasses.

In six months I had acquired a few operating principles and I was out \$2,400. My worst mistake, and I made many, was in failing to take losses. At the critical stage I was not only weak but cowardly. Often when I should have boldly sold out a falling stock at a small loss my power of action appeared to be paralyzed. This was disastrous, for later I would have to sell it at a still lower price.

Presently, however, we ran into a tremendous rise in the prices of stocks and my hard work, or dumb luck, began to make a showing. At last I learned to take my losses easily, and not to jump for profits as soon as I saw them. From an older man I learned to see when a market was weak enough for buying and strong enough for selling. I was extraordinarily lucky, too, in that I was with a firm the members and customers of which had reputations as money makers. Looking backward, I believe that the results of my two years' work, a net profit of about \$60,000, was as much a matter of good fortune as of good judgment.

From the beginning I had nursed the hope that some day I should be able to buy a Stock Exchange membership. I longed to be a professional "floor trader." Then I should have no commissions to pay to brokers for doing my trading for me. I should not have to fol-

low the ticker, which was often five or ten minutes late—delays that had cost me hundreds of dollars through slow execution of orders. I believed, too, that a membership costing less than \$35,000 was a good investment. Of the lessons I had learned two stood out prominently. First, I must stop trading before going bankrupt, if that danger threatened. Second, I knew that unless the risks were reduced I could not continue to speculate successfully.

On buying my membership I was elected and initiated. It took me a year to learn to trade on the floor. Six months elapsed before I was able to stand on my feet in a crowd for five hours a day. The strain across my back and kidneys was intense. Often at three o'clock my legs felt as if each weighed a ton; and the feeling of the broken back, while it may sound amusing, was anything but a joke. Everything was new to me, including myself. When I was busy I had no time for lunch; often when I had the time I did not have the appetite. I managed to lose a fine appetite, a fair digestion and considerable weight. I dearly love a cigar, but I gave up smoking. When busy I was intensely eager, and the strain meant a matter of crowding two days into one; when the market was dull, I fretted for a return of activity. I became more nervous and abrupt, and quieter. Other men were affected differently. They talked and drank more than was their habit.

A room trader may be a speculator carrying ventures over a period; or he may be a "scalper" of $\frac{1}{8}$'s and $\frac{1}{4}$'s and trade in one stock, that is, a speculator who buys or sells when the price of a stock has gone up or down $\frac{1}{8}$ or $\frac{1}{4}$ of a point; or he may trade all over the room in many stocks wherever and whenever he can find an active market. I intended to trade all over the room, balance my contracts before three o'clock each day, and to go home with no obligations hanging over me, except under extraordinary conditions.

It was difficult to live up to my intentions. I am influenced by a tip when I think it is a good one, and I have both made and lost money on tips. Another handicap was my poor voice. I am of pretty robust build, but the dust in the old Exchange building affected my nose and throat. In the summer the air at times was rank. A vigorous voice

is not essential to success, for a man may have a powerful voice and no brains, but one of the best brokers I know has a wonderfully clear, penetrating voice. He is often employed to bid up or offer down a stock solely on account of his voice. At the same time, he has a wonderful memory. I recall once that he wagered a luncheon for four that he could remember every name, stock and price on the day's trading without consulting his book. The bet was taken, and he recalled thirty-three out of thirty-four.

Indeed, any good broker should have a memory above the average. To illustrate: A crowd of men are bidding for stock. A man walks in with an order to sell a large block of stock. If he sells leisurely to one man at a time, some of the bidders withdraw, and others try to take the seller's market away by offering the stock at lower prices than he. So he walks up, and as fast as he can shout "Sold! Sold! Sold! Sold!" he has filled up say five orders. Each sale has been made at the same price, but in different amounts and to different men. The seller must write down each sale, the quantity of stock, the price and the name of the buyer. He is standing up, jostled by the crowd. Before he has started writing the buyers have probably run off to other crowds or their telephones. At the end of the day all trades are compared. Suppose that in the excitement a broker has lost the name of a principal to a trade? He may be obliged to charge himself with a loss of \$12.50, or thousands of dollars. I myself have made costly errors, and I have known others to make worse ones.

There were days when I could not go wrong, when I was in complete and very pleasant sympathy with the market. I learned to go with the tide at such times—to press my luck. There were other days when my brain or my digestion was out of order and everything I did was wrong. Starting with a loss, I would endeavor to retrieve it, make a worse loss, and emphasize it in the afternoon. It is a fine thing to know when to follow up an advantage and when to quit a losing game early in the day. Often I have made a fine day's profit between 10 and 10:30 A.M.; again I have lost more in the first half hour than I could make back in the remaining four hours and a half. It's a good thing to stay away from panics. You stand to make large profits then, but "the greater the gain,

the greater the risk." If you are trading during a panic you are always likely to do business with an insolvent house.

My first year's record of purchases and sales taught me many things. At the start there were consecutive winning days in which I would make \$25 a day; lose \$100 on the fourth; come out even on the fifth, and not go down on Saturday. I would be out \$25 on the week, the interest on the capital invested in my membership, my Clearing-House charges and the salary of my clerk. I found, therefore, that my winning days had to show greater profits than my losing days showed losses or I could not play the game.

If I traded for $\frac{1}{2}$ and $\frac{1}{4}$ profits, obviously I could not afford to have losses of $\frac{3}{4}$ of a point. I had to learn to buy, and, if the stock did not move, to sell out at once at the same price or $\frac{1}{8}$ better or $\frac{1}{8}$ worse; to reverse this action when selling short; to make quick decisions; to learn not to get "rattled"; and finally not to deceive myself through self-esteem.

At the end of a year's struggle, I was very tired and very discouraged. Twenty times I had wanted to stop, satisfied that I had made a mistake. Once I gave it up for two weeks. Accidentally, however, I heard some one repeat Jay Gould's three essentials of a successful speculator, viz.: The first, Patience; the second, Patience; and the third, Patience. I went at it again: I persuaded an older member, a friend, to look over my books. I had the figures summarized—so many business days; so many gains, so many losses; the average amounts made on winning days and the average losses on losing days; the aggregate losses; aggregate gains; and total net gains—this last was very small.

How anxiously I awaited my friend's verdict. I knew that it would be candid. I waited, scarcely breathing, afraid that he would say: "Give it up." But, no, what he did say was: "This is not so bad." I pulled a deep breath of relief. "At the same time," he continued, "it might be a lot better. I haven't any faith in first winners. First winners, last losers.

"Do you remember young — of Chicago, who came about the same time as you did? He lost so much money that he had to sell his seat, and he bankrupted his father. He is a bond salesman now. Do you recall —, the Jew? Well, one exciting day he got mixed up in T. C. & I. When he had his trades

straightened out, his father had to take up and pay for a bunch of stock that he had bought when he wanted to sell. His father made him get out, too. It was cheaper to pay the son a salary. Do you remember —, the young Californian? Well, he lost so much money in his first six months that his mother sent him to Europe to cut down his expenses. Now, you have done better than either one. Go ahead slowly, and don't overtrade."

Another trader said to me: "The men who last longest in this business are not those who make big and early winnings. I can count a half dozen plungers who have lost most of their money in a few years. As soon as a man thinks that he knows it all in this place, he has uncovered his weakest point. The lucky plunger, too, is apt to lose his money as well as his health. One of the cleverest traders we ever had made a million, but could not stand the strain of prosperity downtown when combined with the adulation he received uptown. He was a fine fellow and as strong as an ox, but one day they took him out of his office in a straightjacket and drove him to Bloomingdale, where he died. The biggest room trader of to-day once started to send up the price of Sugar stock when it was selling at 160 a few years ago, and when he got from under the wreck he walked lame financially for a year. Now he does not try to make prices; he is content to follow them like the rest of us."

I made a new start and very gradually acquired the rules of the game. Occasionally I departed from my first principles and experienced heavy losses. I sold Atchison common stock short, and lost severely. That was a costly experiment, and Atchison still owes me the money. I had a tip to sell Amalgamated Copper short at 98 for a tremendous profit to come. The information of a reduction in the dividend and of the disappointment of the organizers was so substantial that I planned to make the deal of my career. I sold it short from 98 to 115, lost my nerve, and covered all my contracts. I had given myself up to this venture, yet a casual conversation with an uninformed person made me abandon my market position. That experience cost me one-third of my capital. The stock, to be sure, kept on going up, to 138, I think, but then it went to pieces. I was so exhausted mentally that I had not the nerve or the wit to follow it in the great de-

cline, on which I should have made huge profits if I had kept to my original trades.

A little Jew taught me a valuable lesson on the advantage of rapid action. We stood at the ticker. I regarded his market judgment as sound. He said: "It looks as if St. Paul would go up." He walked over and bought 500 shares. "If he can buy 500," said I, "I must have 100." I bought it and walked back to the ticker. In less than two hours St. Paul was down two points. I ran across the Jew and said:

"I thought you regarded St. Paul as a good thing."

"So I did," said he, "but I changed my mind."

"What did you do with your 500?"

"Why I bought it to go up and it didn't start; so I sold out and lost $\frac{1}{2}$ of a point. What did you do with yours?"

"I have it yet."

"Well, you're stupid. If you buy or sell a stock and it does not move as you expect, get out at once. Don't wait. You can always get in when it does move, can't you? The game's here every day, isn't it? Again, never follow me, for I often make mistakes and change my opinion of the market at short notice—sometimes in less than a minute."

I then worked out a system, with the object of keeping the risk down to a minimum, for in speculating every man is a rule unto himself.

It sounds strange, but a "scalper," thinking that prices are going up, may make money, when as a fact they go down. From my purchase and sales book I take this illustration of a day's business:

| No. | Shares | Stock | Price | Loss | Profit |
|--------|--------|-------------------|-------------------|------|--------|
| Bought | 200 | Pennsylvania R R. | 130 $\frac{1}{2}$ | | |
| Sold | 200 | " | 130 $\frac{1}{2}$ | | 12.50 |
| Sold | 100 | " | 130 $\frac{1}{2}$ | | |
| Sold | 200 | " | 130 $\frac{1}{2}$ | | |
| Bought | 100 | " | 130 $\frac{1}{2}$ | | 12.50 |
| Bought | 100 | " | 130 $\frac{1}{2}$ | | 25.00 |
| Bought | 100 | " | 130 $\frac{1}{2}$ | | 12.50 |
| Bought | 100 | " | 130 $\frac{1}{2}$ | | |
| Sold | 100 | " | 130 $\frac{1}{2}$ | | 6.25 |
| Sold | 100 | " | 130 $\frac{1}{2}$ | | |
| Bought | 100 | " | 130 $\frac{1}{2}$ | | |
| Sold | 200 | " | 130 $\frac{1}{2}$ | | |
| Bought | 100 | " | 138 $\frac{1}{2}$ | | 12.50 |
| Bought | 100 | " | 138 $\frac{1}{2}$ | | 18.75 |
| Bought | 100 | " | 138 $\frac{1}{2}$ | | |
| Sold | 100 | " | 138 $\frac{1}{2}$ | | 6.25 |

\$106.25

This is not so simple as it looks. When the market opened I thought Pennsylvania was going up and bought 200 at $139\frac{3}{8}$ (it has a par value of \$50 a share, and 200 shares is equal to one hundred \$100 shares). I had hard work in selling the 200 at $139\frac{1}{2}$. A commission broker came in and asked the price of the last sale. I told him $139\frac{1}{2}$. Someone then bid $139\frac{1}{2}$ for 100 shares, and the newcomer offered $139\frac{5}{8}$ and I sold him 100 shares; in a minute he was back and offered the same price for 200 shares. I sold, and in less time than it takes to tell a man with a selling order was offering the stock at $139\frac{3}{8}$. I leisurely took 100 shares at that price. I bought 100 more at $139\frac{1}{8}$. The market then steadied. I bought 100 at $139\frac{3}{8}$, and was then even, with a profit of \$62.50, and it was 10:25 A.M.

The market became quieter. The last sale had been at $139\frac{1}{4}$, and when a single 100 shares was offered at $139\frac{1}{8}$ I snapped it up, and almost immediately sold it again at $139\frac{1}{4}$. Between twelve and one the whole market began to break, trading set in on a heavier scale, and there were large selling orders by brokers who act for leading operators. I sold 100 shares at $139\frac{1}{8}$ just as the downward swing of prices started, and, feeling doubtful, bought it back at $139\frac{1}{8}$. Instantly I changed my view again and sold 200 shares. I then bought 100 shares at $138\frac{7}{8}$ and 100 at $138\frac{3}{4}$. The decline continued. I bought 100 at $138\frac{1}{2}$, and in five minutes a rise came and I sold out at $138\frac{5}{8}$. It lacked an hour of closing time, three o'clock, but I added up my profits and went uptown pleased.

The feeling was different when I finished a day like this:

| | | Price | Loss | Profit |
|--------|------------------------|-----------------|-------|--------|
| Sold | 200 Amalgamated Copper | $64\frac{1}{2}$ | | |
| Sold | 100 " | $66\frac{1}{2}$ | | |
| Sold | 100 " | 66 | | |
| Bought | 400 " | 67 | \$650 | |
| | | | \$650 | |

This means that one Saturday I had sold 200 shares of Amalgamated stock at $64\frac{1}{2}$. At 11:45 A.M. the stock was offered at $64\frac{5}{8}$, but I did not want to take a loss of \$25, and so closed the day short 200 at $64\frac{1}{2}$. My intention was to buy 200 shares to offset this Monday morning, win or lose, at the opening price. I was up in Connecticut over Sunday, and on coming down Monday, the train was delayed almost two hours. I thought of my Amalgamated and of the advisability of get-

ting off the train and telegraphing a friend to buy the stock, but foolishly did not do so.

On arriving at the Exchange at 11:30 A.M. Amalgamated, to my surprise and disappointment, was selling at $66\frac{1}{2}$, and to make me feel even worse it was the only active stock in the whole market. Every trader on the floor was buying or selling it. I concluded to stand to my original trade, believing that there would be a reaction. It ran up to $67\frac{1}{2}$, then started down. With the idea of reducing my loss, I sold 100 more at $66\frac{1}{2}$ and 100 more at 66, which made me short 400 shares. To my chagrin the bulls forced the price up again, and in a fever I ran and bid 67 for 400 shares, and got it, with a loss of \$650 on the day. Days of this kind, however, were few and far between. Every one I have had I have profited by; each has acted as a teacher. Although I am doing very well, I know that I am not nearly as clever as I used to believe myself to be.

The closest shave I ever had was just prior to the Northern Pacific panic. At 115 it looked very high to me, and I sold 300 shares short, 100 for a friend and 200 for myself. I adhered to my old rule of taking a loss of not more than two points, and bought it back at 117. My share of the loss was \$400. Had I not bought the stock back, taking this loss, I should have been bankrupted. During the Northern Pacific panic I did not trade, except to oblige a friend, who, handing me a certified check, asked me to buy 1,000 shares of stock.

The life is one of earning one's bread and butter by the sweat of one's brow. I have found that there is no particular exultation in winning, but there is a momentary feeling of relief and exhilaration in taking a loss. I assume, therefore, that I am a good loser.

Many times I have longed to be a worker in a more constructive field. To wear a smiling countenance when you lose your money in an uphill fight may be natural to some men, but it was hard for me to acquire the habit.

In my first year, I smiled on occasions when the smile pained me as much as it did when I was a youngster and had to have the barb of a fishhook cut out of my forefinger by a half-blind doctor. Now it seems like a good joke.

I early found myself becoming introspective, and analyzing my emotions and thoughts. I do not say that all speculators

do, for some of my friends have the successfully reckless manner of accomplished horsemen. Often I have envied them their happy-go-lucky temperaments, their care-free dispositions.

Often before making my first trade I feel the same momentary reluctance experienced when about to take a cold-water plunge. A shudder and it is all over. After that the fascination of it all has grasped you. Men stick to it after their physicians order them to quit. Take —, who contracted tuberculosis. He would not go away, but came to the Board every day until he was too weak to stand. Even then he came down to his office, and he almost died there.

Again, —, too, had tuberculosis of the lungs. He went to Colorado and was getting better, but came back in the winter, against the advice of his physicians. He was ripe for pneumonia, and it killed him. Stock speculators are sufferers from nervous diseases, diabetes and kidney trouble; the Wall-Street kidney, I believe, would be a joke to several physicians if it were not so very serious a matter.

Have we speculators a place in the constructive world of endeavor? Yes, indeed. We help make a broad, free and elastic stock market. We are an important factor in making it easy to dispose of securities at a moment's notice. Our business is not a mat-

ter of blind chance. It calls for severe training and capital. The tax on stock sales we regard as a mischievous piece of legislation. It will hurt us, and some of us seriously.

The atmosphere of the Exchange in a way is indescribable, although once tasted it is never forgotten. I suppose that there are other more fascinating vocations, but I would rather make a living here than a fortune in some other field, working for a corporation, for example. The news of the world gets to us before it gets anywhere else except to the newspaper offices. In a sense the atmosphere is that of a club; then, again, it is life at high pressure, dealing with men, money and things. True, one must pursue it at the expense of nerves, peace and general health, but it has its compensations. In good times it is very profitable; in dull times one has to live on one's principal and try to be cheerful.

It is not a life for one who cannot stand excitement. I have known brilliant traders of nervous temperament obliged to abandon it, while men of far less mental capacity, but phlegmatic in temperament, succeed. Men of very ordinary intellect are the most successful money makers. I hope to be able to save money enough to retire before I am an old man, or rather before the speculative germ has become so strong within me that I will be unable to give it up, a condition into which some of my associates have fallen.

GREAT CHANGES IN THE RAILROAD PROBLEM

THE INCREASED VALUE OF RAILROADS AS INVESTMENTS; THEIR ENORMOUS CONSOLIDATIONS, DIRECT AND INDIRECT, WHICH OBLITERATE COMPETITION; AND THEIR INCREASE OF RATES AS A TAX ON THE BUSINESS OF THE COUNTRY—THE NECESSITY OF REGULATION

BY

WILLIAM Z. RIPLEY

LECTURE, THE LECTURE SERIES, IN HARVARD UNIVERSITY

THE problem of legislation for the control of the railroads of the United States is attracting public attention to a degree unequalled since the experiment of 1887, when the Interstate Commerce Law was enacted. Much congressional and newspaper

discussion has been devoted to abuses and remedies, but comparatively little study of the general underlying conditions—apart from the specific evils in sight—has been made. Perhaps the best way to appreciate these economic conditions is to contrast the situa-

tion at present with that which prevailed when the Interstate Commerce Law was passed, eighteen years ago. Is the problem the same? In other words, did the "Act to Regulate Commerce" fail to hit the mark? Or are the issues new, requiring novel modes of treatment?

Three important changes in the general railroad situation have taken place since 1887, the date of the enactment of the Interstate Commerce Law. These changes are:

(1) *Railroads, from a financial point of view, have been transformed from speculative enterprises into substantial investment properties.*

(2) *Enormous consolidations are obliterating competition, the former safeguard of reasonable freight rates.*

(3) *The railroads' power to levy a transportation tax upon the business of the country has been effectually demonstrated.*

These three factors in the present situation merit consideration somewhat in detail.

INCREASED INVESTMENT VALUES

Few people who have not studied the returns appreciate the well-nigh impregnable position, as investments, which the honestly managed railroads of the United States now enjoy. Possessed of monopolies in their rights of way and their terminals, which each year become at once more valuable and impregnable, every phase of our wonderful national growth adds to their financial strength. The growth of transportation in any community is bound to be more rapid than the increase either in population or in wealth. It appears almost as if the volume of transportation in a country increased more nearly as the square of the population than in direct proportion to it. Our domestic population from 1889 to 1903 increased slightly less than one-third. The railroad mileage grew in about the same proportion. Yet the freight service of American railroads surpassed this rate of growth seven or eight times over. While population and mileage increased one-third, the railroads in 1903 hauled the equivalent of two and one-half times the total volume of freight traffic handled in 1889. In other words, the ton mileage—representing the number of tons of freight hauled one mile—increased from 68,700,000,000 to 173,200,000,000.

These figures almost stagger human powers of comprehension, but the lesson of their relativity is simple enough. If the freight business of the United States increased eight

times as fast as population or mileage in fourteen years, the imagination may easily run riot as to its probable magnitude fifty or one hundred years hence.

FREIGHT SEEKING NOW UNNECESSARY

In 1887 the railroads had to seek the freight. Now it is plain that traffic will seek the railroads. The magnitude and importance of this change is revealed also by the vast increase in railroad earnings. Gross revenues of American railroads in 1889 were about one billion dollars, and in 1903 they were one billion, nine hundred millions, and preliminary figures for 1904 show that they have practically doubled in the brief period of fifteen years. The net income available for dividends has grown even faster. The increase to 1903 was, roughly speaking, about 250 per cent.; namely, from one hundred and one millions in 1889 to three hundred and fifty-seven millions in 1903. There is every probability that by 1905 the net revenue will be almost, if not quite, three-fold its figures in 1889. More than twice as much money now goes annually to the owners of railroad securities as dividends and interest, besides leaving surplus earnings for 1903 of about one hundred and ninety millions available for improvements and surplus.

Of course, it should be borne in mind in making these comparisons that vast amounts of new capital are entitled to a reasonable return. But the argument, so well justified a generation ago, that the risks of railroad investments entitled the owners to extremely high returns is no longer applicable to the present case. On the other hand, no plea that these present returns constitute at present an unreasonable drain upon the resources of the country need necessarily be entertained. The point at issue is not whether present returns are reasonable or not, but whether (having in view the wonderful future of our vast territory) the financial future is more likely to demand determination of the maximum rather than the minimum earnings which the railroads shall enjoy for services rendered.

ENORMOUS GROWTH OF CONSOLIDATION

The second change in railroad conditions since 1887 has been the growth of railway consolidation. Scattered and independent companies are being everywhere aggregated into

large systems. Before 1890 a 5,000-mile railroad was about the maximum. The next decade, to 1900, witnessed the growth of systems to about twice that size. Since then not simply consolidation but re-combination of systems, each in itself the result of antecedent consolidations, has made its appearance. The now defunct Northern Securities Company, the New York Central and Pennsylvania Companies and the Gould properties during the last five years attained lengths of from 15,000 to 20,000 miles each; and shall anyone be rash enough to predict that the end is yet in sight?

Nor does the growth of unified and legally organized systems represent the full measure of growth in this direction. Great systems are quietly assuming control of their lesser and parallel rivals through investment of surplus funds in their securities. In this way trunk-line territory has been practically closed to competition. The New York Central first secured the Lake Shore, and through it purchased a large interest in the Philadelphia & Reading Railway. At the same time the Pennsylvania Company, through the Baltimore & Ohio, purchased control of its formerly troublesome rivals on the south, the Chesapeake & Ohio and the Norfolk & Western. The Baltimore & Ohio is also used by the Pennsylvania as a cat's-paw to assist in pulling the Philadelphia & Reading out of the fire of competition. This last company, thus jointly controlled at arm's length by the two great trunk lines, becomes the principal factor in the great anthracite coal combination, which includes four or five other companies. With the Vanderbilt-Morgan control of the Delaware, Lackawanna & Western and the Lehigh Valley, it will be apparent how little room there is for competition in this territory. The only free lance in any sense is the Erie, and rumor has it that the New York Central, through the Lake Shore and the Pennsylvania, is buying into its control at this present time.

SILENT CONSOLIDATION IN THE SOUTH

In the Southern field similar conditions eliminating competition prevail. There are two great avenues of approach to the heart of the South from Northern centers. One of these, east of the Alleghany chain, connects Atlanta with New York and Philadelphia. The Southern Railway and the Atlantic Coast Line both enter the South by this gateway.

The other Western approach, from Chicago and St. Louis, is traversed by the Louisville & Nashville and a second arm of the great Southern system sweeping up around the mountains on the west. Thus the Southern Railway, operating through both gateways, is paralleled on each side by competitors, each confined to a single entrance. These companies long dwelt together in harmony because of control by friendly banking interests. Peace was, however, rudely disturbed in 1902 by a piratical stock-market raid which wrested the control of the Louisville & Nashville from its financial sponsors. Harmony could be restored only by a re-purchase of this control at a much higher price by the same interests which controlled the Southern Railway. A difficulty then arose as to placing the ownership of the Louisville & Nashville where it would do the most good. Obviously it could not be consolidated with its parallel competitor on the west, the Southern Railway, owing to legislative prohibition. Control was, however, vested in the Atlantic Coast Line, which, as already said, was a direct and parallel competitor of the Southern, but in the Eastern field. Practically, therefore, at present the great Southern system, with its two arms reaching up and around the Alleghany Mountains, is now paralleled throughout by a similar two-armed system, made up of the Atlantic Coast Line running northeast, and the Louisville & Nashville, which runs in the direction of Chicago. And so close is the agreement that both great systems, once fighting for Chicago business, in 1901 joined hands and bought up the Monon Route together, exactly as the Northern Pacific and the Great Northern jointly acquired the Burlington for the same purpose. Here would be competition indeed between two giants traversing the same territory were it not for the fact that the Atlantic Coast Line has long been practically administered as an adjunct rather than a rival to its great competitor. Thus has another great area of the United States been consolidated to a standstill.

Did space permit, the same tendencies could be shown to have attained similar results in the far West. The facts are well known, and the present agitation is a direct result.

INTERCORPORATE OWNERSHIP

The progress of railroad consolidation from 1880 to 1903 may be shown in another way

by the official data of the Interstate Commerce Commission. In fourteen years outstanding stocks and bonds of railroads owned by the *public* increased by \$1,897,000,000, or 25 per cent., attaining a total of \$9,263,000,000 in 1903. Meantime, *railroad* ownership of such securities—that is shares or roads owned by other roads—increased four times as fast. Such intercorporate ownership, whether as the investment of surplus or for purposes of control, increased more than 100 per cent., to a total of \$2,318,000,000.

In other words, railroad investments in other railroads have been growing about four times as fast as ownership by the general public, until, in 1903, about one-fifth of the outstanding issues of railway stocks and bonds were owned by these corporations themselves. This tendency has been more accentuated in the second half of the fourteen years under review. Fully one-third of these vast accretions occurred within the three years since 1900. Two full years have elapsed since then, characterized by still further growth of consolidation. The Pere Marquette, the Ontario & Western and the Gould systems, to say nothing of minor roads, have engaged attention. Take the case of the Union Pacific Railroad. Five years ago its holdings of "miscellaneous securities" were eleven millions. In its annual report for 1904, this item stood out two hundred and eleven millions, mainly stocks of other roads with a few bonds. Including its holdings through auxiliary companies, its investments have grown in five years from ninety millions to three hundred and forty-two millions in 1904. Such tendencies as these all over the country are worthy the most serious attention.

THE BURDEN OF THE LEAN YEARS

One of the two things is bound to happen, either of which is most momentous from a public point of view. Most of these railroad investments by railroads have been made in a time of unalloyed national prosperity. Stocks have been purchased by the creation of other securities issued as collateral by the parent companies. If based on inflated values, these operations will entail impossible burdens in a series of lean years. The parent companies can escape bankruptcy only by raising rates in order to make their purchased roads earn dividends and interest on a fictitious basis. What would happen, for ex-

ample, to the Atlantic Coast Line Company if the Louisville & Nashville, instead of showing a small profit in unusually prosperous years, as at first, should roll up a huge deficit one of these bad days—which is sure to come?

IF DIVIDENDS BECOME A FLOOD

The other horn of our dilemma affords even more suggestive possibilities. Suppose these railroad investments in other railroads should all prove profitable. If the Reading Railroad enriches the Baltimore & Ohio, that company will merely turn over a still larger surplus to the Pennsylvania Company. If the Burlington road serves its present corporate owners as well as the Lake Shore has the New York Central, and as a financial duct pours its revenues into the treasuries of the Great Northern and the Northern Pacific Companies; and if the Union Pacific, which owns large blocks not only of Northern Pacific and Great Northern, but also controls a majority of Southern Pacific Railway stock, should turn over its accumulated surplus to still larger consolidations, what then? Ownership having been effectively concentrated in a few parent companies, all these streams of dividends would unite to form a veritable flood of wealth for the few fortunate individuals who have foreknowledge of the course of events.

Suitable counterpoises of non-voting stocks and bonds enable control of these parent companies to be held with comparative ease. How cleverly it has been worked out in the Rock Island Company. This vast system, comprising 15,000 miles of line with outstanding securities aggregating more than five hundred and fifty millions, is in the hands of a board of nine directors. Five of these, enough for control, are chosen by a majority vote of only forty-eight millions of preferred stock. The control of nearly six hundred millions is wielded by twenty-five millions; not even this necessarily owned, but possibly borrowed or carried on margin. Needless to add that such controlling stock is closely held by promotion insiders. They constitute the residuary legatees of the railroad profits of every company owned, leased or controlled.

This is our dilemma, then. Such an inverted financial pyramid, if it prove its worth, must unconsciously enrich the few who control it the public danger of the over-wealthy. If it threaten to prove top heavy, it

can be upheld only through larger exactions from the shipping and consuming public—extortionate rates; while, if it topple over, vast losses must come to the innocent public which provided nine-tenths of the real capital investment—witness widespread bankruptcy.

It is now too late to forbid the already accomplished experiments in high finance, but it is not too late for the people to assert a power of control over railroad revenues which shall forestall or discourage imitation in the future. This involves no campaign against property rights. It is, forsooth, the property of the people which demands protection. President Roosevelt is neither socialist nor communist. He voices the demands of the people that their sacred property rights shall be respected.

COMPETITION AND FALLING RATES

The third change in general conditions since 1887 is indicated by the movement of freight rates since 1900. For the better part of a generation transportation charges had been steadily falling, by reason of the increasing intensity of competition between railroads or markets. This long-standing decline of rates continued without interruption after the passage of the Act to Regulate Commerce until within five years ago. An adequate conception of the importance of this fact to the people is indicated by the figures of the average revenue to the railroads for each ton of freight hauled one mile. In 1867 this was nearly two cents per ton (1.92)—a fair passenger rate to-day. In 1900 this charge had fallen to less than three-quarters of a cent (.729) per ton-mile. For Massachusetts, where returns have been carefully compiled, the relative decline of rates has been even greater. Ton-mile revenue was 3.11 cents in 1871 and fell to 1.22 cents in 1902.

The well nigh universal opinion among traffic experts as well as among shippers and the public at large was to the effect that these low freight rates had come to stay. Their decline was attributed to the spread of the railroad net—an inevitable consequence of the growth of the country. Their depressing influence upon net earnings, it was believed, could be offset only by greater economies in operation and by the decreasing proportionate cost of service as the volume of the traffic augmented. Almost as a gift of nature the

boon of cheaper freight rates seemed destined to fall into the lap of the public. The natural safeguard of competition seemed to obviate all danger from an extortionately high level of charges; danger, if it existed, was rather to the investor than to the general public.

THE RISE IN RATES IN RECENT YEARS

But the experience of the last five years has rudely shaken the belief of the people that competition would naturally provide against an unreasonably high level of transportation charges. Freight rates have been sharply advanced all along the line. As to the exact degree, and also as to the relative justification for these increases, opinions differ. Miles of type have been devoted to heated argument about them. The Interstate Commerce Commission, the United States Industrial Commission and the Senate Committee this spring directed attention to the problem. No denial of the fact that increases have been made is offered, even by the most ardent defender of railroad interests. Obviously, the immediate question is about the relative amount of these increases as compared with the general rise of prices.

THE ISSUE: MEANS OF CHANGING RATES

Over and above this detail of the question, however, looms the real issue, touching the means by which the changes have been effected, and, most important of all, the shadow which they cast over possibilities for the future. As to the immediate changes, the carriers attempt to show that the increase has been in general only about 5 per cent.—considerably less in fact than the general rise of all commodity prices during the same period. The proof for this rests upon the movement of the figures for revenue per ton of freight moved one mile. This for the railroad system of the United States was .724 cents in 1880, rising to .763 cents in 1903. These figures as thus used are, however, only superficially indicative of the changes that have taken place. They entirely fail to reach the core of the matter. For in the first place the latest available figures as here stated are for 1903, whereas other increases have occurred during the two years since then elapsed. In other words, present conditions are by no means fairly represented by the figures for June, 1903. Of much greater importance is the fact that these increases have

not been evenly distributed among all classes of goods and throughout all parts of the country. The greater proportion of railroad traffic measured by tonnage has not in fact been seriously affected at all by these changes. For many rates when determined by competitive conditions outside the United States, or otherwise beyond the control of each individual carrier, could not be increased at all without sealing up the outlet to a possible market. It is only on non-competitive goods that advances may be made effective. To increase freight rates on wheat or beef destined for Liverpool would effectually shut out the American producer. Even on cotton, despite our national importance in that field, the freight which may be charged directly reacts upon our competitive power in foreign markets. The same considerations in inverse order apply to the vast volume of commodities imported into the country. These goods, especially with the existence of a protective tariff, intended to be prohibitory, cannot afford more than a limited addition to their selling price on account of freight rates. The traffic, if it goes at all, has its transportation charge definitely fixed by these competitive conditions.

WHERE THE BURDEN OF INCREASE FALLS

A recent conference of railroad managers in Chicago brought out the fact that most of the import traffic for this current season of 1905 is being carried on less than the traffic rates. It is plain that whatever increases in revenue are to be made by the carriers must be levied upon the purely domestic, the local, or the otherwise non-competitive traffic which the railroads enjoy. A vast amount of freight is also moved on special or commodity rates. These are issued entirely irrespective of the standard or class rates, to enable some shipper who otherwise might not be able profitably to reach a certain market to engage in competition for the trade. It is the common opinion among railroad men that approximately three-fourths of all the tonnage of the railroads goes on such schedules. This means that the rates on this proportion of the tonnage so fixed by competitive conditions cannot be raised at will.

Thus most of the burden of making provision for additional revenue falls upon the standard or high-grade freight, much of which is domestic and the greater part of which is

more or less local. Taking the figures given by the carriers for the increase in ton-mile revenue of 5 per cent. on all traffic, and concentrating this entirely on one-quarter or one-fifth of the tonnage, we should have an increase of 20 or 25 per cent. between 1900 and 1903, leaving aside the other increases which have characterized the last two years.

EFFECTIVE DEVICES FOR RAISING RATES

The increase of freight rates, even on the standard or high-grade traffic, has been most unevenly distributed. In fact the inequality or unscientific distribution of the increases constitutes a serious ground of complaint at the present time. Few of the changes have been made by directly increasing the tariffs. That was the crude way in which the carriers had ineffectually sought in previous years to arrest the downward course of rates. These new changes have not only been more subtle, they have also been effected in many cases by means which emphasize the irresistible power of the railroads over the public—provided they all act together.

The greater part of the increases have been made by the changes in classification. Goods enjoying third-class rates have been lifted into second-class and so on. Inasmuch as classification is effected not by the individual railroads but by the associated railroads throughout large territories, unity of action has been as effectually secured as if it had been done by the chairman of a railroad pool.

Besides changes in classification, additional burdens have been laid upon the shipper by many other devices. Almost universally the minimum carload rating has been increased. Traffic by the carload is carried for much less than in small lots. In many instances, a shipper who formerly enjoyed carload rates for the shipment of 24,000 pounds now finds that he must pay on a minimum lading of 30,000 pounds. In other words, if his carload weighs less than that amount he must nevertheless pay the tariff rate just as if it were loaded to that full capacity. And instances are not wanting of minimum carloads placed so high for light and bulky commodities that the shipper is compelled either to pay practically less than carload rates for the whole lot or else to pay the carload rate on a considerably larger amount of goods than by any possibility could have been loaded upon a single pair of trucks.

In yet other ways—by the abolition of demurrage, by the prohibition of free storage privileges in cars, by seeking to withdraw return transportation for cattlemen, by the increase in charges for switching and terminal delivery, by increased fees for icing refrigerator cars or feeding or bedding stock—have the total charges been increased. And great restlessness among the shipping public has been engendered as a result—a restlessness not as much conditioned by the mere magnitude of the changes, many of which are justified by the generally increased costs of operation, as by the fact that they indicate indubitably the utter impotence of the public when the carriers all agree to act in unison.

THE VAST POWER OF UNITED RAILWAYS

The significance of this fact can scarcely be overstated. It is less the matter than the manner of the changes which rivet attention. Endless discussions as to whether this or that particular increase was justified by the general rise of prices distract attention from the main point. Formerly shippers had to deal in the main with single railroad companies. To-day the public, every merchant and every community, are confronted with a colossal power, constituted of all the railroads acting in unison—this, too, in spite of anti-pooling and anti-trust laws of the most stringent sort. It is the irresistible character and universal scope of these freight-rate changes which menace the future. A citation from a July decision of the United States Circuit Court for Southern Georgia, concerning the increases in freight rates on lumber, aptly illustrates this point. We think of cotton as the great staple of this region, yet, strange as it may seem, the tonnage of lumber shipped from these Southeastern states is eight times as great as the traffic in cotton. Nearly ten million tons of lumber were hauled in 1903, an increase of about 50 per cent. in volume over the output two years earlier, in 1901. By April, 1903, rates had been already increased from nine or ten cents per hundred pounds to Ohio River crossings, to thirteen or fourteen cents. And then on top of these increases of 30 or 40 per cent., and despite the enormous expansion of the business, came the announcement of a further rise of two cents per hundredweight. This constituted an additional tax amounting to about \$131,000 a year upon the main industry of the region. Was it justified by the

circumstances? Costs of operation per unit were higher, to be sure; but was not the vast enlargement of the business and the increase of net earnings, as on the Southern Railway from 1889 to 1903 of over 50 per cent., more than a counterweight? Certainly the United States Circuit Judge, upholding the Interstate Commerce Commission in condemning the increase, seemed to be of that opinion.

THE NECESSITY OF REAL FEDERAL CONTROL

"After careful consideration of the extensive record," this learned Judge continues, "there seems to have been an utter absence of excuse or justification for the concerted action of the railroads which advanced the rates on lumber throughout the South." Our main point is not yet clear. We continue to quote from the same opinion:

"A highly significant feature of this case is the fact that the rates complained of are the result of concert of action on the part of the members of the Southeastern Freight Association. . . . In that territory, as regards every interest dependent upon the transportation of commodities, the action of the association is more authoritative than the firman of the Sultan or the ukase of the Czar. . . . The marked increase of charges did not originate from a normal or unreasonable exigency of the respondent's business. On the contrary, it was an arbitrary exaction imposed by a combination of railroad agents made in restraint of the natural movement of the produce in the lumber trade."

The same thing has occurred in all the changes, and sometimes they have been downward, in trunk-line territory. Or if, for rates on merchandise from Western cities into the South—a bone of contention for twenty years or more—it seems advisable to do it by shrinking the proportion of the total charge north of the Ohio River, the process is equally simple. The Southern Railway and the Louisville & Nashville—fierce competitors, to be sure—jointly control the Monon line into Chicago. On a given day an identical notice is served to the world by every line in the business. All together now—heave away! and the thing is as good as done. What if the acts in themselves are reasonable—does that touch the real question before the American people? A power too vast and arbitrary is loose among us. And there is but one remedy for the condition. Real, efficient control, and not sham supervision, by a Federal administrative commission is the need of the hour.



Courtesy of Mr. John A. Hensberry

JEROME: A MAN

THE STORY OF THE DISTRICT ATTORNEY OF NEW YORK COUNTY, A UNIQUE FIGURE IN OUR PUBLIC LIFE

BY

M. G. CUNIFF

A NEW YORK reporter once telephoned to the proprietor of a gambling house who had defied the law for years and said, inquiringly:

"We have heard that you were raided this evening. Is it true?"

"No, it isn't true," replied the gambler. "Me run a gambling house! What are you giving us?"

"But our information came from the District Attorney's office," objected the reporter.

"Oh, Jerome told you, did he?" came after a pause. "Well, if you got it from Jerome, it's straight. I *was* raided, and you can take it from me, young feller, that anything Jerome tells you is on the level—I don't care what it is."

It is just because the public, too, believes this that District Attorney Jerome, of New York, has become a unique force for good in our public life. He has told us things that have made many a cuddled delusion wriggle with discomfort—the Kansans that their prohibition law is a sham, cultivated New Yorkers that the shames and evils of the city are "up to them," college men that they shirk their duty, public officers that they compromise with political corruption, reformers that they deceive themselves.

"I believe," he said one day, "that, somehow or other, telling the truth is better than lying, if only for the man himself;" and then

he added, "besides, you have the satisfaction of knowing that you have announced what many other people think and daren't say."

He has told the truth as he has seen it so frankly, with such an audacious disregard of consequences, that he has gained the public's confidence, as a "straight" man with something to say always will. What a man like this has done, as well as what he has said, is a story worth the telling. "The career of Grover Cleveland," he once remarked in private conversation, "is an inspiration to every American." There is inspiration in his career, too.

His father was Lawrence Jerome, a well-known New York lawyer, a Democrat, who made and spent money freely, entertained well and widely, once befriended Richard Croker at a critical moment, and knew and took part in the intimate life of diversified New York. His uncle was Leonard Jerome, whose eldest daughter, as Lady Randolph Churchill, became a force in British politics. His father's closest friend was William Travers, after whom he was named. As a boy, slight and not strong, he studied with tutors, one of whom, now a clergyman, led him to choose Amherst for his college. Here he worked hard, with brilliant results in mathematics and in chemistry and other sciences. He had then, as now, a mania for exactness. On graduation he entered the

Columbia Law School, from which he graduated in 1884 to enter a law office, which he soon left for private practice, with Daniel Nasson as his partner. Here, then, was a young man, a born and bred New Yorker, knowing the city as he had learned it in a typical New York home, meeting the shock of life in criminal law practice—in the most cynical and sophisticated little world in the whole unregenerate metropolis—while saturated with the passion for reform, the idealism, the Puritanism that a New England college breeds into the bones of its sons. Mix those elements: A New York boy. A New England college graduate. A Puritan and a reformer. A New York criminal lawyer, a man whose acquaintance with the evil side of city life might well make him heartsick, cynical, or both. Add energy and originality. There you have Mr. Jerome setting out to do the task nearest his hand as well as he might, and to accomplish as much more as he could to establish his ideals.

An older brother, a brilliant young Harvard graduate, who died, had been an assistant district attorney. "Travers," as he was called, thought he was capable of filling a similar office. His father said to Mr. Croker:



TALKING THE DEBTS BY THE DEBTS IN THE
OFFICE OF THE DISTRICT ATTORNEY'S OFFICE.



THE HOUSE AT 477 FUGATE STREET IN NEW YORK,
EAST SIDE, WHERE MR. JEROME HAS BEEN LIVING
UNTIL RECENTLY.

"My boy wants to be assistant district attorney. I want the place for him, not because he's my boy, but because he will make a good servant of the County of New York."

District Attorney Fellows appointed him. Entering upon his duties as assistant district attorney, he learned enough of the office to know just where it needed reform. Often a political leader would drop in and whisper behind his hand: "Have ——— case continued," and it was done. Important papers would mysteriously vanish. Juniors of the staff were not above suspicion of corruption. Cases dawdled through the courts. Justice saw with a squint. The word was passed one day to Mr. Jerome. "Don't prosecute that case hard. Lose it." It is reported that he replied merely with a glance through his great, round glasses of just the chilly kind that to-day sometimes makes the chair beside his desk the most uncomfortable spot in New York. He convicted the man. That was had enough. But presently he took part in an unsuccessful anti Tammany campaign. Naturally he went back to private practice. Tammany could put no tag on him.

In his private practice, as associate counsel defending Carlyle Harris, charged with poisoning a girl with opium, he spent months in preparing a brilliant case. He was associated

with Judge Goff in prosecuting the Lexow investigation, and shortly afterward managed the campaign that elected Mayor Strong. The new Mayor appointed him Justice of the Court of Special Sessions, a new court, the constitution of which he had helped Mr. Elihu Root, now Secretary of State, to draft. This is a court midway between the municipal courts of police magistrates and the Court of General Sessions, where felonies are tried. It

"But there's nothing you can do."

"Watch," said he. He had talked the matter over with the Committee of Fifteen, a body of reformers banded to give their time and money in an effort to purify the city.

Judges of Special Sessions not only sit and try cases, but they also have magisterial power—as the Mayor of New York has, too. They can make investigations. They can issue summonses and warrants. Judge Jerome



MR. JEROME IN THE AUTOMOBILE IN WHICH HE MADE HIS SPECTACULAR CAMPAIGN TOURS

has jurisdiction over minor crimes. Three judges sit at once, of whom one presides.

His friends advised him not to accept the appointment—a police justiceship was no position for a man of ambition. But here the quality of the man showed itself.

"There's work to be done there," said he. "There's police corruption. There's gambling. There's graft. There's persecution of the poor of the East Side. If the city needs cleaning I'll do what I can to clean it. I too good for the place! I wish I were big enough to fill it as it ought to be filled."

tried cases. "Jerome!" said a court officer at the tail of a cynical criticism of another magistrate. "When the law says 'a year,' Jerome don't give a man eleven months, nor yet thirteen. Jerome, he gives him a year." But, with the Committee of Fifteen and District Attorney Philbin helping, he also gave New York such a lesson in what a magistrate may do that his name became a watchword. Mayor Strong went out of office and Mayor Van Wyck came in. "Jerome" filled the headlines of the daily papers.

The odious "System" had begun its car-

nival of corruption. The policemen, under the notorious Chief Devery, blackmailed gamblers and disorderly houses, which ran full blast under "protection" bought by the tribute they paid. Daily Judge Jerome issued search-warrants and subpoenas. The chief attack was on the gambling houses that the police professed themselves unable to find. Raid after raid took place. Judge Jerome took part in some himself. He would smash all precedent by holding court in a raided

Place he had hurt called him "tin soldier" and "Carrie Nation." They talked about his cigarette smoking and about the high balls he drank. They did not like the fact that he used slang; you wouldn't yourself if you were called a "four flusher" or a "tin-horn sport"—if the term fitted. It somehow was not right that a man who drank when he liked, smoked incessantly and swore when he needed a piquant word, should send you or your friends to jail or blazon your name to



BRINGING INTO THE CRIMINAL COURTS BUILDING THE SEIZED APPARATUS FROM CANFIELD'S RAIDED GAMBLING HOUSE.

gambling house. The men caught would be examined in the hope of furnishing evidence for other raids. An unsuspecting person would enter only to meet the stern greeting: "This is a court room. Take off your hat; hold up your hand and be sworn."

Judge Jerome was not far from being policeman, prosecuting attorney and judge in one. Gambler after gambler was convicted. Gambling became a meaningless business in New York. Disorderly houses were closed. The System, though worried, still lived, but New York had become acquainted with Judge Jerome

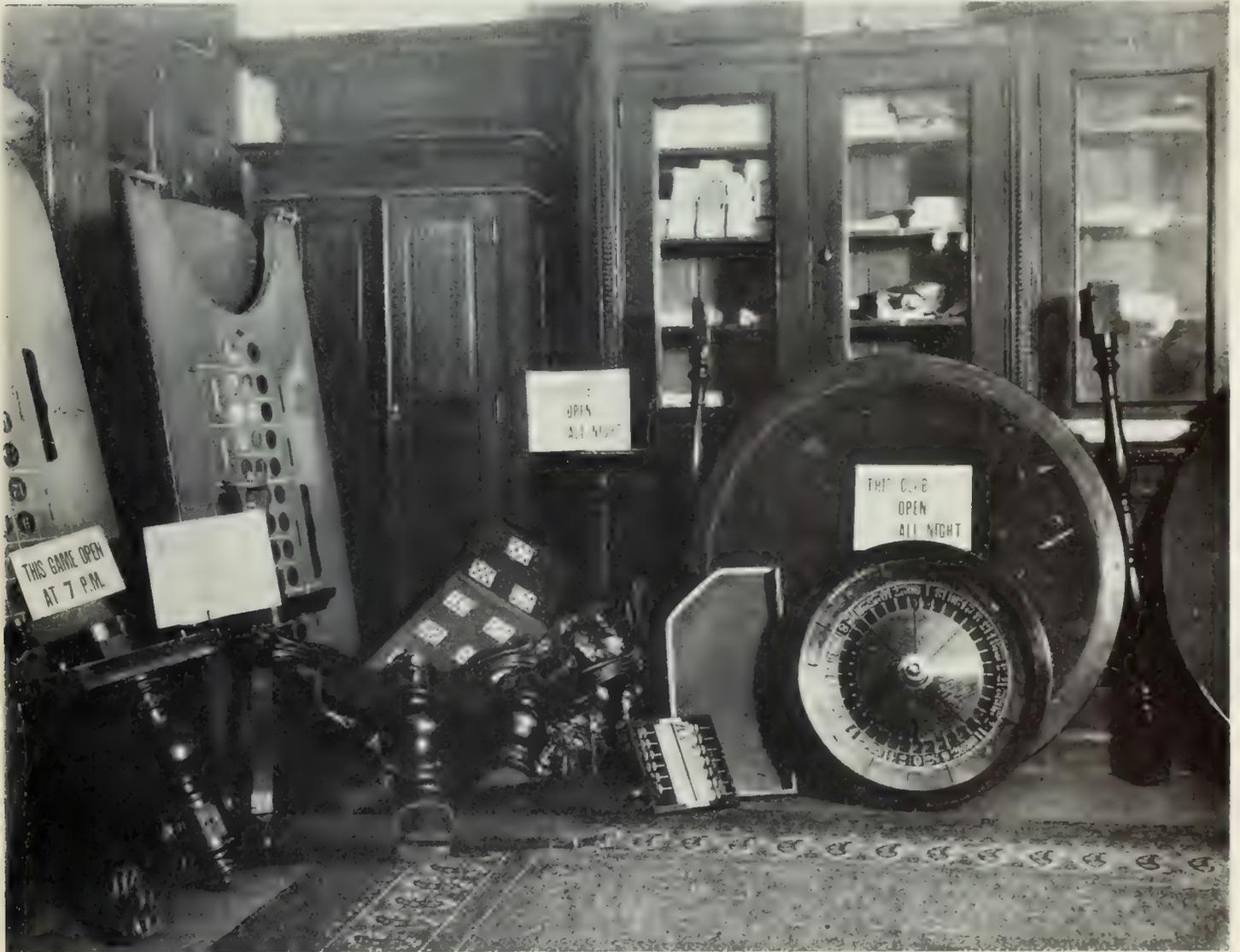
the world as the victim of a raid, with no more human feeling than a guillotine. And if you were very respectable, so respectable that you lived by formula, you were much concerned about the "dignity of the bench." The ultimate thing that can be said about the raising is that this was Mr. Jerome doing what he thought right in precisely Mr. Jerome's manner. Its result was that the people of New York were awakened to the evils they had to combat as they could have been awakened in no other way.

When the election of 1901 approached, the

Citizen's Union, then an organization to promote good government but since then an anti-Tammany political party, nominated Judge Jerome for district attorney, and the Republicans endorsed him. In a brilliant campaign, in which he rushed from hall to hall in an automobile and set New York in a blaze of indignation against the corruption of the System by the simple device of telling the

it is his career since then that is now the matter of moment.

He must first have an office force he could trust. He knew from his experience as judge the quality of the men on the staff of the former district attorney, and a half-dozen of these, some of them Tammany men, he retained. Then he mentioned to eminent lawyers and judges he knew that he would



FARO LAYOUTS AND ROULETTE WHEELS TAKEN FROM CANFIELD'S, PHOTOGRAPHED IN THE DISTRICT ATTORNEY'S OFFICE

truth in specific terms, he won his election and carried Mr. Low into the mayoralty. It is bare justice to say this. Not an orator, but a good speaker with a ring of sincerity in his voice, setting forth facts in every sentence that came home to every auditor, he kept his audiences between breathlessness and cheers. It was the enthusiasm which he raised that carried the election.

But all this is an old and ten-times-told story. When the election was over he set out to reform the office of district attorney, and

like to receive recommendations of sterling young lawyers who would make capable and trustworthy assistants. Political influence or political qualifications were to have no weight. Plenty of candidates put themselves in nomination. He took the whole packet of recommendations to his country home at Lakeville, Conn., and sifted them. He sent for the most promising men. "There is no art," he is fond of quoting from Shakespeare, "can tell the mind's construction in the face"; and he then goes on, "but any sensible man

can tell a great deal." So by interview and investigation he picked his men.

"I wanted not only good lawyers," he has said, "but I wanted fellows who could work together—not the kind of man who would say, 'Well, I've finished my job,' close his desk and go home, but the kind that would say, 'Well, I've finished my job—can I help you out on yours?' And I wanted every one of them straight as a die."

his complaint, if worthy, was investigated at once. Files and card catalogues were introduced and brought to a point of usefulness where any detail of the office business was accessible in a moment. Nothing could be lost or forgotten. Whereas prisoners formerly waited weeks for trial and courts permitted delays, the machinery of the office was gradually speeded up until the time between indictment and conviction or acquittal was

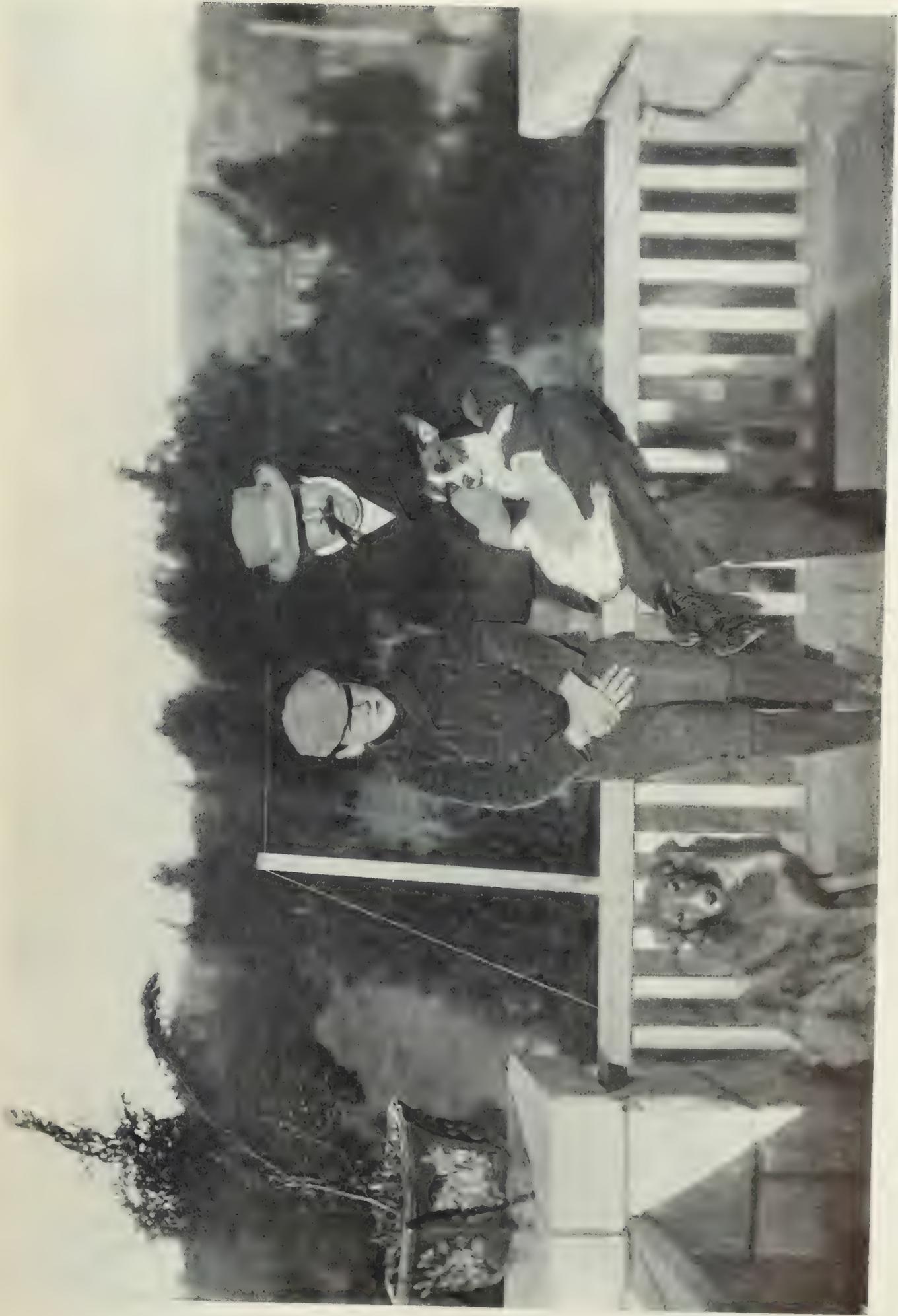


MR. JEROME SEATED BY THE FIREPLACE AT HIS LAKEVILLE HOME

He thus organized a loyal legion of young men, college men of aggressive spirit and sound ideals, and he set the whole force to work to systematize and expedite the public business. The routine of the office must come first. After the first few weeks political leaders came no longer "to use their influence with the District Attorney's office." A machine for prosecuting criminals was set in motion that it has taken the greater part of his administration to perfect. Anybody with a complaint was received with courtesy, and

reduced from one month to one week. Prisoners marched quick-step to justice. This in itself was a Herculean task. It often took days, nights and Sundays.

But Mr. Jerome was in his element. He took a house at No. 8 Rutgers Street, on the East Side, in the most crowded section in the world, where families are crowded into reeking tenements and where thousands and thousands of Jews live the life and think the thoughts of the Russian villages from which they come. Here he lived with Mr. Hodder, who for four



MR. JEROME WITH HIS SON WILLIAM TRAVERS JEROME, JR., ON THE VERANDA AT LAKEVILLE

Photographed by N. I. Lavrenko



Photographed by N. Lazarus

THIS IS HOW MR. JEROME SPENDS HIS MOMENTS OF RELAXATION

years has been his secretary, and some of his staff until recently, when he moved to a flat across the street. He made it known that

he would be accessible here in the evening as in his office in the Criminal Courts building in the daytime. Long-bearded Jews, speaking but a few words of English, came here to bewail some loss through other Jews' cheating. A mother would come to ask for aid to find a young daughter whose probable fate made her heartbroken. An Italian would seek the punishment of boys who had robbed his fruit stand. All the varied woes of the East Side were brought across his door sills.

He would thread his way through the East Side in the morning, push his way through the flotsam of the lower floor of the Criminal Courts building—the witnesses, lawyers, reporters, shysters, hangers-on—take the elevator if it happened to be ready, if not run up two flights of stairs in the exuberance of his vitality, and hurry to his desk. If he were asked how he felt, the chances are he would say, with a boyish grin, "Not a funeral note," though the woes of unfortunates might have filled the previous evening and the day promised a murder trial. Then a glance at his mail. The card catalogue of cases next. Then a quiz of the assistants about those they were handling. Courts were then sitting, and



THE CEDARS TAKEN FROM THE GROUNDS

Photographed by N. Lazarus

he made a round of them. Here he would give a word of advice to an assistant. There he would intervene in a trial. Again he would simply listen a minute and go out. Never for a moment was any business of the office much beyond his finger tips. He might then have a chance to look at his mail again. Lunch with three or four assistants at Pontin's or some other nearby restaurant would mean more talk of business. Callers on business and more conferences and an audience with the waiting reporters at four o'clock took the afternoon, and if the dinner period were free enough to allow him to cook the meal himself, as he was fond of doing, he was happy enough to whistle over it. On Friday nights he went up to his Lakeville home if affairs at the office permitted.

The Low administration kept the city in a fair condition of decency, but Mr. Low's first police commissioner, Mr. Partridge, was unable to get the force in hand, and General Greene, his successor, scarcely had time to master it. Corruption still existed. The "cadet" evil no longer was flagrant, but gambling houses still kept open, in a quiet way, though the District Attorney fought them hard, and by the consent of the administration the law compelling the closing of saloons on Sundays was disregarded. Mr. Low, by his chilly personality and by his failure to enforce reform principles, had alienated the public. Nobody wished to renominate him. He forced matters by announcing his candidacy. Mr. Jerome forthwith again "committed political suicide" by saying what everybody else thought but nobody else dared say. In a letter to the Citizen's Union he declared that Mr. Low could not be re-elected. Later he published personal letters from the secretary of the Citizen's Union asserting that many leaders of the reform movement agreed with him. He went on the stump to advocate the lost cause, when Mr. Low was renominated, but it was not the Jerome of the previous campaign. A man of profound sincerity, he could not awaken popular enthusiasm when he had none himself. He said when Mr. Low was defeated:

"The campaign resolved itself into a question whether you could put up a naked principle to be supported by an unlovable man."

But such forces of evil as found comfort in the return of Tammany to power met this statement:

"If the men who are planning for a wide-open town count on bringing back red lights, pool rooms and gambling houses, they are making the biggest mistake of their lives."

And Mr. Jerome went back to his war on the gamblers. This was the absorbing fight of his term.

"I like to gamble myself," says Mr. Jerome, "but any man can get all the gambling he needs in social games with his friends. Wide-open gambling houses so flagrantly conspicuous that their pullers-in are as bold as the runners of a Baxter-Street clothing store are a public menace."

He tells of finding the \$500 check of an army officer in one raid, and in another a flurried individual threw his pocketbook under a chair. Recovered, it proved him to be the principal of a public school. The checks of business firms passed to pay gambling debts were bringing an occasional business to ruin. Wives sought the District Attorney's office to beg him to close the "joints" that swallowed up their husband's wages. But more than all these, the existence of gambling houses running unmolested for decades brought the law into disrepute.

"The big gamblers," declared Mr. Jerome, "connived with the police, and the police came to have a cynical contempt for the law. Laws are not made to express the moral yearnings of the community, but to be enforced. If they are not to be enforced they should be repealed. I intend to put the gamblers out of business."

He sent out his county detectives to gather evidence. "Jerome raids" began as soon as he took office and continued till last spring, when open gambling was at last wiped out of New York. But it was uphill work.

"Al" Adams, the policy king, was convicted and sent to Sing Sing. But when Richard Canfield, who had run a luxurious gambling house for more than twenty years, was indicted, the prosecution fell to the ground because a law was invoked that permitted witnesses to refuse to testify on the ground that their testimony would incriminate them. Gambler after gambler had been raided, but it looked as if this refuge discovered by Canfield's lawyer would bring the work to naught. Another man would have abandoned the fight here. Mr. Jerome declared, with a thrust of his jaw, "The law must be changed."

He went before the State Legislature and

argued and lobbied for the Dowling law compelling witnesses to testify, and granting them immunity if they did so. He declared before the committee on the bill that one drunken boy had lost \$405,000 in five nights at Canfield's. They asked him to name the boy. He refused. The newspapers all over the state became interested. They demanded the name. He declared that the boy was Reginald Vanderbilt. Sensation! The Jerome bill was brought into the vivid light of publicity by the skilful statement of this fact, for it was "copy." The up-state constituents watched their representatives. Senator Raines and Senator Brackett got into a fierce personal quarrel, in which Senator Brackett was called "Canfield's paid attorney." More publicity! Such a bill could be defeated only in the dark—it was passed.

Mr. Jerome returned to New York City with a new weapon. The gamblers were shaken. And here Mr. Jerome demonstrated a method that is typical of him—it might be called reforming by personal touch.

He sent word to every man who conducted a gambling house. They came to see him, singly or by twos and threes.

"Mr. Betts," he would say—"or Mr. Ludlum, or Mr. Johnson—I've got the goods on you. Send down here by to-morrow afternoon in a wagon every gambling implement in your place."

If the gambler proved recalcitrant, his jaw clinched and his gray eyes flashed behind his glasses.

"No song and dance," he would say. "You give me straight talk. If you don't send that stuff down at once I'll put you behind the bars."

The gamblers meekly said, "Yes, sir," and they did it. Thousands of dollars' worth of gambling utensils were burned.

"Poker chips make a good fire," said the District Attorney.

The gambling business ceased to exist in New York County. Someone asked him if a man could not find a gambling house to-day.

"You might," he said, "to-day, in some out-of-the-way corner. But if I heard of it, you couldn't to-morrow." That is the fact.

He carried on a campaign against dishonest lawyers and indicted ten suspected men, among them Abram H. Hammel. The incompetence of certain judges had become notorious, but no one would proceed against them. As a private

citizen he presented charges against one of them and had him unseated. Another died, and the case of a third is still pending. Judge, lawyer, capitalist, gambler, political leader, all stand on an equal footing with him.

Governor Odell once wished to pardon a convict, and as custom demanded that he ask the consent of the District Attorney who prosecuted, he sent word, it is said, to Mr. Jerome that his consent would be taken as a favor. He looked the messenger in the eye and said:

"Any time that Mr. Jerome can do Mr. Odell a favor he will be glad to do it—if he can. But the District Attorney of New York County can do no favors for the Governor of New York, and the Governor of New York ought to know it."

That is the keynote of his principle. Mr. Jerome brims with human feeling; the District Attorney, while bringing the salt and savor of his offhand, slangy, colloquial, cigarette-smoking, jocular personality into his official methods, is the same Judge Jerome who, "when the law said a year, gave a man a year, and not eleven months, nor yet thirteen."

He is gray-eyed, stocky and athletic. His assistants call him "Chief," and his intimates call him "Travers." At home in Rutgers Street he cooks Bombay duck and other dishes with the enthusiasm of a boy who roasts potatoes in a bonfire, tells stories, reads before breakfast and in bed at night, smokes all the time, and is ready to talk at any time on any subject from Tammany district leaders, a breed of man he likes, to Thackeray and Emerson, his favorite authors, if he has any favorites, for his reading is omniverous.

Every week he goes to his place at Lakeville, a cozy, homelike dwelling whose windows look across Lake Wononscopomic to the Taconic range of mountains and the Berkshires in Massachusetts. The house is perched on a ledge, and the surrounding acres are left untouched in their natural alternation of woods and pastures. Off some little distance from the house is a little machine shop where he takes his recreation. A steam engine furnishes the power for lathes and drills, and the walls are lined with a collection of tools that would delight a mechanic. Here he does work in brass, in wood, and in iron and steel. In grimy overalls he hammers and pounds and tugs at tough metal, or guides machines

to do delicate work that must not vary from accuracy by a thousandth of an inch. It is an ideal relaxation, and the amount of exercise it gives is astonishing. Here and about the house he shows his many-sidedness. He has a huge Æolian and a large collection of records of classical music. Sunday evenings he plays sometimes for hours. He will sit on his veranda looking across to the sunset over the Massachusetts hills and muse for long spaces. When his next remark comes it may be a slangy illuminating comment on New York politics, it may be a plan for a new kind of barometer, it may be a quotation from Epictetus. He has one son, fifteen years old. Mark this, which he once said:

"How could I go home and tell my boy to be straight, to be brave, to hate a lie, if I compromised, and hedged, and falsified, and played the hypocrite myself?"

There is much of this elemental simplicity about him.

In August he issued a statement declaring his freedom from political parties, denouncing machines, and asserting his willingness to serve another term as district attorney if he were nominated by public petition. The Citizen's Union wished to nominate him for mayor, but he flat-footedly said that he would not take the nomination. He has put the District Attorney's office into a condition in which it will work like a well-oiled machine. He wants to see what he can accomplish with it. He promised in his last campaign to do his utmost to have the excise law enforced or repealed, and just as he followed the gamblers to Albany he followed the saloon keepers there. He fought doughtily for a bill permitting the saloons in New York City to remain open on Sundays between 1 and 11 P. M. This is a law that might be enforced. He plans now, if re-elected, to turn the same vigorous methods on the enforced alliance between blackmailing policemen and law-defying saloon-keepers that he used so successfully against the gamblers. If the Mayor and the Police Commissioner will not aid, he will fight for an honest police and for a law-abiding community alone, leaving his results to be judged by the public. He fights best alone, and untrammelled he is the public's best servant.

When Mr. David B. Hill came to him during the Parker campaign and offered him the Democratic nomination for the governorship, the astute politician whispered:

"Mr. Jerome, an organization is a good thing for a man to have behind him."

"Yes," said Mr. Jerome, "and if I were a candidate for governor I should have a machine behind me, but it would be a machine based on principle and not on the petty plunder of peanut politics," and he declined the offer in terms that shocked even Mr. Hill.

One of the public services he did was to prosecute and convict Sam Parks and "Diamond Phil" Weinseimer, walking delegates who extorted money from employers through threats of strikes. He minced no words in denouncing labor-union grafters. He declared that Weinseimer and Parks were not the only dishonest ones.

Labor leaders came to him with pompous warnings. He was "alienating the labor vote," "attacking the honest workingman."

"We come to you," said the spokesman of a committee, one day, "as the representatives of 10,000 voters, and as such we are entitled to respectful hearing."

"You'll get a hearing as citizens," said he. "Don't talk to me of your 10,000 votes. You couldn't deliver a vote in your union, except your own, and you know it. There isn't a labor leader in the city who can deliver the votes of his union. And I wouldn't care if you could. If your union wants me to give them the facts about some of their grafting representatives, let them send me an invitation and I'll go up and tell them the truth. And they'll listen."

When certain educated "reformers," who endeavor to be amateur politicians, point out to him the advantages of compromise, he is fond of quoting this from Tennyson:

"What profits now to understand
The merits of a spotless shirt—
A dapper boot—a little hand—
If half the little soul is dirt."

His ambition then is to do the task before him well, with little worry about the future.

"If I am defeated," he has said, "I shall not be destroyed. I can earn a good living by my law practice and my only regret will be that I was not big enough to do the job I set out to do."

"Will you change your mind about what the people want? Is not your ideal too high?" he was asked.

"You can't put it too high for the American people," said he.

THE FEDERAL REGULATION OF INSURANCE

WHY IT WOULD DECREASE THE COST AND INCREASE THE SECURITY OF GOOD COMPANIES—OBJECTIONS TO FEDERAL REGULATION ANSWERED

BY

JOHN F. DRYDEN

UNITED STATES SENATOR FROM NEW YORK AND MEMBER OF THE PRESIDENTIAL COMMISSION ON FEDERAL GOVERNMENT

THE Congress which will assemble in December will have few matters of greater public interest to consider than the proposition for the Federal regulation and control of insurance. While opinions differ as to the necessity and expediency of such a measure, the public interests require that some positive and final action should be taken at this time to set at rest an agitation which extends over more than forty years.

The time has come for action, and it is my intention to reintroduce my bill of last session, providing for the Federal regulation of insurance by Congress so that the subject may receive the consideration and attention to which, as a matter of national importance, it is fully entitled. No interest comes nearer to the life and well-being of our people and no interest is more pre-eminently entitled to all the solicitude and care which our Government can give to forces making for a higher type of national life. Insurance is an indispensable necessity of commerce, it is the safeguard of the home, and it is indeed the first business of the land, if importance is to be measured by extent of financial resources and magnitude of results.

THE NECESSITY OF UNIFORM LAWS

Insurance companies, as state corporations, are properly subject to state supervision and legislative regulation and control, but under our form of government this power of state supervision on the part of some fifty different state and territorial governments has become so much of a burden and has resulted in so many perplexing and serious problems, sometimes threatening the very existence of the companies, that relief is sought in a Federal statute which would materially improve the situation and eliminate needless friction and

expense. Such a statute is demanded upon the highest consideration of public policy, and it is but proper that the companies should urge such a measure, holding, in this matter, the position of public trustees.

The problem is the same as in other matters of state legislation which have come more or less in conflict with national interests. In the demands for uniformity of laws governing any given business or element of social life, whether this be the regulation of divorce or of railways engaged in interstate commerce, or of insurance companies engaged in interstate transactions, the basic principle is the same and the results anticipated are identical. The object is to do away with needless friction, needless expense, needless burdens, and to substitute a more effective system of supervision and control by the Federal Government.

THE PROBLEM OF STATE SUPERVISION

State supervision has its advantages, and in many respects the state departments have proved of great value in protecting public interests and in fostering the development of a business so pre-eminently entitled to the solicitude of government. But the serious condition confronting the companies, which is becoming of increasing importance, is that supervision by some fifty different states and territories is an intolerable burden and a very considerable expense to the policy holders.

The problem of state supervision is summed up by Actuary Herbert Wolfe, a distinguished opponent to Federal control, in part as follows:

"Each state has an insurance code of its own, and the difficulties and annoyances which insurance companies experience in trying to comply with fifty different sets of laws may well be imagined. There is a crying need for uniformity in this matter, and

for a radical change in the laws for all the states. I know of no one state which possesses a code of insurance laws which may even be termed reasonably satisfactory. The insurance business has attained such proportions, and contributes so liberally through taxation to the income of the state, that it is entitled to more equitable and reasonable treatment than it is receiving at present."

But all efforts in the direction of uniformity in insurance laws have failed. A code to this effect was drafted by the first Convention of Insurance Commissioners in 1871, but few practical results have followed the numerous subsequent efforts to bring harmony into legislation and uniformity into methods of supervision. While what has been accomplished in this direction is, of course, desirable, the conditions to-day are nevertheless intolerable and constitute a burden for which there is no practical or political necessity.

NEW PROBLEMS—THE SOLUTION

I hold to-day, even more emphatically than when I said in an address of last November before the Boston Life Underwriters' Association, that

"The development of the modern system of insurance, especially of life contingencies, has resulted in new conditions and new problems which are plainly beyond the power of the states to supervise or regulate or control. . . . I cannot but think that a broad and impartial consideration of the subject will obtain for what is now a national business the legitimate and effective regulation and control by the National Government."

And I repeat that

"I earnestly hope that the time is not far distant when, as a permanent relief from the needless and increasing burdens of over-supervision, over-legislation, and over-taxation, and as an additional security for the protection of our policy holders, we shall have an Act of Congress regulating insurance between the states."

In the meantime the course of events has been distinctly favorable to this view. President Roosevelt, in his last annual message to Congress, refers to the subject for the first time in an American state document, expressing himself with his characteristic precision and clearness to the effect that

"The business of insurance vitally affects the great masses of the people of the United States, and is national and not local in its application. It involves a multitude of transactions among the people of the different states and between American companies and foreign governments. I urge that Con-

gress carefully consider whether the power of the Bureau of Corporations cannot be extended to cover transactions in insurance."

While such a consideration was impossible during the last Congress on account of other pending measures of national importance, it is entirely safe to anticipate a fair and open discussion of the matter by the Congress which is to meet next December.

Since my bill was introduced there has been more or less opportunity for an expression of public opinion on the necessity of the legislation suggested, and even in its preliminary stage the proposition has received the endorsement of many conservative and seriously minded statesmen and writers on public affairs. Objections are urged against the measure, and they are entitled to every reasonable consideration, but they are largely based upon assumptions which, I am confident, a public discussion of the subject will not sustain.

OBJECTIONS MET

It is assumed that the Federal Government might exercise undue power over insurance corporations, in the event of party changes and the lowering of political morals, and this might possibly be used to the detriment of policy holders and the companies, but only a political pessimist could anticipate what would be equivalent to a complete failure of our Government in all its parts. There is no precedent for this anticipation to be found in our political history, for in the various matters committed to Federal regulation the results have, on the whole, been beneficial and met with the approval of the people. We have the latest evidence of this in the request to the Federal Government, of a Southern state, strong in its historical antipathies to the extension of the power of the Federal Government, to take charge of local quarantine and health matters for the more effective elimination of a pestilential disease. The insurance companies place their faith in the Federal Government for an impartial administration of insurance interests in common with the rest of the people who believe that our Government at Washington can be trusted to discharge its duties with fidelity, much as it could in Lincoln's time.

It is also assumed by those who are opposed to Federal regulation of insurance that the subject does not properly fall within the

sphere of the general Government, but belongs exclusively to the states, in view of certain decisions of the United States Supreme Court to the effect that insurance is not commerce within the meaning of the commerce clause of the Constitution. With the highest possible respect for the opinions of the Court, I hold that there is a very material and fundamental difference between the decisions referred to and the constitutional aspect of a Federal statute regulating insurance between the states. The Supreme Court has never passed upon a Federal statute regulating the insurance business, and it is entirely within the power of Congress, and implies no disrespect for the decisions of the Court, to enact such a statute, leaving the final decision as to its constitutionality to the august tribunal which, from the beginning of our Government, has so successfully stood the test of all our national requirements.

THE URGENCY OF THE ISSUE

Recent developments in insurance history have brought the subject once more forcibly to public attention, and the inadequacy of state laws to remedy certain evils in the administration of insurance companies emphasizes the imperative necessity for national legislation on the subject. It is a matter in which every policy holder of an insurance company has a vital interest and it can only be to his material advantage to carefully consider and weigh the facts for and against the necessity of an increase in Federal power. In the light of my own experience I am convinced that insurance is a national interest fully entitled to the solicitude and care of our Federal Government.

THE DRIFT OF POPULAR OPINION

As an evidence of the drift of popular opinion upon this important subject I quote an extract from an address by Mr. Frederick W. Standard, president of the National Association of Credit Men, at the tenth annual convention held at Memphis, June 14, 1905, as follows:

"I am strongly of the opinion that insurance companies, both fire and life, should be under the supervision of the National Government rather than under the control of the various state officials, as at present. Such a change would operate not only to the material benefit of policy holders in general, but, I believe, would also be conceded to distinctly

safeguard the interests of the insurance companies themselves, for the reason that on the one hand the policy holders would be afforded greater protection in the way of supervision and examination, and discouraging and eliminating unsubstantial and unreliable institutions, while the companies, on the other hand, would be benefitted by uniformity of legislation and taxation."

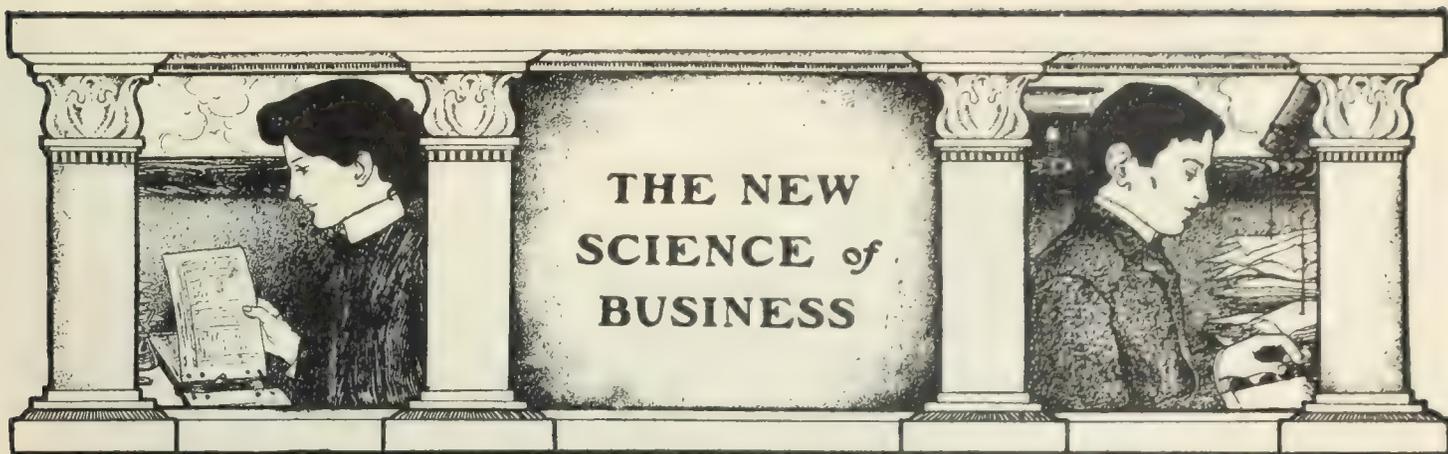
A BILL TO PROVIDE RELIEF

As I have said, it is my intention to reintroduce my bill of last session into the next Congress because such a measure is demanded by the policy holders of American insurance companies for the more complete protection of their interests. I can conceive of no measure which may come before Congress of more immediate importance to every man, woman and child of these United States than that this business of ours, which to-day is of truly national, and indeed of international importance, shall be so safeguarded in all its details that the risk of failure shall be reduced to a minimum and a miscarriage of effort shall be made practically impossible. The bill will be introduced on behalf of the policy holders of all insurance companies in the firm belief that their interests will best be served by a Federal statute regulating insurance between the states, and that by eliminating a large amount of needless state supervision the following six distinct benefits will result:

ADVANTAGES OF FEDERAL CONTROL

- First. An increase in security.
- Second. A decrease in the cost of insurance.
- Third. An increase in the returns to policy holders.
- Fourth. A decrease in the burden of taxation.
- Fifth. A diminution of a large amount of needless clerical labor to meet the requirements of some fifty different states and territories and a consequent decrease in the expense rate.
- Sixth. The stamping out of fraudulent or spurious insurance concerns.

To the foregoing may be added the power and the ability of the general Government to protect the policy holders in American institutions in their international relations, a subject which a vexatious and an annoying experience has already shown the states to be utterly incapable to cope with.



COMMON MISTAKES IN ACCOUNTING

BY

A. H. POGSON, C. P. A.

SELDOM, if ever, is a skilled accountant called in to examine the books of a business that he does not discover many matters which need rectifying. Occasionally he detects the dishonesty of an employee, but most of the errors he discovers are due either to the ignorance or the carelessness of the bookkeeping department, or to the lack of judgment of those in charge of the business.

Often there has been a failure to charge against profits all the items which should be charged. For example, I have frequently found a manufacturing concern which has rebuilt its plant, charging the cost of the new plant to construction account and carrying as assets the cost of both the old and the new plants. What each should have done was to distribute the cost of the old plant over the period of years during which it was in operation, charging the amount pro rata against the profits of each year. With this adjustment the results of operation would look far different. Many prosperous concerns deceive themselves in this manner and still remain solvent; but often an old-established company, apparently flourishing, suddenly finds itself in difficulty through paying dividends not earned.

If a business is to be sold at a price based on its earning power, the profits must be accurately determined. Many combinations have been formed in the last few years where the constituent companies have been purchased on the basis of, say, ten times the average yearly earnings. In such cases a difference of \$100,000 in profits involved a difference of \$1,000,000 in the amount of cash or securities transferred.

The reluctance of business men to write off bad debts is almost universal. Many companies are carrying as an asset "accounts receivable" to an amount which the public accountant, after examination of the standing of the debtor concerns, would reduce possibly 25 per cent. or even more.

A corporation owning a hotel which it leased to an operating company sent to its stockholders an annual statement which showed a surplus. One of the large stockholders became suspicious and put us to work on the books. We found that the principal asset on which the surplus was based was "rent receivable" from the operating company. We found that the manager of the hotel was incompetent, and was not even meeting his daily running expenses and could not pay his rent. We dropped the item of "rent receivable" from the balance sheet of the owning company, and a "deficit" appeared there instead of a "surplus." This is an extreme case, but it illustrates conditions to be found almost anywhere.

Inventories, too, are not made up accurately. Goods should always be inventoried at cost of production, at most. Often, however, concerns place goods on their inventory at total cost (cost of production, plus cost of selling, plus general cost), or even at selling price. Obviously this inflates paper profits by including profits which are expected when the goods are sold. Sooner or later the concern keeping accounts in this way must "pay the piper."

When working on the consolidation of a number of establishments manufacturing food products not long ago, we noticed that one concern claimed an abnormally large item

for "goods on hand." We examined the supply and found that the amount of goods was correct, and that they had been inventoried at cost. But we found, also, that a majority of the goods were two or three years old, unsalable, and, therefore, worthless. The company thus received far less for its business than it had asked.

In other cases we reduce the inventory totals below the cost of production where the value of the goods involved depends upon passing fashions. In this classification are many kinds of dry goods, "best-selling books," vehicles, and so on. We also keep in mind that the value of many articles, such as breakfast foods, patent medicines and such things depend largely on persistent advertising, and, if the advertising campaign shows signs of weakening, we scale down the inventories more ruthlessly than we otherwise should.

Deferred liabilities are often left out of balance sheets. I was once retained by a bank to investigate the financial status of a concern which had applied for a large loan. The concern's standing appeared exceedingly good on a preliminary examination of its books, but there appeared to be in the inventory an unusually large supply of raw material on hand. An examination of the records disclosed that it was neither paid for nor included in the liabilities. The head of the concern, being questioned, said in a matter-of-fact way that the goods had been bought on ninety days' credit and payment for them was not yet due. With a proper adjustment of this indebtedness the concern was found

to be insolvent. The bank was thus saved from a heavy loss, which it probably would have sustained if the loan had been made.

In another case no provision had been made on the books for paying royalties, although the manufacturing was being done under a license. The bookkeeper was asked about this and replied: "We don't put that item on the books. We are in court about the matter now. The owners of the patent say that we owe them \$95,000, while, as a matter of fact, about \$55,000 is the proper figure." Even the smaller amount was enough to turn the scales, and, needless to say, the bank did not extend its aid.

In rare instances an accountant finds a business more profitable than the owner has realized. I remember, when working on a big consolidation, that one concern was owned entirely by a single individual, who objected strenuously to the examination of his books. He seemed to take it as a reflection on his honesty. He grudgingly gave his consent only when we explained that our clients would not take in his concern if his books were not submitted for inspection. We found that he had built and maintained a steam yacht and charged the expenditure against the profits of his business. This made no essential difference as long as it was a one-man concern, but we promptly added all sums expended in this manner to the profits to determine the real earning capacity of his business, and he thus received a much larger sum for his property than he would have done at his own figures.

CREDIT INSURANCE

BY

S. A. NELSON

CREDIT insurance applies the principles of insurance to merchandise credit accounts—the sums owed to one merchant by another for merchandise bought on time. It has been in practice about twelve years. It is an outgrowth of the mercantile agency.

This insurance is sold only to wholesale dealers in merchandise and to manufacturers. The accounts of retail merchants, of stock-brokers, and of real-estate brokers or agents, for example, are not insured. If you are

a merchant and borrow money from a bank, you must supply the lender with collateral security; but when you sell a bill of goods to your customer you sell on time without collateral security, trusting to your customer's credit and good intention for payment. You would demand collateral security if you could, but competition obliges you to grant liberal credits in order to hold your trade. The object of a credit insurance company is to supply collateral security on your outstanding accounts by indorsing the ac-

counts owed to you by your customers. Credit insurance guarantees merchandise credit transactions.

It does not insure against all losses caused by the insolvency of customers or their failure to pay. The burden assumed by the insurance company in return for the premiums paid is what is called the excessive (or unusual) loss. It plans to repay the merchant for losses on bad debts above an amount agreed upon, and within limits that are fully and carefully set forth in the insurance policy or bond. Those limitations, however, are neither narrow nor vague. If the "known loss" (which is the insurance company's term for the average annual loss) of a merchant doing a business of \$1,000,000 a year is, say, one-half of 1 per cent., then the company will issue a policy promising to repay losses in excess of one-half of 1 per cent. on his annual sales.

If you are a merchant and want credit insurance, the insurance company asks you for a statement of your gross annual sales for sixteen years, or as long as you have been in business if less than that period. It also requires you to use one of the two mercantile agencies; to know the nature of your business, and the usual amount sold to one customer. You must stand well in your trade, and the insurance company must have a good opinion of you or it will not do business with you.

The insurance company actuary (who is a statistician) figures the item which the company calls "known loss" or "known risk." This is your usual annual loss on credit sales. It is figured through your loss record for a number of years, the statistical record of average loss in that line of business, and any other influences or conditions bearing on the chances of loss.

To illustrate: If in your business you lost through worthless credit accounts \$100 in 1901, \$200 in 1902, \$100 in 1903, \$300 in 1904 and \$100 in 1905, your total losses for five years would be \$800, or an average loss of \$160, which the insurance company calls your "known annual loss." Suppose also that your total sales were \$16,000 a year. A simple example in arithmetic tells you that your "known loss" is 1 per cent. on your gross sales. This loss you pay, but any loss above the amount of the "known loss" will be paid by the insurance company

A credit insurance company offered to in-

sure a certain firm. A member of this firm said: "The part we did not like was what they called the 'known loss.' This was a stumbling block. It did not seem possible that we could lose so much money as they said we did. But when we went over our books and added up our losses it looked very different. We could easily see that for so small a premium the company could not afford to pay *all* our losses; then the question was, where was their liability or help to us to begin? We all know that there is a natural loss every year on a given amount of sales; if we could know how much this is we can prepare for it by making an 'expense item' and charge it up to the expenses of carrying on business. But how are we to know how much that is? If we allow, say, 1½ per cent. for this item, and our actual losses are 2 or 3 per cent., we face a loss at the end of the year in spite of our precaution.

"The company that proposed to insure us had the experience of a large number of firms in the same trade, running over a period of ten years. Then we gave them our own experience, showing how we compared with others. They figured our 'known loss,' made us an offer to pay the excess losses, and in time we accepted.

"We had excess losses the first two years—much larger than the premiums—and the losses were promptly paid."

If you are a merchant, credit insurance adds to your credit with your banker and your manufacturer, for they know that you have to the extent of your insurance reduced your risk of business failure. It is also a guide to the giving of credit. The insurance policy, or bond, names the amount of each customer's credit (based on his agency rating), and by limiting sales to this there is security for the seller.

Merchants sell goods on thirty to sixty days' time, and perhaps 40 to 60 per cent. of the average merchant's assets are on his books in open accounts; or, in other words, a certain amount of your capital depends on the solvency of the customers owing you. It is here that you get the protection of credit insurance. When all the business of a merchant is covered by credit insurance that business becomes almost a cash business.

The growth of credit insurance has been steady. The leading company has paid its policy holders more than \$2,000,000 in

three years. As the actuaries gained in experience they were able to figure on broader policies. The first ones written were very limited. They covered firms rated by mercantile agencies only. To-day the policies cover all the customers and every known form of failure, and of course the rates vary, say from \$25 to \$75 per \$1,000. Customers of the insured are divided into two classes: the "rated," who have a mercantile-agency capital rating and a first or second grade credit rating; and, second, the "off-rated," who have no rating.

Each indemnity bond, however, contains a table of "coverage," which provides for a certain amount of credit to be given to each customer in keeping with the rating given him by the mercantile agency or agreed upon by the insurance company and the insured. The insured is not forbidden to sell any customer more than the amount written in the policy, but if he goes beyond the limit the excess is not protected by insurance.

"Off-rated" accounts of customers are partly insured. Two forms of bonds or policies are used, covering "rated" accounts and both "rated" and "off-rated" accounts.

When a debtor fails to pay what he owes the insured handles the account, notifying the company promptly of the loss. The company does not interfere with the handling by the

insured of the account against insolvent debtors, but it expects that the merchant will in good faith obtain all he can.

A vast field awaits the growth of credit insurance. The losses by fire in 1903 were \$156,195,093; insolvencies for the same year were \$154,277,093. For eleven years, to and including 1903, fire losses were \$1,530,097,075; insolvencies in the same period were \$1,891,901,967.

In 1904 there were 12,199 failures, with liabilities of \$144,202,311, or an average of \$11,820 each. These failures were due to eleven causes. Investigation shows that of the eleven eight were due to the faults of those failing. They included incompetence, inexperience, lack of capital, granting of unwise credits, speculation outside regular business, neglect of business, personal extravagance and fraudulent disposition of property. Failures of this kind amounted in number to 77.1 per cent. of the total, and in liabilities to 67.9 per cent. of the total.

The other reasons of failure were: Unavoidable conditions, such as disaster, failures of others (apparently solvent debtors) and special or undue competition.

The ideal trade would be that trade the total volume of which could be conducted without loss. Credit insurance is a gratifying step in that direction.

THE VALUE OF SINGLE-MINDEDNESS IN BUSINESS

BY

JOHN S. GREGORY

TWO New York brokers were walking down Broadway when a man came out of an office building and passed them. His clothes were shabby and he had a nervous, worried look.

"Did you notice that fellow?" asked one of them.

"Yes. Who is he?"

"The usual story. Five years ago he was a rich merchant in Mississippi. He had made \$500,000 in the dry goods business. He thought he could make more in New York by assuming 'a general broker.' He got an office and a big safe. The safe is all he has left."

You can meet dozens of failures like this man every day in New York and in every

other city. They are men who have made money in the one business that each knew, and who have each taken up another that they did not know and lost everything. Their experiences emphasize the value of single-mindedness in business. They hint at the importance of "a shoemaker's sticking to his last."

The case of one of the most successful dress-goods salesmen in New York is to the point. Fifteen years ago he was an assistant to his uncle, who was a salesman in a large notion house. The uncle sold goods in big quantities and got 5 per cent. commission on all his sales. He had an extensive acquaintance among the buyers who flock to New York every year, and in the course of ten years he

accumulated \$75,000. Then he decided to go into business for himself. Instead of starting a wholesale establishment, the kind of enterprise he knew, he went to a town in Kentucky and opened a retail store. In three years he was bankrupt. He is now working for his nephew, who is making more than \$6,000 a year. But the nephew stuck to the job of selling dress goods at wholesale.

Now the uncle had what business men call a "wholesale mind." He knew all about dress and other dry goods. He sold big bills and he got 5 per cent. commission on the whole amount. When he went into the retail business he bought dress goods. He knew all about the quality and he made good bargains. But that was not all. For example, he paid eight cents a yard for a bolt of forty yards of cloth and he sold it at retail for ten cents a yard. Two cents a yard was a good profit. But he did not consider that in many cases he sold only five or eight or ten yards out of a whole bolt, and that the rest of it rested idly on his shelves, a dead loss. That is why he failed. He did not have the "retail mind." He had gone into a business that he did not know.

On the other hand, the career of one of our great merchants shows how single-mindedness succeeds. He started in life as a small merchant and built up an enormous retail business. He was the father of the department store. He was the kind of man who could walk around his stores, smiling at his customers, asking if they were well cared for, and the people whom he was solicitous about were pleased and came back. When he had made a large sum of money he decided that it was just as easy to make more by going into the wholesale clothing business. But his retail-store methods did not succeed and he almost bankrupted himself. This same man, inspired by his personal success in the retail business, tried politics, but he repeated the failure of the wholesale venture. So he stuck to his department store and is now a multi-millionaire.

A prominent Massachusetts felt manufacturer, who was "raised in the business," made such a success that at one time he was making \$185,000 a year. Then he thought he would try something else, so he built a small railroad. It cost just four times the sum he had calculated to spend. In order to make up for the outlay he became a partner

in a metal manufacturing business, about which he knew nothing. To-day he is a traveling salesman on a salary.

Single-mindedness is essential to all business activity. The traveling salesman who "sticks to one line" is the man who succeeds. The head salesman of a large New York worsted mill tells this story:

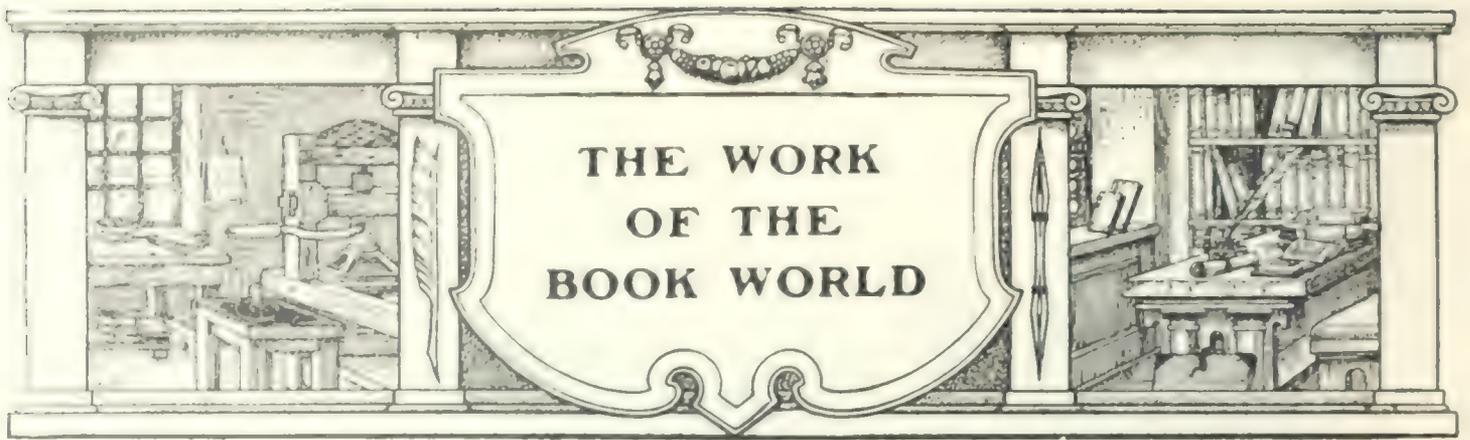
"I used to travel in the South a great deal. I always knew that the salesman who greeted me in this way: 'Hello, what are you selling now?' was one who had made a great many changes and rather expected everyone else to be doing the same thing. He was usually seedy and dissatisfied—one of the unsuccessful.

"I once knew a salesman who sold worsteds with me ten years ago. He was making \$5,000 a year. Then he went to selling candy because he was offered a little larger salary. After six months he went out as a clothing salesman. In a year he had changed to something else. Now he is selling worsteds again, but his salary is smaller than it was five years ago. Changes are bound to count against a man."

The president of one of the largest hardware houses in New York said to me: "Whenever a man applies for a position and says he has made a number of changes of business, I feel suspicious. It is the men who have not changed that we want. Usually, when we ask a man why he has changed from one kind of a business to another, he says that he wanted 'a wider scope,' but we find on investigation that he has simply gone from a business that he knew to one that he didn't know and has failed."

There are, however, men who know one business, enter another and succeed. The general manager of the largest notion house in the world told me of two striking cases. Both men were successful salesmen. One abandoned his profession to buy a grocery store in Boston. Now he owns a whole chain of stores. The other organized a collection agency and now has one of the most extensive agencies in New York.

Successes like this can be made occasionally by men of unusual versatility. But in ninety-nine cases out of a hundred expertness in one business is as much as most business men can gain, and it is not every business man who can gain even that. It comes through single-minded concentration.



THE WORK OF THE BOOK WORLD

WHEN Sir Donald Mackenzie Wallace's elaborate study of Russia was first published, more than twenty-five years ago, it was immediately recognized as embodying the results of long and patient research, and as presenting the findings of a competent and wholly unprejudiced observer. The natural environment, the resources, the industries, the economic development, the Government, the social fabric—in short, everything necessary to an understanding of the subject—was set down with a calm objectiveness that was illuminative and convincing. Since then Sir Donald has renewed his investigations, and a revised edition of his "Russia" (Henry Holt & Co.) brings it down to date.

That Russia is far from being a land of total darkness, corruption and oppression; that the bureaucracy is not as black as it is usually painted; that there is less industrial and agricultural distress than is generally supposed; that, on the other hand, there has been real progress of late years in both industry and agriculture; but that, when all is said, the need of far-reaching reforms is evident—are a few of the conclusions to be drawn from it. The most striking chapters of the revised book are those relating to the condition of the several classes of society and to the revolutionary movement. Sir Donald is decidedly of the opinion that the impoverishment of the peasantry is neither so severe nor so universal as many writers would have us believe; but the population has almost doubled since the Emancipation of 1861, while the amount of communal land remains the same. Here the obvious remedy is emigration and colonization, and this is now being applied.

The landowners are finding the struggle for existence severe chiefly because of the scarcity of farm laborers, the frequent droughts, the low price of cereals and the inadequacy of transportation facilities. The scarcity of laborers is due partly to the growing industrial activity of the Empire. And this, too, as Sir Donald shows, gives a new form and a new direction to the revolutionary movement. The book furnishes an impartial and informa-

tive outline sketch of the campaign for political freedom, beginning with the inception of academic Nihilism. The revolutionists are shown to be in a stronger position than ever before. But there are no speculations about the possible outcome of Russia's present crisis. "All we can do," the author concludes, "is to await patiently the development of events, and in all probability it is the unexpected that will happen."

He does not discuss at any length the question of the abuse of law and privilege. He says in the chapter on the serfs:

"My aim has been to represent serfdom in its normal, ordinary forms rather than in its occasional monstrous manifestations. Of these latter I have a collection containing ample material for a whole series of sensational novels, but I refrain from quoting them because I do not believe that the criminal annals of a country give a fair representation of its real condition."

Notwithstanding the truth of this, the "criminal annals of a country," if judiciously treated, indicate the moral influences in that country; and those of Russia assist in explaining the long-enduring breach between the governing and the governed. Unfortunately, writers on this theme are prone to sensationalism, and their assertions must be critically scrutinized. Alexander Ular's "Russia from Within" (William Heinemann) and G. H. Perris's "Russia in Revolution" (Brentano's) are timely illustrations. Both writers range themselves with the extreme revolutionists, and both, but particularly M. Ular, mingle useful information with much that is worthless. Read, however, as supplementary to such a work as Sir Donald Wallace's "Russia," they are helpful in elucidating both the standpoint of the so-called "terrorists" and the origins of "terrorism"—matters which can be made clear only by the aid of the "criminal annals." M. Ular's book deals almost exclusively with the reigning house and the bureaucracy, its avowed object being to show the incapacity of the one and the moral obliquity of the other. The author asserts that the Czars who have followed

Peter III. have all been "pathological specimens," that the emancipation of the serfs emanated from "the distorted brain of a degenerate sovereign," and that the explanation of the present crisis is to be found in "the astounding pathological history of the Holstein-Gottorp dynasty." The work fairly reeks with tales of corruption, scandal and intrigue, though it is something more than a splenetic outburst of Russophobia. Mr. Perri's book, "Russia in Revolution," is a review of the past thirty-five years of Russian public life. It abounds in misreadings of history and in errant, if epigrammatic, abstractions, but its brief biographies of famous revolutionists, its first-hand accounts of prison life, and its exposition of the forces making for a democracy, if read with the caution suggested, are valuable.

MEMOIRS OF BAYARD TAYLOR

Mrs. Marie Hansen Taylor's "On Two Continents: Memories of Half a Century" (Doubleday, Page & Co.), memoirs of her late husband, Bayard Taylor, gives pleasant glimpses of bygone days in many lands, of men and women who have left their names on the pages of history, and, above all, a fresh and intimate portrait of one of the cheeriest, bravest and most idealistic of Americans. But it would be impossible to convey with equal brevity an idea of the charm with which Mrs. Taylor has invested her recollections of the happy years passed by her and by her husband—the poet, diplomat, journalist and traveler—in their wanderings through the Old World and in their peaceful sojournings in the New. Her book is at once a pious tribute to her husband, a biographical memoir of rare significance, and a helpful contribution to the literary history of the nineteenth century, and particularly to the literary history of the United States in the years immediately preceding and immediately succeeding the Civil War. Born in the quaint little German city of Gotha and reared in an atmosphere of intellectual activity, Mrs. Taylor found in her husband's American friends and associates spirits of a nature akin to her own, and lovingly she lingers on her reminiscences of their personality, their dreams and their work. The Stoddards, Boker of "Francesca da Rimini" fame, Charles Godfrey Leland, Thomas Bailey Aldrich, the Warner and Cary sisters, the painters McEntee and Gifford, and many another literary and artistic figure are recalled, and the conditions under which they lived. The reader meets the Brownings, Tennyson, Thackeray, Swinburne, Gortchakoff, Bis-

marck, Disraeli, Napier and Odo Russell. But the centre of the stage is always held by Bayard Taylor. And when the curtain falls on him Mrs. Taylor's task is done. "With his last breath the leaves of my book of reminiscences are closed. A widow to whom marriage offered all that her heart could wish no longer possesses a future. The past alone is hers." Simple but vivid, incisive but luminous, here is a book which all lovers of American literature will, with good reason, welcome.

A NOTABLE HISTORY OF DIPLOMACY

With a volume entitled "The Struggle for Universal Empire" (Longmans, Green & Co.) Dr. David Jayne Hill enters on an undertaking which, if properly executed, will give him high rank among historians and prove a triumph for American scholarship. Though special phases of the diplomatic history of Europe have been discussed in innumerable monographs, there has been no general history setting forth broadly and philosophically the part played by diplomacy in the international development of Europe. It is this need which Dr. Hill hopes to meet. He must examine the progress of international intercourse and expound the motives inspiring it and its results, and he must inquire into the growth of the entire system of international relations. He starts with an account of the organization of Europe under the Roman Empire when international law was at least in embryo; and when, with the invasions of the barbarians and the substitution in western Europe of local and racial authority in place of universal imperial rule, there began the long conflict which resulted in the emergence of the great modern states. This conflict has been continued in the efforts of all subsequent European diplomacy—"on the one hand to create anew an empire fashioned upon the model of the old Roman imperium, on the other to thwart that endeavor and secure for the separate nations of Europe the guarantees of their independence and their rights of national sovereignty." Thus Dr. Hill harks back to Imperial Rome and thence threads through the tortuous maze of the rise of the Papacy, the re-creation of the Empire, the struggles between these contending aspirants for world dominion and the consequent territorial readjustments. The period covered (B. C. 30—A. D. 1313) is treated with surprising fulness and directness, and with a picturesque vigor that augurs a completed work of high literary and scholastic excellence. He has displayed excellent judgment in selection, at no time straying from main movements.



THE WORK OF THE INSURANCE ENGINEER

AN investigation of the fire-fighting efficiency of every city in the United States, growing out of the losses to the insurance companies by the Baltimore fire, has resulted in the new profession of insurance engineering. The fires at Baltimore and Rochester showed inadequate water supply and fire-department equipment. Several large insurance companies were wiped out by the enormous losses. The National Board of Fire Underwriters, composed of 120 leading companies, thereupon organized an Engineering Department to investigate fire prevention and to recommend improvements that should minimize danger from fire. They believed that the best way to decrease the cost of insurance was to deal directly with the cause of fires. The cost of fire insurance in the United States is twelve times greater than in Great Britain, where high buildings, poor flues and shoddy construction are prohibited by law, and twenty times greater than in Italy, where construction is even better and where there are practically no conflagrations.

To make conditions equally secure in this country is the task that the Engineering Department has set about to do. A staff of trained engineers was formed, with Mr. E. G. Hopson, formerly of the Metropolitan Water Board of Boston, at the head. The United States was divided into sections. In each a party has been at work for more than a year inspecting cities. With every party are civil, mechanical, structural, hydraulic and electrical engineers. Each is an insurance engineer. Every man makes an investigation along the line of his training. The method is simple. Arriving at a city they call on the Mayor and notify him of the investigation. The municipal authorities being co-operated heartily. Then the work begins. The architect in the party inspects the large buildings, looks over the specifications required by the local building inspector and familiarizes himself with the proposed fire escape and building laws; the electrical engineer looks after the

wiring of the city; the hydraulic engineer inspects the fire hydrants, the waterworks and water pressure for fire, and so on. Fire engines are taken out at random and tested; heavy demands are made on the water supply to ascertain its availability in case a number of fires break out at the same time; the speed of the department horses is found out, and the fire-alarm telegraph is worked. One of the most important tests, however, is with buildings supposed to be fireproof. Fires are started in them and the results watched. The complete inspection of a city sometimes takes six months.

When all the facts are obtained a report is made out which is a complete record of the fire-fighting efficiency of the community. Recommendations are made as to the best means of improving the service and preventing disastrous fires. These recommendations are frequently for more stringent building and fireproofing laws, the divorce of politics from the conduct and management of fire departments, better water pressure and new equipment. Sometimes the incapacity of fire marshals and chiefs is proved.

These reports are sent to the National Board of Fire Underwriters, to the local board of fire underwriters, and to the Mayor and council. Already many have been acted upon. At Pittsburg, for example, a new 6,000,000-gallon pumping fire station has been installed and a fire boat ordered; at Cincinnati the boilers of half a dozen engines have been overhauled, at Rochester a new fire-alarm system has been installed and civil service introduced in the department, at Worcester new engines have been ordered. In every city (thirty-two have already been inspected) a reorganization of the fire service has followed and better protection afforded the citizens. It is estimated that it will take five more years to complete the work of investigation. At the end of that time the cities first inspected will be revisited. Thus the work will be made permanent and a check kept on violations of fire and building laws.

The fire loss in the United States and

Canada last year was more than \$252,000,000. This merely represents the monetary loss. Great fires like those of Baltimore and Rochester paralyze local business for long periods, and the effect is felt in the commerce of the nation. With improved protection, such as is resulting from the work of the insurance engineer, this large loss will not only be reduced but new safeguards thrown about people.

JAPAN'S COURTESY TO PRISONERS OF WAR

JAPAN has set the world an example in the humane care of prisoners of war. By a decree of the Emperor, a Bureau of Information was founded in Tokio to investigate the past and present condition of each prisoner; to receive and answer all communications relating to the prisoners; to receive, transmit, and distribute gifts of money and other presents sent for their use; to send letters, remittances and presents from the prisoners to their relatives and friends; to take charge of all articles, papers and testamentary documents left by deceased prisoners of war and to transmit them to their representatives or heirs-at-law; to collect information from the forces in the field respecting any of the enemy's soldiers who died on the field of battle, to answer any correspondence concerning them, and to take charge for due transmission of any articles or written papers found upon their bodies.

The Bureau began its work about March 1, 1904, under the direction of Major-General Ishimoto, the Vice-Minister of War. If anyone wished to obtain information respecting a relative or friend who was a prisoner, or was supposed to be a prisoner, all he needed to do was to send the person's name in a letter addressed to Fuyo Joho—Kioku, Tokio, Japan. The Bureau would then send back particulars about the man, and, should he have died, it would forward any papers or other valuables that he might have left behind him. The Bureau communicated with Government departments, military corps or individuals, and in any language necessary.

All letters, parcels, and postal orders relating to prisoners of war would, in accordance with the provisions of the Convention, be sent free of charge, provided they were marked "*Service des prisonniers de guerre*," and provided the sender were a citizen of one of the countries that signed the Convention (Austria-Hungary, Belgium, Bulgaria, China, Denmark, France, Germany, Great Britain, Greece, Italy, Japan, Luxembourg, Mexico, Netherlands, Norway and Sweden, Persia, Portugal, Roumania, Russia, Servia, Siam, Spain, Switzerland, Turkey, the United

States). Articles for the prisoners of war were exempt from duty in Japan.

Japan by establishing this Bureau put into effect for the first time the second convention of The Hague Peace Conference of 1899, which covered improvements in the customs of war.

LUNCH AT COST FOR THOUSANDS OF CLERKS

A TRAGIC incident caused Mr. Nathan Straus to begin welfare work among his employees that now number 5,000 people. He is one of the proprietors of a large New York department store. One day a clerk died from starvation. She lived in an obscure lodging house and was unable to communicate with her employer or friends. It made a profound impression on Mr. Straus and he determined then that henceforth no employee should go away hungry.

Go to his store any day at lunch time. On one of the floors you will find a large, well-lighted dining-room. Girls move back and forth with trays of appetizing food. The savory smell of well-cooked meats and delicious pastry is in the air. At one end of the room are a score of clerks behind glass cases. Huge, shining pots of coffee rise near them.

"Give me a five-cent meal," says a girl, and she gets it. Everybody is eating and everybody seems to be contented. This dining-room is conducted by the firm in the interests of the employees. Everything is sold at cost. For example, a cup of coffee costs one cent, sandwiches two and three cents, a portion of meat and vegetables three cents. Dessert may be got for two cents.

Here and there you will find a little cash girl eating a cold lunch, but drinking hot coffee, which costs her nothing. Mr. Straus has ordered that all cash girls and others working for very small salaries be furnished with hot coffee free every day.

Sometimes a clerk approaches the head of a lunch room with the story: "I have no money for lunch to-day. We have had sickness at home and it has taken all the money." She gets a free lunch ticket. This privilege has never been imposed on.

After the clerks have had their luncheon they have access to a large recreation room. Here you may see the girls stretched out on easy chairs reading books and magazines, or resting.

The lesson of the girl that starved to death has gone even farther. Every one of the 5,000 employees is required to be a member of a Relief Society organized by Mr. Straus. The money received as dues, supplemented by large donations from the firm, comprises a

sinking fund, which is drawn on by members when ill or in want.

Mr. Straus maintains a well-equipped hospital in the town. He personally paid for the medical education of a woman who is now home physician. He selected a woman because the majority of the employees are women. If a clerk is ill at home a doctor is sent to the house.

EVERY FARMER A ROADMAKER

THANKS to Mr. D. Ward King, the discoverer of a new method of making good roads out of poor ones by the use of a simple home-made drag, the farmers of Missouri, Iowa and the neighboring states are being taught how to make and keep good roads at a minimum cost. Mr. King, who for twenty years has been a good-roads enthusiast, visited Sac City, Iowa, at the request of its Good Roads Association, in January, 1904. The work done by the farmers as the result of his talk has transformed the highways leading into the town. Twenty-eight miles were cared for last year at an expense of \$2.40 a mile, and the roads were made so smooth that owners of trotting horses invariably choose them for speedways in preference to the race track.

This convinced many doubters of the value of Mr. King's device. He interested members of the Missouri Board of Agriculture in it, and they in turn secured special trains to run, free of charge, on trunk lines in Missouri and Iowa, with Mr. King preaching his system at frequent stops from the rear platform. He spoke first in the little town of Onawa, Iowa. The occasion was made a festival. Three hundred visiting farmers were given two good meals by the enterprising business men. One hundred and fifty dollars was subscribed and offered as prizes for the best-kept mile and half mile of road during 1905 by the use of the home-made King road drag. The town agreed to care for one mile of four roads leading out in different directions, and the farmers care for seven miles on each route. Within a week fifty farmers were using home-made King drags, and 200 are expected to be using them this fall. An almost impassable business street was converted within a few hours into a road solid enough for a team to haul a ton load with ease.

The street at Onawa has been duplicated in dozens of other towns. Denison, Iowa, chose the street leading from the residence of Louis M. Shaw, Secretary of the Treasury, to the railway station as the one to be improved,

and within a half day it was made as good a village street as there is in the state.

That the message which Mr. King delivered is simple is shown by this brief bit of personal experience: "I began with a drag made of an old post and a frost-bitten pump stock held together by two of three short pieces of board nailed on top. It pulled to pieces at the beginning of the second year, and at first I simply drove a team a-straddle of one wheel track going, and of the other wheel track coming back, merely breaking the rim of earth that rises on each side of the wheel track and leaving the road in good condition for teamsters to straddle the rut. After smashing both ruts I used to look down the road approvingly, pat myself on the back and think I had the nicest road in the country, and while I did at that time, yet it would look very rough to me now."

The drag that Mr. King now uses is made by splitting a good-sized log in twain and turning the halves on edge, with the rounding part of the log in front, placing each a few feet apart and nailing cross sections to connect them. The forward half is shod with a piece of iron. The device is drawn by one or two horses. When dragged along the roads it throws dirt to the middle and side of the road, and smoothes the surface. It is used just after a rain, being dragged along one side of the road for some distance and then back on the other side.

"Dragging," says Mr. King, "destroys the old trail, and the new trail, each time broader and less definite than before, is made on a different portion of the highway. By dragging while the earth is yet moist the road finally becomes a series of practically water-proof layers of puddled earth, each one of which is rolled and pounded by the wheels and hoofs of travel. Almost imperceptibly the centre of the road is elevated to a smooth grade that is not easily affected by bad weather. Dragging kills the weeds in the seed bed. It also does away with the bumps at each side of bridges and culverts. Regular dragging fills them and they become as solid as the rest of the road. As the wheel tracks are wiped out, the water no longer runs to the bridge after every shower. You can thus drive as swiftly over the culverts of a dragged road as over any other portion.

The drag can be constructed for \$2.50 and operated by any boy who can drive a good farm team. Simple as the device is, its use, if persisted in, may make country roads a comfort instead of a bane.

